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ANNUAL STATEMENT

For the Year Ended December 31, 2012

of the Condition and Affairs of the

Blue Cross and Blue Shield of Florida, Inc.

NAIC Group Code.....536, 536 (Current Period) (Prior Period) — NAIC Company Code..... 98167 — Employer's ID Number..... 59-2015694

Organized under the Laws of Florida — State of Domicile or Port of Entry Florida — Country of Domicile

Licensed as Business Type.....Life, Accident & Health — Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized..... July 1, 1980 — Commenced Business..... January 1, 1980

Statutory Home Office	4800 Deerwood Campus Parkway..... Jacksonville ..... FL .... 32246 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	4800 Deerwood Campus Parkway..... Jacksonville ..... FL .... 32246 *(Street and Number) (City or Town, State, Country and Zip Code)*	904-791-6111 *(Area Code) (Telephone Number)*
Mail Address	4800 Deerwood Campus Parkway..... Jacksonville ..... FL .... 32246 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*	
Primary Location of Books and Records	4800 Deerwood Campus Parkway..... Jacksonville ..... FL .... 32246 *(Street and Number) (City or Town, State, Country and Zip Code)*	904-791-6111 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.bcbsfl.com	
Statutory Statement Contact	James Daniel Lewis III *(Name)* Jim.Lewis@bcbsfl.com *(E-Mail Address)*	904-791-6111 *(Area Code) (Telephone Number) (Extension)* 904-905-4177 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Patrick Joseph Geraghty	Chairman of the Board, Chief Executive Officer and President	2. Robert Chris Doerr	Executive Vice President and Chief Financial Officer
3. Charles Stephen Joseph	Senior Vice President, General Counsel and Corporate Secretary	4. William Andrew Coats	Vice President, Chief Investment Officer and Treasurer

OTHER

Robert Emile Wall	Senior Vice President, Human Services	Doug Lynch #	Vice President and Chief Actuary

DIRECTORS OR TRUSTEES

Patrick Joseph Geraghty	Catherine Pombier Bessant	Gonzalo Francisco Valdes-Fauli	Frank Parker Scruggs Jr.
Tracy Ann Leinbach	Barbara Susan Thomas	Robert Matthews Beall II	Leerie Thurman Jenkins Jr.
John Braulio Ramil	Steven Thomas Halverson		

State of Florida
County of Duval

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.

Patrick Joseph Geraghty	Robert Chris Doerr	
(Signature)	(Signature)	(Signature)
Patrick Joseph Geraghty	Robert Chris Doerr	Not Applicable
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chairman of the Board, Chief Executive Officer and President	Executive Vice President and Chief Financial Officer	Not Applicable
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 21 day of February 2013

Helen G Keene

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

Notary Public State of Florida
Helen G Keene
My Commission EE111114
Expires 07/13/2015

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)	2,413,629,499		2,413,629,499	2,418,780,623
2. Stocks (Schedule D):				
2.1 Preferred stocks	144,497,811		144,497,811	137,207,441
2.2 Common stocks	1,147,046,372	23,301,364	1,123,745,008	989,514,623
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 (less $..........0 encumbrances)	212,090,163		212,090,163	222,615,615
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	
5. Cash ($.....782,312, Schedule E-Part 1), cash equivalents ($.....9,141, Schedule E-Part 2) and short-term investments ($.....94,481,344, Schedule DA)	95,272,797		95,272,797	(17,038,687)
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	39,944,708		39,944,708	43,229,613
9. Receivables for securities	8,549,214	70,293	8,478,921	779,588
10. Securities lending reinvested collateral assets (Schedule DL)	18,127,981		18,127,981	66,960,766
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	4,079,158,545	23,371,657	4,055,786,888	3,862,049,582
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	23,086,572		23,086,572	24,603,430
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	792,517,871	5,935,034	786,582,837	807,813,983
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)	26,374,006		26,374,006	34,017,475
15.3 Accrued retrospective premiums	1,873,526		1,873,526	1,398,766
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies	4,840,357		4,840,357	4,652,708
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	237,700,705	36,836,681	200,864,024	228,367,515
18.1 Current federal and foreign income tax recoverable and interest thereon	17,674,072		17,674,072	12,791,754
18.2 Net deferred tax asset	336,543,928	160,642,130	175,901,798	220,166,169
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	45,927,936	41,688,973	4,238,963	3,154,438
21. Furniture and equipment, including health care delivery assets ($..........0)	4,644,715	4,644,715	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	20,306,757		20,306,757	12,284,005
24. Health care ($.....58,470,062) and other amounts receivable	97,167,250	38,697,188	58,470,062	44,802,250
25. Aggregate write-ins for other than invested assets	253,992,776	46,950,635	207,042,141	292,349,209
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,941,809,016	358,767,013	5,583,042,003	5,548,451,284
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	5,941,809,016	358,767,013	5,583,042,003	5,548,451,284

DETAILS OF WRITE-INS

	1	2	3	4
1101.			0	
1102.			0	
1103.			0	
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. Company Owned Life Insurance	200,957,452		200,957,452	189,944,022
2502. Other Accounts Receivable	6,084,689		6,084,689	102,405,186
2503. Prepaid Expenses	37,344,523	37,344,523	0	1
2598. Summary of remaining write-ins for Line 25 from overflow page	9,606,112	9,606,112	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	253,992,776	46,950,635	207,042,141	292,349,209

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....8,386,135 reinsurance ceded)	541,737,146	27,008,985	568,746,131	507,818,626
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	19,892,920		19,892,920	21,591,487
4. Aggregate health policy reserves, including the liability of $..........0 for medical loss ratio rebate per the Public Health Service Act	1,185,129,547		1,185,129,547	1,272,823,381
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve	7,543,803		7,543,803	5,872,101
7. Aggregate health claim reserves			0	
8. Premiums received in advance	134,929,486		134,929,486	135,966,633
9. General expenses due or accrued	466,749,503		466,749,503	572,217,405
10.1 Current federal and foreign income tax payable and interest thereon (including $.....10,804,672 on realized capital gains (losses))	2,859,361		2,859,361	2,873,038
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	18,922,409		18,922,409	16,022,278
13. Remittances and items not allocated	21,198,788		21,198,788	21,061,298
14. Borrowed money (including $..........0 current) and interest thereon $.....137,065 (including $..........0 current)	150,137,065		150,137,065	90,154,561
15. Amounts due to parent, subsidiaries and affiliates	16,975,088		16,975,088	10,550,692
16. Derivatives			0	
17. Payable for securities	31,133,774		31,133,774	27,358,517
18. Payable for securities lending	18,127,981		18,127,981	66,960,766
19. Funds held under reinsurance treaties with ($..........0 authorized reinsurers, $..........0 unauthorized and $..........0 certified reinsurers)			0	
20. Reinsurance in unauthorized and certified ($..........0) companies	22,112,020		22,112,020	21,019,036
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	66,725,746		66,725,746	87,386,740
23. Aggregate write-ins for other liabilities (including $.....42,033,089 current)	61,963,099	0	61,963,099	79,734,046
24. Total liabilities (Lines 1 to 23)	2,766,137,736	27,008,985	2,793,146,721	2,939,410,605
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	2,789,895,282	2,609,040,679
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 $..........0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $..........0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	2,789,895,282	2,609,040,679
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	5,583,042,003	5,548,451,284

DETAILS OF WRITE-INS

	1	2	3	4
2301. Other liabilities	38,078,610		38,078,610	48,772,930
2302. Unclaimed Checks	19,446,302		19,446,302	26,895,287
2303. Advance deposits - FEP	4,437,052		4,437,052	4,062,765
2398. Summary of remaining write-ins for Line 23 from overflow page	1,135	0	1,135	3,064
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	61,963,099	0	61,963,099	79,734,046
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 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	19,843,761	19,380,087
2. Net premium income (including $.....18,556,588 non-health premium income)	XXX	6,475,697,854	6,246,541,146
3. Change in unearned premium reserves and reserve for rate credits	XXX	76,761,129	(124,637,090)
4. Fee-for-service (net of $..........0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	12,239,612	7,287,589
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	6,564,698,595	6,129,191,645
Hospital and Medical:			
9. Hospital/medical benefits	169,664,082	3,572,729,219	3,221,540,708
10. Other professional services			
11. Outside referrals	2,910,895	61,296,651	60,579,248
12. Emergency room and out-of-area	12,226,673	257,465,174	228,691,768
13. Prescription drugs	46,974,817	989,179,909	935,212,055
14. Aggregate write-ins for other hospital and medical	27,293,576	574,738,958	579,042,582
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	259,070,043	5,455,409,911	5,025,066,361
Less:			
17. Net reinsurance recoveries		13,167,243	5,232,462
18. Total hospital and medical (Lines 16 minus 17)	259,070,043	5,442,242,668	5,019,833,899
19. Non-health claims (net)		8,608,008	9,716,632
20. Claims adjustment expenses, including $.....67,338,710 cost containment expenses		251,864,802	263,784,235
21. General administrative expenses		786,505,500	748,417,767
22. Increase in reserves for life and accident and health contracts including $..........0 increase in reserves for life only)		6,972,048	36,828,092
23. Total underwriting deductions (Lines 18 through 22)	259,070,043	6,496,193,026	6,078,580,625
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	68,505,569	50,611,020
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		133,796,789	170,692,263
26. Net realized capital gains or (losses) less capital gains tax of $.....11,908,292		18,962,199	24,257,273
27. Net investment gains or (losses) (Lines 25 plus 26)	0	152,758,988	194,949,536
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $..........0) (amount charged off $..........0)]			
29. Aggregate write-ins for other income or expenses	0	123,349	7,500,554
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	221,387,906	253,061,110
31. Federal and foreign income taxes incurred	XXX	62,293,969	48,906,175
32. Net income (loss) (Lines 30 minus 31)	XXX	159,093,937	204,154,935

DETAILS OF WRITE-INS

	1 Uncovered	2 Total	3 Total
0601. FEP MHSA Expense Income	XXX	6,891,556	3,278,392
0602. Expense Allowance, Ceded Reinsurance	XXX	4,126,766	3,801,348
0603. Other Health Related Non Premium Revenue	XXX	1,221,290	207,849
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	12,239,612	7,287,589
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. Other Medical	27,293,576	574,738,958	579,042,582
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)	27,293,576	574,738,958	579,042,582
2901. Other Income/(Expense)		123,349	7,500,554
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	123,349	7,500,554

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	2,609,040,679	2,644,693,471
34. Net income or (loss) from Line 32	159,093,937	204,154,935
35. Change in valuation basis of aggregate policy and claim reserves	16,233,052	83,285,980
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....25,290,821	29,069,961	(67,810,505)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(7,093,261)	3,091,797
39. Change in nonadmitted assets	(15,356,100)	(22,189,426)
40. Change in unauthorized and certified reinsurance	(1,092,986)	1,028,152
41. Change in treasury stock		
42. Change in surplus notes		(149,827,871)
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	(87,385,854)
48. Net change in capital and surplus (Lines 34 to 47)	180,854,603	(35,652,792)
49. Capital and surplus end of reporting period (Line 33 plus 48)	2,789,895,282	2,609,040,679

DETAILS OF WRITE-INS

4701. Minimum pension liability adjustment		(72,268,119)
4702. Additional Nonadmit due to deferred tax		3,714,433
4703. Carecentrix Deferred Credit		(18,801,426)
4798. Summary of remaining write-ins for Line 47 from overflow page	0	(30,742)
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	(87,385,854)

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	6,503,009,679	6,114,158,894
2.	Net investment income	143,296,709	199,367,121
3.	Miscellaneous income	12,239,612	7,287,589
4.	Total (Lines 1 through 3)	6,658,546,000	6,320,813,604
5.	Benefit and loss related payments	5,401,688,889	5,026,263,824
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	1,117,749,112	1,061,733,187
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....13,821,808 tax on capital gains (losses)	79,098,256	67,045,201
10.	Total (Lines 5 through 9)	6,598,536,257	6,155,042,212
11.	Net cash from operations (Line 4 minus Line 10)	60,009,743	165,771,392
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	1,212,929,510	1,532,540,212
	12.2 Stocks	160,020,723	91,645,878
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(609)
	12.7 Miscellaneous proceeds	52,608,042	62,412,814
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,425,558,275	1,686,598,295
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	1,192,191,207	1,549,061,302
	13.2 Stocks	270,700,461	317,661,574
	13.3 Mortgage loans		
	13.4 Real estate	1,850,691	7,938,252
	13.5 Other invested assets	788,393	228,224
	13.6 Miscellaneous applications	7,769,626	7,613,874
	13.7 Total investments acquired (Lines 13.1 to 13.6)	1,473,300,378	1,882,503,227
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(47,742,103)	(195,904,932)
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		(150,000,000)
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds	60,000,000	90,000,000
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	40,043,844	(58,958,729)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	100,043,844	(118,958,729)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	112,311,484	(149,092,269)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	(17,038,687)	132,053,582
	19.2 End of year (Line 18 plus Line 19.1)	95,272,797	(17,038,687)

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

20.0001	In Kind Contributions of Equity Securities to Charitable Organizations	19,852,402	30,682,688

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	6,475,697,854	3,749,319,204	347,002,932			1,833,068,317	409,023,950		118,726,863	18,556,588
2. Change in unearned premium reserves and reserve for rate credit	76,761,129	32,839,828	25,001			42,302,455	297,043		2,968,504	(1,671,702)
3. Fee-for-service (net of $0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	12,239,612	146,334	0	0	0	6,891,556	0	0	5,201,722	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)	6,564,698,595	3,782,305,366	347,027,933	0	0	1,882,262,328	409,320,993	0	126,897,089	16,884,886
8. Hospital/medical benefits	3,572,729,219	2,284,806,157	242,522,242			724,697,760	290,344,343		30,358,717	XXX
9. Other professional services	0									XXX
10. Outside referrals	61,296,651	31,747,481	17,717,668			(2,391)	11,833,893			XXX
11. Emergency room and out-of-area	257,465,174	161,831,112	7,011,429			79,990,059	8,632,574			XXX
12. Prescription drugs	989,179,909	446,583,985	(16,559)			435,861,737	35,246,748		71,503,998	XXX
13. Aggregate write-ins for other hospital and medical	574,738,958	10,843,961	7,103,113	0	0	543,352,371	13,364,832	0	74,681	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	5,455,409,911	2,935,812,696	274,337,893	0	0	1,783,899,536	359,422,390	0	101,937,396	XXX
16. Net reinsurance recoveries	13,167,243	1,109,747							12,057,496	XXX
17. Total hospital and medical (Lines 15 minus 16)	5,442,242,668	2,934,702,949	274,337,893	0	0	1,783,899,536	359,422,390	0	89,879,900	XXX
18. Non-health claims (net)	8,608,008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,608,008
19. Claims adjustment expenses including $67,338,710 cost containment expenses	251,864,802	185,640,652	17,326,865			20,506,376	22,709,468		5,681,441	
20. General administrative expenses	786,505,500	513,128,605	47,079,742			64,035,855	55,530,765		104,439,835	2,290,698
21. Increase in reserves for accident and health contracts	6,972,048	(1,271,838)	8,243,886							XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	6,496,193,026	3,632,200,368	346,988,386	0	0	1,868,441,767	437,662,623	0	200,001,176	10,898,706
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	68,505,569	150,104,998	39,547	0	0	13,820,561	(28,341,630)	0	(73,104,087)	5,986,180

DETAILS OF WRITE-INS

	1	2	3	4	5	6	7	8	9	10
0501. FEP MHSA Expense Income	6,891,556					6,891,556				XXX
0502. Expense Allowance Reinsurance Ceded	4,126,766	146,334							3,980,432	XXX
0503. Other health Related Non Premium Revenue	1,221,290								1,221,290	XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	12,239,612	146,334	0	0	0	6,891,556	0	0	5,201,722	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	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. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical	574,738,958	10,843,961	7,103,113			543,352,371	13,364,832		74,681	XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	574,738,958	10,843,961	7,103,113	0	0	543,352,371	13,364,832	0	74,681	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)	3,751,927,647		2,608,443	3,749,319,204
2. Medicare supplement	347,002,932			347,002,932
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan	1,833,068,317			1,833,068,317
6. Title XVIII - Medicare	409,023,950			409,023,950
7. Title XIX - Medicaid				0
8. Other health	137,939,512	3,491,223	22,703,872	118,726,863
9. Health subtotal (Lines 1 through 8)	6,478,962,358	3,491,223	25,312,315	6,457,141,267
10. Life				0
11. Property/casualty		18,556,588		18,556,588
12. Totals (Lines 9 to 11)	6,478,962,358	22,047,811	25,312,315	6,475,697,854

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and 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	5,434,909,090	2,941,491,111	284,103,419			1,758,425,985	351,837,595		99,050,980	
1.2 Reinsurance assumed	16,015,381								2,821,621	13,193,760
1.3 Reinsurance ceded	11,991,644	2,317							11,989,327	
1.4 Net	5,438,932,828	2,941,488,795	284,103,419	0	0	1,758,425,985	351,837,595	0	89,883,274	13,193,760
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	562,973,735	338,563,078	26,648,660			164,235,012	23,451,307		10,075,678	
3.2 Reinsurance assumed	14,158,531								1,123,311	13,035,220
3.3 Reinsurance ceded	8,386,135	5,690,146							2,695,989	
3.4 Net	568,746,132	332,872,933	26,648,660	0	0	164,235,012	23,451,307	0	8,503,000	13,035,220
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	13,569,875								13,569,875	
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	13,569,875								13,569,875	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	49,009,653	29,763,850	2,893,623			12,615,934	3,159,852		576,394	
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	496,628,497	314,477,644	33,520,566			126,145,525	12,706,660		9,778,102	
8.2 Reinsurance assumed	18,641,639								1,020,666	17,620,973
8.3 Reinsurance ceded	7,451,510	4,582,716							2,868,794	
8.4 Net	507,818,626	309,894,928	33,520,566	0	0	126,145,525	12,706,660	0	7,929,974	17,620,973
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	10,404,637								10,404,637	
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	10,404,637								10,404,637	
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	5,455,409,913	2,935,812,695	274,337,890	0	0	1,783,899,538	359,422,390	0	101,937,400	0
12.2 Reinsurance assumed	11,532,273	0	0	0	0	0	0	0	2,924,266	8,608,007
12.3 Reinsurance ceded	16,091,506	1,109,746	0	0	0	0	0	0	14,981,760	0
12.4 Net	5,450,850,680	2,934,702,949	274,337,890	0	0	1,783,899,538	359,422,390	0	89,879,906	8,608,007
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	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	132,308,366	116,639,917				15,668,449				
1.2 Reinsurance assumed	5,226,689									5,226,689
1.3 Reinsurance ceded	0									
1.4 Net	137,535,055	116,639,917	0	0	0	15,668,449	0	0	0	5,226,689
2. Incurred but unreported:										
2.1 Direct	430,665,366	221,923,160	26,648,659			148,566,563	23,451,306		10,075,678	
2.2 Reinsurance assumed	8,931,842								1,123,311	7,808,531
2.3 Reinsurance ceded	8,386,135	5,690,146							2,695,989	
2.4 Net	431,211,073	216,233,014	26,648,659	0	0	148,566,563	23,451,306	0	8,503,000	7,808,531
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	562,973,732	338,563,077	26,648,659	0	0	164,235,012	23,451,306	0	10,075,678	0
4.2 Reinsurance assumed	14,158,531	0	0	0	0	0	0	0	1,123,311	13,035,220
4.3 Reinsurance ceded	8,386,135	5,690,146	0	0	0	0	0	0	2,695,989	0
4.4 Net	568,746,128	332,872,931	26,648,659	0	0	164,235,012	23,451,306	0	8,503,000	13,035,220

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)	293,870,829	2,647,617,966	482,745	332,390,187	294,353,574	309,894,927
2. Medicare supplement	29,600,297	254,503,122	(406,678)	27,055,338	29,193,619	33,520,562
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan	130,975,432	1,627,450,553	(1,645,856)	165,880,868	129,329,576	126,145,524
6. Title XVIII - Medicare	9,361,300	342,476,295	195,155	23,256,152	9,556,455	12,706,661
7. Title XIX - Medicaid					0	
8. Other health	12,548,199	77,335,073	434,149	8,068,851	12,982,348	7,929,978
9. Health subtotal (Lines 1 to 8)	476,356,057	4,949,383,009	(940,485)	556,651,396	475,415,572	490,197,652
10. Healthcare receivables (a)	8,017,455	40,992,198			8,017,455	
11. Other non-health	7,097,731	6,096,029	6,185,948	6,849,273	13,283,679	17,620,973
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	475,436,333	4,914,486,840	5,245,463	563,500,669	480,681,796	507,818,625

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	5,421,783	5,411,289	5,399,211	5,399,211	5,399,211
2. 2008	4,927,510	5,328,454	5,310,708	5,302,366	5,302,366
3. 2009	XXX	4,908,896	5,393,278	5,381,629	5,377,624
4. 2010	XXX	XXX	4,491,125	4,961,980	4,954,891
5. 2011	XXX	XXX	XXX	4,565,158	5,047,444
6. 2012	XXX	XXX	XXX	XXX	4,910,127

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	5,029,127	5,020,426	5,011,083	5,011,573	5,011,573
2. 2008	5,339,299	5,302,858	5,286,235	5,280,491	5,281,241
3. 2009	XXX	5,325,036	5,226,475	5,214,151	5,213,193
4. 2010	XXX	XXX	4,983,952	4,959,931	4,953,234
5. 2011	XXX	XXX	XXX	5,061,435	5,036,398
6. 2012	XXX	XXX	XXX	XXX	5,487,351

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	6,383,509	5,258,612	324,481	6.2	5,583,093	87.5			5,583,093	87.5
2. 2009	6,164,959	5,213,423	242,455	4.7	5,455,878	88.5	(231)	(9)	5,455,638	88.5
3. 2010	6,061,545	4,954,891	235,610	4.8	5,190,501	85.6	(1,657)	(60)	5,188,784	85.6
4. 2011	6,113,679	5,047,444	261,088	5.2	5,308,532	86.8	1,204	44	5,309,780	86.9
5. 2012	6,547,814	4,910,127	231,361	4.7	5,141,488	78.5	556,395	19,918	5,717,801	87.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	3,475,841	3,478,143	3,471,572	3,471,572	3,471,572
2. 2008	2,918,224	3,287,501	3,280,191	3,275,759	3,275,759
3. 2009	XXX	2,800,311	3,123,323	3,115,428	3,112,207
4. 2010	XXX	XXX	2,470,367	2,774,619	2,768,884
5. 2011	XXX	XXX	XXX	2,492,884	2,788,632
6. 2012	XXX	XXX	XXX	XXX	2,620,353

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND 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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	3,177,294	3,172,004	3,167,416	3,167,708	3,167,708
2. 2008	3,280,175	3,283,586	3,278,093	3,275,342	3,275,619
3. 2009	XXX	3,189,338	3,120,227	3,113,677	3,112,051
4. 2010	XXX	XXX	2,805,603	2,775,488	2,767,822
5. 2011	XXX	XXX	XXX	2,803,938	2,790,333
6. 2012	XXX	XXX	XXX	XXX	2,958,433

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	4,164,335	3,275,759	198,919	6.1	3,474,678	83.4			3,474,678	83.4
2. 2009	3,894,575	3,112,207	136,307	4.4	3,248,514	83.4	(156)	(6)	3,248,352	83.4
3. 2010	3,668,791	2,768,884	132,668	4.8	2,901,552	79.1	(1,062)	(38)	2,900,452	79.1
4. 2011	3,627,389	2,788,632	144,106	5.2	2,932,738	80.8	1,700	61	2,934,499	80.9
5. 2012	3,782,305	2,620,353	123,469	4.7	2,743,822	72.5	332,390	11,898	3,088,110	81.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	328,465	330,482	329,595	329,595	329,595
2. 2008	259,055	293,866	293,391	293,356	293,356
3. 2009	XXX	265,231	294,985	295,116	294,968
4. 2010	XXX	XXX	259,321	292,245	292,152
5. 2011	XXX	XXX	XXX	252,242	281,370
6. 2012	XXX	XXX	XXX	XXX	252,323

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	281,048	282,651	281,896	281,926	281,926
2. 2008	298,366	294,363	293,263	293,357	293,356
3. 2009	XXX	301,933	295,170	295,050	294,922
4. 2010	XXX	XXX	292,904	292,247	291,995
5. 2011	XXX	XXX	XXX	285,826	281,166
6. 2012	XXX	XXX	XXX	XXX	279,378

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	358,624	293,356	18,170	6.2	311,526	86.9			311,526	86.9
2. 2009	360,384	294,968	14,058	4.8	309,026	85.7	(47)	(2)	308,977	85.7
3. 2010	362,103	292,152	13,903	4.8	306,055	84.5	(156)	(6)	305,893	84.5
4. 2011	351,740	281,370	14,544	5.2	295,914	84.1	(204)	(7)	295,703	84.1
5. 2012	347,028	252,323	11,889	4.7	264,212	76.1	27,057	969	292,238	84.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

NONE

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008				0.0	0	0.0			0	0.0
2. 2009				0.0	0	0.0			0	0.0
3. 2010				0.0	0	0.0			0	0.0
4. 2011				0.0	0	0.0			0	0.0
5. 2012				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

NONE

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008					0	0.0			0	0.0
2. 2009				0.0	0	0.0			0	0.0
3. 2010				0.0	0	0.0			0	0.0
4. 2011				0.0	0	0.0			0	0.0
5. 2012				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	1,537,059	1,522,176	1,516,927	1,516,927	1,516,927
2. 2008	1,591,902	1,576,785	1,566,205	1,563,054	1,563,054
3. 2009	XXX	1,625,531	1,743,904	1,740,323	1,739,412
4. 2010	XXX	XXX	1,519,302	1,636,107	1,634,416
5. 2011	XXX	XXX	XXX	1,597,362	1,730,940
6. 2012	XXX	XXX	XXX	XXX	1,614,835

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	1,472,660	1,466,398	1,462,038	1,462,206	1,462,206
2. 2008	1,585,167	1,554,477	1,543,954	1,541,607	1,542,070
3. 2009	XXX	1,591,902	1,576,785	1,574,499	1,575,183
4. 2010	XXX	XXX	1,625,531	1,633,001	1,633,890
5. 2011	XXX	XXX	XXX	1,728,701	1,729,849
6. 2012	XXX	XXX	XXX	XXX	1,780,715

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	1,666,844	1,541,929	96,767	6.3	1,638,696	98.3			1,638,696	98.3
2. 2009	1,642,209	1,575,211	79,469	5.0	1,654,680	100.8	(28)	(1)	1,654,651	100.8
3. 2010	1,690,121	1,634,416	75,851	4.6	1,710,267	101.2	(526)	(19)	1,709,722	101.2
4. 2011	1,823,949	1,730,940	89,703	5.2	1,820,643	99.8	(1,092)	(39)	1,819,512	99.8
5. 2012	1,882,262	1,614,835	76,090	4.7	1,690,925	89.8	165,881	5,938	1,862,744	99.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	8,759	8,829	9,458	9,458	9,458
2. 2008	73,295	78,529	79,148	78,424	78,424
3. 2009	XXX	128,815	136,709	136,405	136,672
4. 2010	XXX	XXX	163,533	174,159	174,314
5. 2011	XXX	XXX	XXX	142,737	151,451
6. 2012	XXX	XXX	XXX	XXX	339,542

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	8,593	8,541	9,171	9,171	9,171
2. 2008	82,765	78,659	79,152	78,411	78,423
3. 2009	XXX	145,468	136,909	136,357	136,672
4. 2010	XXX	XXX	176,043	174,178	174,401
5. 2011	XXX	XXX	XXX	155,485	151,559
6. 2012	XXX	XXX	XXX	XXX	362,798

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	85,463	78,424	4,926	6.3	83,350	97.5			83,350	97.5
2. 2009	150,854	136,672	8,502	6.2	145,174	96.2			145,174	96.2
3. 2010	217,848	174,314	8,850	5.1	183,164	84.1	87	3	183,254	84.1
4. 2011	186,003	151,451	7,849	5.2	159,300	85.6	108	4	159,412	85.7
5. 2012	409,321	339,542	15,999	4.7	355,541	86.9	23,256	833	379,630	92.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008					0	0.0			0	0.0
2. 2009				0.0	0	0.0			0	0.0
3. 2010				0.0	0	0.0			0	0.0
4. 2011				0.0	0	0.0			0	0.0
5. 2012				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	71,659	71,659	71,659	71,659	71,659
2. 2008	85,034	91,773	91,773	91,773	91,773
3. 2009	XXX	89,008	94,357	94,357	94,365
4. 2010	XXX	XXX	78,602	84,850	85,125
5. 2011	XXX	XXX	XXX	79,933	95,051
6. 2012	XXX	XXX	XXX	XXX	83,074

SECTION B - INCURRED HEALTH CLAIMS - OTHER

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	70,277	70,277	70,277	70,277	70,277
2. 2008	92,826	91,773	91,773	91,774	91,773
3. 2009	XXX	96,395	97,384	94,568	94,365
4. 2010	XXX	XXX	83,871	85,017	85,126
5. 2011	XXX	XXX	XXX	87,485	83,491
6. 2012	XXX	XXX	XXX	XXX	106,027

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	108,243	69,144	5,699	8.2	74,843	69.1			74,843	69.1
2. 2009	116,937	94,365	4,119	4.4	98,484	84.2			98,484	84.2
3. 2010	122,682	85,125	4,338	5.1	89,463	72.9			89,463	72.9
4. 2011	124,598	95,051	4,886	5.1	99,937	80.2	692	25	100,654	80.8
5. 2012	126,897	83,074	3,914	4.7	86,988	68.6	7,811	280	95,079	74.9

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and 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	4,499,394	2,458,892	42,637						1,997,865
2. Additional policy reserves (a)	658,962,114	294,039,375	295,665,617						69,257,122
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $..........0) for investment income	592,923,025	28,274,316				562,784,329	68,897		1,795,483
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	1,256,384,533	324,772,583	295,708,254	0	0	562,784,329	68,897	0	73,050,470
7. Reinsurance ceded	71,254,987								71,254,987
8. Totals (net) (Page 3, Line 4)	1,185,129,546	324,772,583	295,708,254	0	0	562,784,329	68,897	0	1,795,483
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	13,569,875								13,569,875
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	13,569,875	0	0	0	0	0	0	0	13,569,875
13. Reinsurance ceded	13,569,875								13,569,875
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

	1	2	3	4	5	6	7	8	9
0501.	0								
0502.	0								
0503.	0								
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.	0								
1102.	0								
1103.	0								
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 $..........0 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 ($.....33,839,292 for occupancy of own building)	1,992,442	5,353,762	26,588,977	36,499	33,971,680
2. Salaries, wages and other benefits	33,802,452	90,828,361	451,090,882	619,223	576,340,918
3. Commissions (less $.....95,937 ceded plus $.....13,824,563 assumed)			165,737,049		165,737,049
4. Legal fees and expenses	309,764	832,347	4,133,775		5,275,886
5. Certifications and accreditation fees			-		0
6. Auditing, actuarial and other consulting services	993,300	2,669,031	13,255,504	18,196	16,936,031
7. Traveling expenses	511,158	1,373,498	6,821,354	9,364	8,715,374
8. Marketing and advertising			36,086,670		36,086,670
9. Postage, express and telephone	1,645,055	4,420,321	21,953,126	30,136	28,048,638
10. Printing and office supplies	527,192	1,416,584	7,035,335	9,658	8,988,769
11. Occupancy, depreciation and amortization			-		0
12. Equipment	218,635	587,479	2,917,661	4,005	3,727,780
13. Cost or depreciation of EDP equipment and software	5,271,696	14,165,231	70,350,344	96,572	89,883,843
14. Outsourced services including EDP, claims, and other services	11,694,240	31,422,828	156,058,646	214,225	199,389,939
15. Boards, bureaus and association fees	351,258	943,841	4,687,503		5,982,602
16. Insurance, except on real estate	(78,467)	(210,844)	(1,047,138)		(1,336,449)
17. Collection and bank service charges	66,770	179,414	891,043		1,137,227
18. Group service and administration fees	7,221,625	19,404,756	96,371,976		122,998,357
19. Reimbursements by uninsured plans			(369,743,171)	-	(369,743,171)
20. Reimbursements from fiscal intermediaries			-		0
21. Real estate expenses			-	23,579,052	23,579,052
22. Real estate taxes			-	3,185,803	3,185,803
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			-		0
23.2 State premium taxes			21,115,893		21,115,893
23.3 Regulatory authority licenses and fees	747,869	2,009,551	9,980,254		12,737,674
23.4 Payroll taxes	1,889,211	5,076,374	25,211,357		32,176,942
23.5 Other (excluding federal income and real estate taxes)	174,511	468,917	2,328,835	515,226	3,487,489
24. Investment expenses not included elsewhere			-		0
25. Aggregate write-ins for expenses	0	3,584,641	34,679,623	0	38,264,264
26. Total expenses incurred (Lines 1 to 25)	67,338,711	184,526,092	786,505,498	28,317,959	(a)1,066,688,260
27. Less expenses unpaid December 31, current year	5,318,583	14,574,337	450,528,327	16,221,176	486,642,423
28. Add expenses unpaid December 31, prior year	8,952,682	12,638,805	551,035,939	21,181,467	593,808,893
29. Amounts receivable relating to uninsured plans, prior year	4,418,521	6,237,778	271,959,192		282,615,491
30. Amounts receivable relating to uninsured plans, current year	2,687,443	7,364,316	227,648,947	-	237,700,706
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	69,241,732	183,717,098	842,702,865	33,278,250	1,128,939,945

DETAILS OF WRITE-INS

2501. Charitable contributions	-	-	20,040,104	-	20,040,104
2502. Assumed commissions expense	-		11,802,857	-	11,802,857
2503. Interest on Claims	-	3,584,641		-	3,584,641
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	2,836,662	0	2,836,662
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	3,584,641	34,679,623	0	38,264,264

(a) Includes management fees of $..........0 to affiliates and $..........0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 32,973,355	32,638,587
1.1	Bonds exempt from U.S. tax	(a) 14,527,288	14,529,692
1.2	Other bonds (unaffiliated)	(a) 50,741,317	49,706,464
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 9,204,113	9,197,800
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	13,753,432	13,753,432
2.21	Common stocks of affiliates	13,000,000	13,000,000
3.	Mortgage loans	(c)	
4.	Real estate	(d) 37,234,978	37,234,978
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 38,645	27,949
7.	Derivative instruments	(f)	
8.	Other invested assets	237,598	237,653
9.	Aggregate write-ins for investment income	4,823,367	4,811,376
10.	Total gross investment income	176,534,093	175,137,932
11.	Investment expenses		(g) 27,802,732
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 515,226
13.	Interest expense		(h) 653,763
14.	Depreciation on real estate and other invested assets		(i) 12,369,418
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		41,341,139
17.	Net investment income (Line 10 minus Line 16)		133,796,793

DETAILS OF WRITE-INS

		1	2
0901.	FEP Investment Income	340,749	332,538
0902.	COLI Income	4,368,821	4,368,821
0903.	Securities Lending Income	81,792	78,012
0998.	Summary of remaining write-ins for Line 9 from overflow page	32,005	32,005
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	4,823,367	4,811,376
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 $.....2,118,355 accrual of discount less $.....18,924,237 amortization of premium and less $.....4,111,125 paid for accrued interest on purchases.
(b) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued dividends on purchases.
(c) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(d) Includes $.....33,839,292 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....661,680 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $.....12,369,418 depreciation on real estate and $..........0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds	5,554,830		5,554,830	821,026	
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	21,218,103		21,218,103	4,799,100	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)	2,009,570		2,009,570	3,030,382	
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	2,650,187		2,650,187	63,925,368	
2.21	Common stocks of affiliates			0	(17,473,124)	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0	(1,246,605)	
9.	Aggregate write-ins for capital gains (losses)	(562,200)	0	(562,200)	504,635	0
10.	Total capital gains (losses)	30,870,490	0	30,870,490	54,360,782	0

DETAILS OF WRITE-INS

		1	2	3	4	5
0901.	Fixed Asset Disposal	(586,196)		(586,196)		
0902.	Board of Directors Deferred Comp Plan	23,996		23,996	504,635	
0903.				0		
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)	(562,200)	0	(562,200)	504,635	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks	23,301,364		(23,301,364)
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 (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities	70,293		(70,293)
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	23,371,657	0	(23,371,657)
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	5,935,034	5,884,151	(50,883)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			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	36,836,681	54,247,974	17,411,293
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	160,642,130	148,761,841	(11,880,289)
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	41,688,973	36,131,197	(5,557,776)
21. Furniture and equipment, including health care delivery assets	4,644,715	6,773,187	2,128,472
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable	38,697,188	40,786,931	2,089,743
25. Aggregate write-ins for other than invested assets	46,950,636	50,825,633	3,874,997
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	358,767,014	343,410,914	(15,356,100)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	358,767,014	343,410,914	(15,356,100)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
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. Prepaid Expenses	37,344,523	44,321,589	6,977,066
2502. Leasehold Improvements	9,226,075	6,149,343	(3,076,732)
2503. Deposits	380,038	354,701	(25,337)
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)	46,950,636	50,825,633	3,874,997

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						
2. Provider service organizations						
3. Preferred provider organizations	1,371,492	1,404,546	1,411,964	1,414,588	1,410,401	16,906,540
4. Point of service						
5. Indemnity only	158,223	154,098	153,631	153,638	156,104	1,849,153
6. Aggregate write-ins for other lines of business	84,444	87,655	91,519	91,517	93,433	1,088,068
7. Total	1,614,159	1,646,299	1,657,114	1,659,743	1,659,938	19,843,761

DETAILS OF WRITE-INS

0601. BlueMedicare Rx(Part D)	12,689	15,278	15,748	16,310	16,417	189,603
0602. Stop Loss	63,856	64,523	67,957	67,435	69,288	805,906
0603. Long Term Care	7,899	7,854	7,814	7,772	7,728	92,559
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)	84,444	87,655	91,519	91,517	93,433	1,088,068

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

Blue Cross and Blue Shield of Florida, Inc. (the Plan) is domiciled in the state of Florida and required to prepare statutory financial statements in accordance with the *National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Office of Insurance Regulation of the State of Florida (OIR), the basis for statutory accounting practices (SAP).

The Plan's net income and surplus between NAIC and SAP equals SAP with practices prescribed or permitted by the State of Florida.

B. Use of Estimates in Preparation of the Financial Statements

The accompanying statutory financial statements are prepared in conformity with SAP, which require the Plan to make certain estimates and assumptions based on actuarially accepted quantitative and/or analytical methods in determining incurred and unreported claims, the valuation of pension and other benefit plans, deferred income taxes, asset impairment and various other accruals. Actual results could differ from those estimates.

C. Accounting Policy

Premiums for fully insured contracts are billed in advance of respective coverage period and recognized as revenue ratably over the period of service or coverage. Reserves for rebates that are required by federal regulations described in Note 24 are recorded as premium adjustments with a corresponding amount as aggregate health policy reserves. As of December 31, 2012 and 2011, rebate reserves and premium adjustments related to rebates were $0 and $44,900,000, respectively. Other revenues are recognized in income when earned.

Certain group contracts provide for the group to be at risk for all or a portion of their claims experience. Some of these self-funded groups purchase aggregate and/or stop-loss coverage under which the group's aggregate liability or the group's liability on any individual member is capped for the contract year. The Plan charges self-funded groups an administrative fee, which is primarily based on the number of members in a group and the group's claims experience. Under the Plan's self-funded arrangements, amounts due are recognized based on paid claims plus administrative and other fees and any stop-loss premiums. For specific stop-loss groups, these amounts are estimated and billed in advance.

In addition, the Plan uses the following accounting policies:

(1) Short-term investments consist of U.S. Treasury notes and notes issued by government-sponsored agencies, with a maturity when purchased of less than one year, and money market funds. These investments are carried at amortized cost, which approximates fair value.

(2) Bonds are stated at amortized cost. Amortization of bond premium or discount is calculated using the interest method taking into consideration specified interest and principal provisions over the life of the bonds. The Plan evaluates investment securities on a quarterly basis, using both quantitative and qualitative factors, to determine when a decline in value is "other-than-temporary." Factors considered include the length of time and the extent to which a security's fair value has been less than its cost, the financial condition and near term prospects of the issuer, and forecasted economic, market or industry trends. Such an evaluation is subjective and requires a high degree of judgment. If a decline is determined to be "other-than- temporary" losses are charged to earnings or the asset is sold when the determination is made.

(3) & (4) Common and preferred stocks, except for investments in affiliates, are carried at fair value, which is determined by the Securities Valuation Office of the NAIC (SVO). Changes in such value are reflected as a direct credit or charge to surplus. Such an evaluation is subjective and requires a high degree of judgment. The Plan evaluates investment securities on a quarterly basis, using both quantitative and qualitative factors, to determine when a decline in value is "other-than- temporary." Factors consider include the length of time and the extent to which a security's fair value has been less than its cost, the financial condition and near term prospects of the issuer, and forecasted economic, market or industry trends. If a decline is determined to be "other- than-temporary" losses are charged to earnings or the asset is sold when the determination is made. The Plan does not have affiliated preferred stock.

(5) The Plan does not have any mortgage loans.

(6) Loan-backed securities are stated at amortized cost using the scientific interest method including anticipated prepayments at the date of purchase and are included in bonds in the

NOTES TO THE FINANCIAL STATEMENTS

statutory statements of admitted assets, liabilities and surplus. Significant changes in cash flows from the original purchase assumptions are accounted for using the prospective method. If new prepayment assumptions result in a negative yield, an "other-than-temporary" impairment is considered to have occurred.

(7) Investments in affiliates consist primarily of stock of the following wholly-owned subsidiary holding companies: Diversified Health Services, Inc. ("DHS"), Diversified Service Options, Inc. ("DSO"), and Navigy Holdings, Inc., which are valued on the equity method of accounting, pursuant to which original investments are recorded at cost and adjusted by the Plan's share of undistributed earnings or losses of these companies. Changes in such values are reflected as a direct credit or charge to surplus.

In April 2011, the Plan, through its subsidiary Navigy Holdings, Inc., acquired 15% of the outstanding shares of CareCentrix, a for-profit organization, for $59,125,000. In September 2011, Navigy Holdings, Inc. exchanged its ownership in CareCentrix for a 15% ownership interest in NDES Holdings, LLC, a Delaware limited liability company, with a fair value of $78,743,879. This subsequent transaction resulted in a change in the majority owner and a change in the organizational structure in which NDES Holdings, LLC purchased CareCentrix.

NDES Holdings, LLC, through its wholly-owned subsidiaries (collectively "NDES"), provides home health care benefits management services and sleep benefits management for managed care organizations and health benefit plans. The investment in NDES is recorded using the equity method of accounting and the excess of NDES fair value over the purchase price of CareCentrix of $19,618,879 was recorded as a deferred credit. The deferred credit, which began recognition on a straight-line basis over the contract period of seven years in September 2011, is recorded as investment and other income and was $2,802,697 and $817,000 for the years ended December 31, 2012 and 2011, respectively. The balance of $15,998,729 is reported in line 4703 Aggregate write-ins for gains or (losses) in surplus which is an offset to line 36 for changes in net unrealized gains and (losses).

(8) The Plan has ownership interests in several joint ventures. The Plan carries these interests based on the underlying audited GAAP equity of the investee, adjusted for SAP as required by SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities, a replacement of SSAP No. 88.*

(9) The Plan does not hold any derivatives.

(10) The Plan anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*.

(11) The Plan establishes a liability for incurred but not reported (IBNR) claims based on factors such as historical paid and incurred claims data using actuarially accepted methodologies. The assumptions used in determining the liability are regularly reviewed and any adjustment resulting from these reviews is reflected in current estimates. Processing costs related to such claims are also accrued.

(12) The Plan has not modified its capitalization policy from the prior period.

(13) The Plan estimates pharmaceutical rebate receivables using the previous rebate amounts as a basis and applies to the actual prescriptions filled for three months. There were $45,840,124 and $34,204,512, of pharmaceutical rebate receivables as of December 31, 2012 and 2011, respectively.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

During 2012, a change in the interest rate assumptions was made for Active Life Reserves (ALR) for its Under 65 individual insurance products. During 2011, a change was made with respect to certain persistency and morbidity assumptions for ALR for the Under 65 products. The changes were approved by the Office of Insurance Regulation and resulted in increases to surplus of $16,233,052 and $83,285,980 for 2012 and 2011, respectively.

As of January 1, 2012, the Plan made a change to its method for recognizing actuarial gains and losses for qualified and non-qualified pension benefit plans. The Plan had historically recorded changes in actuarial gains and losses in surplus on an annual basis and amortized those actuarial gains and losses into the Plan's operating results over time based on accepted actuarial methodologies. The Plan has elected to immediately recognize changes in actuarial gains and losses in operating results because the Plan believes that it is preferable to accelerate the recognition of these deferred gains and losses rather than to delay such recognition. These changes in the Plan's actuarial gains and losses result from the effects of changes in demographic, economic, and interest rate conditions and their related impact on the Plan's pension obligations, Trust investments and related assumptions.

NOTES TO THE FINANCIAL STATEMENTS

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method

(1) On December 31, 2008, the Plan, through its subsidiary DHS, purchased all the outstanding shares of NAC Health Plan, Inc. ("NAC"), a for-profit mixed staff-model health maintenance organization, subsequently named Florida Health Care Plans, Inc. (FHCP).

On January 1, 2012, the Plan, through its subsidiary DSO, purchased all of the outstanding shares of Highmark Medicare Services, Inc., a for-profit Medicare Audit Contractor, subsequently named Novitas Solutions, Inc. ("Novitas").

On December 31, 2012, the Plan, through its subsidiary DHS, purchased all of the outstanding shares of Diagnostic Clinic Medical Group ("DCMG"), a for-profit multi-specialty physician practice based in Largo, Florida.

(2) These transactions have been accounted for as statutory purchases.

(3) The FHCP purchase price was $90,510,361. The excess of the purchase price over the book value of the net assets acquired of $67,209,072 was recorded as goodwill within DHS. DHS is recorded as an investment in subsidiary along with FHCP goodwill, which began amortization on a straight-line basis over ten years in 2009. In 2010, the Plan paid $5,000,000 for a non-contingent liability. At December 31, 2012 and 2011, the net book value of FHCP goodwill was $40,325,443 and $47,046,350, respectively.

The Novitas purchase price was $8,620,000. There was no excess of the purchase price over the book value of the net assets acquired at the date of acquisition. DHS is recorded as an investment in subsidiary along with Novitas goodwill, which will begin amortization on a straight-line basis over ten years in 2013. Contingent acquisition payments of $21,611,000 were recorded in December 2012 due to provisions in the acquisition agreements and as a result, $11,216,324 in goodwill was recorded. At December 31, 2012, the net book value of Novitas goodwill was $11,216,324.

The DCMG purchase price was $53,167,360. The excess of the purchase price over the book value of the net assets acquired was $47,407,836 and was recorded as goodwill within DHS. DHS is recorded as an investment in subsidiary along with DCMG goodwill, which will begin amortization on a straight-line basis over 10 years in 2013. Although there are provisions for contingent acquisition payments in the stock purchase agreement, no contingent acquisition payments have been recorded at December 31, 2012. At December 31, 2012, the net book value of DCMG goodwill is $47,407,836.

(4) Goodwill amortization relating to the purchase of FHCP amounted to $6,720,907 for each of the years ended December 31, 2012 and 2011, respectively. No goodwill amortization was recorded for Novitas or DCMG during 2012.

B. The Plan has not engaged in any mergers during the year.

C. The Plan has not assumed any reinsurance during the year as a result of the aforementioned transaction.

D. The Plan did not recognize any impairment losses during the year on any of the transactions mentioned above.

4. DISCONTINUED OPERATIONS

The Plan had no material discontinued operations during the year.

5. INVESTMENTS

A. The Plan does not hold any mortgage or mezzanine real estate loans.

B. The Plan does not hold any restructured debt in which it is a creditor.

C. The Plan does not hold any reverse mortgages.

D. Loan-Backed Securities

(1) Loan-Backed Securities were purchased after January 1, 1994 and are valued under the prospective method.

(2) Prepayment assumptions are based on estimates and external pricing services are utilized for market values.

NOTES TO THE FINANCIAL STATEMENTS

(3) In 2012 and 2011, the Plan did not record any "other-than-temporary" impairment losses due to negative yields as a result of changes in prepayment assumptions.

(4) Loan-Backed Securities with a recognized other-than-temporary impairment, in the aggregate, classified on the basis for the other-than-temporary impairment are as follows as of December 31, 2012:

	1	2	3
	Amortized Cost Basis Before Other-than-Temporary Impairment	Other-than-Temporary Impairment Recognized in Loss	Fair Value 1 - 2
Aggregate Intent to Sell	$ -	$ -	$ -
Aggregate Intent & Ability	-	-	-

(5) Loan-backed securities with a recognized other-than-temporary impairment, currently held by the Plan, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities are as follows as of December 31, 2012:

CUSIP	Carrying Value before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value
None	$ -	$ -	$ -	$ -	$ -

E. Repurchase agreements and/or Securities Lending Transactions

(1) The Plan, with the permission of the OIR, retains an agent to manage a securities lending collateral portfolio. Under the Plan's securities lending policy, certain securities from its portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the fair value of a loaned domestic security and 105% of the fair value of a loaned foreign security. The fair value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned securities fluctuates.

(2) For securities lending, the collateral is deposited by the borrower with an independent lending agent, and retained and invested by the lending agent according to the Plan's guidelines to generate additional income. As of December 31, 2012 and 2011, the Plan had $17,743,794 and $65,551,129, respectively, in securities loaned under this policy with pledged collateral at a market value of $18,127,391 and $66,958,665, and securities lending collateral portfolio with investments with fair value of $18,127,981 and $66,960,766 and unrealized gains (losses) of $654 and $4,850, respectively.

(3) For securities lending, the aggregate amount of contractually obligated open collateral positions and the corresponding liabilities that represented the Company's obligations to return the collateral were $18,127,391 million and $66,958,665 million at December 31, 2012 and 2011, respectively. There were $18,128,045 million and $0 million in open collateral positions and under 30-day repayment terms, respectively, at December 31, 2012. There were $66,963,512 million and $0 million in open collateral positions and under 30-day repayment terms, respectively, at December 31, 2011.

NOTES TO THE FINANCIAL STATEMENTS

a. Aggregate Amount Cash Collateral Received

			Fair Value
(1)	Repurchase Agreement		
	(a)	Open	$
	(b)	30 Days or Less	
	(c)	31 to 60 Days	
	(d)	61 to 90 Days	
	(e)	Greater Than 90 Days	
	(f)	Sub-Total	$
	(g)	Securities Received	
	(h)	Total Collateral Received	$
(2)	Securities Lending		
	(a)	Open	$
	(b)	30 Days or Less	
	(c)	31 to 60 Days	
	(d)	61 to 90 Days	
	(e)	Greater Than 90 Days	
	(f)	Sub-Total	$
	(g)	Securities Received	
	(h)	Total Collateral Received	$
(3)	Dollar Repurchase Agreement		
	(a)	Open	$
	(b)	30 Days or Less	
	(c)	31 to 60 Days	
	(d)	61 to 90 Days	
	(e)	Greater Than 90 Days	
	(f)	Sub-Total	$
	(g)	Securities Received	18,127,391
	(h)	Total Collateral Received	$ 18,127,391

b.

The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral)	$ 18,127,391

c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity reinvests the cash collateral into higher-yielding securities than the securities which the reporting entity has lent to other entities under the arrangement.

(4) The Plan's securities lending transactions are administered by an unaffiliated agent. The Plan does not have any securities lending transactions that are administered by an affiliated agent.

NOTES TO THE FINANCIAL STATEMENTS

(5) Collateral Reinvestment

(a) Aggregate Amount Cash Collateral Reinvested

		Amortized Cost	Fair Value
1.	Repurchase Agreement		
(a)	Open	$	$
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	$	$
(l)	Securities Received		
(m)	Total Collateral Received	$	$
2.	Securities Lending		
(a)	Open	$	$
(b)	30 Days or Less	16,176,216	16,176,216
(c)	31 to 60 Days		
(d)	61 to 90 Days	700,075	700,250
(e)	91 to 120 Days	100,000	100,052
(f)	121 to 180 Days	199,941	199,915
(g)	181 to 365 Days		
(h)	1 to 2 Years	951,750	952,202
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	$	$
(l)	Securities Received		
(m)	Total Collateral Received	$ 18,127,982	$ 18,128,635
3.	Dollar Repurchase Agreement		
(a)	Open	$	$
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	$	$
(l)	Securities Received		
(m)	Total Collateral Received	$	$

(b) The reporting entity's sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the reporting entity has $95,272,797 in cash and cash equivalents available to settle collateral that could be used to pay for the $18,128,635 million in collateral calls that could come due under a worst-case scenario.

F. Investment in real estate, which includes expenditures for significant improvements, is recorded at cost, less accumulated depreciation. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as other income or expense. Depreciation is computed on the straight-line method over estimated useful lives, which range from three to thirty-nine years. Investment in real estate is reviewed for

NOTES TO THE FINANCIAL STATEMENTS

possible impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable or exceeds fair value as determined by a recent appraisal.

In 2011, the Plan recognized an impairment loss of $1,460,735 for the Jacksonville Town Center Retail Store location due to the results of an independent appraisal. The loss was recognized in net realized gains and losses section of the Statement of Revenue and Expenses. No impairment losses were recognized in 2012. The Plan did not sell or classify real estate investments as held for sale, did not engage in retail land sales operations, or have any plan of sale for any investment in real estate, in 2012 and 2011.

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

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A. No investments of the Plan in joint ventures, partnerships, or limited liability companies exceed 10% of its admitted assets.

B. The Plan did not recognize any impairment write down for investments in joint ventures, partnerships and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. Due and accrued income are excluded from surplus on the following basis:

All investment income due and accrued with amounts over 90 days past due.

B. The total amount excluded was $70,293.

8. DERIVATIVE INSTRUMENTS

A. The Plan does not currently hold derivatives.

B. The Plan does not currently hold derivatives.

C. The Plan does not currently hold futures contracts.

D. The Plan does not currently hold, nor has it held any derivatives for hedging purposes.

E. The Plan does not currently hold, nor has it held any derivatives using hedging accounting.

F. The Plan does not currently hold, nor has it held any derivatives accounted for as cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAXES

A. SAP No. 101, *Income Taxes – A Replacement of SSAP No. 10R* (SSAP No. 101) is a revised income tax accounting standard adopted by the NAIC, effective for 2012 and future years. This guidance provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some or all of the gross deferred tax will not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the company considers many factors, including: (1) the nature of the deferred tax assets (DTA) and liabilities (DTL); (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry-forwards; (5) the length of time that carry-forwards can be utilized; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Plan would employ to avoid a tax benefit from expiring unused. Finally the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. The cumulative effect of adopting this pronouncement during 2012 was $0.

The components of the net deferred tax asset were as follows at December 31, 2012 and 2011:

1.

	12/31/2012			12/31/2011			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1) + (2)			(4) + (5)	(1) - (4)	(2) - (5)	(7) + (8)
Description	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Gross Deferred Tax Assets	$ 365,230,674	$ 11,117,490	$ 376,348,164	$ 406,791,688	$ 11,402,284	$ 418,193,972	$ (41,561,014)	$ (284,794)	$ (41,845,808)
(b) Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets (a)-(b)	$ 365,230,674	$ 11,117,490	$ 376,348,164	$ 406,791,688	$ 11,402,284	$ 418,193,972	$ (41,561,014)	$ (284,794)	$ (41,845,808)
(d) Deferred Tax Liabilities	8,738,633	31,065,603	39,804,236	43,491,179	5,774,783	49,265,962	(34,752,546)	25,290,820	(9,461,726)
(e) Subtotal (Net Deferred Tax Assets)(c)-(d)	356,492,041	(19,948,113)	336,543,928	363,300,509	5,627,501	368,928,010	(6,808,468)	(25,575,614)	(32,384,082)
(f) Deferred Tax Assets Nonadmitted	$ 180,605,449	$ (19,963,319)	$ 160,642,130	$ 143,184,627	$ 5,577,214	$ 148,761,841	37,420,822	(25,540,533)	11,880,289
(g) Net Admitted Deferred Tax Assets ((e)-(f))	$ 175,886,592	$ 15,206	$ 175,901,798	$ 220,115,882	$ 50,287	$ 220,166,169	$ (44,229,290)	$ (35,081)	$ (44,264,371)

The Plan has evaluated the admission of the DTAs under SSAP 101 as follows:

2.

	12/31/2012			12/31/2011			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1) + (2)			(4) + (5)	(1) - (4)	(2) - (5)	(7) + (8)
Admission Calculation Components SSAP No. 101	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Federal income tax paid in prior years recoverable through loss carrybacks	$ 138,080,340	$ 15,206	$ 138,095,546	$ 188,299,031	$ 35,081	$ 188,334,112	$ (50,218,691)	$ (19,875)	$ (50,238,566)
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (lesser of 2(b)1 and 2(b)2 below)	37,806,252	-	37,806,252	31,816,851	15,206	31,832,057	5,989,401	(15,206)	5,974,195
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	37,806,252	-	37,806,252	31,816,851	15,206	31,832,057	5,989,401	(15,206)	5,974,195
2. Adjusted gross deferred tax assets allowed per limitation threshold	N/A	N/A	385,414,362	N/A	N/A	350,801,058	N/A	N/A	34,613,304
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above offset by gross deferred tax liabilities	8,738,633	31,065,603	39,804,236	43,491,179	5,774,783	49,265,962	(34,752,546)	25,290,820	(9,461,726)
(d) Deferred tax assets admitted as a result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	$ 184,625,225	$ 31,080,809	$ 215,706,034	$ 263,607,061	$ 5,825,070	$ 269,432,131	$ (78,981,836)	$ 25,255,739	$ (53,726,097)

3.

	2012	2011
(a) Ratio percentage used to determine determine recovery period and threshold limitation amount	1138%	1148%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	2,616,975,424	2,390,867,633

4. Impact of Tax Planning Strategies
None

B. All deferred tax liabilities have been recognized for amounts described in SSAP No. 101.

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

25. 8

NOTES TO THE FINANCIAL STATEMENTS

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ 62,293,969	$ 48,906,175	$ 13,387,794
(b) Foreign	-	-	-
(c) Subtotal	62,293,969	48,906,175	13,387,794
(d) Federal income tax on net capital gains	10,804,672	13,821,808	(3,017,136)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	-	-	-
	$ 73,098,641	$ 62,727,983	$ 10,370,658
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 3,040,085	$ 3,173,807	$ (133,722)
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	144,494,427	151,681,755	(7,187,328)
(4) Investments	-	-	-
(5) Deferred acquisition costs	40,105,837	39,923,389	182,448
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	7,776,378	5,111,475	2,664,903
(8) Compensation and benefits accrual	61,617,963	68,602,784	(6,984,821)
(9) Pension accrual	34,839,041	19,672,395	15,166,646
(10) Receivables - nonadmitted	28,538,719	35,321,670	(6,782,951)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13.1) Guarantee fund accrual	-	33,600,000	(33,600,000)
(13.2) Other (items <5% of total ordinary tax assets)	44,818,224	49,704,413	(4,886,189)
(99) Subtotal	$ 365,230,674	$ 406,791,688	$ (41,561,014)
(b) Statutory valuation allowance adjustment	$ -	$ -	$ -
(c) Nonadmitted	$ 180,605,449	$ 143,184,627	$ 37,420,822
(d) Admitted ordinary deferred tax assets (2a99 - 2b- 2c)	$ 184,625,225	$ 263,607,061	$ (78,981,836)
(e) Capital:			
(1) Investments	$ 391,439	$ 676,233	$ (284,794)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	10,726,051	10,726,051	-
(4) Other (including items <5% of total ordinary tax assets)	-	-	-
(99) Subtotal	$ 11,117,490	$ 11,402,284	$ (284,794)
(f) Statutory valuation allowance adjustment	$ -	$ -	$ -
(g) Nonadmitted	$ (19,963,319)	$ 5,577,214	$ (25,540,533)
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	$ 31,080,809	$ 5,825,070	$ 25,255,739
(i) Admitted deferred tax assets (2d + 2h)	$ 215,706,034	$ 269,432,131	$ (53,726,097)
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	$ 1,831,743	$ 1,818,346	$ 13,397
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	278,425	1,366,275	(1,087,850)
(5.1) Premium tax credit receivable	2,129,641	35,841,815	(33,712,174)
(5.2) IBNR	3,775,780	3,775,780	-
(5.3) Discounting of Salvage and Subrogation	719,244	-	719,244
(5.4) Other (including items <5% of total ordinary tax liabilities)	3,800	688,963	(685,163)
(99) Subtotal	$ 8,738,633	$ 43,491,179	$ (34,752,546)
(b) Capital			
(1) Investments	$ 31,065,603	$ 5,774,783	$ 25,290,820
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities	-	-	-
(99) Subtotal	$ 31,065,603	$ 5,774,783	$ 25,290,820
(c) Deferred tax liabilities (3a99 + 3b99)	$ 39,804,236	$ 49,265,962	$ (9,461,726)
4. Net deferred tax assets/liabilities (2i - 3c)	$ 175,901,798	$ 220,166,169	$ (44,264,371)

D. The Plan's income tax expense/(benefit) and changes in DTA/DTL differ from the amount obtained by applying the federal statutory rate of 35% to pretax net income/(loss) for the following reasons for the years ended December 31, 2012 and 2011:

	2012	2011
(1) Expected federal income tax expense	$ 81,267,402	$ 93,409,021
(2) Nondeductible expenses	6,404,555	3,468,382
(3) Tax-exempt income	(18,604,848)	(33,263,820)
(4) Change in nonadmitted assets	6,938,944	(3,078,150)
(5) Change in unrealized gains	25,290,821	(18,452,056)
(6) Other surplus adjustments	5,681,568	3,856,251
(7) Joint ventures	-	(6,866,608)
(7) Prior year adjustments	(1,255,431)	2,113,709
(8) Change in tax contingency	(240,288)	(2,599)
(9) Total incurred income tax expense/(benefit)	$ 105,482,723	$ 41,184,130
Income taxes incurred	$ 73,098,641	$ 62,727,983
Change in net deferred income taxes	32,384,082	(21,543,853)
Total statutory income taxes	$ 105,482,723	$ 41,184,130

NOTES TO THE FINANCIAL STATEMENTS

E. (1) As of December 31, 2012 and 2011, the Plan had no operating loss or capital loss carry-forwards.
(2) The following federal income taxes incurred in the current and prior years will be available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2010	$ -	$ -	$ -
2011	70,885,176	10,103,242	80,988,418
2012	48,830,552	8,276,576	57,107,128
Total	$ 119,715,728	$ 18,379,818	$ 138,095,546

3) The Plan does not have any protective tax deposits with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code as of December 31, 2012 or 2011.

F. 1) The Plan will file a consolidated federal income tax return with the following subsidiaries:

- Diversified Health Services, Inc. (DHS)
- Diversified Services Options, Inc. (DSO)
- First Coast Service Options, Inc. (FCSO)
- Health Options, Inc. (HOI)
- Florida Health Care Plans, Inc. (FHCP)
- Atlantic Institute of Clinical Research, Inc.
- Florida Health Care Plan, Provider Option, Inc.
- East Coast Bariatrics, Inc.
- Comp Options Insurance Company, Inc d/b/a OptaComp (COI).
- Navigy, Inc.
- Navigy Holdings, Inc.
- Incepture, Inc.
- GuideWell, Inc
- Novitas Solutions, Inc.
- Diagnostic Clinic Medical Group, Inc.

(2) The method of allocation of income tax liability is subject to written agreement among the companies. The agreement provides that a company with a net operating loss is reimbursed for the tax benefit associated with its loss in the year the loss is used in the consolidated federal income tax return. Inter-company tax balances are settled annually after the consolidated tax return is filed.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A. – B. The Plan and certain affiliates had transactions, which are described as follows:

	Transaction Date	Explanation of Transaction	Description of Assets Transferred	Statement Value of Assets Transferred	Description of Assets Received	Statement Value of Assets Received
[1]	**Navigy, Inc. Investment in Availity, LLC**					
	1/31/2012	Capital Funding	Cash	$1,000,000	Investment in Joint Venture	$1,000,000
[2]	**Blue Cross Blue Shield of Florida, Inc. to Blue Cross Blue Shield of Florida Foundation, Inc.**					
	1/31/2012	Charitable Contribution	Securities	$19,852,402	Securities	$19,852,402
[3]	**Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Health Services, Inc.**					
	1/31/2012	Capital Funding	Cash	$10,000,000	Investment in Subsidiary	$10,000,000
[4]	**Diversified Health Services, Inc. Investment in Florida True Health, Inc.**					
	1/31/2012	Capital Funding	Cash	$10,000,000	Investment in Joint Venture	$10,000,000

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[5]	**Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Service Options, Inc.**					
	1/31/2012	Capital Funding	Cash	$13,620,000	Investment in Joint Venture	$13,620,000
[6]	**Diversified Service Options, Inc. Investment in Novitas Solutions, Inc.**					
	1/31/2012	Acquisition	Cash	$8,620,000	Investment in Subsidiary	$8,620,000
[7]	**Diversified Service Options, Inc. Investment in Novitas Solutions, Inc.**					
	1/31/2012	Capital Funding	Cash	$2,000,000	Investment in Subsidiary	$2,000,000
[8]	**Blue Cross Blue Shield of Florida, Inc. Investment in Navigy Holdings, Inc.**					
	1/31/2012	Capital Funding	Equipment	$819,498	Investment in Subsidiary	$819,498
[9]	**Navigy Holdings, Inc. Investment in Navigy, Inc.**					
	1/31/2012	Capital Funding	Equipment	$819,498	Investment in Subsidiary	$819,498
[10]	**Navigy, Inc. Investment in Incepture, Inc.**					
	1/31/2012	Capital Funding	Equipment	$819,498	Investment in Subsidiary	$819,498
[11]	**First Coast Service Options, Inc. Dividend to Diversified Service Options, Inc.**					
	2/29/2012	Ordinary Dividend	Cash	$5,000,000	Ordinary Dividend	$5,000,000
[12]	**Diversified Service Options, Inc. Investment in Novitas Solutions, Inc.**					
	2/29/2012	Capital Funding	Cash	$5,000,000	Investment in Subsidiary	$5,000,000
[13]	**Diversified Service Options, Inc. Investment in Novitas Solutions, Inc.**					
	2/29/2012	Capital Funding	Cash	$2,000,000	Investment in Joint Venture	$2,000,000
[14]	**Blue Cross Blue Shield of Florida, Inc. Investment in Navigy Holdings, Inc.**					
	2/29/2012	Capital Funding	Cash	$9,000,000	Investment in Subsidiary	$9,000,000
[15]	**Navigy Holdings, Inc. Investment in Navigy, Inc.**					
	2/29/2012	Capital Funding	Cash	$9,000,000	Investment in Subsidiary	$9,000,000
[16]	**Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Health Services, Inc.**					
	2/29/2012	Capital Funding	Cash	$4,000,000	Investment in Subsidiary	$4,000,000
[17]	**Diversified Health Services, Inc. Investment in Florida True Health, Inc.**					
	2/29/2012	Capital Funding	Cash	$4,000,000	Investment in Joint Venture	$4,000,000
[18]	**Blue Cross Blue Shield of Florida, Inc. Investment in Blue Cross Blue Shield Ventures II, L.P.**					
	3/31/2012	Capital Funding	Cash	$28,256	Investment in Joint Venture	$28,256

NOTES TO THE FINANCIAL STATEMENTS

[19] **Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Health Services, Inc.**

5/31/2012	Capital Funding	Cash	$2,500,000	Investment in Subsidiary	$2,500,000

[20] **Diversified Health Services, Inc. Investment in Comp Options Insurance Company, Inc.**

5/31/2012	Capital Funding	Cash	$2,500,000	Investment in Subsidiary	$2,500,000

[21] **Florida Health Care Plan, Inc. Dividend to Diversified Health Services, Inc.**

5/31/2012	Ordinary Dividend	Cash	$13,000,000	Ordinary Dividend	$13,000,000

[22] **Diversified Health Services, Inc. Dividend to Blue Cross Blue Shield of Florida, Inc.**

5/31/2012	Ordinary Dividend	Cash	$13,000,000	Ordinary Dividend	$13,000,000

[23] **Blue Cross Blue Shield of Florida, Inc. Investment in Blue Cross Blue Shield Ventures II, L.P.**

6/30/2012	Capital Funding	Cash	$184,216	Investment in Joint Venture	$184,216

[24] **First Coast Service Options, Inc. Dividend to Diversified Service Options, Inc.**

5/31/2012	Ordinary Dividend	Cash	$5,000,000	Ordinary Dividend	$5,000,000

[25] **Blue Cross Blue Shield of Florida, Inc. Investment in Blue Cross Blue Shield Ventures II, L.P.**

9/30/2012	Capital Funding	Cash	$11,773	Investment in Joint Venture	$11,773

[26] **Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Health Services, Inc.**

9/30/2012	Capital Funding	Cash	$1,000,000	Investment in Subsidiary	$1,000,000

[27] **Diversified Health Services, Inc. Investment in Florida True Health, Inc.**

9/30/2012	Capital Funding	Cash	$1,000,000	Investment in Joint Venture	$1,000,000

[28] **Blue Cross Blue Shield of Florida, Inc. Investment in Blue Cross Blue Shield Ventures II, L.P.**

11/30/2012	Capital Funding	Cash	$231,328	Investment in Joint Venture	$231,328

[29] **Navigy, Inc. Dividend to Navigy Holdings, Inc.**

12/31/2012	Ordinary Dividend	Software	$1,556,475	Ordinary Dividend	$1,556,475

[30] **Navigy Holdings, Inc. Investment in GuideWell, Inc.**

12/31/2012	Capital Funding	Software	$1,556,475	Investment in Subsidiary	$1,556,475

[31] **Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Health Services, Inc.**

12/31/2012	Capital Funding	Cash	$53,167,360	Investment in Subsidiary	$53,167,360

[32] **Diversified Health Services, Inc. Investment in Diagnostic Medical Group, Inc.**

12/31/2012	Acquisition	Cash	$53,167,360	Investment in Subsidiary	$53,167,360

NOTES TO THE FINANCIAL STATEMENTS

[33] **Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Health Services, Inc.**

12/31/2012	Capital Funding	Cash	$12,925,000	Investment in Subsidiary	$12,925,000

[34] **Diversified Health Services, Inc. Investment in Florida True Health, Inc.**

12/31/2012	Capital Funding	Cash	$12,925,000	Investment in Joint Venture	$12,925,000

[35] **Blue Cross Blue Shield of Florida, Inc. Investment in Diversified Service Options, Inc.**

12/31/2012	Capital Funding	Cash	$5,000,000	Investment in Subsidiary	$5,000,000

[36] **Diversified Service Options, Inc. Investment in Novitas Solutions, Inc.**

12/31/2012	Capital Funding	Cash	$1,000,000	Investment in Subsidiary	$1,000,000

[37] **Blue Cross Blue Shield of Florida, Inc. Investment in Navigy Holdings, Inc.**

12/31/2012	Capital Funding	Cash	$1,673,001	Investment in Subsidiary	$1,673,001

[38] **Navigy Holdings, Inc. Investment in Navigy, Inc.**

12/31/2012	Capital Funding	Cash	$1,673,001	Investment in Subsidiary	$1,673,001

[39] **Navigy, Inc. Investment in MTS Health Investors III, L.P.**

12/31/2012	Capital Funding	Cash	$1,618,994	Investment in Joint Venture	$1,618,994

[40] **Navigy, Inc. Return of Capital from BP Infomatics, LLC Joint Venture**

12/31/2012	Distribution	Securities	$2,211,014	Investment in Joint Venture	$2,211,014

C. The Plan has not changed the method of establishing terms from that used in the preceding period.

D. At December 31, 2012 and 2011, $20,306,757 and $12,284,005, respectively, due from these affiliates are included in receivable from parent, subsidiaries and affiliates, and $16,975,088 and $10,550,691, respectively, due to affiliates are included in payable to parent, subsidiaries, and affiliates in the statement of admitted assets, liabilities and surplus. These services were provided by the Plan to its subsidiaries periodically during each of the years presented. The Plan's subsidiaries typically settle such amounts within 30 days.

E. The Plan provides working and development capital as needed to its subsidiaries. Pursuant to Florida Statutes 641.225 and 641.285, the Plan is a guaranteeing organization for HOI and Capital Health Plan, Inc. Effective January 1, 2009, the Plan also entered into an unconditional guarantee arrangement for COI related to its contractual obligations under the State of Florida Employees Workers' Compensation program.

F. In addition to cost allocation arrangements, the Plan has a written agreement and informal agreements to provide certain services, including but not limited to administrative, managerial, professional and technical services, to its subsidiaries, affiliates or both.

G. The Plan has no relationships with other entities whereby they are under common ownership or control, other than those disclosed above.

H. The Plan does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. The Plan accounts for its investment in subsidiaries using the equity method of accounting. Information regarding subsidiaries, based on a look-through of holding company structures, comprising greater than 10% of the Plan's admitted assets as of and for the year ending December 31, 2012 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

	Percent Ownership by the Plan	Total Admitted Assets	Total Liabilities	Net Income
NONE				

Based on the equity method, the Plan recorded $17 million in non-admitted assets for its investments in Subsidiaries, Controlled or Affiliated companies as of December 31, 2012.

Based on the equity method, the Plan did not record any non-admitted assets for its investments in Subsidiary, Controlled or Affiliated Companies as of December 31, 2011.

J. During 2012 and 2011, the Plan did not recognize any impairment write-downs for its investments in Subsidiary, Controlled or Affiliated Companies during the statement periods.

K. The Plan did not invest in any foreign insurance subsidiary.

L. The Plan has investments in three downstream non-insurance holding companies and looks through the downstream noninsurance holding company to the statutory value of insurance companies and GAAP values of noninsurance companies under the limited exception to the audited financial statements requirement contained in SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, a replacement of SSAP No. 88*, paragraphs 21-22.

(1) The carrying value of the investment in the downstream non-insurance holding companies as of December 31 were as follows:

Name	2012	2011
Diversified Health Services, Inc.	$ 413,794,934	$348,152,436
Diversified Service Options, Inc.	47,329,112	36,705,565
Navigy Holdings, Inc.	121,937,547	125,273,220

(2) These downstream non-insurance holding companies are not audited individually.
(3) The value of downstream non-insurance holding companies are limited to the audited financial statements, including adjustments required by this statement, of subsidiary, controlled and affiliated entities (SCA) and/or non-SCA SSAP No. 48 entities owned by the downstream non-insurance holding company and valued in accordance with paragraphs 17 through 20.
(4) All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding companies, which are required to be recorded as liabilities, commitments, contingencies, guarantees, or obligations under applicable accounting guidance, are reflected in the Plan's determination of the carrying value of the investment in the downstream non-insurance holding companies, if not already recorded in the financial statements of the downstream non-insurance holding companies.

11. DEBT

In April 2011, the Plan renewed its one-year loan agreement with Bank of America and increased the borrowing limit from $10 million to $50 million. In August 2011, the agreement was amended to reflect a re-negotiated floating rate based on one-month London Interbank Offered Rates ("LIBOR") plus 0.70% per annum. In September 2011, the agreement was further amended to increase the borrowing limit to $100 million and to change the floating rate to LIBOR plus 0.75% with a revised term of three years.

In December 2012, the agreement was again amended to increase the borrowing limit to $200 million and to identify the Plan and HOI as co-borrowers for the facility. The Plan had borrowings outstanding on this facility at December 31, 2012 and 2011, of $150,000,000 and $90,000,000, respectively. The plan paid interest of $612,787 and $289,068, respectively, during 2012 and 2011.

Agreements governing borrowing include covenants, which serve to limit asset acquisitions and dispositions, and any material changes in general lines of business. Commitment and facility fees are paid quarterly based on the unused and used portions of the facility.

The Plan has not issued any Capital Notes.

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The Plan does not hold any reverse repurchase agreements.

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

A. Defined Benefit Plans

The Plan participates in a non-contributory defined benefit pension plan which provides retirement benefits to substantially all of its employees hired prior to January 1, 2007. The plan provides benefits based on years of service and the employee's compensation as detailed in the plan document. The pension plan is funded through the Blue Cross and Blue Shield National Retirement Trust ("Trust"), a collective investment trust which services the retirement programs of its participating employers. The plan consists of a traditional defined benefit pension component and a pension equity component. Participation in the plan is dependent upon hire date. All employees hired after January 1, 2000 but prior to January 1, 2007 are participants in the pension equity component. Employees hired prior to January 1, 2000 were able to choose the plan they participated going forward. As of January 1, 2007, the plan was closed to new entrants. Employees hired after January 1, 2007, were offered an enhanced defined contribution plan. Effective December 31, 2010, the defined benefit pension plan was amended to freeze benefit accruals. As a result, participants in the plan will earn no further benefits regardless of services performed. All employees were offered an enhanced defined contribution plan, effective January 1, 2011.

The Plan also provides for a non-qualified unfunded supplemental pension plan. Benefits in this plan were frozen as of December 31, 2010. Assets have been set aside in a Rabbi Trust to informally fund the plan. These assets, which are subject to the claims of the Plan's creditors, are primarily invested in corporate owned life insurance, the cash surrender value of which is included in other assets.

The Plan measures the assets and obligations of its pension and postretirement benefit plans as of December 31 of each year. A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans is as follows at December 31, 2012 and 2011:

	Qualified and Non-Qualified Pension Benefits 2012	Postretirement Benefits 2012	Qualified and Non-Qualified Pension Benefits 2011	Postretirement Benefits 2011
(1) Change in benefit obligation				
a. Benefit obligation at beginning of year	$ 651,674,467	127,717,353	$ 563,472,966	108,135,294
b. Service cost	-	6,607,432	-	6,526,572
c. Interest cost	31,013,874	5,017,226	31,665,996	5,793,505
d. Contributions by participants	-	-	-	3,904,968
e. Actuarial loss (gain)	65,371,067	(9,582,591)	112,954,537	16,023,279
f. Foreign currency exchange rate gain	-	-	-	-
g. Benefits paid to participants	(55,114,400)	(6,572,037)	(8,809,327)	(12,666,265)
h. Plan amendments	-	-	-	-
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	(47,609,705)	-
j. Benefit obligation at end of year	$ 692,945,008	$ 123,187,383	$ 651,674,467	$ 127,717,353
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	$ 500,523,595	117,482,322	$ 458,862,733	111,686,805
b. Actual return on plan assets	69,049,449	16,174,952	45,383,242	4,595,517
c. Foreign exchange rate changes	-	-	-	-
d. Employer contributions	30,000,000	-	50,000,000	6,500,000
e. Plan participant contributions	-	-	-	-
f. Benefits paid	(34,328,410)	(4,100,000)	(6,112,675)	(5,300,000)
g. Business combinations, divestitures and settlements	-	-	(47,609,705)	-
h. Fair value of plan assets at end of year	$ 565,244,634	$ 129,557,274	$ 500,523,595	$ 117,482,322

NOTES TO THE FINANCIAL STATEMENTS

	Qualified and Non-Qualified Pension Benefits 2012	Postretirement Benefits 2012	Qualified and Non-Qualified Pension Benefits 2011	Postretirement Benefits 2011
(3) Funded status	$ 127,700,374	(6,369,891)	$ 151,150,872	10,235,031
a. Unamortized prior service cost	-	(29,066,896)	-	(28,696,526)
b. Unrecognized net loss	-	21,383,977	232,646,522	42,559,232
c. Remaining net obligation or net asset at initial date of application	-	-	-	90,685
d. Prepaid assets or accrued liabilities	(127,700,374)	(1,313,028)	(151,150,872)	3,718,360
e. Intangible assets	-	-	-	-
(4) Accumulated benefit obligation for vested employees	692,945,008	123,187,383	651,674,467	127,717,353
(5) Benefit obligation for non-vested employees				
a. Projected benefit obligation	-	N/A	-	N/A
b. Accumulated benefit obligation	-	27,330,678	-	31,696,510
(6) Components of net periodic benefit cost:				
a. Service cost	-	6,607,432	-	6,526,572
b. Interest cost	31,013,874	5,017,226	31,665,996	5,793,505
c. Expected return on plan assets	(27,328,161)	(5,874,116)	(28,272,231)	(5,584,340)
d. Amortization of unrecognized transition asset	-	90,685	-	90,685
e. Amount of recognized gains and losses	23,649,779	632,171	9,849,166	575,745
f. Amount of prior service cost recognized	-	370,370	-	370,371
g. Amount of gain or loss recognized due to a settlement or curtailment	-	-	13,726,241	-
h. Total net periodic benefit cost*	$ 27,335,492	$ 6,843,768	$ 26,969,172	$ 7,772,538

*Includes $2,736,128 and $2,422,148 of net periodic benefit cost from the Plan's subsidiaries for 2012 and 2011, respectively.

7) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued liabilities. At December 31, 2012 and December 31, 2011, the minimum liability adjustment of $0 and $232,646,522, respectively, is reported in unassigned funds (surplus) in accordance with SSAP No. 89.

	Qualified and Non-Qualified Pension Benefits 2012	Postretirement Benefits 2012	Qualified and Non-Qualified Pension Benefits 2011	Postretirement Benefits 2011
(8) Weighted-average Assumptions as of December 31:				
a. Discount rate	4.50%	4.25%	5.00%	4.75%
b. Rate of compensation increase	N/A	3.00 - 6.50%	N/A	3.00 - 6.50%
c. Expected long-term rate of return on plan assets	5.50%	5.00%	6.50%	5.00%

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NOTES TO THE FINANCIAL STATEMENTS

(9) A measurement date of December 31was used to determine the above amounts.

(10) The Plan also provides certain health care and life insurance benefits to eligible retired employees. Generally, the health care coverages pay a percentage of most medical expenses reduced for any deductibles and payments made by government programs and other group coverages, up to a defined maximum. Life insurance payments are generally provided by insurance contracts. The Plan provides access-only to its health and life insurance products and networks to employees hired on or after January 1, 2006 who meet retirement eligibility requirements. The Plan makes contributions to a Voluntary Employees Beneficiary Association (VEBA) for the funding of the postretirement healthcare benefits.

In conjunction with the pension plan freeze, the Plan amended the postretirement plan effective December 31, 2010, such that employees with at least 65 points (defined as employee's age plus years of service) will receive an annual subsidy toward the retiree medical plan. Those with less than 65 points (or hired on or after January 1, 2006) will have access-only to the retiree medical plan.

For measurement purposes, a 8.75% annual rate increase in the per capita cost of covered under 65 health care benefits was assumed for 2012. The rate was assumed to decrease gradually to 5% over 10 years. A 6.25% annual rate increase in the per capital cost of covered over 65 health care benefits was assumed for 2012. The rate was assumed to decrease gradually to 5% over 10 years.

(11) Assumed health care cost trend rates have an effect on the amounts reported for health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects in 2012:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on sum of the service cost and interest cost	$ 520,192	$ (397,170)
Effect on the postretirement benefit obligation	$ 4,333,764	$ (3,435,993)

(12) Information about plan assets:

a. Qualified pension plan and postretirement plan asset allocations as of December 31, 2012 and December 31, 2011 were as follows:

	Pension Plan Assets as of December 31		**Postretirement Plan Assets as of December 31**	
	2012	**2011**	**2012**	**2011**
Asset Category				
Equity securities	20%	20%	25%	50%
Fixed income securities	80%	76%	75%	50%
Real estate	0%	4%	-	-
Total	100%	100%	100%	100%

b. The Plan has developed guidelines for asset allocation. As of the December 31, 2012 measurement date, the range of target asset allocation percentages was as follows:

	Pension Target Allocation		**Postretirement Allocation**	
	Minimum	**Maximum**	**Minimum**	**Maximum**
Asset Category				
Equity securities	-	65%	-	70%
Fixed income securities	35%	100%	25%	100%
Real estate	-	12%	-	-
Other	-	10%	-	10%

The investment program for the Trust is based on the precepts of capital market theory that are generally accepted and followed by institutional investors, who by definition are long-term oriented investors. This philosophy holds that:

1. Increasing risk is rewarded with compensating returns over time and therefore, prudent risk-taking is justifiable for long-term investors.

2. Risk can be controlled through diversification of asset classes and investment approaches as well as diversification of individual securities.

NOTES TO THE FINANCIAL STATEMENTS

3. Risk is reduced by time, and over time the relative performance of different asset classes is reasonably consistent. Over the long-term, equity investments have provided and should continue to provide superior returns over other security types. Fixed-income securities can dampen volatility and provide liquidity in periods of depressed economic activity. Lengthening duration of fixed income securities may reduce volatility.

4. The strategic or long-term allocation of assets among various asset classes is an important driver of long-term returns.

5. Relative performance of various asset classes is unpredictable in the short-term and attempts to shift tactically between asset classes are unlikely to be rewarded.

Investments will be made for the sole interest of the participants and beneficiaries of the programs participating in the Trust. Accordingly, the assets of the Trust shall be invested in accordance with these objectives:

1. To ensure assets are available to meet current and future obligations of the participating programs when due.

2. To earn the maximum return that can be realistically achieved in the markets over the long term at a specified and controlled level of risk in order to minimize future contributions.

3. To invest assets with consideration of the liability characteristics in order to better align asset and liabilities.

4. To invest the assets with the care, skill, and diligence that a prudent person with knowledge of such matters acting in a like capacity would undertake, with the further objective of controlling the costs involved with administering and managing the investments of the Trust.

The ultimate target asset allocation for the Plan is as follows: 20% equity securities and 80% long duration fixed income securities. The primary investment objective for the VEBA for postretirement assets is to generate returns over three to five year periods consistent with pension assets and other long-term postretirement employee benefit plans. The current long-term target asset mix is 25% equities and 75% fixed income. The VEBA plan objectives incorporate both long-term expectations for individual asset class returns and projected growth rates of employee benefit expenses. Actual investment results may deviate from expectations over shorter time periods. The VEBA plan is willing to tolerate short-term volatility of investment returns to achieve its long-term investment objectives. The impact of taxation on the VEBA plan is also considered.

c. The basis used to determine the overall expected long-term rate of return on pension assets assumption is a forward-looking approach based on the current long-term capital market outlook assumptions of the Trust's target asset allocation of 20% equity securities and 80% long duration fixed income securities. Using a mean-variance model to project returns over a 30 year horizon under the 2012 target asset allocation, the 35^{th} to 65^{th} percentile range of annual rates of return is 4.8% - 6.2%, net of investment related expenses. The Plan selected a rate from within this range of 5.5% for 2012, which reflects management's judgment of the best estimate for this assumption based on the process described above. This rate is net of both investment related expenses and a 0.10% reduction for other administrative expenses charged to the Trust.

The expected long-term rate of return on postretirement assets is estimated based on the development of a forecast of risk and return for each individual asset class using a variety of quantitative and statistical methodologies. Historical return patterns and correlation, consensus return forecasts and other relevant financial factors were analyzed for reasonableness and appropriateness.

d. N/A

(13) The expected benefit payments for the Plan's pension and postretirement plans for the years indicated are as follows:

Expected Benefit Payments	Pension	Other Postretirement Benefits
2013	$ 55,624,000	$ 9,177,821
2014	53,421,000	7,420,230
2015	53,933,000	7,652,309
2016	53,908,000	7,952,220
2017	53,511,000	8,161,995
2018-2022	250,126,000	40,089,161
	$ 520,523,000	$ 80,453,736

NOTES TO THE FINANCIAL STATEMENTS

(14) The Plan anticipates that it will make cash contributions in 2012 of $45,000,000 to the qualified pension plan and $0 to the postretirement plan. Expected contributions are dependent on many variables, including the variability of the market value of the assets as compared to the obligation and other market or regulatory conditions. The Plan takes into consideration its business investment opportunities and resulting cash requirements. Accordingly, actual funding may differ from current estimates. The Pension Protection Act established certain minimum funding standards for defined benefit plans, and the Plan is in compliance with these funding standards.

(15) Not applicable.

(16) There were no alternative amortization methods used to amortize prior service amounts or unrecognized net gains and losses.

As of January 1, 2012, the Plan made a change to its method for recognizing actuarial gains and losses for qualified and non-qualified pension benefit plans. The Plan had historically recorded changes in actuarial gains and losses in surplus on an annual basis and amortized those actuarial gains and losses into the Plan’s operating results over time based on accepted actuarial methodologies. The Plan has elected to immediately recognize changes in actuarial gains and losses in operating results because the Plan believes that it is preferable to accelerate the recognition of these deferred gains and losses rather than to delay such recognition. These changes in the Plan’s actuarial gains and losses result from the effects of changes in demographic, economic, and interest rate conditions and their related impact on the Plan’s pension obligations, Trust investments and related assumptions.

(17) There was no substantive commitment used as a basis for accounting for the benefit obligation.

(18) There were no special or contractual termination benefits recognized during the period.

(19) There were no significant changes in the benefit obligation or plan assets not otherwise apparent in the disclosures required by SSAP No. 89 and SSAP No. 14, *Postretirement Benefits Other than Pensions*.

B. Defined Contribution Plans

The Plan sponsors a defined contribution savings plan under Section 401(k) of the Internal Revenue Code for substantially all of its employees. The Plan also provides a non-qualified deferred compensation plan for its Board of Directors. The Plan’s cost for the qualified defined contribution plan was $27,784,966 and $26,870,715 for the years ended December 31, 2012 and 2011, respectively.

The Plan offers a non-qualified deferred compensation plan to a select group of participants to defer compensation within the meaning of Employee Retirement Income Security Act of 1974 Sections 201(2), 301(a)(3), and 401(a)(1). These assets are set aside in a Rabbi Trust to informally fund the plan. These assets, which are subject to the claims of the Plan’s creditors, are primarily invested in corporate owned life insurance, the cash surrender value of which is included in other assets.

C. Multiemployer Plans

The Plan does not participate in any multiemployer plans.

D. Consolidated/Holding Company Plans

The Plan does not participate in any other consolidated or holding company plans.

E. Postemployment Benefits and Compensated Absences

All postemployment benefits and compensated absences have been accrued in accordance with SSAP No. 11, *Postemployment Benefits and Compensated Absences*.

F. Impact of Medicare Modernization Act on Postretirement Benefits

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 allows employers who offer actuarially equivalent prescription drug benefits to retirees to receive a federal subsidy starting in 2006. The Company did not apply for these federal subsidies during 2011 or 2012 and does not expect to apply for them in 2013.

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

Effective October 1, 1982, the Plan reorganized into a mutual insurance company.

(1) The Plan is a mutual insurance company, which does not issue stock.

(2) The Plan is a mutual insurance company, which does not issue preferred stock.

(3) The Plan does not pay dividends; therefore, dividend restrictions are not applicable.

NOTES TO THE FINANCIAL STATEMENTS

(4) The Plan does not pay dividends; therefore, dividend restrictions are not applicable.

(5) The Plan does not pay dividends; therefore, the portion of the Plan's profits that may be paid as ordinary dividends to stockholders is not applicable.

(6) The Plan does not have any restrictions on unassigned surplus funds.

(7) The Plan has not made any advances to surplus not repaid.

(8) The Plan is not holding any stock for special purposes.

(9) The Plan does not have any special surplus funds.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is $99,932,079.

(11) In 2001, the Plan marketed $150,000,000 in surplus notes series pursuant to Rule 144A under the Securities Act of 1933, which was fully completed in 2002. The terms of the surplus notes included a ten-year maturity with a coupon rate of 8.25%, semi-annual interest payments scheduled on May 15th and November 15th, and principal due at maturity.

In November 2011, with the express written approval of the OIR, the Plan repaid the $150,000,000 of Surplus Notes principal and the associated interest accrued through November 15, 2011. The annual interest paid was $0 for 2012 and $12,375,000 for 2011.

The surplus notes were expressly subordinated in right of payment to all existing and future claims and senior indebtedness. They were also subject to provisions of the Liquidation Act whereby the holders of claims and senior indebtedness can be afforded greater priority under Section 631.271 of the Florida Statutes. Payments of interest and repayment of principal are subject to the prior approval of the Florida OIR.

At 2011, the holders of the notes representing 10% or more of the outstanding amount were The Bank of New York Mellon, the Bank of New York, Northern Trust Company, and State Street Bank and Trust Company (SSB&T).

(12) The Plan was not involved in any quasi-reorganization; therefore, there is no impact of any restatement due to prior quasi-reorganization.

(13) The Plan was not involved in any quasi-reorganization; therefore, there is no effective date(s) for quasi-reorganization.

14. CONTINGENCIES

A. Contingent Commitments

Pursuant to Florida Statutes 641.285 and 641.225, the Plan is a guaranteeing organization for HOI and Capital Health Plan, Inc. Effective January 1, 2009, the Plan entered into an unconditional guarantee arrangement for COI related to its contractual obligations under the State of Florida Employees Workers' Compensation program.

Guarantees:
As a licensee of the Blue Cross and Blue Shield Association (BCBSA), the Plan participates in the Bluecard® program which may result in an obligation to providers within the Plan's service area for certain covered services provided to members of other Blue Cross and/or Blue Shield organizations in the event the other Blue Cross and/or Blue Shield organization does not pay timely. Under the BlueCard® program, the Plan is permitted to seek and promptly receive reimbursement from the other Blue Cross and/or Blue Shield organization for all amounts paid for covered services provided on their behalf.

The Plan has entered into agreements with certain self-funded groups, Administrative Services Only (ASO) customers in which subcontractors make the claim payments. The Plan has in turn guaranteed payment under the terms of the agreement with its subcontractors for claim payments made on behalf of the Plan but not reimbursed by the ASO customer. In addition, the Plan may be subject to the payment of related late fees. The Plan or subcontractor hold deposits from certain of these ASO customers in order to mitigate such payment obligations. The Plan believes its maximum exposure under such guarantees, net of deposit amounts held, was approximately $34,680,987 and $38,447,140 at December 31, 2012 and 2011, respectively. The liability recorded, approximating the fair value of such guarantees, was $320,379 and $352,401 at December 31, 2012 and 2011, respectively.

The Plan has an agreement with a financial institution for the processing of claim payments for certain ASO customers. The financial institution maintains an account for each ASO customer in

NOTES TO THE FINANCIAL STATEMENTS

order to fund the ASO customer's claims. The customer is responsible for funding the account prior to the release of the claim payments made by the Plan. In the agreement with the financial institution, the Plan guarantees any claim check presented to and cleared by the financial institution in the event the ASO customer does not honor the check or fund the account. The Plan believes its aggregate maximum exposure under this guarantee was $2,696,966 and $2,395,683 at December 31, 2012 and 2011, respectively. The Plan believes it has limited its exposure to this guarantee by performing credit verification of these customers and also by utilizing its right to suspend the payment of claims for ASO customers that have not adequately funded their account.

In accordance with Association Guidelines, the Plan is required to offer Blue branded coverage to the customers of LSVP's subsidiary, Florida Combined Life Insurance Company, Inc ("FCL") in the event FCL ceases operations. Based on the historical operating results of FCL, no liability was recorded for this guarantee as of December 31, 2012 and 2011.

In the ordinary course of business, the Plan contracts with numerous parties, including, for example, physicians and other medical providers, vendors, consultants, and agreements for other services, which contain indemnification provisions or payment terms, including payments contingent upon quality of service and effective case management. While the value of such guarantees, individually or in the aggregate are, in many instances, inherently impossible to predict, the Plan does not believe these obligations will likely have a material impact on its financial position, results of operations or cash flows.

The Plan has agreed to guarantee certain aspects of its wholly owned subsidiary's solvency related to the subsidiary's Blue Cross Blue Shield Association (BCBSA) sublicense requirements. For the duration of the subsidiary's sublicense, unless otherwise modified, the Plan has agreed to a capitalization guarantee necessary to meet the net worth requirements of BCBSA, which requires that the subsidiary maintain capitalization at 8.33% of its annual net operating expenses.

Government Programs

The Plan serves as a Medicare Advantage organization and Medicare Prescription Drug Plan sponsor and also participates in the Federal Employees Health Benefits Program, through a nationwide contract with the U.S. Office of Personnel Management, to provide coverage to certain federal employees, retirees and dependents. The Plan provides health insurance coverage to low income children through the state of Florida's Healthy Kids program. Reimbursement for administrative costs and medical expenditures and payment for services as applicable under these programs are subject to review and, as such, the Plan is routinely audited by governmental entities and their respective agents for compliance with laws, regulations and program or contract terms and conditions.

B. Assessments

Under Florida law, the Plan is subject to state guaranty fund assessments, the purpose of which is to collect money from solvent insurance companies to cover certain losses resulting from the insolvency or rehabilitation of other insurance companies. The Plan's policy is to recognize its obligation for guaranty fund assessments when it becomes aware that an insolvency has occurred for which the Plan may be assessed and the amount of such assessment can be reasonably estimated.

During 2009, the Plan became aware of the insolvency of an insurer with concentrations of policies in the state of Florida. Based on information received from the Florida Life and Health Insurance Guaranty Association, the Plan recognized an estimated loss of $35,000,000 in 2009. The loss was increased to $96,000,000 as of December 31, 2011 and 2010 based on the most recent actuarial data for liquidation and is included in accounts payable and accrued expenses. The Plan continued to monitor the liquidation court proceedings between the insurance regulators and the insolvent insurer. The courts have halted the liquidation of the company and have requested that a rehabilitation plan be filed by the company with the courts. As the insurer is no longer in liquidation proceedings, the Plan has removed both the estimated loss and the related recoverable as of December 31, 2012.

During 2011, guaranty fund assessments for several other companies of $6,000,000 were recorded and paid and an offsetting premium and state income tax recoverable was recorded. The Plan assesses the adequacy of the estimate of the obligation for guaranty fund assessments at least annually.

C. Gain Contingencies

Not Applicable

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

The Plan made no payments in the reporting period to settle claims related extra contractual obligations and bad faith losses stemming from lawsuits.

NOTES TO THE FINANCIAL STATEMENTS

	Direct
Claims related ECO and bad faith losses paid during the reporting period	-

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 25-50 Claims	(c) 50-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

(f) Per Claim [X] (g) Per Claimant [ ]

E. All Other Contingencies

In the normal course of operations, the Plan is involved in routine litigation with insured parties, beneficiaries, healthcare providers and others. In management's opinion and based upon the advice of legal counsel, litigation is not expected to have a material adverse affect on the Plan's financial position, results of operations, or cash flows.

With the exception of affirmative claims filed by the Plan for years 2002-2008, all outstanding issues have been settled with the Internal Revenue Service for the years prior to 2009.

15. LEASES

A. (1) The Plan leases certain office, rental and warehouse space, data processing and office equipment, and vehicles under non-cancelable leases. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases. Rental expense for 2012 and 2011 was $23,429,715 and $25,721,610, respectively, prior to cost allocation to subsidiaries, as appropriate under written agreement.

(2) The following is a schedule of future minimum rental payments due under operating leases that have initial or remaining non-cancelable lease terms in excess of one year:

Year Ending December 31		Minimum Rental Commitments
2013	$	19,585,615
2014		15,688,038
2015		11,114,901
2016		7,198,325
2017		4,444,485
Thereafter		10,718,991
Total	$	68,750,355

1. The Plan is not involved in any sale-leaseback transactions.

B. Leasing is not a significant part of business activities.

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

1. Investments in cash are held in noninterest-bearing transaction accounts with FDIC-insured institutions, which through December 31, 2012, are fully insured, regardless of the balance in the account, at all FDIC-insured institutions or in prime money market mutual funds. The financial stability of these institutions is reviewed on a periodic basis. Bonds are diversified and include primarily investment grade securities, with a small percentage of below investment grade securities. Diversification is enforced by limiting individual non-government issues to no more than 5% of the portfolio.

The Plan does not engage in subprime residential mortgage lending. The Plan's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio which contain securities issued by financial institutions that may directly or indirectly own securities collateralized by mortgages that have characteristics of subprime lending, and equity securities with exposure to the real estate industry. As of December 31, 2012 and 2011, the Plan did not have any securities backed by subprime mortgages.

NOTES TO THE FINANCIAL STATEMENTS

2. In the normal course of business, the Plan is party to financial instruments, none of which have significant off-balance sheet risk.

3. The Plan has little exposure to credit-related losses in the event of nonperformance by counterparties due to its investment in exchange-traded funds. The Company does not have futures. The credit exposure of exchange-traded instruments is represented by the negative change, if any, in the value of the funds from the fair value at the reporting date.

4. The Company does not invest in any futures contracts.

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

A. The Plan had no transfer of receivables reported as sales.

B. The Plan, with the permission of the OIR, retains an agent to manage a securities lending collateral portfolio. Under the Plan's securities lending policy, certain securities from its portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the fair value of a loaned domestic security and 105% of the fair value of a loaned foreign security. The fair value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned securities fluctuates.

The collateral is deposited by the borrower with an independent lending agent, and retained and invested by the lending agent according to the Plan's guidelines to generate additional income. As of December 31, 2012 and 2011, the Plan had $17,743,794 and $65,551,129, respectively, in securities loaned under this policy with pledged collateral at a market value of $18,127,391 and $66,958,665, and securities lending collateral portfolio with investments with fair value of $18,127,981 and $66,960,766 and unrealized gains (losses) of $654 and $4,850, respectively.

C. Wash Sales

(1.) In the course of the Plan's asset management, securities are sold and reacquired within 30 days of the sale date to mitigate market risk.

(2.) The details by NAIC designation 3 or below of securities sold during the twelve months ended December 31, 2012 and reacquired within 30 days of the sale date are:

	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
Bonds:				
a. NAIC 3	-	$ 318,040	$ 324,060	$ 6,653
b. NAIC 4	-	1,219,080	1,331,038	100,258
c. NAIC 5	-	-	-	-
d. NAIC 6	-	-	-	-
Preferred Stocks:				
e. NAIC P/RP3	-	-	-	-
f. NAIC P/RP4	-	-	-	-
g. NAIC P/RP5	-	-	-	-
h. NAIC P/RP6	-	-	-	-

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

A. Administrative Services Only Plans:

The net loss from operations from ASO uninsured plans and the uninsured portion of partially insured plans for the years ended December 31, 2012 and 2011 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2012:	ASO Uninsured Plans	Uninsured portion of partially insured plans	Total ASO
a. Net reimbursement for administrative expenses in excess of actual expenses*	$ 99,652,507	$ -	$ 99,652,507
b. Total net other expenses**	(123,164,800)	-	(123,164,800)
c. Net loss from operations	$ (23,512,293)	$ -	$ (23,512,293)
d. Total claim payment volume	$ 2,107,241,726	$ -	$ 2,107,241,726

	(1)	(2)	(3)
For the year ended December 31, 2011	ASO Uninsured Plans	Uninsured portion of partially insured plans	Total ASO
a. Net reimbursement for administrative expenses in excess of actual expenses*	$ 105,731,991	$ -	$ 105,731,991
b. Total net other expenses**	(133,204,266)	-	(133,204,266)
c. Net loss from operations	$ (27,472,275)	$ -	$ (27,472,275)
d. Total claim payment volume	$ 2,201,380,412	$ -	$ 2,201,380,412

* Represents gross administrative fees accrued

** Adminstrative expenses for ASO and ASC uninsured plans are based on an allocation of total administrative expenses to gross fees.

B. Administrative Services Contract (ASC) Plans:

The net (loss) gain from operations from ASC uninsured plans and the uninsured portion of partially insured plans for the years ended December 31, 2012 and 2011 are shown below:

	(1)	(2)	(3)
For the year ended December 31, 2012:	ASC Uninsured Plans	Uninsured portion of partially insured plans	Total ASC
a. Gross reimbursement for medical costs incurred	$ 5,452,644,022	$ 171,840,473	5,624,484,495
b. Gross administrative fees accrued	257,369,133	12,721,531	270,090,664
c. Other income or expenses	-	-	-
d. Gross expenses incurred, claims and administrative*	(5,770,739,219)	(187,547,916)	(5,958,287,135)
e. Net (loss) gain from operations	$ (60,726,064)	$ (2,985,912)	$ (63,711,976)

	(1)	(2)	(3)
For the year ended December 31, 2011:	ASC Uninsured Plans	Uninsured portion of partially insured plans	Total ASC
a. Gross reimbursement for medical costs incurred	$ 5,301,706,255	$ 151,409,484	$ 5,453,115,739
b. Gross administrative fees accrued	254,409,725	15,205,077	269,614,802
c. Other income or expenses	-	-	-
d. Gross expenses incurred, claims and administrative*	(5,622,219,873)	(170,538,495)	(5,792,758,368)
e. Net (loss) gain from operations	$ (66,103,893)	$ (3,923,934)	$ (70,027,827)

* Adminstrative expenses for ASO and ASC uninsured plans are based on an allocation of total administrative expenses to gross fees.

NOTES TO THE FINANCIAL STATEMENTS

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:

The Plan has no Medicare or other similarly structured cost based reimbursement contract.

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

The Plan has no direct premiums that are written through managing general agents or third party administrators.

20. FAIR VALUE MEASUREMENTS

SSAP No. 100, *Fair Value Measurements***,** establishes a framework for measuring and reporting fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Pricing inputs are based on quoted prices available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Unadjusted quoted prices from national exchanges are the primary pricing source. Common stocks including mutual funds and exchange traded funds (ETFs) invested in common stocks are generally included in this category.

- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. Quoted prices from less active markets, are the primary pricing source. Corporate debt securities, mortgage backed securities issued by agencies sponsored by the U.S. government and preferred stocks are generally included in this category.

- Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources and may include internally developed methodologies that result in management's best estimate of fair value from the perspective of a market participant. All investments subject to SSAP 100 are analyzed as of the statement date and assets or liabilities whose fair value is based on significant unobservable inputs are classified as Level 3. Fixed-income securities priced primarily using broker quotes or other proprietary pricing methodologies such as private placement corporate debt and bank loans, are generally included in this category.

NOTES TO THE FINANCIAL STATEMENTS

A.

(1) Fair Value Measurements at Reporting Date:

Description	Fair value measurements using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	As of December 31, 2012
December 31, 2012				
Cash Equivalents	$ -	$ -	$ -	$ -
Bonds (NAIC 3-6)				
Other Mortgage and Asset Backed	-	533,339	-	533,339
Corporate Debt	-	26,676,980	5,323,763	32,000,743
Municipals	-	-	-	-
Foreign Government	-	-	-	-
Foreign Mortgage and Asset Backed	-	-	-	-
Foreign Corporate	-	2,590,396	-	2,590,396
Total Fixed Maturities	$ -	$ 29,800,715	$ 5,323,763	$ 35,124,478
Equites				
Preferred Stock (NAIC 1-2)	$ -	$ 129,454,532	$ -	$ 129,454,532
Preferred Stock (NAIC 3-6)	-	643,828	-	643,828
Common Stock Unafilliated Domestic	352,495,011		2,813,920	355,308,931
Common Stock Unafilliated International	185,374,487			185,374,487
Total Equities	$ 537,869,498	$ 130,098,360	$ 2,813,920	$ 670,781,778
Total Available for Sale Investments:	$ 537,869,498	$ 159,899,075	$ 8,137,683	$ 705,906,256
Total Securities lending invested collateral	$ -	$ -	$ -	$ -
Total invested assets	$ 537,869,498	$ 159,899,075	$ 8,137,683	$ 705,906,256
Company owned life insurance	$ -	$ 200,957,450	$ -	$ 200,957,450

(2) The following table presents disclosures about fair value measurements at December 31, 2012 using significant unobservable inputs (Level 3). Reclassifications impacting Level 3 financial instruments are reported as transfers in (out) of the Level 3 category as of the beginning of the period in which the transfer occurs. Therefore gains and losses in income only reflect activity for the period the instrument was classified in Level 3.

Fair Value Measurements in Level 3 of the Fair Value:

	Corporate Debt	Foreign Corporate	Common Stocks Unaffiliated Domestic	Total
Beginning Balance 12/31/2011	$ 1,718,310	$ 1,632,017	$ 2,692,629	$ 6,042,956
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	(1,632,017)	-	(1,632,017)
Total Gains or Losses				-
Included in Net Income	-	-	-	-
Included in Surplus	34,915	-	121,291	156,205
Purchases, issuances, sales and settlements				-
Purchases	4,858,112	-	-	4,858,112
Sales	(1,287,574)	-	-	(1,287,574)
Settlements	-	-	-	-
Ending Balance 12/31/2012	**$ 5,323,763**	**$ -**	**$ 2,813,920**	**$ 8,137,683**

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Investments at December 31, 2012 also include $2,378,505,021 in long-term bonds at amortized cost, $94,481,344 in short term investments mainly in money market mutual funds, $9,141 in cash equivalents, and $14,399,451 in preferred stock.

C.

Description	Aggregate Fair Value	Admitted Assets	Fair value measurements using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Bonds (NAIC 3-6)	$ 35,124,478	$ 35,124,478	$ -	$ 29,800,715	$ 5,323,763
Common Stock	$ 543,497,338	$ 543,497,338	$ -	$ 2,813,920	$ 540,683,418
Preferred Stock	$ 260,196,720	$ 260,196,720	$ 130,098,360	$ -	$ 130,098,360
Company Owed Life Insurance	$ 200,957,450	$ 200,957,450	$ -	$ 200,957,450	$ -

D. The Plan does not have any financial instruments in which it is not practicable to estimate a fair value.

21. OTHER ITEMS

A. Extraordinary Items

No extraordinary events or transactions occurred during 2012 or 2011.

B. Troubled Debt Restructuring: Debtors

There was no troubled debt restructuring for debtors during 2012 or 2011.

C. Other Disclosures

Deposits in the amount of $100,000 at December 31, 2012 and 2011 were on deposit with the State of Florida, as required by statute.

D. At December 31, 2012 and 2011, the Plan had admitted assets of $812,956,843 and $841,831,458, respectively, in accident and health premiums due and unpaid; $200,864,024 and $228,367,515, respectively, in amounts receivable relating to uninsured accident and health plans; and $1,873,526 and $1,398,766 respectively, in retrospectively rated contracts. The Plan routinely assesses the collectability of these receivables. Based on Plan experience, less than 1% of the balance may become uncollectible, and the potential loss is not material to the Plan's financial condition.

E. Business Interruption Insurance Recoveries

Not applicable.

F. The Plan did not have any State Transferable Tax Credits during 2012 or 2011.

G. Subprime Mortgage related Risk Exposure

On December 31, 2012 and 2011, the Plan had not underwritten prime, Alt-A or subprime mortgages. The plan had no exposure to holdings of fixed income issues either backed by subprime mortgages or bond insurers. The Plan had no exposure to common stocks that were issued by subprime lenders, issuers of structured products backed by subprime mortgages. The Plan had no exposure to preferred securities of issuers of structured products backed by subprime mortgages. The process to identify the preceding securities was to survey external managers retained by the Plan; match issuers/holdings to lists of publicly identified issuers; and search issuers/holdings to reported CUSIPs that had experienced rating changes during 2012 and 2011 and were identified as Alt-A or subprime mortgage backed securities or collateralized debt obligations. The very limited exposure to subprime related securities in a consolidated portfolio is the direct result of stringent diversification requirements contained in the guidelines for actively managed portfolios and the inherent diversification from the indexing strategies that dominate the consolidated portfolio.

(2) Direct Exposure through investments in subprime mortgage loans.

NOTES TO THE FINANCIAL STATEMENTS

	Book/ Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other-Than-Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure					
b. Mortgages in good standing					
c. Mortagages with restructure terms					
d. Total	N/A	N/A	N/A	N/A	N/A

(3) Direct exposure through other investments

	Actual Cost	Book/ Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage backed securities				
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured Securities				
e. Equity investment in SCAs				
f. Other Assets				
g. Total	N/A	N/A	N/A	N/A

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage:

	Losses paid in current year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current period
a. Mortgage Guaranty Coverage				
b. Financial Guaranty Coverage				
c. Other Lines (specify):				
d. Total	N/A	N/A	N/A	N/A

H. Retained Assets
The Plan has no retained assets.

22. EVENTS SUBSEQUENT

There have been no subsequent events since December 31, 2012.

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Plan or by any representative, officer, or trustee, or director of the Plan?
Yes ( ) No (X)

2. Have any policies issued by the Plan 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 an insured or any other person not primarily engaged in the insurance business?
Yes ( ) No (X)

Section 2 – Ceded Reinsurance report – Part A

1. Does the Plan 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 credits?
Yes ( ) No (X)

NOTES TO THE FINANCIAL STATEMENTS

2. Does the Plan have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
   Yes ( ) No (X)

Section 3 – Ceded Reinsurance Report – 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? None.
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 Plan as of the effective date of the agreement?
   Yes ( ) No (X)

B. Uncollectible Reinsurance

The Plan has no reinsurance amounts, which it deems uncollectible.

C. Commutation of Ceded Reinsurance

Effective October 1, 2008, reinsurance ceded to FCL was reassigned to Life Secure, Inc., a wholly owned subsidiary of Blue Cross Blue Shield of Michigan. The reassignment had no financial impact on the Plan.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

A. The Plan estimates accrued retrospective premium adjustments for its group business through a mathematical approach using an algorithm of the Plan's underwriting rules and experience rating practices.

B. The Plan records accrued retrospective premium as an adjustment to earned premium.

C. The amount of premiums written by the Plan for the years ended December 31, 2012 and 2011 that are subject to retrospective rating features was $586,686,989 and $471,633,486, respectively. These amounts represented 22.2% and 18.1% of the total premiums written for group business, respectively.

D. In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as "PPACA") was signed into law. The medical loss ratio ("MLR") regulations require issuers, beginning on January 1, 2011, to provide rebates to plans and individuals purchasing insurance if the issuer does not spend a minimum amount of the premium on medical claims, as defined by such regulations and related guidance. Health insurance issuers are required to spend at least 80% of premium received from selling policies and plans in the individual and small employer markets and at least 85% of premiums for the large employer market (more than 50 employees) on a combination of medical care claims and activities to improve health care quality. Rebates to policyholders and enrollees are to be provided annually if the insurer fails to meet the MLR requirements in a market for the prior year. If applicable, rebates due for the 2012 reporting year will be paid by August 2013. As of and for the years ended December 31, 2012 and 2011, activity related to rebate reserves and premium adjustments was as follows:

Note 24D. **Medical loss ratio rebates required pursuant to the Public Health Service Act:**

		1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
	Prior Reporting Year:					
1)	Medical loss ratio rebates incurred	-	44,900,000	-	-	44,900,000
2)	Medical loss ratio rebates paid	-	-	-	-	-
3)	Medical loss rebates unpaid	-	44,900,000	-	-	44,900,000
4)	Plus reinsurance assumed amounts	x	x	x	x	-
5)	Less reinsurance ceded amounts	x	x	x	x	-
6)	Rebates unpaid net of reinsurance	x	x	x	x	44,900,000

		Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
	Current Reporting Year-to-Date:					
7)	Medical loss ratio rebates incurred	-	(17,790,440)	-	-	(17,790,440)
8)	Medical loss ratio rebates paid	-	27,109,560	-	-	27,109,560
9)	Medical loss rebates unpaid	-	-	-	-	-
10)	Plus reinsurance assumed amounts	x	x	x	x	-
11)	Less reinsurance ceded amounts	x	x	x	x	-
12)	Rebates unpaid net of reinsurance	x	x	x	x	-

25. 29

NOTES TO THE FINANCIAL STATEMENTS

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reserves for incurred claims and unpaid claims adjustment expenses attributable to insured events of prior years have decreased from $529,410,113 in 2011 to $501,093,154 in 2012. The decrease in prior years' reserves of $28,316,959 was primarily the result of a release of the provision for adverse deviation and lower medical trends. These estimates are reviewed regularly by management and annually by an independent consulting actuary, and are adjusted as necessary as new information becomes known. Such adjustments are included in current operations.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Plan has not entered into any intercompany pooling arrangements.

27. STRUCTURED SETTLEMENTS

The Plan has no structured settlements.

28. HEALTH CARE RECEIVABLES

1. Pharmaceutical Rebate Receivables

The Plan uses a pharmacy benefits management company to administer their pharmaceutical benefits program. As of December 31, 2012 and 2011, pharmaceutical rebates receivables were recorded under the agreement with the pharmacy benefit manager, Prime Therapeutics, Inc., for $45,840,124 and $32,204,512, respectively, and are included in healthcare and other amounts receivable in the statutory statement of admitted assets, liabilities and surplus.

The activity related to pharmaceutical rebates is summarized as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2012	$ 45,840,124	$ 28,617,229	$ 2,737,617	$ 1,642,570	$ 1,095,047
9/30/2012	38,821,481	41,464,027	4,066,949	2,440,169	1,626,780
6/30/2012	33,387,282	35,524,980	30,870,539	1,252,721	835,147
3/31/2012	28,646,505	35,958,055	30,823,004	2,085,492	1,577,703
12/31/2011	$ 32,204,512	$ 37,058,949	$ 31,045,410	$ 3,823,843	$ 2,218,182
9/30/2011	35,595,912	34,675,319	30,144,684	3,127,012	1,470,003
6/30/2011	31,900,724	31,944,377	28,812,356	2,524,757	539,517
3/31/2011	32,111,601	30,275,617	26,181,645	3,632,501	403,608
12/31/2010	$ 31,252,560	$ 30,673,615	$ 26,479,842	$ 3,427,102	$ 794,782
9/30/2010	33,917,536	32,482,660	27,277,166	4,306,635	460,965
6/30/2010	34,100,874	33,826,444	25,754,365	6,676,097	525,017
3/31/2010	37,724,317	36,693,721	29,238,103	6,551,542	503,623

2. Risk Sharing Receivables

The Plan did not have any risk-sharing arrangements as identified under SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*.

There was no activity for risk sharing receivables for the years ended December 31, 2012 and 2011.

29. PARTICIPATING POLICIES

Not Applicable.

30. PREMIUM DEFICIENCY RESERVES

The Plan anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, *Individual and Group and Health Contracts*. There were no premium deficiency reserves recorded as of December 31, 2012 and 2011.

31. ANTICIPATED SALVAGE AND SUBROGATION

The Plan has no anticipated salvage and subrogation.

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? State of Florida

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. 12/31/2011

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. 12/31/2006

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/31/2008

3.4 By what department or departments?

Office of Insurance Regulation, State of Florida

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

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

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

1 Nationality	2 Type of Entity

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

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

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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 FDIC	6 SEC

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

PriceWaterhouseCoopers, LLP 50 North Laura Street, Ste 3000, Jacksonville, FL 32202

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 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]

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

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

10.6 If the answer to 10.5 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?

Doug Lynch, Vice President and Chief Actuary, Blue Cross and Blue Shield of Florida, Inc. 4800 Deerwood Campus Parkway, Jacksonville, FL 32246

GENERAL INTERROGATORIES

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 [X]

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).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. 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 [ ]

17. 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 [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

20.11 To directors or other officers $.......................................0

20.12 To stockholders not officers $.......................................0

20.13 Trustees, supreme or grand (Fraternal only) $.......................................0

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

20.21 To directors or other officers $.......................................0

20.22 To stockholders not officers $.......................................0

20.23 Trustees, supreme or grand (Fraternal only) $.......................................0

21.1 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]

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

21.21 Rented from others ....

21.22 Borrowed from others ....

21.23 Leased from others ....

21.24 Other ....

22.1 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]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment ....

22.22 Amount paid as expenses ....

22.23 Other amounts paid ....

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $......................20,306,757

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01 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 24.03)? Yes [X] No [ ]

24.02 If no, give full and complete information relating thereto.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 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).
Please refer to note 17.

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [ ] N/A [ ]
24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $................18,127,391
24.06 If answer to 24.04 is no, report amount of collateral for other programs. ....
24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [ ] N/A [ ]
24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [ ] N/A [ ]
24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [ ] N/A [ ]
24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $................18,128,635
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $................18,127,981
24.103 Total payable for securities lending reported on the liability page. $................18,127,981
25.1 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 21.1 and 24.03) Yes [ ] No [X]
25.2 If yes, state the amount thereof at December 31 of the current year:
25.21 Subject to repurchase agreements ....
25.22 Subject to reverse repurchase agreements ....
25.23 Subject to dollar repurchase agreements ....
25.24 Subject to reverse dollar repurchase agreements ....
25.25 Pledged as collateral ....
25.26 Placed under option agreements ....
25.27 Letter stock or securities restricted as to sale ....
25.28 On deposit with state or other regulatory body $....................100,000
25.29 Other ....
25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

27.1 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]
27.2 If yes, state the amount thereof at December 31 of the current year: ....
28. 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 [ ]
28.01 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
The Bank of New York Mellon Corporation	500 Grant Street, Room 151-1167, Pittsburgh, PA 15258
Sun Trust Bank	777 Brickell Ave., 2nd Floor, Miami, FL 33131

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]
28.04 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Northern Trust Investments, NA	50 South LaSalle Street, Chicago, IL 60675
N/A	Neuberger Berman Fixed Income, LLC	605 Third Avenue, New York, NY 10158
N/A	Standish Mellon Asset Mgmt Co, LLC	One Boston Place, Suite 3400, Boston, MA 021(
N\A	Advantus Capital Management Co, Inc.	400 Roberts Street North, St. Paul, MN 55101
N\A	Post Advisory Group	1620 26th Street, 6th Floor, Suite 6500, Santa M(
N\A	Flaherty & Crumrine Inc.	301 E. Colorado Boulevard, Suite 720, Pasadena
N\A	Guggenheim Partners Investment Management, LLC	100 Wilshire Boulevard, Suite 500, Santa Monica
N\A	JP Morgan Asset Management	4 New York Plaza, 10th Floor, New York, NY 10(

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

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
922042 81 7	Vanguard Emerging Mkts Stk Index Sig	2,059,659
922042 78 3	Vanguard FTSE All World Stk Mutual Fund	6,413,989
922042 77 5	Vanguard FTSE International Equity ETF	176,900,839
464287 20 0	iShares S&P 500 Index Fund - ETF	251,508,861
464287 50 7	iShares S&P Midcap 400	29,686,332
464287 63 0	iShares Russell 2000 Value	8,207,559
76628t 67 8	Ridgeworth Seix Floating Rate	63,092,259
29.2999. TOTAL		537,869,498

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
Vanguard Emerging Mkts Stk Index Sig	SAMSUNG ELECTRONICS GDR	51,697	12/31/2012
Vanguard Emerging Mkts Stk Index Sig	CHINA MOBILE LTD	38,310	
Vanguard Emerging Mkts Stk Index Sig	AMERICA MOVIL SAB DE CV	28,629	
Vanguard Emerging Mkts Stk Index Sig	CHINA CONSTRUCTION BANK CORP	28,423	
Vanguard Emerging Mkts Stk Index Sig	TAIWAN SEMICONDUCTOR MFG CO LTD	28,423	
Vanguard FTSE All World Stk Mutual Fund	ROYAL DUTCH SHELL PLC	83,382	
Vanguard FTSE All World Stk Mutual Fund	NESTLE SA	76,968	
Vanguard FTSE All World Stk Mutual Fund	SAMSUNG ELECTRONICS CO LTD	76,968	
Vanguard FTSE All World Stk Mutual Fund	BHP BILLITON LTD	70,554	
Vanguard FTSE All World Stk Mutual Fund	HSBC HOLDINGS PLC	70,554	
Vanguard FTSE International Equity ETF	ROYAL DUTCH SHELL PLC CLASS A	2,299,711	
Vanguard FTSE International Equity ETF	NESTLE SA	2,122,810	
Vanguard FTSE International Equity ETF	SAMSUNG ELECTRONICS CO LTD	2,122,810	
Vanguard FTSE International Equity ETF	BHP BILLITON LTD	1,945,909	
Vanguard FTSE International Equity ETF	HSBC HOLDINGS PLC	1,945,909	
iShares S&P 500 Index Fund - ETF	APPLE	9,859,147	
iShares S&P 500 Index Fund - ETF	EXXON MOBIL CORP	7,771,624	
iShares S&P 500 Index Fund - ETF	GENERAL ELECTRIC CO	4,325,952	
iShares S&P 500 Index Fund - ETF	CHEVRON CORP	4,175,047	
iShares S&P 500 Index Fund - ETF	INTL BUSINESS MACHINES CORP	3,998,991	
iShares S&P Midcap 400	SL GREEN REALTY CORP	356,236	
iShares S&P Midcap 400	NEW YORK COMMUNITY BANCORP	296,863	
iShares S&P Midcap 400	EVEREST RE GROUP LTD	290,926	
iShares S&P Midcap 400	OGE ENERGY CORP	284,989	
iShares S&P Midcap 400	ROCK-TENN COMPANY-CL-A	255,302	
iShares Russell 2000 Value	OCWEN FINANCIAL CORP	45,962	
iShares Russell 2000 Value	TWO HARBORS INVESTMENT	43,500	
iShares Russell 2000 Value	STARWOOD PROPERTY TRUST INC	41,038	
iShares Russell 2000 Value	LOUISIANA-PACIFIC CORP	35,293	
iShares Russell 2000 Value	CLECO CORPORATION	32,009	
Ridgeworth Seix Floating Rate	FORTESCUE METALS GROUP	1,451,122	
Ridgeworth Seix Floating Rate	LEVEL 3 FINANCING INC	1,009,476	
Ridgeworth Seix Floating Rate	ENERGY TRANSFER EQUITY LP	1,009,476	
Ridgeworth Seix Floating Rate	RPI FINANCE TRUST	946,384	
Ridgeworth Seix Floating Rate	ZAYO GROUP, INC	883,292	

30. 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 (+)
30.1 Bonds	2,413,629,499	2,586,742,955	173,113,456
30.2 Preferred stocks	144,497,811	146,443,020	1,945,209
30.3 Totals	2,558,127,310	2,733,185,975	175,058,665

30.4 Describe the sources or methods utilized in determining the fair values:
The fair value of bonds and preferred stocks are provided by the Securities Valuation Office (SVO) of the NAIC. Those filing exempt securities not provided by the SVO are based on exchange prices as provided by our custodian bank.

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

31.2 If the answer to 31.1 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 [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $................5,745,837

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	3,524,893

34.1 Amount of payments for legal expenses, if any? $................4,982,401

34.2 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
McDermott, Will & Emery	2,921,402

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

35.2 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 [X] No [ ]

1.2 If yes, indicate premium earned on U.S. business only $.................347,027,933

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $..................................0

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. $..................................0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $.................274,337,893

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $...................65,993,840

1.62 Total incurred claims $...................45,888,589

1.63 Number of covered lives 28,755

All years prior to most current three years:

1.64 Total premium earned $.................280,483,714

1.65 Total incurred claims $.................228,090,319

1.66 Number of covered lives 123,852

1.7 Group policies:

Most current three years:

1.71 Total premium earned $........................489,605

1.72 Total incurred claims $........................322,246

1.73 Number of covered lives 173

All years prior to most current three years:

1.74 Total premium earned $..........................60,774

1.75 Total incurred claims $..........................36,739

1.76 Number of covered lives 21

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator..............................	6,457,141,266	6,230,115,228
2.2 Premium Denominator..........................	6,475,697,854	6,246,541,146
2.3 Premium Ratio (2.1/2.2).........................	...........................99.7	................................99.7
2.4 Reserve Numerator...............................	1,739,044,974	1,758,257,047
2.5 Reserve Denominator...........................	1,753,875,678	1,780,642,007
2.6 Reserve Ratio (2.4/2.5)..........................	...........................99.2	................................98.7

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, 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 [ ] No [X]

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 [ ] No [X]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $..................................0

5.32 Medical only $..................................0

5.33 Medicare supplement $..................................0

5.34 Dental and vision $..................................0

5.35 Other limited benefit plan $..................................0

5.36 Other $..................................0

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:

Network providers are contracted to hold subscribers and dependends harmless in the event of insolvency.

7.1 Does the reporting entity set up its claim liability for provider services on a service date base? 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 27,923

8.2 Number of providers at end of reporting year 28,276

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 ....

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

10.2 If yes:

10.21 Maximum amount payable bonuses ....

10.22 Amount actually paid for year bonuses ....

10.23 Maximum amount payable withholds ....

10.24 Amount actually paid for year withholds ....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

11.1 Is the reporting entity 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. Florida

11.4 If yes, show the amount required. $.................230,601,017

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:

Per Section 624.408, F. S., minimum statutory surplus is calculated as the greater of $1,500,000 or 10% of total liabilities (less taxes, expenses, and other obligations due or accrued)

For 2012, the greater amount is 10% of liabilities ($2,793,146,721) less taxes, expenses, and other obligations due or accrued ($487,136,547)=$2,306,010,174x10%=$230,601,017.

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

1 Name of Service Area
Florida

13.1 Do you act as a custodian for health savings account? 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 the funds administered as of the reporting date. ....

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	5,583,042,003	5,548,451,284	5,402,614,458	4,743,540,363	4,278,927,734
2. Total liabilities (Page 3, Line 24)	2,793,146,721	2,939,410,605	2,757,920,987	2,651,653,998	2,488,824,448
3. Statutory surplus	230,601,017	234,031,124	220,953,856	221,409,596	208,219,140
4. Total capital and surplus (Page 3, Line 33)	2,789,895,282	2,609,040,679	2,644,693,471	2,091,886,365	1,790,103,286
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	6,564,698,595	6,129,191,645	6,074,221,289	6,178,824,755	6,404,795,087
6. Total medical and hospital expenses (Line 18)	5,442,242,668	5,019,833,899	4,859,695,093	5,278,591,462	5,299,106,577
7. Claims adjustment expenses (Line 20)	251,864,802	263,784,235	194,910,083	256,201,626	281,304,972
8. Total administrative expenses (Line 21)	786,505,500	748,417,767	715,986,188	679,267,028	722,362,891
9. Net underwriting gain (loss) (Line 24)	68,505,569	50,611,020	268,389,721	(72,383,805)	46,201,002
10. Net investment gain (loss) (Line 27)	152,758,988	194,949,536	251,551,687	99,058,553	80,185,453
11. Total other income (Lines 28 plus 29)	123,349	7,500,554	(1,389,905)	2,752,748	5,598,639
12. Net income or (loss) (Line 32)	159,093,937	204,154,935	395,009,258	16,832,816	64,205,513
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	60,009,743	165,771,392	385,387,808	135,451,967	122,346,946
Risk-Based Capital Analysis					
14. Total adjusted capital	2,792,877,222	2,611,033,802	2,648,227,779	2,094,623,977	1,792,933,724
15. Authorized control level risk-based capital	229,980,090	208,232,507	197,190,591	218,793,663	214,342,346
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	1,659,938	1,614,159	1,604,252	1,733,321	1,737,977
17. Total member months (Column 6, Line 7)	19,843,761	19,380,087	19,646,300	20,526,220	21,541,935
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 (Line 18 plus Line 19)	83.2	82.2	80.1	85.6	83.1
20. Cost containment expenses	1.0	1.8	1.2	1.5	1.4
21. Other claims adjustment expenses	2.8	2.5	2.0	2.6	3.0
22. Total underwriting deductions (Line 23)	99.1	99.3	95.7	101.3	99.5
23. Total underwriting gain (loss) (Line 24)	1.0	0.8	4.4	(1.2)	0.7
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	480,681,796	454,202,654	470,991,523	546,161,435	482,608,760
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	507,818,625	500,178,035	597,268,134	593,903,269	524,517,075
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)	606,362,956	510,131,220	437,911,118	503,585,797	444,046,371
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	31,770,646	35,364,375	37,274,009	31,329,293	30,737,289
32. Total of above Lines 26 to 31	638,133,602	545,495,595	475,185,127	534,915,090	474,783,660
33. Total investment in parent included in Lines 26 to 31 above					

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
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and 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	L	4,236,870,091	409,023,950		1,833,068,317			6,478,962,358	
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	N							0	
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	Q							0	
40. Rhode Island RI	N							0	
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 CAN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	4,236,870,091	409,023,950	0	1,833,068,317	0	0	6,478,962,358	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	4,236,870,091	409,023,950	0	1,833,068,317	0	0	6,478,962,358	0

DETAILS OF WRITE-INS

58001.							0	
58002.							0	
58003.							0	
58998. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 + 58998)	0	0	0	0	0	0	0	0

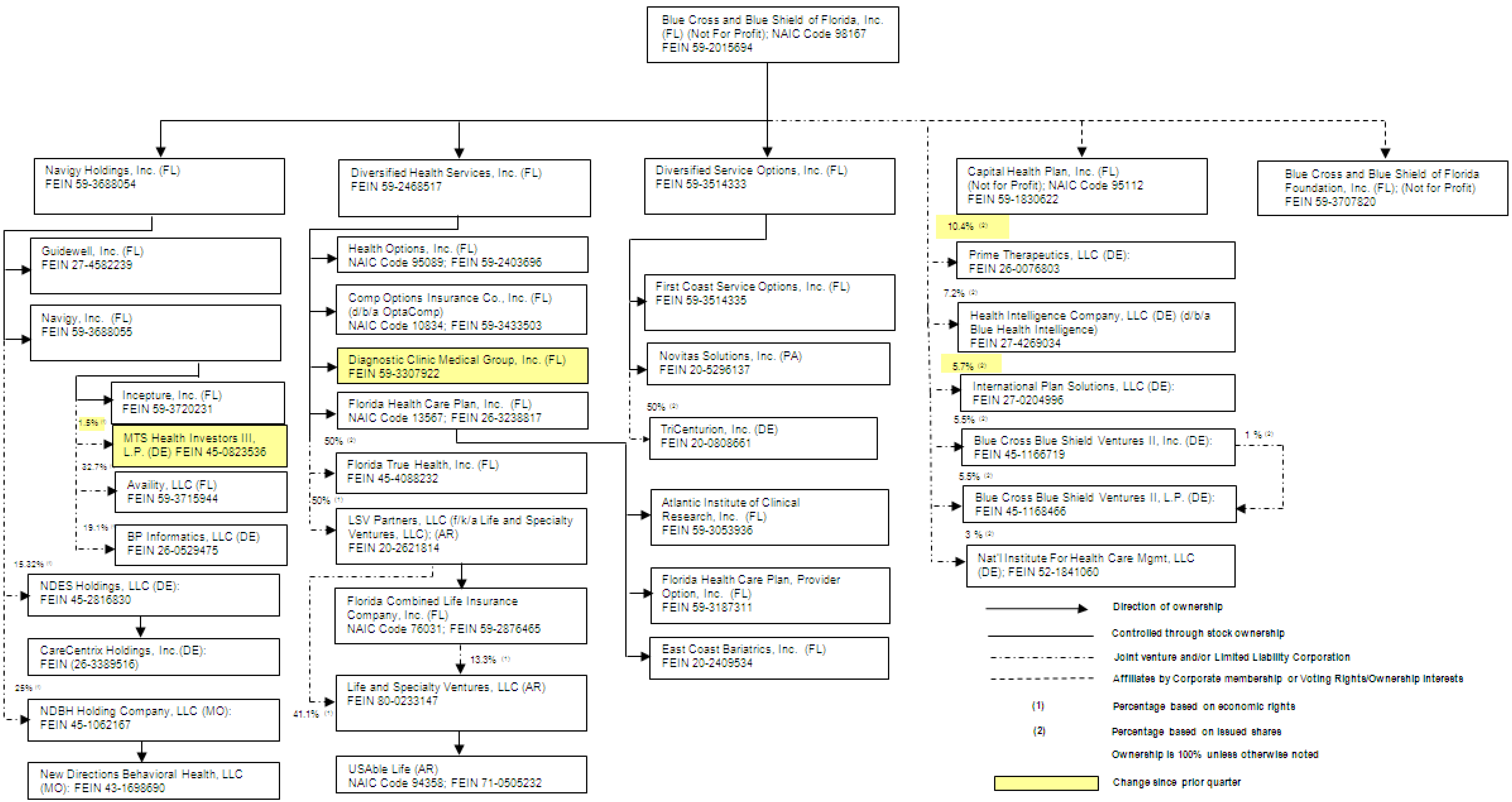
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

(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



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