



HEALTH QUARTERLY STATEMENT

As of September 30, 2012
of the Condition and Affairs of the

Soundpath Health, Inc.

NAIC Group Code..... (Current Period) (Prior Period)
 NAIC Company Code..... 12909
 Employer's ID Number..... 42-1720801

Organized under the Laws of Washington State of Domicile or Port of Entry Washington Country of Domicile US
 Licensed as Business Type Health Care Service Contractor Is HMO Federally Qualified? Yes [X] No []
 Incorporated/Organized..... January 18, 2007 Commenced Business..... January 1, 2008

Statutory Home Office 32129 Weyerhaeuser Way S., Suite 201..... Federal Way WA 98001-9346
 (Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 32129 Weyerhaeuser Way S., Suite 201..... Federal Way WA 98001-9346 253-517-4301
 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 4537..... Federal Way WA 98063
 (Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 32129 Weyerhaeuser Way S., Suite 201..... Federal Way WA 98001-9346 253-517-4301
 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address http://soundpathhealth.com

Statutory Statement Contact Thuy Le 253-517-4340
 (Name) (Area Code) (Telephone Number) (Extension)
 t.le@soundpathhealth.com 253-779-8829
 (E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Christine Marie Tomcala Brusstar	Chief Executive Officer	2. Christine Kiefer Turner #	Chief Operating Officer
3.		4. William Nathan Young MD	Chief Medical Officer

OTHER

Mariella Cummings	Chairperson of the Board	Laurence Conrad Schadt MD	Treasurer
Leonard Bennett Alenick MD	Secretary		

DIRECTORS OR TRUSTEES

Patricia Cellilia Briggs	Laurence Conrad Schadt MD	Gary Ray Golin MD	Mariella Cummings
Leonard Bennett Alenick MD	Patrick Joseph Halpin MD	Joseph Paul Clabots MD	Richard Lee Canning #
Karen Elaine Glover #	James Kenneth Anderson #		

State of..... Washington
 County of..... King

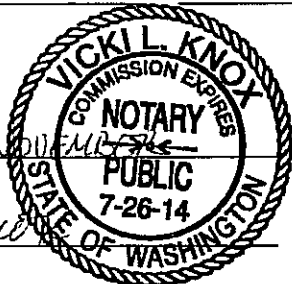
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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.

<u>Christine M Tomcala Brusstar</u>	<u>Christine Kiefer Turner</u>	
(Signature)	(Signature)	(Signature)
Christine Marie Tomcala Brusstar	Christine Kiefer Turner	
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chief Executive Officer	Chief Operating Officer	
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This 13th day of November

Vicki L Knox



a. Is this an original filing? Yes [X] No []

b. If no:

1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	9,338,959		9,338,959	10,443,475
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	2,022,026		2,022,026	1,266,732
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
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 (\$....142,683), cash equivalents (\$.....0) and short-term investments (\$....2,512,158).....	2,654,842		2,654,842	562,976
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives.....			.0	
8. Other invested assets.....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets.....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	14,015,828	.0	14,015,828	12,273,183
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	46,905		46,905	82,152
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	294,313		294,313	217,462
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums.....			.0	1,685,000
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,873,074		3,873,074	3,837,153
16.2 Funds held by or deposited with reinsured companies.....	130,209		130,209	
16.3 Other amounts receivable under reinsurance contracts.....	605,774		605,774	632,002
17. Amounts receivable relating to uninsured plans.....	55,297		55,297	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	12,128		12,128	12,128
18.2 Net deferred tax asset.....	688,838	229,612	459,226	688,837
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	326,108	123,974	202,134	90,834
21. Furniture and equipment, including health care delivery assets (\$.....0).....	243,442	243,442	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	46,201		46,201	43,051
24. Health care (\$....1,591,871) and other amounts receivable.....	1,936,060	320,682	1,615,378	1,377,792
25. Aggregate write-ins for other than invested assets.....	88,457	88,457	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	22,362,634	1,006,167	21,356,467	20,939,593
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. Total (Lines 26 and 27).....	22,362,634	1,006,167	21,356,467	20,939,593

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	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Deposits.....	15,000	15,000	.0	
2502. Prepays.....	73,457	73,457	.0	
2503.....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	88,457	88,457	.0	.0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	7,023,451	120,316	7,143,766	7,230,134
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....	35,498		35,498	17,028
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	1,140,722		1,140,722	740,722
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	175,116		175,116	108,151
9. General expenses due or accrued.....	1,379,578		1,379,578	528,168
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....	4,327,030		4,327,030	4,514,297
12. Amounts withheld or retained for the account of others.....			0	400,227
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$....650,581 current) and interest thereon \$.....0 (including \$.....0 current).....	2,502,705		2,502,705	3,077,027
15. Amounts due to parent, subsidiaries and affiliates.....			0	
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers).....			0	
20. Reinsurance in unauthorized companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	252,042
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	16,584,099	120,316	16,704,415	16,867,796
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	229,612
26. Common capital stock.....	XXX	XXX	9,100,000	9,100,000
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	(4,447,948)	(5,257,815)
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	4,652,052	4,071,797
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	21,356,467	20,939,593

DETAILS OF WRITE-INS

2301.			0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0	0	0
2501. Additional admitted deferred tax assets.....	XXX	XXX		229,612
2502.				
2503.				
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	229,612
3001.				
3002.				
3003.				
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 To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months.....	XXX	149,935	101,922	137,074
2. Net premium income (including \$.....0 non-health premium income).....	XXX	95,401,643	32,246,765	48,823,287
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	128,101	1,212,884	1,295,162
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	.0	0	.0
7. Aggregate write-ins for other non-health revenues.....	XXX	.0	0	.0
8. Total revenues (Lines 2 to 7).....	XXX	95,529,744	33,459,649	50,118,448
Hospital and Medical:				
9. Hospital/medical benefits.....		81,536,622	57,803,259	77,825,273
10. Other professional services.....		2,052,215	1,461,038	1,980,618
11. Outside referrals.....				
12. Emergency room and out-of-area.....		1,338,195	996,199	1,283,281
13. Prescription drugs.....		8,423,779	6,176,370	7,328,640
14. Aggregate write-ins for other hospital and medical.....	.0	.0	0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		380,959	(325,000)	(808,500)
16. Subtotal (Lines 9 to 15).....	.0	93,731,770	66,111,866	87,609,312
Less:				
17. Net reinsurance recoveries.....		10,707,398	38,651,415	46,945,467
18. Total hospital and medical (Lines 16 minus 17).....	.0	83,024,372	27,460,451	40,663,845
19. Non-health claims (net).....				
20. Claims adjustment expenses, including \$.....1,199,480 cost containment expenses.....		3,486,353	2,701,438	3,537,568
21. General administrative expenses.....		8,854,433	3,296,470	7,385,322
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only).....		100,000	11,653	(13,348)
23. Total underwriting deductions (Lines 18 through 22).....	.0	95,465,158	33,470,012	51,573,387
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	64,586	(10,363)	(1,454,939)
25. Net investment income earned.....		262,646	139,450	217,604
26. Net realized capital gains (losses) less capital gains tax of \$.....0.....		1,032	29,756	22,256
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	263,678	169,206	239,861
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....		(70,979)	(107,397)	(115,135)
29. Aggregate write-ins for other income or expenses.....	.0	.0	0	.0
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	257,285	51,447	(1,330,213)
31. Federal and foreign income taxes incurred.....	XXX			
32. Net income (loss) (Lines 30 minus 31).....	XXX	257,285	51,447	(1,330,213)

DETAILS OF WRITE-INS

0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	.0	0	.0
0701. Misc income.....	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	.0	0	.0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	.0	0	.0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	0	.0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	.0	.0	0	.0
2901. Gain on EDP Assets Disposal.....				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	0	.0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	.0	.0	0	.0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year.....	4,071,797	5,822,333	5,822,333
34. Net income or (loss) from Line 32.....	257,285	51,447	(1,330,213)
35. Change in valuation basis of aggregate policy and claim reserves.....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....			
37. Change in net unrealized foreign exchange capital gain or (loss).....			
38. Change in net deferred income tax.....	229,612	(17,492)	(583,166)
39. Change in nonadmitted assets.....	(308,530)	(430,814)	162,843
40. Change in unauthorized reinsurance.....			
41. Change in treasury stock.....			
42. Change in surplus notes.....			
43. Cumulative effect of changes in accounting principles.....			
44. Capital changes:			
44.1 Paid in.....			
44.2 Transferred from surplus (Stock Dividend).....			
44.3 Transferred to surplus.....			
45. Surplus adjustments:			
45.1 Paid in.....			
45.2 Transferred to capital (Stock Dividend).....			
45.3 Transferred from capital.....			
46. Dividends to stockholders.....			
47. Aggregate write-ins for gains or (losses) in surplus.....	401,888	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	580,255	(396,859)	(1,750,536)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	4,652,052	5,425,474	4,071,797

DETAILS OF WRITE-INS

4701. Change in RBC DTA valuation allowance.....			229,612
4702. Reclassification of additional admitted deferred tax assets to special surplus funds.....	(229,612)		(229,612)
4703. Prior year adjustment due to 2011 finance lease receivable.....	631,500		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	401,888	0	0

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	97,317,591	45,235,204	44,311,600
2. Net investment income.....	364,574	186,110	251,853
3. Miscellaneous income.....			
4. Total (Lines 1 through 3).....	97,682,165	45,421,314	44,563,453
5. Benefit and loss related payments.....	83,250,643	26,798,934	29,931,867
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	12,249,451	5,328,815	10,773,100
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....			
10. Total (Lines 5 through 9).....	95,500,094	32,127,749	40,704,967
11. Net cash from operations (Line 4 minus Line 10).....	2,182,071	13,293,565	3,858,486
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	1,124,097	1,763,670	2,313,670
12.2 Stocks.....	1,266,732	600,000	1,748,868
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.....		29,756	29,756
12.7 Miscellaneous proceeds.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,390,829	2,393,426	4,092,294
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	85,230	5,252,383	7,972,950
13.2 Stocks.....	2,022,027	689,029	1,813,306
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....			
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,107,257	5,941,412	9,786,256
14. Net increase (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	283,572	(3,547,986)	(5,693,962)
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.....	(574,322)		3,077,027
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....			
16.6 Other cash provided (applied).....	200,545	(1,012,144)	(1,477,305)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	(373,777)	(1,012,144)	1,599,722
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).....	2,091,866	8,733,435	(235,754)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	562,976	798,730	798,730
19.2 End of period (Line 18 plus Line 19.1).....	2,654,842	9,532,165	562,976

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

20.0001			
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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at End of:										
1. Prior Year.....	11,745							11,745		
2. First Quarter.....	16,354							16,354		
3. Second Quarter.....	16,707							16,707		
4. Third Quarter.....	16,933							16,933		
5. Current Year.....	0									
6. Current Year Member Months.....	149,935							149,935		
Total Member Ambulatory Encounters for Period:										
7. Physician.....	112,366							112,366		
8. Non-Physician.....	47,488							47,488		
9. Total.....	159,854	0	0	0	0	0	0	159,854	0	0
10. Hospital Patient Days Incurred.....	7,033							7,033		
11. Number of Inpatient Admissions.....	1,683							1,683		
12. Health Premiums Written (a).....	108,832,459							108,832,459		
13. Life Premiums Direct.....	0									
14. Property/Casualty Premiums Written.....	0									
15. Health Premiums Earned.....	109,260,560							109,260,560		
16. Property/Casualty Premiums Earned.....	0									
17. Amount Paid for Provision of Health Care Services.....	83,024,373							83,024,373		
18. Amount Incurred for Provision of Health Care Services.....	93,731,771							93,731,771		

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(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees \$....108,832,459.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
Claim Unpaid - Medical.....	14,772	373	6,210	438	40,578	62,371
Claim Unpaid - Pharmacy.....	555,813					555,813
0199999. Individually Listed Claims Unpaid.....	570,585	373	6,210	438	40,578	618,184
0499999. Subtotals.....	570,585	373	6,210	438	40,578	618,184
0599999. Unreported Claims and Other Claim Reserves.....						6,525,581
0799999. Total Claims Unpaid.....						7,143,766

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....					0	
2. Medicare Supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal Employees Health Benefits Plan.....					0	
6. Title XVIII - Medicare.....	6,715,468	74,496,241	92,586	7,051,181	6,808,053	7,230,134
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	6,715,468	74,496,241	92,586	7,051,181	6,808,053	7,230,134
10. Healthcare receivables (a).....					0	1,899,031
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....					0	
13. Totals (Lines 9-10+11+12).....	6,715,468	74,496,241	92,586	7,051,181	6,808,053	5,331,103

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The financial statements of Soundpath Health are presented on the basis of accounting practices prescribed or permitted by the Office of the Insurance Commissioner of the State of Washington (OIC). The National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the OIC.

The Company has requested permitted accounting practice to hold more than 1% of admitted assets in mutual funds. Current Washington State regulations do not allow for an insurance Company to hold more than 1% in other investments, which include mutual funds. However, Washington State does allow for an exception, if requested and approved, to owned Treasury Obligations Mutual Fund without limits and other mutual funds up to 4% of admitted assets. The Washington Office of the Insurance Commissioner has granted the Company this approval effective June 30, 2009. The effect of this PAP is as follows:

	9/30/2012	2011
Statutory Surplus Washington State Basis	4,652,052	4,071,797
State Permitted Practices -		
Treasury Obligations Mutual Fund	1,274,401	1,049,426
Federated Mutual Bond Funds	591,917	
Lord Abbett Funds - LALDX	802,717	
Vanguard Funds - VFSTX	1,002,980	
Total	3,672,015	1,049,426
Statutory Surplus w/o Permitted Accounting Practice	980,037	3,022,371

Note 2 - Accounting Changes and Corrections of Errors

In preparing the supporting schedules and information for our 2011 Statutory audit, the Company discovered that a lease funding payment had not been made as expected and that \$631,500 of lease proceeds were expensed in error in December 2011. The payment in question was received by the Company and deposited into its bank account on April 19, 2012. An entry to correct the \$631,500 expensed in error in 2011 and related admitted receivable have been recorded as an audit adjustment with an entry to capital and surplus for the amount of the 2011 error.

Note 3 - Business Combinations and Goodwill

None.

Note 4 - Discontinued Operations

None.

Note 5 - Investments

A, B, C, and D: The company owns no loan back securities.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

None.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

None.

Note 9 - Income Taxes

No change.

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant change.

Note 11 - Debt

No significant change.

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

No change.

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

No change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No change.

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

None.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfer of Receivables Reported as Sales
The Company had no transfers of receivables as sales
- B. Transfers and Servicing of Financial Assets
N/A
N/A
- C. Wash Sales
The Company has no wash sales

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

None.

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

None.

Note 20 - Fair Value

The company reports investment at amortized cost.

Note 21 - Other Items

None

NOTES TO FINANCIAL STATEMENTS

Note 22 - Events Subsequent

The regular examination of the Company's 2010 Annual Statement by the Washington Office of the Insurance Commissioner (OIC) was concluded in the second quarter of 2012. This examination has raised certain issues regarding the application of statutory accounting practices for a quota share reinsurance transaction with which the Company disagrees. The OIC has asserted that the agreement does not transfer risk and should therefore be reported using the deposit method of accounting. The Company and its reinsurer believe the agreement does transfer risk and have reported the agreement using the reinsurance method of accounting since the agreement's inception on April 1, 2010. Pursuant to Washington regulations, the Company has requested a hearing to dispute the finding regarding the reinsurance transaction and that hearing was scheduled for the first week of November, 2012, but was continued to January 2013 in October 2012. At this time, it is not possible to determine the ultimate outcome of the hearing or the adjustments, if any, which might ultimately be required, so no adjustments have been made to the statements for the reinsurance accounting issue.

In April 2012, the OIC has opened a Targeted Examination of the Company's 2011 Annual Statement to review in greater detail the reinsurance transaction discussed above as well as a lease transaction. In 2011, the Company entered into an agreement with an unrelated party to sell and lease back certain tangible and identifiable intangible assets along with financing certain marketing and selling expenses associated with the Annual Enrollment Period for the company's Medicare Advantage business. The agreement is comprised of a master lease agreement that sets forth the general terms and conditions of the agreement and four Schedules (numbered 1 - 4) that describe the specific items sold or financed with specific terms and conditions for insurance coverage, credit enhancement collateral and repayment provisions. The first schedule, which covered tangible fixed assets that were classified as non-admitted assets, was completed in September 2011 and the Quarterly statement filed with the OIC reflected the sale of the fixed assets and recorded the lease as an operation lease pursuant to SSAP 22. During the fourth quarter, the Company entered into Schedules 2 through 4, which covered certain identifiable intangible assets, primarily software and related implementation costs, as well as marketing, sales and policy issue expenses. At year-end 2011, the Company was advised by an outside accounting firm engaged by a potential investor that the lease should be accounted for using the deposit method of accounting under SSAP 22. The Company adopted this method for all four Schedules in its Annual Statement for 2011 and reversed the sale of the assets and recorded a liability for the amount of the lease.

In preparing the 2011 audited statutory financial statements, the company, along with its auditors, determined that Schedule 1 and part of Schedule 2 should be accounted as a sale and leaseback under SSAP 22 with the assets sold to the leasing company and entry into an operating lease. As noted above, the OIC has included this lease in its Targeted Examination of the 2011 Annual Statement. Currently, the OIC is suggesting that the lease be recorded using the deposit method of accounting as the company reported in its 2011 Annual statement. While the Company and its auditors believe that Schedule 1 and part of Schedule 2 should be reported as a sale and leaseback under SSAP 22, pending resolution of the issues with the OIC targeted examination on this matter, the Company has chosen to leave the lease on the deposit method of accounting and may ultimately amend its filings for 2011 and 2012 once the proper accounting treatment is determined with agreement by the OIC.

In October 2012, the Company and its owners entered into a series of agreements with an unrelated third party whereby roughly 56% of the Company's voting common stock would be sold by the current owners to the new investor, resulting in a change of control of the Company. In addition, the company and the new investor have entered into an agreement to sell 1,000 shares of \$10.00 par-value preferred stock for total consideration of roughly \$12.1 million. The preferred stock will pay or accrue, cumulatively, dividends equal to the investment earnings derived from the proceeds of the sale of the preferred shares. In conjunction with the change of control and preferred stock agreements, the Company and the new investor have entered into an asset purchase agreement and an administrative services agreement. The asset purchase agreement would transfer certain fixed and intangible assets used in operating the Company to the new investor in exchange for cash and assumption of certain liabilities, primarily leases related to the assets transferred. The administrative services agreement would become effective with consummation of the stock transactions and the asset purchase agreement. Under the administrative services agreement, the new investor would provide substantially all the administrative functions required to operate the Company in exchange for a fixed per member, per month (PMPM) amount that would increase annually by the consumer price index. These transactions have been filed with, and are subject to approval by, the OIC.

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

Effective January 1, 2012, the company moved its stop-loss reinsurance coverage from Physicians Insurance Company to HM Life Insurance Company with coverage that is not significantly different from the prior coverage.

On April 19, 2012, the Company and its quota share reinsurer entered into Amendment 4 (the "Amendment") to the quota share reinsurance agreement dated April 1, 2010 whereby the Company cedes certain capitated Medicare Advantage business to the reinsurer on a pro-rata basis. The Amendment increases the cede rate from 25% at December 31, 2011 to 90% effective no earlier than January 1, 2012. The Amendment includes a condition that the Company receives a capital infusion of no less than \$1 million as a condition of the Amendment. The Amendment provides that the capital infusion may be satisfied if the capital infusion is placed in escrow pending regulatory approval. A 50% owner of the Company's voting common stock has entered into a stock purchase agreement to buy additional shares for total consideration of \$1 million, which was deposited into an escrow account. As a condition to release of the \$1 million for the stock purchase transaction, the OIC must not order the Company to report the quota share reinsurance agreement using the deposit method of accounting, among other provisions. As discussed above under Events Subsequent, the OIC continues to assert that the deposit method be used to report the quota share reinsurance agreement. Since the ultimate outcome of the reinsurance accounting and reporting issue is uncertain at this time and the \$1 million remains in the escrow pending resolution of the hearing discussed above, the company has not reflected the increase in the cession rate to 90%.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

The following schedule represents the changes in claims unpaid, unpaid claims adjustment expense and aggregate health claim reserves from the 12/31/2011 to 9/30/2012.

	2012	2011
Beginning liability for unpaid losses and loss adjustment expenses	7,247,162	1,698,795
Health Care Receivable	(1,304,173)	(40,725)
Beginning liability for unpaid losses and loss adjustment expense, net of Health Care Rec.	5,942,989	1,658,070
Paid Incurred related to:		
Current year	74,955,568	82,473,543
Prior Years	6,732,496	1,593,842
Total Paid	81,688,063	84,067,385
Ending liability for unpaid losses and loss adjustment expenses	7,179,264	7,247,162
Health Care Receivable	(1,591,871)	(1,304,173)
Ending liability for unpaid losses and loss adjustment, net of Health Care Rec.	5,587,393	5,942,989

Loss and Loss Adjustment Expenses reserves as of December 31, 2011 were \$7,247,162. As of September 30, 2012, \$6,732,496 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remain for prior years are now \$92,586 as a result of re-estimation of unpaid claims and claim adjustment expenses. This has generated a \$422,080 favorable prior year development since December 31, 2011 to September 30, 2012. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

None.

Note 27 - Structured Settlements

None.

Note 28 - Health Care Receivables

NOTES TO FINANCIAL STATEMENTS

No significant change.

Note 29 - Participating Policies

None.

Note 30 - Premium Deficiency Reserves

None.

Note 31 - Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [X] No []

2.2 If yes, date of change: 4/23/2012.....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 7/29/2009.....

6.4 By what department or departments?
Washington State Office of the Insurance Commissioner

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

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

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

7.2 If yes, give full information:

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

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

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

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

PART 1 - FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....46,201

PART 1 - INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No

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

Under a Lease Financing Agreement, the company maintains certain investment as collateral security deposits in trust accounts with US Bancorp and US Central Trust.

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds.....	\$0	\$0
14.22 Preferred Stock.....	\$0	\$0
14.23 Common Stock.....	\$0	\$0
14.24 Short-Term Investments.....	\$0	\$0
14.25 Mortgage Loans on Real Estate.....	\$0	\$0
14.26 All Other.....	\$0	\$0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....	\$0	\$0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes No

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

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

1 Name of Custodian(s)	2 Custodian Address
US Bank, NA	111 SW Fifth Ave, 6th Floor, Portland, OR 97204

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Central Trust & Investment Co.	PO Box 779, Jefferson City, MO 65102	Securities hold collateral for lease #4

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes No

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes No

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH

1. Operating Percentages:		
1.1 A&H loss percent	86.0 %	
1.2 A&H cost containment percent	1.1 %	
1.3 A&H expense percent excluding cost containment expenses	8.0 %	
2.1 Do you act as a custodian for health savings accounts?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.		0
2.3 Do you act as an administrator for health savings accounts?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
2.4 If yes, please provide the amount of funds administered as of the reporting date.		0

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (YES or NO)
A&H Non-Affiliates						
93440.....	06-1041332.....	01/01/2012	HM Life Insurance Company.....	PA.....	CO/I.....	YES.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

State, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 through 7	Deposit-Type Contracts
1. Alabama.....AL	N							.0	
2. Alaska.....AK	N							.0	
3. Arizona.....AZ	N							.0	
4. Arkansas.....AR	N							.0	
5. California.....CA	N							.0	
6. Colorado.....CO	N							.0	
7. Connecticut.....CT	N							.0	
8. Delaware.....DE	N							.0	
9. District of Columbia.....DC	N							.0	
10. Florida.....FL	N							.0	
11. Georgia.....GA	N							.0	
12. Hawaii.....HI	N							.0	
13. Idaho.....ID	N							.0	
14. Illinois.....IL	N							.0	
15. Indiana.....IN	N							.0	
16. Iowa.....IA	N							.0	
17. Kansas.....KS	N							.0	
18. Kentucky.....KY	N							.0	
19. Louisiana.....LA	N							.0	
20. Maine.....ME	N							.0	
21. Maryland.....MD	N							.0	
22. Massachusetts.....MA	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	N							.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	L		108,832,459					108,832,459	
49. West Virginia.....WV	N							.0	
50. Wisconsin.....WI	N							.0	
51. Wyoming.....WY	N							.0	
52. American Samoa.....AS	N							.0	
53. Guam.....GU	N							.0	
54. Puerto Rico.....PR	N							.0	
55. U.S. Virgin Islands.....VI	N							.0	
56. Northern Mariana Islands.....MP	N							.0	
57. Canada.....CN	N							.0	
58. Aggregate Other alien.....OT	XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Subtotal.....XXX		.0	108,832,459	.0	.0	.0	.0	108,832,459	.0
60. Reporting entity contributions for Employee Benefit Plans.....XXX								.0	
61. Total (Direct Business).....(a)	1	.0	108,832,459	.0	.0	.0	.0	108,832,459	.0

DETAILS OF WRITE-INS

5801.....								.0	
5802.....								.0	
5803.....								.0	
5898. Summary of remaining write-ins for line 58 from overflow page.....		.0	.0	.0	.0	.0	.0	.0	.0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....		.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;

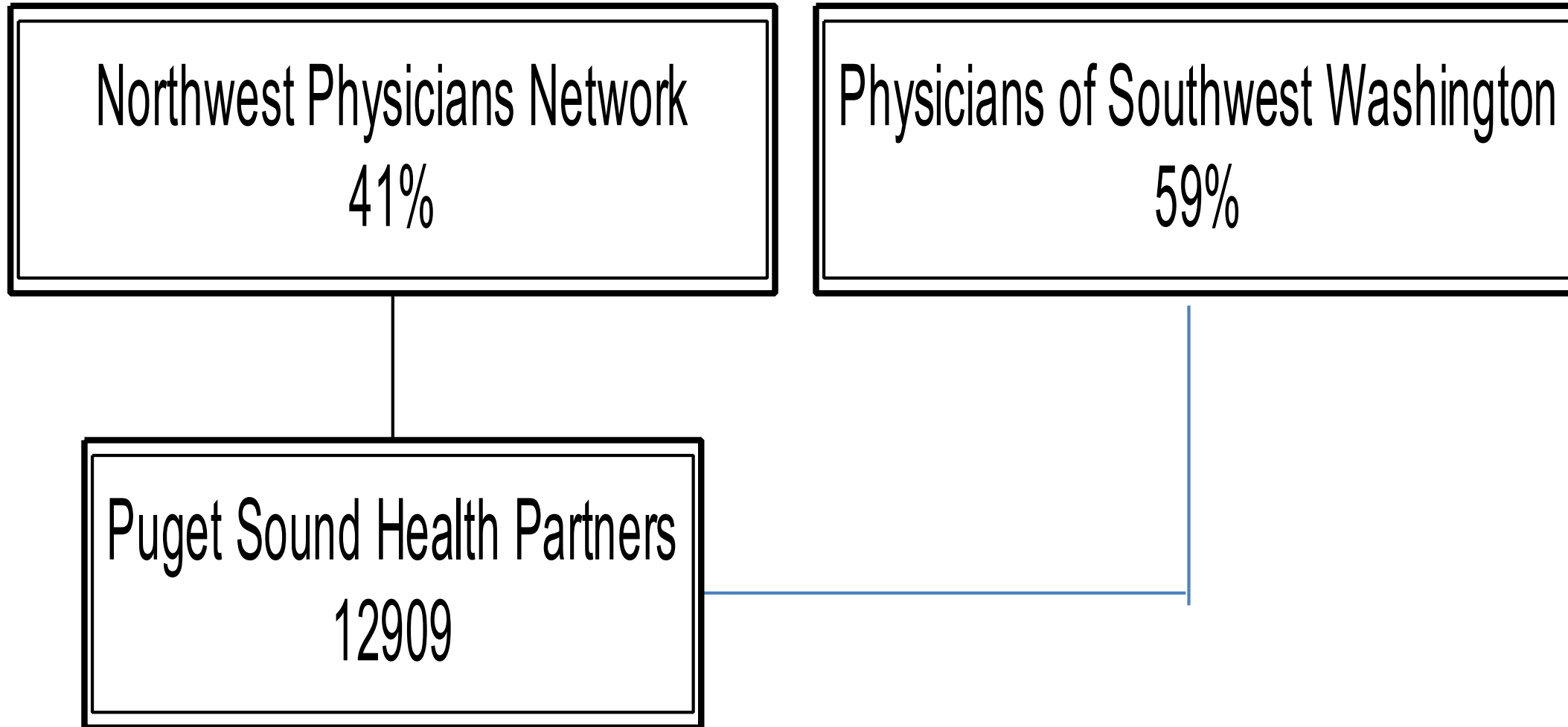
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

(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

Q15



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

PART 1 – ORGANIZATIONAL CHART

Schedule Y-Part 1A
NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

Explanation:

1.

Bar Code:



Overflow Page for Write-Ins

NONE

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	11,710,207	6,068,756
2. Cost of bonds and stocks acquired.....	2,022,027	9,766,674
3. Accrual of discount.....	85,230	18,520
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	1,032	22,256
6. Deduct consideration for bonds and stocks disposed of.....	2,390,829	4,093,609
7. Deduct amortization of premium.....	66,681	72,390
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	11,360,986	11,710,207
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	11,360,986	11,710,207

SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	9,315,744		36,000	6,856	9,848,527	9,315,744	9,286,600	10,389,866
2. Class 2 (a).....	52,779			(420)	53,194	52,779	52,359	53,610
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	9,368,523	0	36,000	6,436	9,901,721	9,368,523	9,338,959	10,443,476
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	9,368,523	0	36,000	6,436	9,901,721	9,368,523	9,338,959	10,443,476

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....9,286,600; NAIC 2 \$.....52,539; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals.....	.....2,512,158	.....XXX.....	.....2,512,158	.....16,002	.....

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	.....0	.....
2. Cost of short-term investments acquired.....	.....3,512,158	.....
3. Accrual of discount.....	.....	.....
4. Unrealized valuation increase (decrease).....	.....	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	.....1,000,000	.....
7. Deduct amortization of premium.....	.....	.....
8. Total foreign exchange change in book/adjusted carrying value.....	.....	.....
9. Deduct current year's other than temporary impairment recognized.....	.....	.....
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	.....2,512,158	.....0
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	.....2,512,158	.....0

**Sch. DB-Pt A-Verification
NONE**

**Sch. DB-Pt B-Verification
NONE**

**Sch. DB-Pt C-Sn 1
NONE**

**Sch. DB-Pt C-Sn 2
NONE**

**Sch. DB-Verification
NONE**

**Sch. E-Verification
NONE**

**Sch. A-Pt 2
NONE**

**Sch. A-Pt 3
NONE**

**Sch. B-Pt 2
NONE**

**Sch. B-Pt 3
NONE**

**Sch. BA-Pt 2
NONE**

**Sch. BA-Pt 3
NONE**

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Common Stocks - Mutual Funds									
31428Q 76 2	Federated Funds.....		.....various	Federated Funds.....	.....224.779	.....2,069	.....XXX.....		
922031 46 6	Vanguard Funds - VFSTX.....		.....various	Vanguard Funds.....	.....620.544	.....6,702	.....XXX.....		
9299999.	Total - Common Stocks - Mutual Funds.....					.....8,771	.....XXX.....	.....0	.....XXX.....
9799997.	Total - Common Stocks - Part 3.....					.....8,771	.....XXX.....	.....0	.....XXX.....
9799999.	Total - Common Stocks.....					.....8,771	.....XXX.....	.....0	.....XXX.....
9899999.	Total - Preferred and Common Stocks.....					.....8,771	.....XXX.....	.....0	.....XXX.....
9999999.	Total - Bonds, Preferred and Common Stocks.....					.....8,771	.....XXX.....	.....0	.....XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

QE04

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
									11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							

Bonds - Industrial and Miscellaneous

20825C AS 3	Conocophillips.....	08/17/2012	US Bank.....		.....38,097	.....36,000	.....38,984	.....37,477	.....(413)	.....(413)	.....(413)	.....(413)	.....37,065	.....0	.....1,032	.....1,032	.....1,710	02/12/2014	1.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....				.....38,097	.....36,000	.....38,984	.....37,477	.....0	.....(413)	.....0	.....(413)	.....37,065	.....0	.....1,032	.....1,032	.....1,710	.....XXX...	.....XXX...
8399997.	Total - Bonds - Part 4.....				.....38,097	.....36,000	.....38,984	.....37,477	.....0	.....(413)	.....0	.....(413)	.....37,065	.....0	.....1,032	.....1,032	.....1,710	.....XXX...	.....XXX...
8399999.	Total - Bonds.....				.....38,097	.....36,000	.....38,984	.....37,477	.....0	.....(413)	.....0	.....(413)	.....37,065	.....0	.....1,032	.....1,032	.....1,710	.....XXX...	.....XXX...
9999999.	Total - Bonds, Preferred and Common Stocks.....				.....38,097	.....XXX.....	.....38,984	.....37,477	.....0	.....(413)	.....0	.....(413)	.....37,065	.....0	.....1,032	.....1,032	.....1,710	.....XXX...	.....XXX...

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**Sch. DB-Pt A-Sn 1
NONE**

**Sch. DB-Pt B-Sn 1
NONE**

**Sch. DB-Pt B-Sn 1B-Broker List
NONE**

**Sch. DB-Pt D
NONE**

**Sch. DL-Pt. 1
NONE**

**Sch. DL-Pt. 2
NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	

Open Depositories

Central Trust & Investment Co - Goldman Sachs Prime Obligation			.10		25,979	45,507	45,511	XXX..
US Bank Operating , Seattle WA					374,646	11,279,392	(31,040)	XXX..
US Bank - Money Market First Amer Treasury Obli					62,089	79,245	90,689	XXX..
US Bank - Class A First American Prime Obligations						37,273	37,273	XXX..
0199999. Total Open Depositories	.XXX	.XXX	.10	0	462,715	11,441,418	142,433	XXX..
0399999. Total Cash on Deposit	.XXX	.XXX	.10	0	462,715	11,441,418	142,433	XXX..
0499999. Cash in Company's Office	.XXX	.XXX	.XXX	.XXX	250	250	250	XXX..
0599999. Total Cash	.XXX	.XXX	.10	0	462,965	11,441,668	142,683	XXX..

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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