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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

UnitedHealthcare of New England, Inc.

NAIC Group Code 0707 (Current) 0707 (Prior) NAIC Company Code 95149 Employer's ID Number 05-0413469

Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 11/14/1984 Commenced Business 12/27/1984

Statutory Home Office 475 Kilvert Street, Suite 310 (Street and Number), Warwick , RI 02886-1392 (City or Town, State and Zip Code)

Main Administrative Office 48 Monroe Turnpike (Street and Number)
Trumbull , CT 06611 (City or Town, State and Zip Code), 203-459-6000 (Area Code) (Telephone Number)

Mail Address 48 Monroe Turnpike (Street and Number or P.O. Box), Trumbull , CT 06611 (City or Town, State and Zip Code)

Primary Location of Books and Records 48 Monroe Turnpike (Street and Number)
Trumbull , CT 06611 (City or Town, State and Zip Code), 203-459-7424 (Area Code) (Telephone Number)

Internet Website Address www.unitedhealthcare.com

Statutory Statement Contact Robert Noel Dellacorte (Name), 203-459-7424 (Area Code) (Telephone Number)
robert_n_dellacorte@uhc.com (E-mail Address), 203-452-4690 (FAX Number)

OFFICERS

President	Stephen John Farrell	VP-Finance and Assistant Treasurer	Robert Noel Dellacorte
Assistant Secretary	Michelle Marie Huntley Dill		

OTHER

Timothy Gilbert Caron Assistant Secretary	Peter John Clarkson Chief Executive Officer	Carmel Colica Assistant Secretary
Patrice Evelyn Cooper VP of Medicaid Operations	Juanita Bolland Luis Assistant Secretary	Timothy John Noel Chief Financial Officer
Robert Worth Oberrender Treasurer	Christina Regina Palme-Krizak Secretary	Mary Lynn Stanislav Assistant Secretary

DIRECTORS OR TRUSTEES

Peter John Clarkson	Patrice Evelyn Cooper	Stephen John Farrell

State of Rhode Island
County of Kent
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.

Stephen John Farrell	Michelle Marie Huntley Dill	Robert Noel Dellacorte
President	Assistant Secretary	VP-Finance and Assistant Treasurer

Subscribed and sworn to before me this
24 day of January 2011

Claudette I Levesque
Notary Public
05/14/2011

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

ASSETS

		Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1.	Bonds (Schedule D)	152,069,983		152,069,983	158,598,012
2.	Stocks (Schedule D):				
	2.1 Preferred stocks			0	0
	2.2 Common stocks	33,075,557		33,075,557	3,205,660
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens			0	0
	3.2 Other than first liens			0	0
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ .... encumbrances)			0	0
	4.2 Properties held for the production of income (less $ .... encumbrances)			0	0
	4.3 Properties held for sale (less $ .... encumbrances)			0	0
5.	Cash ($ (5,918,800) , Schedule E - Part 1), cash equivalents ($ 0 , Schedule E - Part 2) and short-term investments ($ 1,449,973 , Schedule DA)	(4,468,827)		(4,468,827)	2,613,801
6.	Contract loans, (including $ .... premium notes)			0	0
7.	Derivatives			0	
8.	Other invested assets (Schedule BA)			0	0
9.	Receivables for securities	0		0	0
10.	Securities lending reinvested collateral assets			0	
11.	Aggregate write-ins for invested assets	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	180,676,713	0	180,676,713	164,417,473
13.	Title plants less $ .... charged off (for Title insurers only)			0	0
14.	Investment income due and accrued	1,739,680		1,739,680	1,956,045
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	3,601,154	133,761	3,467,393	3,311,007
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)			0	0
	15.3 Accrued retrospective premiums	0		0	0
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	3,100,813		3,100,813	5,364,789
	16.2 Funds held by or deposited with reinsured companies			0	0
	16.3 Other amounts receivable under reinsurance contracts	676,057		676,057	914,758
17.	Amounts receivable relating to uninsured plans	0		0	825,444
18.1	Current federal and foreign income tax recoverable and interest thereon	442,039		442,039	0
18.2	Net deferred tax asset	6,766,899		6,766,899	2,350,737
19.	Guaranty funds receivable or on deposit			0	0
20.	Electronic data processing equipment and software			0	0
21.	Furniture and equipment, including health care delivery assets ($ ....)			0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23.	Receivables from parent, subsidiaries and affiliates	0		0	0
24.	Health care ($ 12,923,066) and other amounts receivable	13,685,544	762,478	12,923,066	11,487,383
25.	Aggregate write-ins for other than invested assets	980	980	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	210,689,880	897,219	209,792,661	190,627,636
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28.	Total (Lines 26 and 27)	210,689,880	897,219	209,792,661	190,627,636
	DETAILS OF WRITE-INS				
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.	Prepaids	980	980	0	0
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	980	980	0	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1.	Claims unpaid (less $ 4,269,567 reinsurance ceded)	51,165,304		51,165,304	45,755,511
2.	Accrued medical incentive pool and bonus amounts	206,369		206,369	204,600
3.	Unpaid claims adjustment expenses	1,049,752		1,049,752	938,400
4.	Aggregate health policy reserves	20,801,068		20,801,068	133,423
5.	Aggregate life policy reserves			0	0
6.	Property/casualty unearned premium reserves			0	0
7.	Aggregate health claim reserves	499,871		499,871	1,150,314
8.	Premiums received in advance	20,076,428		20,076,428	15,710,631
9.	General expenses due or accrued	2,583,263		2,583,263	440,155
10.1	Current federal and foreign income tax payable and interest thereon (including $ on realized capital gains (losses))	0		0	219,990
10.2	Net deferred tax liability	0		0	0
11.	Ceded reinsurance premiums payable	3,598,422		3,598,422	5,420,451
12.	Amounts withheld or retained for the account of others	9		9	0
13.	Remittance and items not allocated	98,508		98,508	159,525
14.	Borrowed money (including $ current) and interest thereon $ (including $ current)	0		0	0
15.	Amounts due to parent, subsidiaries and affiliates	60,913		60,913	2,801,513
16.	Derivatives			0	
17.	Payable for securities	0		0	0
18.	Payable for securities lending			0	
19.	Funds held under reinsurance treaties (with $ authorized reinsurers and $ 0 unauthorized reinsurers)			0	0
20.	Reinsurance in unauthorized companies			0	0
21.	Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22.	Liability for amounts held under uninsured plans	457,974		457,974	0
23.	Aggregate write-ins for other liabilities (including $ current)	1,150	0	1,150	6,963
24.	Total liabilities (Lines 1 to 23)	100,599,029	0	100,599,029	72,941,476
25.	Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26.	Common capital stock	XXX	XXX	5,862,835	5,862,835
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX	12,000,000	12,000,000
29.	Surplus notes	XXX	XXX	0	0
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31.	Unassigned funds (surplus)	XXX	XXX	91,330,797	99,823,324
32.	Less treasury stock, at cost:				
	32.1 shares common (value included in Line 26 $)	XXX	XXX		
	32.2 shares preferred (value included in Line 27 $)	XXX	XXX		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	109,193,632	117,686,159
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	209,792,661	190,627,636
	DETAILS OF WRITE-INS				
2301.	Unclaimed Property	1,150		1,150	6,963
2302.					
2303.					
2308.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309.	Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	1,150	0	1,150	6,963
2501.		XXX	XXX		
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	XXX	848,964	954,437
2.	Net premium income (including $ non-health premium income)	XXX	413,246,570	401,762,709
3.	Change in unearned premium reserves and reserve for rate credits	XXX	(331,736)	(158,225)
4.	Fee-for-service (net of $ medical expenses)	XXX	0	0
5.	Risk revenue	XXX	0	0
6.	Aggregate write-ins for other health care related revenues	XXX	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	412,914,834	401,604,484
	Hospital and Medical:			
9.	Hospital/medical benefits		333,975,099	342,867,617
10.	Other professional services		1,966,926	1,130,630
11.	Outside referrals		0	0
12.	Emergency room and out-of-area		0	0
13.	Prescription drugs		53,958,373	55,941,125
14.	Aggregate write-ins for other hospital and medical	0	110,386	0
15.	Incentive pool, withhold adjustments, and bonus amounts		460,997	39,183
16.	Subtotal (Lines 9 to 15)	0	390,471,781	399,978,555
	Less:			
17.	Net reinsurance recoveries		36,909,391	54,616,547
18.	Total hospital and medical (Lines 16 minus 17)	0	353,562,390	345,362,008
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $ 14,610,890 cost containment expenses		19,189,611	8,406,411
21.	General administrative expenses		40,400,932	47,735,751
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		20,337,000	0
23.	Total underwriting deductions (Lines 18 through 22)	0	433,489,933	401,504,170
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(20,575,099)	100,314
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		6,272,060	6,807,381
26.	Net realized capital gains (losses) less capital gains tax of $ 477,569		918,252	(374,759)
27.	Net investment gains (losses) (Lines 25 plus 26)	0	7,190,312	6,432,622
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			
29.	Aggregate write-ins for other income or expenses	0	3,656	4,361
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(13,381,131)	6,537,297
31.	Federal and foreign income taxes incurred	XXX	1,547,261	1,566,597
32.	Net income (loss) (Lines 30 minus 31)	XXX	(14,928,392)	4,970,700
	DETAILS OF WRITE-INS			
0601.		XXX		
0602.		XXX		
0603		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.		XXX		
0702.		XXX		
0703		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.	Medical Costs - Other Misc Expenses		110,386	0
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	110,386	0
2901.	Other Revenue		3,656	5,320
2902.	Other Miscellaneous Expenses			(828)
2903	Fines and Penalties			(131)
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	3,656	4,361

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	117,686,159	127,050,957
34.	Net income or (loss) from Line 32	(14,928,392)	4,970,700
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		1,164
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	4,416,165	412,724
39.	Change in nonadmitted assets	2,019,701	(1,850,881)
40	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in	0	0
	45.2 Transferred to capital (Stock Dividend)		
	45.3 Transferred from capital		
46.	Dividends to stockholders		(12,705,000)
47.	Aggregate write-ins for gains or (losses) in surplus	0	(193,506)
48.	Net change in capital and surplus (Lines 34 to 47)	(8,492,526)	(9,364,798)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	109,193,632	117,686,159
	DETAILS OF WRITE-INS		
4701.	Prior Period Adjustment		(193,506)
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	(193,506)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	415,588,489	399,283,655
2.	Net investment income	7,242,930	7,723,685
3.	Miscellaneous income	0	0
4.	Total (Lines 1 through 3)	422,831,418	407,007,340
5.	Benefit and loss related payments	348,592,427	348,677,164
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	55,810,303	54,924,773
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $ 477,569 tax on capital gains (losses)	2,686,856	2,556,243
10.	Total (Lines 5 through 9)	407,089,586	406,158,181
11.	Net cash from operations (Line 4 minus Line 10)	15,741,832	849,159
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	42,710,799	32,032,459
	12.2 Stocks	423,121,884	373,621,995
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
	12.7 Miscellaneous proceeds	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	465,832,683	405,654,454
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	35,541,452	35,400,332
	13.2 Stocks	452,991,781	362,992,029
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	488,533,233	398,392,361
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(22,700,550)	7,262,093
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	0	12,705,000
	16.6 Other cash provided (applied)	(123,911)	931,917
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(123,911)	(11,773,083)
	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)	(7,082,629)	(3,661,831)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	2,613,801	6,275,632
	19.2 End of year (Line 18 plus Line 19.1)	(4,468,827)	2,613,801

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

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	413,246,570	30,079,106					187,371,650	195,795,814		
2. Change in unearned premium reserves and reserve for rate credit	(331,736)						(331,736)			
3. Fee-for-service (net of $ .... medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	412,914,834	30,079,106	0	0	0	0	187,039,914	195,795,814	0	0
8. Hospital/medical benefits	333,975,099	52,823,392					140,152,448	140,999,259		XXX
9. Other professional services	1,966,926	694,144					1,220,262	52,520		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	53,958,373	8,117,094					11,047,089	34,794,190		XXX
13. Aggregate write-ins for other hospital and medical	110,386	0	0	0	0	0	110,386	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	460,997	(11,446)					472,443			XXX
15. Subtotal (Lines 8 to 14)	390,471,781	61,623,184	0	0	0	0	153,002,628	175,845,969	0	XXX
16. Net reinsurance recoveries	36,909,391	36,848,131						61,260		XXX
17. Total medical and hospital (Lines 15 minus 16)	353,562,390	24,775,053	0	0	0	0	153,002,628	175,784,709	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ 14,610,890 cost containment expenses	19,189,609	1,437,130					3,623,401	14,129,078		
20. General administrative expenses	40,400,933	3,910,287					21,363,938	15,126,708		
21. Increase in reserves for accident and health contracts	20,337,000	1,649,000						18,688,000		XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	433,489,932	31,771,470	0	0	0	0	177,989,967	223,728,495	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(20,575,098)	(1,692,364)	0	0	0	0	9,049,947	(27,932,681)	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Medical Costs - Other Miscellaneous Expenses	110,386						110,386			XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	110,386	0	0	0	0	0	110,386	0	0	XXX

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)	75,817,652		45,738,546	30,079,106
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	187,559,081		187,431	187,371,650
7. Title XIX - Medicaid	196,261,694		465,880	195,795,814
8. Other health				0
9. Health subtotal (Lines 1 through 8)	459,638,427	0	46,391,857	413,246,570
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	459,638,427	0	46,391,857	413,246,570

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	388,499,522	63,649,005					151,938,685	172,911,832		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	40,366,319	39,947,124						419,195		
1.4 Net	348,133,203	23,701,881	0	0	0	0	151,938,685	172,492,637	0	0
2. Paid medical incentive pools and bonuses	459,229	(11,446)					305,257	165,418		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	55,434,871	6,832,931	0	0	0	0	23,336,893	25,265,047	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	4,269,567	4,033,756	0	0	0	0	0	235,811	0	0
3.4 Net	51,165,304	2,799,175	0	0	0	0	23,336,893	25,029,236	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	610,326	184,093					158,631	267,602		
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	110,455	110,455								
4.4 Net	499,871	73,638	0	0	0	0	158,631	267,602	0	0
5. Accrued medical incentive pools and bonuses, current year	206,368						206,369	(1)		
6. Net healthcare receivables (a)	2,055,133	(1,907)					614,186	1,442,854		
7. Amounts recoverable from reinsurers December 31, current year	3,100,813	3,100,813								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	51,110,696	8,670,322	0	0	0	0	22,119,240	20,321,134	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	5,355,185	5,130,386	0	0	0	0	0	224,799	0	0
8.4 Net	45,755,511	3,539,936	0	0	0	0	22,119,240	20,096,335	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	1,368,103	362,982					170,597	834,524		
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	217,789	217,789								
9.4 Net	1,150,314	145,193	0	0	0	0	170,597	834,524	0	0
10. Accrued medical incentive pools and bonuses, prior year	204,600	0					39,183	165,417		
11. Amounts recoverable from reinsurers December 31, prior year	5,364,789	4,995,842					0	368,947		
12. Incurred Benefits:										
12.1 Direct	390,010,787	61,634,632	0	0	0	0	152,530,186	175,845,969	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	36,909,391	36,848,131	0	0	0	0	0	61,260	0	0
12.4 Net	353,101,396	24,786,501	0	0	0	0	152,530,186	175,784,709	0	0
13. Incurred medical incentive pools and bonuses	460,997	(11,446)	0	0	0	0	472,443	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	15,098,586	2,707,781					6,605,895	5,784,910		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	1,803,567	1,598,514						205,053		
1.4 Net	13,295,019	1,109,267	0	0	0	0	6,605,895	5,579,857	0	0
2. Incurred but Unreported:										
2.1 Direct	40,336,285	4,125,150					16,730,998	19,480,137		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	2,466,000	2,435,242						30,758		
2.4 Net	37,870,285	1,689,908	0	0	0	0	16,730,998	19,449,379	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	55,434,871	6,832,931	0	0	0	0	23,336,893	25,265,047	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	4,269,567	4,033,756	0	0	0	0	0	235,811	0	0
4.4 Net	51,165,304	2,799,175	0	0	0	0	23,336,893	25,029,236	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
Line of Business	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	6,605,845	18,991,066	107,605	2,765,209	6,713,450	3,685,129
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	14,818,926	137,119,759	542,346	22,953,177	15,361,272	22,289,837
7 Title XIX - Medicaid	11,311,932	161,549,650	34,902	25,261,936	11,346,834	20,930,860
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	32,736,703	317,660,475	684,853	50,980,322	33,421,556	46,905,826
10. Healthcare receivables (a)	4,975,326	8,523,689		186,529	4,975,326	11,630,412
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	470,674	(11,446)	348,747	(142,379)	819,421	204,600
13. Totals (Lines 9 - 10 + 11 + 12)	28,232,051	309,125,340	1,033,600	50,651,414	29,265,651	35,480,014

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior	9,970	10,165	10,165	10,165	10,123
2.	2006	68,105	75,315	75,404	75,404	75,426
3.	2007	XXX	61,414	67,786	67,608	67,610
4.	2008	XXX	XXX	50,875	54,613	54,655
5.	2009	XXX	XXX	XXX	35,474	42,057
6.	2010	XXX	XXX	XXX	XXX	18,980

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

	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 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior	10,175	10,165	10,165	10,165	10,123
2.	2006	76,230	75,717	75,404	75,404	75,426
3.	2007	XXX	69,229	68,012	67,608	67,610
4.	2008	XXX	XXX	57,293	54,977	54,655
5.	2009	XXX	XXX	XXX	38,796	42,164
6.	2010	XXX	XXX	XXX	XXX	21,745

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

	Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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.	2006	100,531	75,426	171	0.2	75,597	75.2			75,597	75.2
2.	2007	87,684	67,610	153	0.2	67,763	77.3			67,763	77.3
3.	2008	71,953	54,655	124	0.2	54,779	76.1			54,779	76.1
4.	2009	47,599	42,057	242	0.6	42,299	88.9	108	3	42,410	89.1
5.	2010	30,079	18,980	775	4.1	19,755	65.7	2,765	83	22,603	75.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	17,934	18,421	18,421	18,421	18,422
2. 2006	125,419	144,162	144,571	144,571	144,567
3. 2007	XXX	136,480	154,373	152,884	152,763
4. 2008	XXX	XXX	140,513	157,623	157,155
5. 2009	XXX	XXX	XXX	144,271	159,988
6. 2010	XXX	XXX	XXX	XXX	137,120

Section B - Incurred Health Claims - Title XVIII

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	18,010	18,421	18,421	18,421	18,422
2. 2006	148,116	144,351	144,571	144,571	144,567
3. 2007	XXX	158,414	155,085	152,884	152,763
4. 2008	XXX	XXX	160,710	158,074	157,155
5. 2009	XXX	XXX	XXX	166,149	160,556
6. 2010	XXX	XXX	XXX	XXX	160,253

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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. 2006	173,489	144,567	274	0.2	144,841	83.5			144,841	83.5
2. 2007	202,306	152,763	289	0.2	153,052	75.7			153,052	75.7
3. 2008	198,683	157,155	298	0.2	157,453	79.2			157,453	79.2
4. 2009	194,438	159,988	659	0.4	160,647	82.6	568	11	161,226	82.9
5. 2010	187,372	137,120	2,039	1.5	139,159	74.3	23,133	455	162,747	86.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	11,294	11,504	11,504	11,504	11,490
2. 2006	64,142	71,886	71,910	71,910	71,911
3. 2007	XXX	63,734	72,049	71,959	71,922
4. 2008	XXX	XXX	86,106	97,769	97,636
5. 2009	XXX	XXX	XXX	140,112	151,771
6. 2010	XXX	XXX	XXX	XXX	161,550

Section B - Incurred Health Claims - Title XIX

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	11,892	11,504	11,504	11,504	11,490
2. 2006	74,174	73,718	71,910	71,910	71,911
3. 2007	XXX	72,769	72,624	71,959	71,922
4. 2008	XXX	XXX	102,413	97,984	97,636
5. 2009	XXX	XXX	XXX	160,993	152,129
6. 2010	XXX	XXX	XXX	XXX	186,489

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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. 2006	89,723	71,911	729	1.0	72,640	81.0			72,640	81.0
2. 2007	84,951	71,922	729	1.0	72,651	85.5			72,651	85.5
3. 2008	110,865	97,636	989	1.0	98,625	89.0			98,625	89.0
4. 2009	159,725	151,771	2,943	1.9	154,714	96.9	358	7	155,079	97.1
5. 2010	195,796	161,550	8,663	5.4	170,213	86.9	24,939	491	195,643	99.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	39,198	40,090	40,090	40,090	40,035
2. 2006	257,666	291,363	291,885	291,885	291,904
3. 2007	XXX	261,628	294,208	292,451	292,295
4. 2008	XXX	XXX	277,494	310,005	309,446
5. 2009	XXX	XXX	XXX	319,857	353,816
6. 2010	XXX	XXX	XXX	XXX	317,650

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	40,077	40,090	40,090	40,090	40,035
2. 2006	298,520	293,786	291,885	291,885	291,904
3. 2007	XXX	300,412	295,721	292,451	292,295
4. 2008	XXX	XXX	320,416	311,035	309,446
5. 2009	XXX	XXX	XXX	365,938	354,849
6. 2010	XXX	XXX	XXX	XXX	368,487

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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. 2006	363,743	291,904	1,174	0.4	293,078	80.6	0	0	293,078	80.6
2. 2007	374,941	292,295	1,171	0.4	293,466	78.3	0	0	293,466	78.3
3. 2008	381,501	309,446	1,411	0.5	310,857	81.5	0	0	310,857	81.5
4. 2009	401,762	353,816	3,844	1.1	357,660	89.0	1,034	21	358,715	89.3
5. 2010	413,247	317,650	11,477	3.6	329,127	79.6	50,837	1,029	380,993	92.2

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	10,483	10,483							
2. Additional policy reserves (a)	20,337,000	601,000						19,736,000	
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $ ....) for investment income	453,585						453,585		
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	20,801,068	611,483	0	0	0	0	453,585	19,736,000	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	20,801,068	611,483	0	0	0	0	453,585	19,736,000	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	610,327	184,094					158,631	267,602	
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	610,327	184,094	0	0	0	0	158,631	267,602	0
13. Reinsurance ceded	110,456	110,456							
14. Totals (Net)(Page 3, Line 7)	499,871	73,638	0	0	0	0	158,631	267,602	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ 20,337,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ .... for occupancy of own building)	456,875	143,174	1,819,929		2,419,978
2. Salary, wages and other benefits	8,054,385	2,524,062	11,092,389		21,670,836
3. Commissions (less $ .... ceded plus $ .... assumed)			3,213,344		3,213,344
4. Legal fees and expenses	119,310	37,389	475,264		631,963
5. Certifications and accreditation fees	7,961	2,495	31,712		42,168
6. Auditing, actuarial and other consulting services	906,952	284,218	3,862,862		5,054,032
7. Traveling expenses	239,798	75,147	955,219		1,270,164
8. Marketing and advertising	658,442	206,341	2,622,856		3,487,639
9. Postage, express and telephone	703,274	220,390	2,801,443		3,725,107
10. Printing and office supplies	231,146	72,436	920,752		1,224,334
11. Occupancy, depreciation and amortization	130,231	40,811	518,765		689,807
12. Equipment	39,687	12,437	158,091		210,215
13. Cost or depreciation of EDP equipment and software	1,284,813	402,631	5,117,963		6,805,407
14. Outsourced services including EDP, claims, and other services	959,248	300,606	3,227,802		4,487,656
15. Boards, bureaus and association fees	27,006	8,463	112,233		147,702
16. Insurance, except on real estate	281,131	88,100	1,871,361		2,240,592
17. Collection and bank service charges	78,400	24,569	321,486		424,455
18. Group service and administration fees	49,094	15,385	195,563		260,042
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	31,728	9,943	126,387		168,058
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(11,308)		(11,308)
23.2 State premium taxes			5,159,068		5,159,068
23.3 Regulatory authority licenses and fees			203,456		203,456
23.4 Payroll taxes			1,840,836		1,840,836
23.5 Other (excluding federal income and real estate taxes)	26,240	8,223	104,525		138,988
24. Investment expenses not included elsewhere				103,992	103,992
25. Aggregate write-ins for expenses	325,169	101,901	(6,341,066)	0	(5,913,996)
26. Total expenses incurred (Lines 1 to 25)	14,610,890	4,578,721	40,400,932	103,992	(a) 59,694,535
27. Less expenses unpaid December 31, current year		1,049,752	2,583,263		3,633,015
28. Add expenses unpaid December 31, prior year		938,400	440,155		1,378,555
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	14,610,890	4,467,369	38,257,824	103,992	57,440,075
DETAILS OF WRITE-INS					
2501. Reinsurance Ceded			(7,772,662)		(7,772,662)
2502. Other Miscellaneous	325,169	101,901	1,431,596		1,858,666
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	325,169	101,901	(6,341,066)	0	(5,913,996)

(a) Includes management fees of $ 47,355,068 to affiliates and $ .... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 406,907	350,587
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 6,138,730	5,978,693
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		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5	Contract Loans		
6	Cash, cash equivalents and short-term investments	(e) 46,772	46,772
7	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	6,592,409	6,376,052
11.	Investment expenses		(g) 103,992
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		103,992
17.	Net investment income (Line 10 minus Line 16)		6,272,060
	DETAILS OF WRITE-INS		
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

(a) Includes $ 285,804 accrual of discount less $ 1,040,309 amortization of premium and less $ 55,334 paid for accrued interest on purchases.

(b) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued dividends on purchases.

(c) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.

(d) Includes $ for company's occupancy of its own buildings; and excludes $ interest on encumbrances.

(e) Includes $ 312 accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.

(f) Includes $ accrual of discount less $ amortization of premium.

(g) Includes $. investment expenses and $ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ interest on surplus notes and $ interest on capital notes.

(i) Includes $ depreciation on real estate and $ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	248,514	0	248,514	0	0
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	1,140,145	0	1,140,145	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans		0	0	0	0
4.	Real estate		0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets		0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	7,162	0	7,162	0	0
10.	Total capital gains (losses)	1,395,821	0	1,395,821	0	0
	DETAILS OF WRITE-INS					
0901.	Settlement Proceeds	7,162		7,162		
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	7,162	0	7,162	0	0

EXHIBIT OF NON-ADMITTED 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)			0
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			0
	2.2 Common stocks			0
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			0
	3.2 Other than first liens			0
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			0
	4.2 Properties held for the production of income			0
	4.3 Properties held for sale			0
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6.	Contract loans			0
7.	Derivatives			0
8.	Other invested assets (Schedule BA)			0
9.	Receivables for securities			0
10.	Securities lending reinvested collateral assets			0
11.	Aggregate write-ins for invested assets	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13.	Title plants (for Title insurers only)			0
14.	Investment income due and accrued			0
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	133,761	89,389	(44,372)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
	15.3 Accrued retrospective premiums		0	0
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			0
	16.2 Funds held by or deposited with reinsured companies			0
	16.3 Other amounts receivable under reinsurance contracts			0
17.	Amounts receivable relating to uninsured plans			0
18.1	Current federal and foreign income tax recoverable and interest thereon			0
18.2	Net deferred tax asset		0	0
19.	Guaranty funds receivable or on deposit			0
20.	Electronic data processing equipment and software			0
21.	Furniture and equipment, including health care delivery assets			0
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0
23.	Receivable from parent, subsidiaries and affiliates			0
24.	Health care and other amounts receivable	762,478	143,029	(619,449)
25.	Aggregate write-ins for other than invested assets	980	2,684,502	2,683,522
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	897,219	2,916,920	2,019,701
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28.	Total (Lines 26 and 27)	897,219	2,916,920	2,019,701
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.	Prepaids	980	2,684,502	2,683,522
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	980	2,684,502	2,683,522

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health Maintenance Organizations	25,068	18,235	17,244	16,667	15,848	208,350
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	53,779	52,639	52,281	52,380	61,397	640,614
7. Total	78,847	70,874	69,525	69,047	77,245	848,964
DETAILS OF WRITE-INS						
0601. Medicare	17,683	17,413	17,302	17,206	17,098	207,609
0602. Medicaid	36,096	35,226	34,979	35,174	44,299	433,005
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	53,779	52,639	52,281	52,380	61,397	640,614

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Presented in thousands, except common capital stock share data)

1. SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation — UnitedHealthcare of New England, Inc. (the "Company"), licensed as a health maintenance organization (HMO), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of UnitedHealthcare, Inc. (UHC). UHC is a wholly owned subsidiary of UnitedHealthCare Services, Inc. (UHS), a HMO management corporation that provides services to the Company under the terms of a management agreement (see Note 10). UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated ("UnitedHealth Group"). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on November 14, 1984, and in December 1984, received its certificate of authority to operate as a HMO in the state of Rhode Island and portions of the Commonwealth of Massachusetts. The Company has entered into contracts with physicians, hospitals and other health care provider organizations to deliver health care services for all enrollees.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage ("Medicare Part D Program") under a contract with the Centers for Medicare and Medicaid Services (CMS). Under the Medicare Part D program, there are six separate elements of payment received by the Company during the plan year; these payment elements are CMS premium, member premium, low-income premium subsidy, catastrophic reinsurance subsidy, low-income member cost-sharing subsidy, and CMS risk share.

The Company offers the Evercare product in the state of Rhode Island. Evercare offers complete, individualized care planning and care benefits for aging, disabled, and chronically ill individuals. Evercare offers these long-term care services in nursing homes, community-based settings, and private homes.

The Company has a contract with the State of Rhode Island and Providence Plantation, Department of Human Services, to provide health care services to Medicaid eligible beneficiaries in Rhode Island. The current contract is effective through June 30, 2014, with three one year option periods.

Basis of Presentation — The Company prepares its financial statements on the basis of accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division (the "Division"). These practices differ from accounting principles generally accepted in the United States of America (GAAP).

The more significant differences are as follows:

- Cash, cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less;

- Outstanding checks in excess of cash balances are required to be presented as negative cash in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being reflected as other liabilities under GAAP;

- Certain debt investments categorized as held to maturity under GAAP are shown at amortized cost whereas in the statutory basis financial statements these investments are presented at either the lower of amortized cost or fair value in accordance with National Association of Insurance Commissioners' (NAIC) classifications;

- Certain assets, including certain aged premium and health care receivables, certain fixed assets, and intangible assets, are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus;

- Under statutory accounting, changes to deferred tax assets and liabilities are recorded directly to unassigned surplus and deferred tax assets are subject to limitations regarding the realization and admissibility of the assets, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets;

- Assets not specifically identified as an admitted asset by the NAIC are designated as nonadmitted under statutory accounting. Nonadmitted assets are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets;

- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;

- The unexpired portion of accident and health insurance premiums is recorded as unearned premium; the corresponding change in unearned premium from year to year is reflected as a change in unearned premium reserves in the statutory basis statements of operations. Under GAAP, the change in unearned premium from year to year is reported through premium income;

- Comprehensive income and its components are not presented in the statutory basis financial statements;

- Cash, cash equivalents, and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The statutory basis statements of cash flows are prepared in accordance with the NAIC guidelines.

The Division recognizes only statutory accounting practices prescribed or permitted by the state of Rhode Island for determining and reporting the financial condition and results of operations of an HMO and for determining its solvency under Rhode Island insurance law. The NAIC Accounting Practices and Procedures manual (NAIC SAP) has been adopted with modifications as a component of prescribed or permitted practices by the State of Rhode Island. No significant differences exist between prescribed or permitted practices by the State of Rhode Island and NAIC SAP which would materially affect the statutory basis capital and surplus.

Use of Estimates — The preparation of these statutory basis financial statements in conformity with the Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, and aggregate health policy reserves and aggregate health claim reserves (collectively known as "aggregate health reserves"). The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

Cash and Invested Assets:

- Cash and cash equivalents represent cash held by the Company in disbursement accounts, treasury bills, agency discount notes and commercial paper. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments. Cash equivalents have original maturity dates of three months or less from the date of acquisition and are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value.

- Short-term investments represent money market instruments, commercial paper, corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than three months but less than one year at the time of purchase.

- Bonds include corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than one year at the time of purchase.

- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the NAIC Securities Valuation Office (SVO) in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service.

- Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in nonagency residential mortgage-backed securities, including home equity and subprime mortgages to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets.

- Common stocks consist of the Company's share of an investment pool sponsored and administered by UHS for the benefit of the UHS-owned health plans. The investment pool consists principally of investments with original maturities of less than one year, with the average life of the individual investments being less than 60 days. The Company's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The participants within the pool have an individual fund number to track those investments owned by the Company. In addition the Company has executed a custodial agreement whereby the Company's share in the investment pool is segregated and separately maintained. The pool is primarily invested in government obligations, commercial paper, certificates of deposit, and short-term agency notes and is recorded at cost or amortized cost. Interest income from the pool accrues daily to participating members based upon ownership percentage.

Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations.

The Company continually monitors the difference between the cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, the Company records a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations as the Company has made the determination to sell the security. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company did not recognized an other-than-temporary loss of approximately as of December 31, 2010 and 2009.

Investment Income Due and Accrued — Investment income earned and due as of the reporting date in addition to investment income earned but not paid or collected until subsequent periods are reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectibility of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

Net Investment Income Earned — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discounts on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

Amounts Due to Parent, Subsidiaries, and Affiliates — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts owed as amounts due to parent, subsidiaries, and affiliates in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

Hospital and Medical Benefits, Claims Unpaid, and Aggregate Health Reserves — Hospital and medical benefits and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services' enrollees have received but for which claims have not yet been submitted, and for liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates liabilities for physician, hospital and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. The estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2010 and 2009. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2010; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health reserves are reflected in operating results in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans — Receivables and liabilities for amounts held under uninsured plans represent the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. If the Company incurs costs either in excess of or less than these subsidies, a corresponding receivable or payable is recorded in amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

Net Deferred Tax Asset and Federal Income Taxes Incurred — Statutory accounting requires an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax/less capital gains tax benefit subject to certain adjustments (see Note 9).

Claims Adjustment Expenses — Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of UHS's and the Company's administrative expenses is performed to determine the allocation between claims adjustment expenses and general administrative expenses. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2010 and 2009, is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

General Administrative Expenses — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. State income taxes are also a component of general administrative expenses. A detailed review of UHS's and the Company's administrative expenses is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

Revenues — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums. Premiums received in full during the current period that are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Unearned premiums are established for the portion of premiums received during the current year that are partially unearned at the end of the period and are included in aggregate health policy reserves in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Net premium income includes the Medicare Advantage CMS premium, and the premium under the Medicare Part D program, which includes, CMS premium, member premium, and low-income premium subsidy for the Company's insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits. The Company estimates retrospective premiums adjustments based on guidelines determined by CMS (see Note 24).

The Company also has an arrangement with CMS for certain Medicare products whereby periodic changes in member risk factor adjustment scores, for certain diagnoses codes, result in changes to its Medicare revenues. The Company recognizes such changes when the amounts become determinable and supportable and collectibility is reasonably assured. The estimated risk-adjusted payments due to the Company at December 31, 2010 and 2009, were $2,125 and $1,452, respectively, and are recorded as uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recognized $352 and $832 for changes in prior year Medicare risk factor estimates during the years ended December 31, 2010 and 2009, respectively, which is recorded as net premium income within the statutory basis statements of operations.

Net premium income also includes amounts paid by state and federal governments per member in exchange for the provision and administration of medical benefits under the Medicaid and Comprehensive Health Insurance Pool programs. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments, home nursing risk-sharing payments, high dollar risk pool payments, and maternity payments. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled. Home nursing risk-sharing income is payable based upon the number of members that qualify for such reimbursement.

The Company reports uncollected premium balances from its insured members as uncollected premiums. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

Reinsurance Ceded — The Company has a reinsurance agreement through which 60% of earned commercial member premiums, hospital and medical benefits, and operating expenses are ceded to the reinsurer. Additionally, the Company has an insolvency-only reinsurance agreement and a Medicaid stop-loss reinsurance agreement with United HealthCare Insurance Company (UHIC) (see Note 10). Reinsurance premiums paid and recoveries received are deducted from net premium income and total hospital and medical benefits, respectively, in the accompanying statutory basis statements of operations. Pursuant to the quota share agreement, the Company records amounts recoverable from the reinsurer for claims paid and for general administrative expenses and claims adjustment expenses as reinsurance in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as a reduction to total hospital and medical, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations

Reinsurance Recoverable — The Company records amounts recoverable from the reinsurer for claims paid and for general administrative expenses and claims adjustment expenses under the quota share agreement as reinsurance recoverable in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as a reduction to total hospital and medical benefits, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations.

Incentive Pool — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses or deficits in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentages and liability or receivable is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus, and the corresponding expense or reduction to expense is included in incentive pool, withhold adjustments, and bonus amounts in the statutory basis statements of operations.

Medical Risk Share — The Company has settlements with CMS based on whether the ultimate per member per month benefit costs of any Medicare Part D Program regional plan varies more than 5% above or below the level estimated in the original bid submitted by the Company and approved by CMS in 2010 and 2009. The estimated risk share adjustment of $707 and $181 in 2010 and 2009, respectively, is recorded as a decrease to change in unearned premium reserves in the statutory basis statements of operations and aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Reserve for Experience Rated Refunds — A liability is established, net of ceded reinsurance, for estimated premium refunds on experience rated contracts based on actuarial methods and assumptions. Estimated accrued retrospective premiums due from the Company are recorded in aggregate health policy reserves on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

Health Care and Other Receivables — Health care and other receivables consist of pharmacy rebate receivables estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's unaffiliated pharmaceutical benefit manager and affiliated pharmaceutical benefit manager, Rx Solutions, Inc. ("Rx Solutions"). Health care and other receivables also include a receivable from the State of Rhode Island for various mandated risk sharing arrangements for certain member groups. Health care and other receivables are considered nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

Premium Deficiency Reserves — Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claim adjustment expenses, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, claim adjustment expenses and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in increase in reserves for life and accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30).

Vulnerability Due to Certain Concentrations — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Net premium income from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of net premium income are 41% and 46% for the years ended December 31, 2010 and 2009, respectively.

Net premium income from the State of Rhode Island, Division of Medical Assistance and Health Services as a percentage of total net premium income is 43% and 40% for the years ended December 31, 2010 and 2009, respectively.

Restricted Cash Reserves — The Company is exempt from the state of Rhode Island minimum regulatory deposit requirements. The Massachusetts Department of Insurance requires the Company to maintain a minimum regulatory deposit (currently $1,000) and the Company is in compliance with this requirement. This restricted cash reserve consists principally of government obligations and are stated at amortized cost, which approximates fair value. This reserve is included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on these reserves accrues to the Company.

Minimum Capital and Surplus — Under the laws of the state of Rhode Island, the Rhode Island Department of Insurance requires the Company to maintain a minimum capital and surplus equal to the greater of $2,500 or the minimum amount necessary to meet the Risk-based capital (RBC) requirements. The minimum capital and surplus requirement based on these requirements is approximately $38,682. The Company has approximately $109,194 and $117,686 in total statutory basis capital and surplus as of December 31, 2010 and 2009, respectively, which is in compliance with the required amount. Under the laws of the state of Massachusetts, the Massachusetts Department of Insurance requires the Company to maintain a minimum capital and surplus equal to $1,000 or 2% of the first $150,000 annual premium revenue and 1% of annual premium revenue in excess of $150,000. The Company is in compliance with the required amount as of December 31, 2010.

RBC is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Division requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above or the RBC calculation. The Company is in compliance with the required amount as of December 31, 2010.

Recently Issued Accounting Standards — — In December 2010, the NAIC adopted revisions to SSAP No. 10R, *Income Taxes – Revised, A Temporary Replacement of SSAP No. 10* (SSAP No. 10R), which extended the effective date of the temporary replacement through the interim and annual financial statement periods of 2011. The revision to the temporary standard adds additional disclosures related to the impact of tax planning strategies and the nature of the net admitted deferred tax assets by percentage and tax character. These disclosures are incorporated in Note 9 – Income Taxes, as applicable.

In December 2010, the NAIC issued revisions to SSAP No. 100, *Fair Value Measurements* (SSAP No. 100). SSAP No. 100 established a framework for measuring fair value and establishes disclosure requirements about fair value. The original statement was early adopted for December 31, 2009, with interim and annual financial statement reporting thereafter. The 2010 revisions to SSAP No. 100 relate to the reporting and disclosure of investments measured and reported at fair value and are effective for December 31, 2010 annual financial statements. The Company adopted the revisions to SSAP No. 100 as of December 31, 2010, and the related disclosure requirements are outlined in Note 20– Fair Value Measurements.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

There were no accounting changes or correction of errors during 2010.

3. BUSINESS COMBINATIONS AND GOODWILL

The Company was not party to a business combination during the years ended December 31, 2010 and 2009, and does not carry goodwill on its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

The Company did not discontinue any operations during 2010 and 2009.

5. INVESTMENTS AND OTHER INVESTED ASSETS

The Company has no mortgage loans, real estate loans, restructured debt, reverse mortgages, repurchase agreements, or investments in low-income housing tax credits and does not participate in securities lending activities. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale. Total proceeds on the sale of bonds and short-term investments were $465,832 and $405,654 in 2010 and 2009, respectively.

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments totaled $1,392 and $3, respectively, for 2010 and $285 and $438, respectively, for 2009. The net realized gain is included in net realized capital gains less capital gains tax (benefit) in the accompanying statutory basis statements of operations.

As of December 31, 2010 and 2009, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash (overdrafts) and cash equivalents of approximately $(5,919) and $(7,731), respectively, are as follows (in thousands):

2010	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	$ 29,770	$ 1,233	$ (12)	$ -	$ 30,991
State and state agency	41,407	1,789	(73)	-	43,123
Municipalities and local agency	24,537	919	(183)	-	25,273
Corporate bonds	56,356	2,514	(117)	-	58,753
Commercial paper and money market funds	1,450	-	-	-	1,450
Total bonds and short-term investments	$153,520	$ 6,455	$(385)	$ -	$159,590

	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Statutory Equity Value
Common stocks	$ 33,076	$ -	$ -	$ -	$ 33,076

2010	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Less than one year	$ 6,569	$ 50	$ -	$ -	$ 6,619
One to five years	61,539	2,372	(82)	-	63,829
Five to ten years	57,213	2,849	(85)	-	59,977
Over ten years	28,199	1,184	(218)	-	29,165
Total bonds and short-term investments	$153,520	$ 6,455	$(385)	$ -	$159,590

2009	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	$ 31,266	$ 1,027	$ (19)	$ -	$ 32,274
State and state agency	44,518	1,992	(84)	-	46,426
Municipalities and local agency	30,994	1,561	(12)	(86)	32,457
Corporate bonds	51,819	2,292	(13)	(124)	53,974
Commercial paper and money market funds	10,346	-	-	-	10,346
Total bonds and short-term investments	$168,943	$ 6,872	$(128)	$(210)	$175,477

	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Statutory Equity Value
Common stocks	$ 3,206	$ -	$ -	$ -	$ 3,206

Included in U.S. government and agency securities and corporate bonds in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of approximately $26,563 and fair value of approximately $27,868.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2010 and 2009 (in thousands):

	< 1 year		> 1 year			
2010	**Fair Value**	**Gross Unrealized Holding Losses**	**Fair Value**	**Gross Unrealized Holding Losses**	**Total Fair Value**	**Gross Unrealized Holding Losses**
U.S. government and agency	$ 1,931	$ (12)	$ -	$ -	$ 1,931	$ (12)
State and state agency	3,416	(73)	-	-	3,416	(73)
Municipalities and local agency	6,994	(183)	-	-	6,994	(183)
Corporate bonds	5,222	(117)	-	-	5,222	(117)
Total bonds and short-term investments	$ 17,563	$ (385)	-	-	$ 17,563	$ (385)
Common stocks	$ -	$ -	$ -	$ -	$ -	$ -

	< 1 year		> 1 year			
2009	**Fair Value**	**Gross Unrealized Holding Losses**	**Fair Value**	**Gross Unrealized Holding Losses**	**Total Fair Value**	**Gross Unrealized Holding Losses**
U.S. government and agency	$ 4,952	$ (19)	$ -	$ -	$ 4,952	$ (19)
State and state agency	4,694	(84)	-	-	4,694	(84)
Municipalities and local agency	839	(12)	1,423	(86)	2,262	(98)
Corporate bonds	2,159	(13)	1,851	(124)	4,010	(137)
Total bonds and short-term investments	$ 12,644	$ (128)	$ 3,274	$ (210)	$ 15,918	$ (338)
Common stocks	$ -	$ -	$ -	$ -	$ -	$ -

The unrealized losses on investments in state and state agency obligations, municipalities and local agency obligations, and corporate bonds at December 31, 2010 and 2009 were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors which may indicate an other–than-temporary impairment, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company’s intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, the Company recorded other-than-temporary impairments of $0 and $368 as of December 31, 2010 and 2009, respectively, which is included in net realized capital gains less capital gains tax in the statutory basis statements of operations.

As of December 31, 2010 and 2009, the Company has classified mortgage-backed securities that have other-than-temporary impairments as intent to sell. For the remaining mortgage-backed securities, the Company has the intent and ability to retain the investment in the security for a period of time sufficient to recover the amortized cost basis and determined that the present value of cash flows to be collected is equal or exceeds the amortized cost basis of the security, as of December 31, 2010 and 2009. The table below illustrates the aggregate other-than-temporary impairments recognized on mortgage-backed securities classified on the basis for the other-than-temporary impairment as of December 31, 2010 and 2009 (in thousands):

2010	Basis Before Other-Than-Temporary Impairment	Temporary Impairment Recognized in Realized Loss	Fair Value	Cost After Other-Than-Temporary Impairment
Aggregate intent to sell	$ -	$ -	$ -	$ -

2009	Amortized Cost Basis Before Other-Than-Temporary Impairment	Other-Than-Temporary Impairment Recognized in Realized Loss	Fair Value	Amortized Cost After Other-Than-Temporary Impairment
Aggregate intent to sell	$ 2,358	$ 368	$ 1,990	$ 1,990

The Company did not recognize any other-than-temporary impairments on mortgage-backed securities due to an inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, or where the present value of cash flows expected to be collected is less than the amortized cost basis of the security, as of December 31, 2010 and 2009.

The following table illustrates the fair value, gross unrealized losses, and length of time that the remaining mortgage-backed securities have been in continuous unrealized loss position at December 31, 2010 and 2009 (in thousands):

	< 1 year		> 1 year			
2010	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Total Fair Value	Gross Unrealized Losses
Fixed income-mortgage	$ 1,124	$ (7)	$ -	$ -	$ 1,124	$ (7)

	< 1 year		> 1 year			
2009	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Total Fair Value	Gross Unrealized Losses
Fixed income-mortgage	$ 4,952	$ (19)	$ 1,851	$ (124)	$ 6,803	$ (143)

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships, or limited liability companies.

7. INVESTMENT INCOME

The Company has admitted all investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned at December 31, 2010 and 2009, are as follows (in thousands):

	2010	2009
Bonds	$6,329	$6,835
Common stocks		
Cash and short-term investments	47	77
Total investment income	6,376	6,912
Expenses — investment management fees	(104)	(105)
Net investment income	$6,272	$6,807

8. DERIVATIVE INSTRUMENTS

The Company has no derivative instruments.

9. INCOME TAXES

The components of the net deferred income taxes for the years ended December 31, 2010 and 2009, are as follows (in thousands):

	2010			2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax asset	$ 9,115	$ 316	$ 9,431	$ 2,408	$ 383	$ 2,791	$ 6,707	$ (67)	$ 6,640
Statutory valuation allowance	2,251	316	2,567	-	383	383	2,251	(67)	2,184
Adjusted gross deferred tax asset	6,864	-	6,864	2,408	-	2,408	4,456	-	4,456
Gross deferred tax liabilitites	97	-	97	57	-	57	40	-	40
Net deferred tax asset	6,767	-	6,767	2,351	-	2,351	4,416	-	4,416
Non-admitted deferred tax asset	-	-	-	-	-	-	-	-	-
Net admitted deferred tax asset	$ 6,767	$ -	$ 6,767	$ 2,351	$ -	$ 2,351	$ 4,416	$ -	$ 4,416

The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 10R, *Income Taxes – Revised, A Temporary Replacement of SSAP No. 10*, are as follows (in thousands):

	2010			2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes recoverable through loss carryback	2,836	-	2,836	2408	-	2,408	428	-	428
Adjusted gross deferred tax assets expected to be realized within one year of the balance sheet date not recovered via loss carrybacks	4,028	-	4,028	-	-	-	4,028	-	4,028
Ten percent adjusted statutory capital and surplus shown on most recently filed financial statement	-	-	10,761	-	-	12,310	-	-	(1,549)
Admitted pursuant to ¶ 10b (lesser of i. or ii.)	4,028	-	4,028	-	-	-	4,028	-	4,028
Adjusted gross deferred tax assets after application of above items that can be offset against existing gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
Admitted deferred tax asset	6,864	0	6,864	2,408	-	2,408	4,456	0	4,456

The Company has not elected to admit additional deferred tax assets under the expanded admissibility test.

The results from the deferred tax asset admissibility calculation in relation to total assets and total capital and surplus is presented below (in thousands):

	2010			2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Net admitted deferred tax asset	$ 6,451	$ 316	$ 6,767	$ 2,351	$ -	$ 2,351	$ 4,100	$ 316	$ 4,416
Total assets			$ 209,793			$ 190,628			
Total capital and surplus			$ 109,194			$ 117,686			
Total capital and surplus from net deferred tax assets			$ 109,194			$ 117,686			

No additional adjusted gross deferred tax assets are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus as a result of tax-planning strategies.

There are no unrecognized deferred tax liabilities.

The federal income taxes incurred for the years ended December 31, 2010 and 2009, are as follows (in thousands):

	2010	2009	Change
Federal income taxes incurred	$ 1,547	$ 1,567	$ 20
Capital loss tax (benefit)	478	(146)	(624)
Total current federal income taxes incurred	$ 2,025	$ 1,421	$ (604)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2010 and 2009, are as follows (in thousands):

	2010	2009	Change
Ordinary deferred tax assets:			
Unpaid losses and CAE	$ 342	$ 331	$ 11
Premiums received in advance	1,278	990	288
Investments	-	-	-
Nonadmitted assets	314	1,021	(707)
Other insurance reserves	7,118	-	7,118
Bad debt	28	31	(3)
General expenses due and accrued	35	35	-
Subtotal ordinary gross deferred tax asset	9,115	2,408	6,707
Statutory valuation allowance - ordinary	(2,251)	-	(2,251)
Adjusted ordinary gross deferred tax asset	6,864	2,408	4,456
Nonadmitted ordinary deferred tax asset	-	-	-
Admitted ordinary deferred tax asset	6,864	2,408	4,456
Capital deferred tax assets:			
Investments	316	383	(67)
Unrealized gains/losses	-	-	-
Subtotal capital gross deferred tax asset	316	383	(67)
Statutory valuation allowance - capital	(316)	(383)	67
Adjusted capital gross deferred tax asset	-	-	-
Nonadmitted capital deferred tax asset	-	-	-
Admitted capital deferred tax asset	-	-	-
Total admitted deferred tax asset	6,864	2,408	4,456
Ordinary deferred tax liabilities:			
Investments	97	57	40
Subtotal ordinary gross deferred tax liability	97	57	40
Capital deferred tax liabilities:			
Investments	-	-	-
Unrealized gains/losses	-	-	-
Subtotal capital gross deferred tax liability	-	-	-
Total deferred tax liabilities	97	57	40
Net deferred tax asset	6,767	2,351	4,416

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of $2,567 and $383 to reduce the gross deferred tax asset to $6,767 and $2,351 as of December 31, 2010 and 2009,respectively, which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The application of the statutory valuation allowance is required under SSAP No. 10R effective for 2009 through 2011. The change in the valuation allowance is attributable to the change in timing of deductibility of expenses and/or expectations for future taxable income.

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gain taxes/less capital gains tax benefit. The significant items causing this difference are as follows (in thousands):

	2010	2009
Tax provision at the federal statutory rate	$ (4,516)	$ 2,237
Tax-exempt interest	(767)	(834)
Change in statutory valuation allowance	2,185	383
Prior year true-up		8
Tax effect of nonadmitted assets	707	(786)
Total	$ (2,391)	$ 1,008
Federal Income taxes incurred	$ 1,547	$ 1,567
Capital gains tax (benefit)	478	(146)
Change in net deferred tax asset	(4,416)	(413)
Total statutory income taxes incurred	$ (2,391)	$ 1,008

At December 31, 2010, the Company had no net operating losses.

Federal income taxes recoverable of $442 and payable of $220 as of December 31, 2010 and 2009, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds was $2,687 and $2,452 in 2010 and 2009, respectively.

Federal income taxes incurred of approximately $2,025 and $1,289 for 2010 and 2009, respectively, is available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service Code.

The Company does not have any tax contingencies recorded as of December 31, 2010 and 2009.

The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y – Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2009 and prior. UnitedHealth Group's 2010 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2003 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

Pursuant to the terms of a management agreement, UHS will provide management services to the Company, until terminated upon the written agreement of both parties, for a fee based on a percentage of net premium income and change in unearned premium reserves and reserve for rate credits. Management fees under this arrangement totaled approximately $47,355 and $44,755 in 2010 and 2009, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. In addition, UHS pays, on the Company's behalf, certain expenses not covered within the scope of the management agreement. UHS is reimbursed for these expenses by the Company.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital/medical benefits, general administrative expenses and claims adjustment expenses $29,639 and $23,273 in capitation fees, administrative expenses and access fees to related parties during 2010 and 2009, respectively. UHS' subsidiaries and divisions provide various services to enrollees of the Company during the year. United Behavioral Health provides mental health and substance abuse services. OPTUM provides integrated personal health management solutions, such as disease management, treatment decision support and wellness services, including a 24-hour call-in service, called Care 24, United Resource Network provides access to a network of transplant providers, American Chiropractic Network Group (ACN) provides chiropractic and physical therapy services, Spectera Inc. provides administrative services related to vision benefit management and claims processing, and Dental Benefit Providers, Inc. provides dental care assistance. The capitation is calculated on a per member per month basis.

The capitation expenses, paid to related parties, that are included as hospital and medical benefits in the accompanying statutory basis statements of operations for the years ended December 31, 2010 and 2009, are shown below (in thousands):

	2010	**2009**
United Behavioral Health	$ 28,581	$ 21,774
Spectera, Inc.	160	158
Dental Benefit Providers, Inc.	546	773
ACN	103	153
Optum	172	330
United Resource Networks	77	85
Total	$ 29,639	$ 23,273

The Company has some premium payments that are received and some claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in amounts due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus.

The Company contracts with Rx Solutions to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of approximately $1,229 and $993 in 2010 and 2009, respectively, are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Additionally, Rx Solutions collects rebates on certain pharmaceutical products based on member utilization. Rebates related to these agreements of approximately $9,178 and $6,103 in 2010 and 2009, respectively, are included as a reduction of prescription drugs in the accompanying statutory basis statements of operations.

The Company has an agreement with Ingenix, Inc., a wholly owned subsidiary of UnitedHealth Group, for services that lead up to and include the prevention and recovery of medical expense overpayments. Percentages of every recovery are retained by Ingenix, Inc. as service fees based on the services performed. Recoveries, net of fees, are returned to the Company on a monthly basis. Service fees of approximately $68 and $89 are included in claims adjustment expense and general administrative expenses in 2010 and hospital and medical expenses in 2009 and approximately $221 and $122 are included in claims adjustment expenses and general administrative expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2010 and 2009, respectively.

The Company has an insolvency-only reinsurance agreement with United Healthcare Insurance Company (UHIC), a wholly owned subsidiary of UHIC Holdings, Inc. which is a wholly owned subsidiary of UHS, to provide insolvency protection for its Medicare and Medicaid enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of approximately $384 in 2010 and $353 in 2009 are netted against net premium income in the accompanying statutory basis statements of operations.

The Company has a reinsurance contract for Medicaid products with UHIC. Under the provisions of the contract, the reinsurer indemnifies the Company for 80% of all eligible inpatient services in excess of $300 per Medicaid member during each contract year. The Company ceded premiums of approximately $270 in 2010 and $253 in 2009 to UHIC under this agreement. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company has a reinsurance agreement with UHIC, through which 60% of earned commercial member premiums, hospital and medical benefits, and operating expenses are transferred to UHIC. The Company transferred operating expenses of $7,773 and $12,204 in 2010 and 2009, respectively, to UHIC under this agreement. The Company recorded paid claim receivables related to this agreement of $3,101 and $5,365 in 2010 and 2009, respectively, which are included in reinsurance receivable within the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recorded a receivable related to general administrative expenses and claims adjustment expenses of $676 and $915 in 2010 and 2009, respectively, which is included in reinsurance receivable in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recorded changes in reserve estimates of $4,270 and $5,355 in 2010 and 2009, respectively, which are netted against claims unpaid within the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The agreement also provides insolvency-only protection for its enrollees. Fees related to this agreement, which are calculated on 0.1% of earned premium, are approximately $76 and $120 in 2010 and 2009, respectively, and are netted against net premium income in the accompanying statutory basis statements of operations. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The effect of reinsurance on commercial earned premiums and hospital and medical benefits for the years ended December 31, 2010 and 2009, is as follows (in thousands):

	2010	**2009**
Earned premiums:		
Direct	$ 75,818	$ 119,980
Ceded	(45,662)	(72,261)
Insolvency	(76)	(120)
Net premium income	$ 30,080	$ 47,599
Hospital and medical benefits:		
Direct	$ 61,623	$ 90,006
Ceded	(36,848)	(53,973)
Net hospital and medical benefits	$ 24,775	$ 36,033

The Company holds a $10,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of LIBOR plus a margin of 0.50%. The aggregate principal amount that may be outstanding at any time is the lesser of 3% of the Company's admitted assets or 25% of the Company's policyholder surplus as of the preceding December 31. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective December 31, 2010. No amounts were outstanding under the line of credit as of December 31, 2010 and 2009.

At December 31, 2010 and 2009, the Company reported $61 and $2,802, respectively, as amounts due to parent, subsidiaries and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets. The Company pays interest expense on the monthly average balance in the net amounts due to parent, subsidiaries, and affiliates account, which is calculated at a fluctuating rate that approximates the prime rate. Net interest expense incurred by the Company in 2010 and 2009 relating to this balance was approximately $9 and $0, respectively. Interest expense is included in general administrative expenses in the accompanying statutory basis statements of operations.

In addition to the agreements above, UHS maintains a private short-term money market investment pool in which affiliated companies may participate (see Note 1). At December 31, 2010 and 2009, the Company's portion was $33,076 and $3,206 , respectively, and is included in common stocks in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party, it does not have any investments in a foreign insurance subsidiary and it does not hold any investments in a downstream noninsurance holding company.

11. DEBT

The Company had no outstanding debt with third parties during 2010 and 2009.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has no retirement plan, deferred compensation, or other benefit plans, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

The Company has 100 shares authorized and 10 shares issued and outstanding of no par value common stock with a stated value of $586,283 per share. The Company has no authorized or outstanding preferred stock. All issued and outstanding shares of common stock are held by the Company's parent, UHC.

Payment of dividends may be restricted by the Division and Rhode Island law, which generally require that dividends be paid out of accumulated surplus.

The Company paid an ordinary dividend to UHC of $12,705 on December 30, 2009, which required no approval and was recorded as a reduction to unassigned surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. No dividends were declared or paid in 2010.

The Company does not hold any stock, including stock of affiliated companies, for special purposes such as conversion of preferred stock, employee stock options or stock purchase warrants.

The Company does not have any special surplus funds.

The portion of unassigned funds represented or (reduced by) each item below is as follows (in thousands):

	2010	2009
Unrealized capital gains (losses) less capital gains tax	$ -	$ 1
Nonadmitted asset values	897	(2,917)
Total	$ 897	$ (2,916)

The Company has never been a party to a quasi-reorganization and does not have any outstanding surplus notes.

14. CONTINGENCIES

Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to disclosure of certain business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's business is regulated at the federal, state and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The Company has been and is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General (OIG), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor, the Federal Deposit Insurance Corporation and other governmental authorities. Examples of audits include the risk adjustment data validation (RADV) audits discussed below and a review by the U.S. Department of Labor of the Company's administration of applicable customer employee benefit plans with respect to ERISA compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

- Risk Adjustment Data Validation Audit. CMS adjusts capitation payments to Medicare Advantage and Medicare Part D Program plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

  In 2008, CMS announced that it would perform RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. Certain UnitedHealth group health plans have been selected for audit. These audits are focused on medical records supporting risk adjustment data for 2006 that were used to determine 2007 payment amounts. Although these audits are ongoing, the Company does not believe they will have a material impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

  In December 2010, CMS published for public comment a new proposed RADV audit and payment adjustment methodology. The proposed methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the error rate identified in audit samples. The Company has submitted comments to CMS regarding concerns the Company has with CMS's proposed methodology. The concerns include, among others, the fact that the proposed methodology does not take into account the error rate in the original Medicare fee-for-service data that was used to develop the risk adjustment system. Additionally, payments received from CMS, as well as benefits offered and premiums charged to members, are based on actuarially certified bids that did not include any assumption of retroactive audit payment adjustments. The Company believes that applying retroactive audit and payment adjustments after CMS acceptance of bids undermines the actuarial soundness of the bids. On February 3, 2011, CMS notified the Company that CMS was evaluating comments and anticipated making changes to the draft methodology, based on input received by CMS. CMS indicated that the final revised RADV audit and payment adjustment methodology will be issued in the near future. Depending on the methodology utilized, potential payment adjustments could have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

  The Company is also in discussions with the OIG for Health and Human Services regarding audits of UnitedHealth Group's risk adjustment data for two of its health plans. While the Company does not believe OIG has governing authority to directly impose payment adjustments for risk adjustment audits of Medicare health plans operated under the regulatory authority of CMS, the OIG can recommend to CMS a proposed payment adjustment, and the Company is unable to predict the outcome of these discussions and audit.

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity or any gain contingencies that should be recorded or disclosed in the financial statements.

There are no assets that the Company considers to be impaired at December 31, 2010 and 2009, except as disclosed in Note 5 and Note 20.

15. LEASES

According to the management agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the agreement are included in the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Medicare Part D program is a partially insured plan. The Company recorded a liability of $458 and receivable of $825 at December 31, 2010 and 2009, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies as described in Note 1 *Amounts Receivable Related to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans.* .

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 — Quoted (unadjusted) prices for identical assets in active markets.

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds, short-term investments and common stocks (investments) are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to prices reported by its custodian, its investment consultant and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. Based on the Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services, the Company has not historically adjusted the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2010 and 2009.

21. OTHER ITEMS

The Company's business is regulated at federal, state and local levels, and the Company must obtain and maintain regulatory approvals to market and sell many of its products. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products. State legislatures and Congress continue to focus on health care issues.

During the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively known as Health Reform Legislation), were signed into law. The Health Reform Legislation expands access to coverage and modifies aspects of the commercial insurance market, as well as the Medicaid and Medicare programs, CHIP, and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The Department of Health and Human Services (HHS), the Department of Labor (DOL) and the Treasury Department have issued regulations (or proposed regulations) on a number of aspects of Health Reform Legislation, but the Company awaits final rules and interim guidance on other key aspects of the legislation. Certain aspects of the Health Reform Legislation are also being challenged in federal court, with the proponents of such challenges seeking to limit the scope of or have all or portions of the Health Reform Legislation declared unconstitutional. Congress may also withhold the funding necessary to implement the Health Reform Legislation, or may attempt to replace the legislation with amended provisions or repeal it altogether.

The Health Reform Legislation and the related federal and state regulations will impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation) or put the Company at risk for loss of business. In addition, the Company's results of operations, financial condition, including the ability to maintain the value of goodwill, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

The Company did not encounter any extraordinary items during 2010 and 2009.

The Company has no troubled debt restructurings as of December 31, 2010 and 2009.

The Company routinely evaluates the collectibility of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Reserves are established for those amounts where collectibility is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's financial condition.

The Company has not received any business interruption insurance recoveries during 2010 and 2009, and does not have any state transferable tax credits or hybrid securities as of December 31, 2010 and 2009.

The Company elected to use rounding in reporting amounts in the notes to statutory basis statements.

Sub-Prime Mortgage Related Risk Exposure — The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2. The Company has no direct exposure through investments in sub-prime mortgage loans. The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage. The Company's direct exposure through other investments related to residential mortgage-backed securities and commercial mortgage-backed securities as of December 31, 2010, consists of the following (in thousands):

	Cost or Amortized Cost	Book Adjusted Carrying Value	Fair Value	Other Than Temporary Loss Recognized to Date
Residential mortgage-backed securities	$ 709	$ 732	$ 921	$ -
Commercial mortgage-backed securities	9,190	9,187	9,518	-
Total	$ 9,899	$ 9,919	$ 10,439	$ -

22. EVENTS SUBSEQUENT

The Company has evaluated subsequent events through February 28, 2011, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2010, that require disclosure.

23. REINSURANCE

In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated (see Note 10) reinsurers.

Ceded Reinsurance Report:

Section 1 — General Interrogatories

a. Are any non-affiliated reinsurers owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X)

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

Yes ( ) No (X)

Section 2 — Ceded Reinsurance — Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

2. Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts

that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

Section 3 — Ceded Reinsurance — Part B

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

   The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2010.

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

Yes ( ) No (X)

Unsecured Reinsurance Recoverable — The Company does not have an unsecured aggregate reinsurance recovery receivable with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

Reinsurance Recoverable in Dispute — The Company does not have a reinsurance recoverable balance that is being disputed by any individual reinsurer.

Reinsurance Assumed and Ceded — The Company does not have a provision in its reinsurance contract to return commissions to the reinsurer in the event that the Company cancels its reinsurance policy.

Uncollectible Reinsurance — During 2010 and 2009, there were no uncollectible reinsurance recoverables.

Commutation of Reinsurance — There was no commutation of reinsurance in 2010 or 2009.

Retroactive Reinsurance — The Company did not have a retroactive reinsurance agreement in 2010 or 2009.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

The Company has Medicare Part D program business that is subject to a retrospective rating feature related to Part D Premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by the CMS. The formula is tiered and based on the bid medical loss ratio. The amount of Part D earned premiums subject to retrospective rating was $9,007 and $9,408 representing 2.2% and 2.3% of total net premium income for 2010 and 2009, respectively.

The Medicaid business contract with the state of Rhode Island includes experience rebates. The rebate period is over the contract period, which is a June 30 year-end. The Company estimates accrued retrospective premium adjustments for its Medicaid business based on the tiered rebate formula provided in the contract. The formula is based on net income before taxes. The amount of net premium income that is subject to the state Medicaid contract retrospective rating feature was $195,790 and $159,495 representing 47.4% and 39.7% of total net premium income as of December 31, 2010 and 2009, respectively.

Estimated accrued retrospective premiums due from the Company are recorded in aggregate health policy reserves on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves in the statutory basis statements of operations.

The Company does not have any other retrospectively rated contracts subject to redetermination as of December 31, 2010 or 2009.

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, and aggregate health claim reserves for 2010 and 2009 (in thousands):

	2010		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	$ -	$ (47,110)	$ (47,110)
Paid claims	315,594	33,207	348,801
End of year claim reserve	50,838	1,034	51,872
Incurred claims	$ 366,432	$ (12,869)	$ 353,563

	2009		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	$ -	$ (44,434)	$ (44,434)
Paid claims	311,923	30,763	342,686
End of year claim reserve	46,079	1,031	47,110
Incurred claims	$ 358,002	$ (12,640)	$ 345,362

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, and aggregate health claim reserves at December 31, 2009 and 2008, exceeded actual claims incurred in 2010 and 2009 related to prior years by approximately $12,869 and $12,640, respectively. The primary drivers consist of favorable development as a result of ongoing analysis of loss development trends and changes to the provider settlement reserves. Included in this increase, the Company experienced $(7,720) of (favorable) prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

The Company incurred claims adjustment expenses of approximately $19,189 and $8,406 in 2010 and 2009, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2010 and 2009 (in thousands):

	2010	2009
Total claims adjustment expenses incurred	$ 19,189	$ 8,406
Less current year unpaid claims adjustment expenses	(1,049)	(938)
Add prior year unpaid claims adjustment expenses	938	875
Total claims adjustment expenses paid	$ 19,078	$ 8,343

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company did not have any intercompany pooling arrangements in 2010 or 2009.

27. STRUCTURED SETTLEMENTS

The Company did not have structured settlements in 2010 or 2009.

28. HEALTH CARE AND OTHER RECEIVABLES

Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The collection history of pharmacy rebates is summarized as (in thousands):

Quarter	Estimated Pharmacy Rebates	Pharmacy Billed	Collected Within 90 Days of Invoicing/ Confirmation	Received Within 91 to 180 Days of Invoicing/ Confirmation	Received More than 181 Days of Invoicing/ Confirmation
December 31, 2010	$ 1,478	$ -	$ -	$ -	$ -
September 30, 2010	1,625	1,750	906	-	-
June 30, 2010	1,589	1,813	1,044	720	-
March 31, 2010	1,326	1,498	1,033	401	29
December 31, 2009	1,126	1,211	952	143	50
September 30, 2009	1,106	1,201	819	105	121
June 30, 2009	1,070	1,112	799	82	103
March 31, 2009	1,027	1,044	591	240	115
December 31, 2008	942	971	911	54	6
September 30, 2008	970	992	924	36	32
June 30, 2008	963	963	880	61	22
March 31, 2008	976	978	762	221	(5)

Of the amount reported as health care and other receivables $2,151 and $1,466 relates to pharmaceutical rebate receivables as of December 31, 2010 and 2009, respectively.

The Company also admitted approximately $10,772 and $10,021 for receivables from various risk sharing agreements from the State of Rhode Island in 2010 and 2009, respectively, which are included in health care and other receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2010 or 2009.

30. PREMIUM DEFICIENCY RESERVES

The Company had a liability of $20,337 and $0 for premium deficiency reserves, as of December 31, 2010 and 2009, respectively. The analysis of the premium deficiency reserves was completed as of December 31, 2010 and 2009, respectively. Premium deficiency reserves are included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2010 and 2009, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

* * * * * *

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 [X] 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 [X] 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 [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

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). 08/01/2007

3.4 By what department or departments?
Rhode Island Department of Business Regulation

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 [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] 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 [X]
4.12 renewals? Yes [ ] No [X]

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 [X]
4.22 renewals? Yes [ ] No [X]

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

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 [X]

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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No [ ]

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
Optum Health Bank, Inc.	Salt Lake City, Utah				YES	

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP; Minneapolis, MN

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.6 If the response to 10.5 is yes, provide information related to this exemption:

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.8 If the response to 10.7 is no or n/a, please explain

11. 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?
Allen J. Sorbo, President, Chief Executive Officer and Chief Actuary of United Healthcare Insurance Company, an affiliate of United Healthcare of New England, Inc. Hartford, CT

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value $

12.2 If, yes provide explanation:

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

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

14.11 If the response to 14.1 is No, please explain:

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

15. 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 [ ]
16. 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 [ ]
17. 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 with the official duties of such person? Yes [X] No [ ]

FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

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

19.11 To directors or other officers	$	0
19.12 To stockholders not officers	$	0
19.13 Trustees, supreme or grand (Fraternal Only)	$	0

19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

19.21 To directors or other officers	$	0
19.22 To stockholders not officers	$	0
19.23 Trustees, supreme or grand (Fraternal Only)	$	0

20.1 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]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Rented from others	$	
20.22 Borrowed from others	$	
20.23 Leased from others	$	
20.24 Other	$	

21.1 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]

21.2 If answer is yes:

21.21 Amount paid as losses or risk adjustment	$	
21.22 Amount paid as expenses	$	
21.23 Other amounts paid	$	

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

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

23.1 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 23.3) Yes [X] No [ ]

23.2 If no, give full and complete information relating thereto

23.3 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 17 where this information is also provided)
N/A

23.4 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]

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. $

23.6 If answer to 23.4 is no, report amount of collateral for other programs. $

23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

23.9 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

24.1 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 20.1 and 23.3). Yes [X] No [ ]

24.2 If yes, state the amount thereof at December 31 of the current year:

24.21 Subject to repurchase agreements $
24.22 Subject to reverse repurchase agreements $
24.23 Subject to dollar repurchase agreements $
24.24 Subject to reverse dollar repurchase agreements $
24.25 Pledged as collateral $
24.26 Placed under option agreements $
24.27 Letter stock or other securities restricted as to sale $
24.28 On deposit with state or other regulatory body $ 1,223,526
24.29 Other $

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

26.1 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]

26.2 If yes, state the amount thereof at December 31 of the current year. $

27. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

27.01 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	801 Pennsylvania, Kansas City, MO 64105
Bank of New York Mellon	Global Liquidity Services, 1 Wall St. 14th Floor, New York, NY 10266

27.02 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)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ ] No [X]
27.04 If yes, give full and complete information relating thereto:

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

27.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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	3 Address
104518	Deutsche Investment Management Americas Inc.	345 Park Avenue, New York, NY 10154
N/A	Internally Managed	N/A

GENERAL INTERROGATORIES

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 - Total		0

28.3 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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	153,519,957	159,590,325	6,070,368
29.2 Preferred stocks	0		0
29.3 Totals	153,519,957	159,590,325	6,070,368

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

For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database GAAP pricing was used. GAAP pricing was obtained by HUB which is an external data sources vendor. HUB utilizes various pricing sources.

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

30.2 If the answer to 30.1 is 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 [ ] No [ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

31.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

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

32.2 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

33.1 Amount of payments for legal expenses, if any? $ 0

33.2 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

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $

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. $ 0

1.6 Individual policies:

Most current three years:
- 1.61 Total premium earned $ 0
- 1.62 Total incurred claims $ 0
- 1.63 Number of covered lives 0

All years prior to most current three years:
- 1.64 Total premium earned $ 0
- 1.65 Total incurred claims $ 0
- 1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:
- 1.71 Total premium earned $ 0
- 1.72 Total incurred claims $ 0
- 1.73 Number of covered lives 0

All years prior to most current three years:
- 1.74 Total premium earned $ 0
- 1.75 Total incurred claims $ 0
- 1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	413,246,570	401,762,709
2.2	Premium Denominator	413,246,570	401,762,709
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	72,672,612	47,243,848
2.5	Reserve Denominator	72,672,612	47,243,848
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical $
- 5.32 Medical Only $
- 5.33 Medicare Supplement $
- 5.34 Dental & Vision $
- 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:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] 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 25,625
- 8.2 Number of providers at end of reporting year 28,673

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

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 $

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses	$	206,369
10.22 Amount actually paid for year bonuses	$	459,229
10.23 Maximum amount payable withholds	$	
10.24 Amount actually paid for year withholds	$	

11.1 Is the reporting entitiy organized as:

11.12 A Medical Group/Staff Model, Yes [ ] No [X]
11.13 An Individual Practice Association (IPA), or, Yes [ ] No [X]
11.14 A Mixed Model (combination of above)? Yes [ ] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No [ ]
11.3 If yes, show the name of the state requiring such net worth. Rhode Island
11.4 If yes, show the amount required. $ 38,681,208
11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]
11.6 If the amount is calculated, show the calculation
275% of ACL

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

1 Name of Service Area
Rhode Island Counties:
Kent
Province
Washington
Bristol
Newport
Massachusetts Counties:
Banstable
Berkshire
Bristol
Dukes
Essex
Franklin
Hampden
Hamshire
Middlesex
Nantucket
Norfolk
Plymouth
Suffolk
Worcester

13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

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 [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. $

FIVE-YEAR HISTORICAL DATA

		1 2010	2 2009	3 2008	4 2007	5 2006
	Balance Sheet (Pages 2 and 3)					
1.	Total admitted assets (Page 2, Line 28)	209,792,661	190,627,636	198,082,242	183,727,302	171,038,781
2.	Total liabilities (Page 3, Line 24)	100,599,029	72,941,477	72,631,694	64,430,013	79,691,305
3.	Statutory surplus	38,681,208	37,551,544	34,048,292	32,328,211	23,531,678
4.	Total capital and surplus (Page 3, Line 33)	109,193,632	117,686,159	125,450,548	119,297,289	91,347,476
	Income Statement (Page 4)					
5.	Total revenues (Line 8)	412,914,834	401,604,484	381,262,406	375,820,901	362,528,833
6.	Total medical and hospital expenses (Line 18)	353,562,390	345,362,008	310,929,242	296,219,208	293,114,587
7.	Claims adjustment expenses (Line 20)	19,189,611	8,406,411	6,577,831	6,333,939	9,386,512
8.	Total administrative expenses (Line 21)	40,400,932	47,735,751	46,358,366	45,415,406	41,643,263
9.	Net underwriting gain (loss) (Line 24)	(20,575,099)	100,314	18,203,967	27,486,648	18,174,121
10.	Net investment gain (loss) (Line 27)	7,190,312	6,432,622	7,416,583	8,924,266	7,905,468
11.	Total other income (Lines 28 plus 29)	3,656	4,361	(19,858)	(20,259)	0
12.	Net income or (loss) (Line 32)	(14,928,392)	4,970,700	16,590,687	25,080,619	17,944,050
	Cash Flow (Page 6)					
13.	Net cash from operations (Line 11)	15,741,832	849,159	21,324,302	11,933,292	20,549,977
	Risk-Based Capital Analysis					
14.	Total adjusted capital	100,599,029	117,686,159	125,450,548	119,297,289	91,347,476
15.	Authorized control level risk-based capital	14,065,894	13,655,107	12,381,197	11,755,713	11,765,839
	Enrollment (Exhibit 1)					
16.	Total members at end of period (Column 5, Line 7)	77,245	78,847	92,030	97,380	113,746
17.	Total members months (Column 6, Line 7)	848,964	954,437	1,117,266	1,263,781	1,427,896
	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)	85.6	86.0	81.6	78.8	80.9
20.	Cost containment expenses	3.5	0.8	0.6	0.4	0.4
21.	Other claims adjustment expenses	1.1	1.3	1.1	1.3	2.2
22.	Total underwriting deductions (Line 23)	105.0	100.0	95.2	92.7	95.0
23.	Total underwriting gain (loss) (Line 24)	(5.0)	0.0	4.8	7.3	5.0
	Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24.	Total claims incurred for prior years (Line 13, Col. 5)	29,265,651	31,792,905	34,621,204	37,015,779	40,058,534
25.	Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	35,480,014	40,728,243	40,395,448	40,396,152	44,144,425
	Investments In Parent, Subsidiaries and Affiliates					
26.	Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27.	Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)			0	0	0
28.	Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29.	Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30.	Affiliated mortgage loans on real estate					
31.	All other affiliated					
32.	Total of above Lines 26 to 31	0	0	0	0	0

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 [ ]

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		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							0	
2. Alaska	AK	N							0	
3. Arizona	AZ	N							0	
4. Arkansas	AR	N							0	
5. California	CA	N							0	
6. Colorado	CO	N							0	
7. Connecticut	CT	N							0	
8. Delaware	DE	N							0	
9. District of Columbia	DC	N							0	
10. Florida	FL	N							0	
11. Georgia	GA	N							0	
12. Hawaii	HI	N							0	
13. Idaho	ID	N							0	
14. Illinois	IL	N							0	
15. Indiana	IN	N							0	
16. Iowa	IA	N							0	
17. Kansas	KS	N							0	
18. Kentucky	KY	N							0	
19. Louisiana	LA	N							0	
20. Maine	ME	N							0	
21. Maryland	MD	N							0	
22. Massachusetts	MA	L	12,813,614						12,813,614	
23. Michigan	MI	N							0	
24. Minnesota	MN	N							0	
25. Mississippi	MS	N							0	
26. Missouri	MO	N							0	
27. Montana	MT	N							0	
28. Nebraska	NE	N							0	
29. Nevada	NV	N							0	
30. New Hampshire	NH	N							0	
31. New Jersey	NJ	N							0	
32. New Mexico	NM	N							0	
33. New York	NY	N							0	
34. North Carolina	NC	N							0	
35. North Dakota	ND	N							0	
36. Ohio	OH	N							0	
37. Oklahoma	OK	N							0	
38. Oregon	OR	N							0	
39. Pennsylvania	PA	N							0	
40. Rhode Island	RI	L	63,004,038	187,559,081	196,261,694				446,824,813	
41. South Carolina	SC	N							0	
42. South Dakota	SD	N							0	
43. Tennessee	TN	N							0	
44. Texas	TX	N							0	
45. Utah	UT	N							0	
46. Vermont	VT	N							0	
47. Virginia	VA	N							0	
48. Washington	WA	N							0	
49. West Virginia	WV	N							0	
50. Wisconsin	WI	N							0	
51. Wyoming	WY	N							0	
52. American Samoa	AS	N							0	
53. Guam	GU	N							0	
54. Puerto Rico	PR	N							0	
55. U.S. Virgin Islands	VI	N							0	
56. Northern Mariana Islands	MP	N							0	
57. Canada	CN	N							0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	75,817,652	187,559,081	196,261,694	0	0	0	459,638,427	0
60. Reporting entity contributions for Employee Benefit Plans		XXX							0	
61. Total (Direct Business)		(a) 2	75,817,652	187,559,081	196,261,694	0	0	0	459,638,427	0
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)		XXX	0	0	0	0	0	0	0	0

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

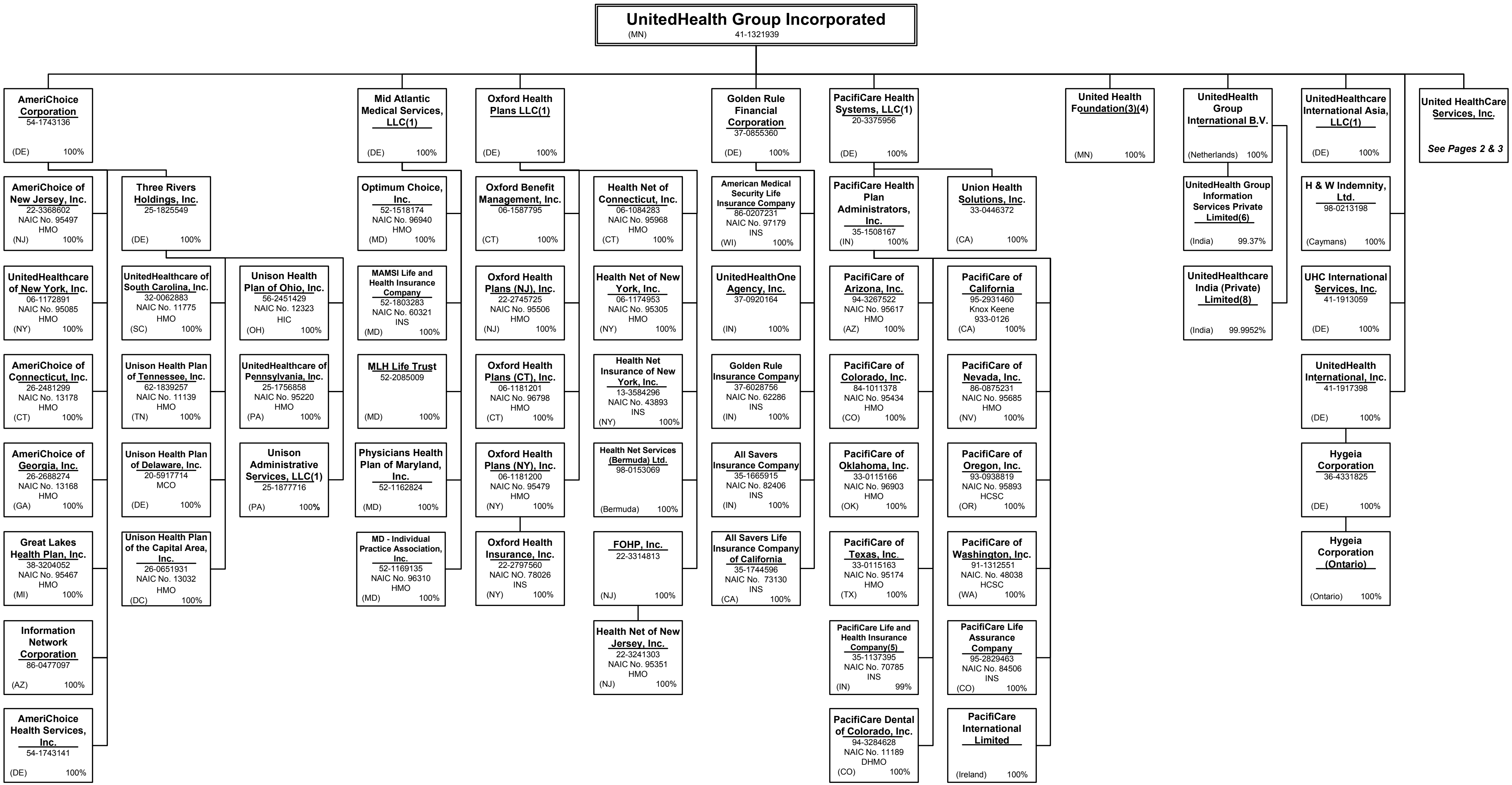
Explanation of basis of allocation by states, premiums by state, etc.

Premiums are allocated by state based on geographic market

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

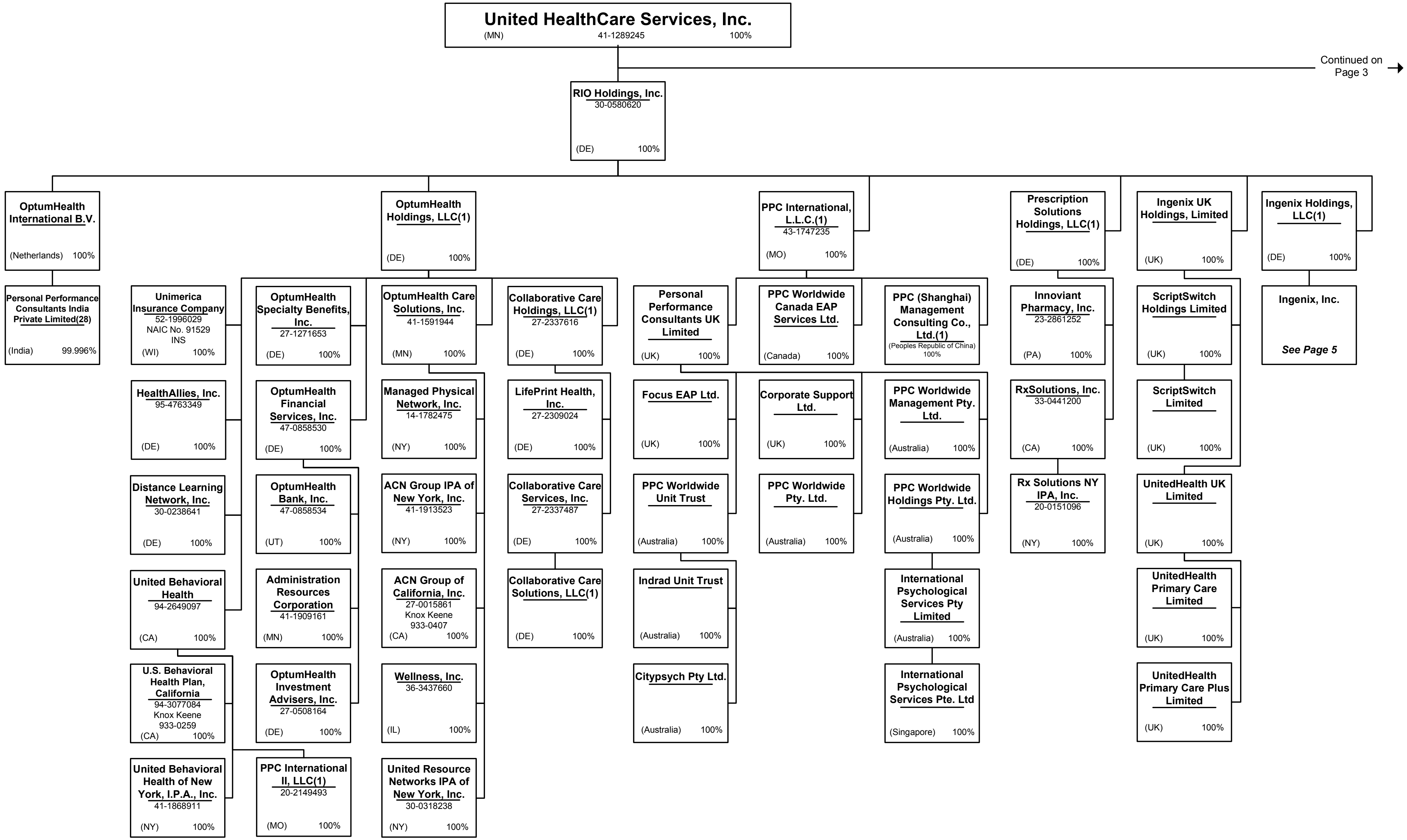
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



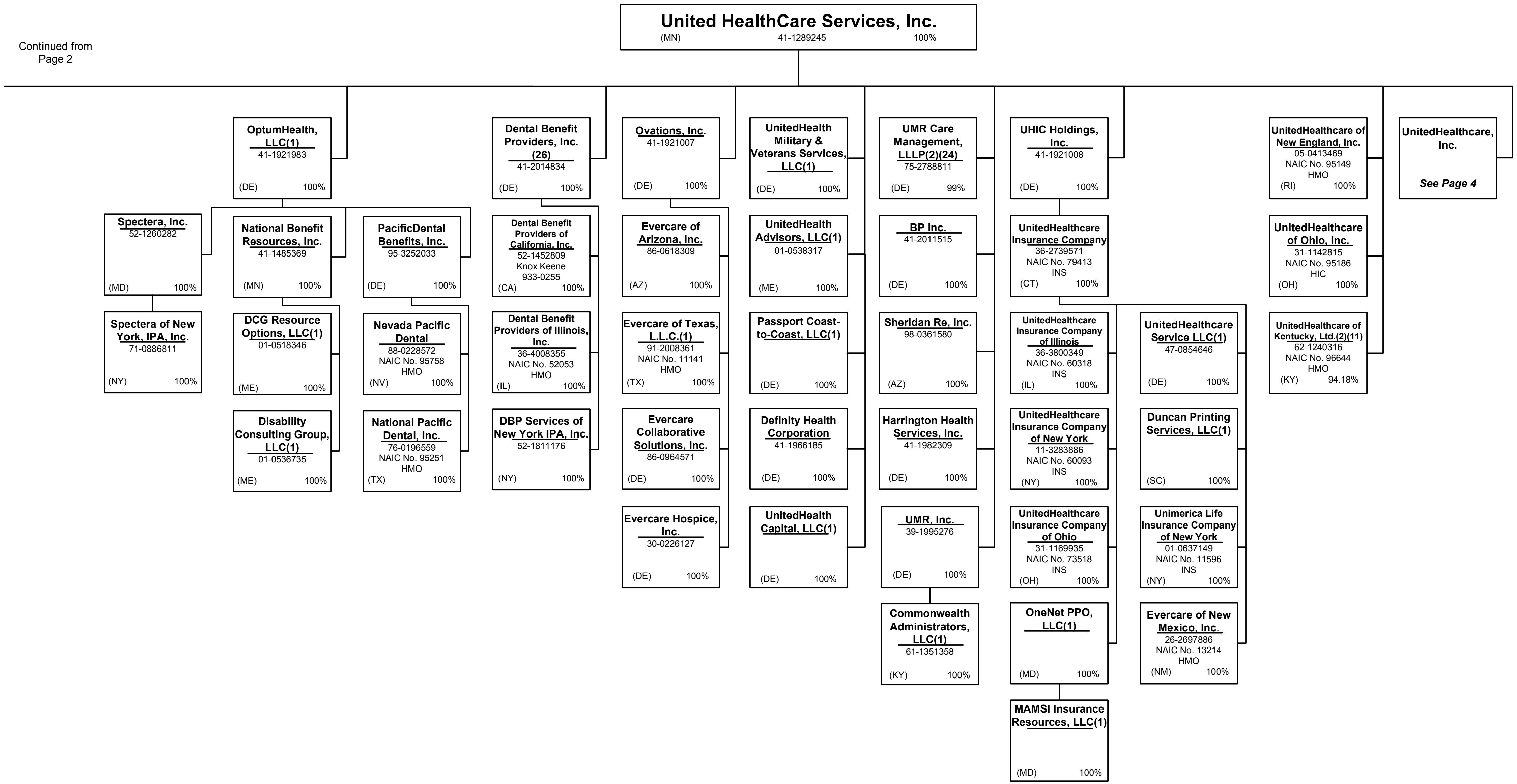
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



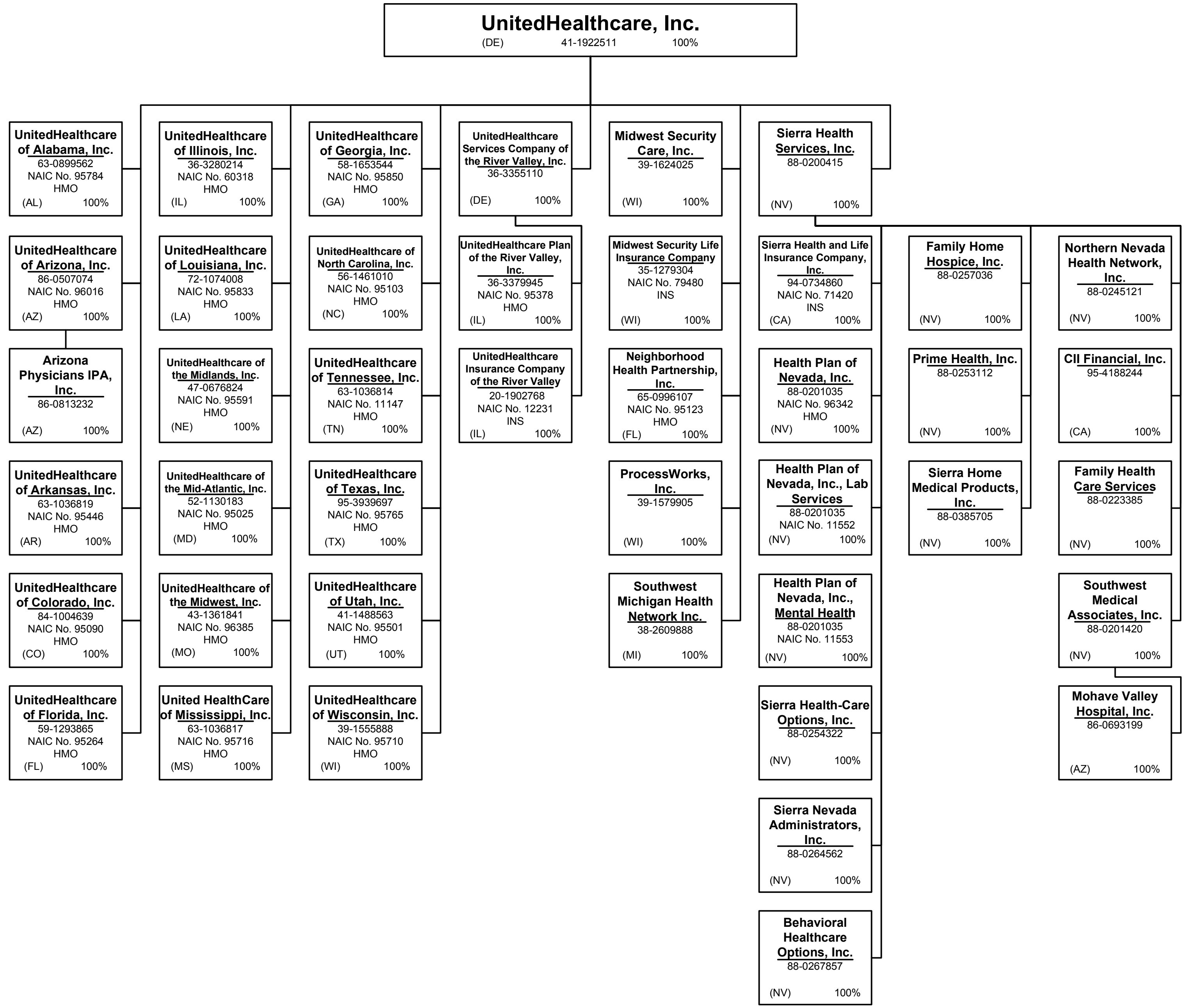
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



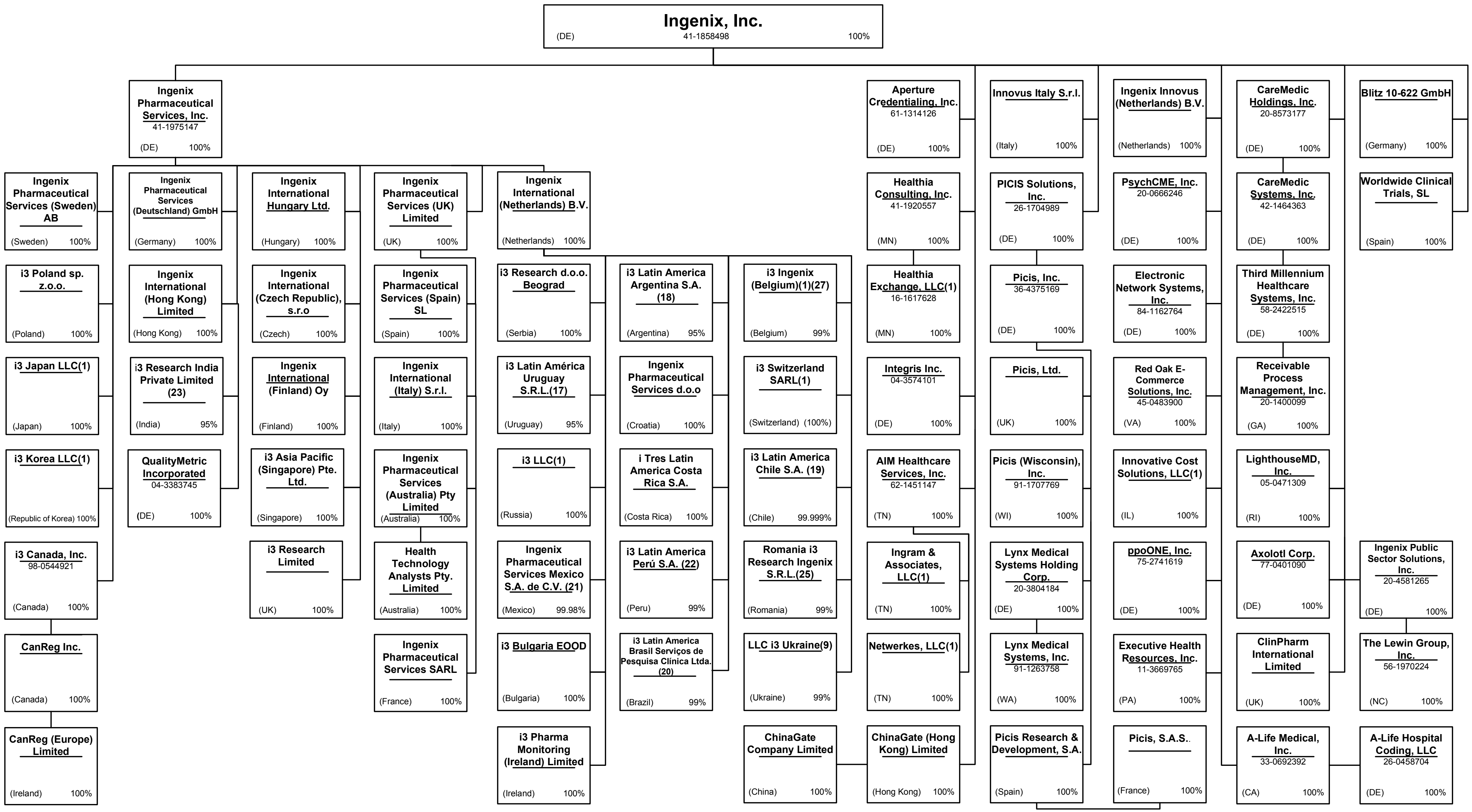
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) Greater Phoenix Collaborative Care, P.C. is 49% owned by Collaborative Care Holdings, LLC and 51% owned by an individual shareholder. Collaborative Care Holdings, LLC has control via a succession agreement.

(8) United Healthcare India (Private) Limited is 99.9952% owned by UnitedHealth Group International B.V. and 0.0048% owned by UnitedHealth International, Inc.

(9) LLC i3 Ukraine is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(10) Placeholder

(11) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(12) Placeholder

(13) Placeholder

(14) Placeholder

(15) Placeholder

(16) Placeholder

(17) i3 Latin América Uruguay S.R.L. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.

(18) i3 Latin America Argentina S.A. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.

(19) i3 Latin America Chile S.A. is 99.9999% owned by Ingenix International (Netherlands) B.V. and 0.0001% owned by Ingenix Pharmaceutical Services, Inc.

(20) i3 Latin America Brasil Serviços de Pesquisa Clínica Ltda. Is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(21) Ingenix Pharmaceutical Services Mexico S.A. de C.V. is 99.98% owned by Ingenix International (Netherlands) B.V. The remaining 0.02% is owned by i3 Latin America Argentina S.A..

(22) i3 Latin America Perú S.A. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by i3 Latin America Argentina S.A.

(23) i3 Research India Private Limited is 95% owned by Ingenix Pharmaceutical Services, Inc. and 5% owned by Ingenix, Inc.

(24) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)

(25) Romania i3 Research Ingenix S.R.L. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services (UK) Limited

(26) Dental Benefit Providers, Inc. is 99.999% owned by United HealthCare Services, Inc. and 0.001% owned by PacificDental Benefits, Inc.

(27) i3 Ingenix (Belgium) is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(28) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

ANNUAL STATEMENT BLANK (Continued)