

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	534,043,442		534,043,442	548,404,870
2. Stocks (Schedule D):				
2.1 Preferred stocks	3,417,143	412,996	3,004,147	4,833,054
2.2 Common stocks	201,317,913	79,741	201,238,171	306,579,220
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	34,534,494	162,896	34,371,598	35,346,830
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 1,395,559), Schedule E - Part 1), cash equivalents (\$ 91,165,100, Schedule E - Part 2) and short-term investments (\$ 1,879,843, Schedule DA)	91,649,384		91,649,384	103,349,033
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	110,408,069	32,575,571	77,832,498	86,733,509
9. Receivables for securities	7,944,928		7,944,928	48,983,023
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	983,315,373	33,231,204	950,084,169	1,134,229,539
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	3,210,254		3,210,254	2,038,638
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	83,419,420	953,797	82,465,623	66,979,261
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 2,823,770) and contracts subject to redetermination (\$ 1,641,877)	4,465,647		4,465,647	26,304,575
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,471,905		1,471,905	1,147,583
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	13,948,276	5,603,570	8,344,706	7,086,052
18.1 Current federal and foreign income tax recoverable and interest thereon	7,860,308		7,860,308	12,231,476
18.2 Net deferred tax asset	24,375,029		24,375,029	
19. Guaranty funds receivable or on deposit				382,429
20. Electronic data processing equipment and software	67,605,537	60,962,016	6,643,521	5,323,269
21. Furniture and equipment, including health care delivery assets (\$)	9,256,897	1,271,237	7,985,660	9,434,831
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	80,208		80,208	85,739
24. Health care (\$ 19,157,050) and other amounts receivable	63,830,864	40,561,986	23,268,878	15,066,191
25. Aggregate write-ins for other-than-invested assets	27,012,845	26,379,271	633,574	611,526
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,289,852,563	168,963,081	1,120,889,482	1,280,921,109
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,289,852,563	168,963,081	1,120,889,482	1,280,921,109
Details of Write-Ins				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Other Benefit Costs	8,548,482	8,548,482	-	
2502. Prepaid Expenses and Misc Receivables	17,830,789	17,830,789	-	
2503. Cash Value Life Insurance	633,574		633,574	611,526
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	27,012,845	26,379,271	633,574	611,526

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 771,220 reinsurance ceded)	163,088,776		163,088,776	137,327,419
2. Accrued medical incentive pool and bonus amounts	11,181,097		11,181,097	19,507,383
3. Unpaid claims adjustment expenses	1,444,000		1,444,000	1,180,000
4. Aggregate health policy reserves, including the liability of \$ 3,901,036 for medical loss ratio rebate per the Public Health Service Act	55,793,842		55,793,842	38,740,688
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	25,520,562		25,520,562	25,899,773
9. General expenses due or accrued	73,917,440		73,917,440	77,916,163
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))				
10.2 Net deferred tax liability				105,872
11. Ceded reinsurance premiums payable	1,184,747		1,184,747	222,001
12. Amounts withheld or retained for the account of others	17,703,691		17,703,691	16,965,830
13. Remittances and items not allocated				
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
15. Amounts due to parent, subsidiaries and affiliates	3,424,423		3,424,423	2,712,045
16. Derivatives				
17. Payable for securities	7,706,650		7,706,650	111,209,522
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	40,944,284		40,944,284	34,383,752
23. Aggregate write-ins for other liabilities (including \$ current)	300,000		300,000	17,398,792
24. Total liabilities (Lines 1 to 23)	402,209,512		402,209,512	483,569,240
25. Aggregate write-ins for special surplus funds		XXX		
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		
31. Unassigned funds (surplus)	XXX	XXX	718,679,970	797,351,869
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	718,679,970	797,351,869
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,120,889,482	1,280,921,109
Details of Write-Ins				
2301. FEP Working Capital	300,000		300,000	100,000
2302. Provision for Litigation Contingencies				17,298,792
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	300,000		300,000	17,398,792
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	2,932,845	2,968,728
2. Net premium income (including \$ non-health premium income)	XXX	1,310,130,260	1,307,820,485
3. Change in unearned premium reserves and reserve for rate credits	XXX	1,559,749	(2,546,876)
4. Fee-for-service (net of \$ medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX		
7. Aggregate write-ins for other non-health revenues	XXX	297,127	64,190
8. Total revenues (Lines 2 to 7)	XXX	1,311,987,136	1,305,337,799
Hospital and Medical:			
9. Hospital/medical benefits		877,780,629	867,051,324
10. Other professional services		56,238,498	56,296,917
11. Outside referrals		31,475,312	26,078,919
12. Emergency room and out-of-area		22,448,431	21,315,279
13. Prescription drugs		188,691,164	179,299,087
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts		5,977,917	12,296,013
16. Subtotal (Lines 9 to 15)		1,182,611,951	1,162,337,539
Less:			
17. Net reinsurance recoveries		8,313,439	8,512,962
18. Total hospital and medical (Lines 16 minus 17)		1,174,298,512	1,153,824,577
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 28,081,509 cost containment expenses		43,744,617	38,616,916
21. General administrative expenses		136,607,210	132,061,819
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		1,354,650,339	1,324,503,312
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(42,663,203)	(19,165,513)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		33,007,307	22,873,641
26. Net realized capital gains (losses) less capital gains tax of \$ 3,352,240		12,215,498	13,267,418
27. Net investment gains (losses) (Lines 25 plus 26)		45,222,805	36,141,059
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses		(19,073)	
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	2,540,529	16,975,546
31. Federal and foreign income taxes incurred	XXX	1,018,929	901,474
32. Net income (loss) (Lines 30 minus 31)	XXX	1,521,600	16,074,072
Details of Write-Ins			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX		
0701. Other Income & Asset Disposals	XXX	297,127	64,190
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	297,127	64,190
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Provision for Litigation Contingencies & Other		(19,073)	
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		(19,073)	

STATEMENT OF REVENUE AND EXPENSES (CONTINUED)

CAPITAL & SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year	797,351,869	767,743,585
34. Net income or (loss) from Line 32	1,521,600	16,074,072
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ (17,858,302)	(72,268,905)	34,179,924
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	1,926,878	2,257,612
39. Change in nonadmitted assets	(17,664,856)	(23,215,600)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	7,813,383	312,276
48. Net change in capital and surplus (Lines 34 to 47)	(78,671,900)	29,608,284
49. Capital and surplus end of reporting year (Line 33 plus 48)	718,679,970	797,351,869
Details of Write-Ins		
4701. Other Comprehensive Income	7,813,383	312,276
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	7,813,383	312,276

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,335,757,699	1,318,944,001
2. Net investment income	34,147,047	26,249,499
3. Miscellaneous income	297,127	64,190
4. Total (Lines 1 to 3)	1,370,201,873	1,345,257,690
5. Benefit and loss related payments	1,167,678,104	1,130,835,240
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	168,291,882	171,484,325
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	-	8,600,000
10. Total (Lines 5 through 9)	1,335,969,986	1,310,919,565
11. Net cash from operations (Line 4 minus Line 10)	34,231,887	34,338,125
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	384,444,997	756,729,627
12.2 Stocks	78,521,273	21,421,161
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	5,159,765	6,207,967
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(3,689)	780
12.7 Miscellaneous proceeds	41,038,095	24,458,841
12.8 Total investment proceeds (Lines 12.1 to 12.7)	509,160,441	808,818,376
13. Cost of investments acquired (long-term only):		
13.1 Bonds	381,246,086	824,752,566
13.2 Stocks	29,854,242	20,614,218
13.3 Mortgage loans		
13.4 Real estate	989,539	3,097,447
13.5 Other invested assets	2,825,429	4,815,598
13.6 Miscellaneous applications	103,502,872	-
13.7 Total investments acquired (Lines 13.1 to 13.6)	518,418,168	853,279,829
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(9,257,727)	(44,461,453)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(36,673,809)	(28,843,120)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(36,673,809)	(28,843,120)
Reconciliation of Cash, Cash Equivalents and Short-Term Investments		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(11,699,649)	(38,966,447)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	103,349,033	142,315,480
19.2 End of year (Line 18 plus Line 19.1)	91,649,384	103,349,033
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001. Charitable Contribution of Securities to the Blue Cross of Idaho Foundation for Health, Inc.		12,408,424