



**HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE**

QCC INSURANCE COMPANY

NAIC Group Code 0936 0936 NAIC Company Code 93688 Employer's ID Number 23-2184623
(Current Period) (Prior Period)

Organized under the Laws of Pennsylvania, State of Domicile or Port of Entry Pennsylvania

Country of Domicile United States of America

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

Incorporated/Organized 05/13/1981 Commenced Business 12/21/1981

Statutory Home Office 1901 MARKET STREET, PHILADELPHIA, PA 19103-1480
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1901 MARKET STREET
(Street and Number)
PHILADELPHIA, PA 19103-1480 215-241-2400
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1901 MARKET STREET, PHILADELPHIA, PA 19103-1480
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1901 MARKET STREET
(Street and Number)
PHILADELPHIA, PA 19103-1480 215-241-2529
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.ibx.com

Statutory Statement Contact Kevin Deal 215-241-2529
(Name) (Area Code) (Telephone Number) (Extension)
kevin.deal@ibx.com 215-241-0406
(E-mail Address) (FAX Number)

Policyowner Relations Contact 1901 MARKET STREET
(Street and Number)
PHILADELPHIA, PA 19103-1480 215-241-2400
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
<u>Joseph Anthony Frick</u>	<u>President</u>	<u>Paul Andrew Tufano</u>	<u>Secretary</u>
<u>John George Foes</u>	<u>Treasurer</u>		

OTHER OFFICERS

<u>Christopher Desmond Butler</u>	<u>Executive V.P.</u>	<u>John Christopher Cashman</u>	<u>SR. V.P.</u>
<u>John Allan Daddis</u>	<u>SR. V.P.</u>	<u>Robert Joseph Fascia</u>	<u>SR. V.P.</u>
<u>Michael Anthony Green</u>	<u>SR. V.P.</u>	<u>Karen Goldsmith Lessin</u>	<u>SR. V.P.</u>
<u>Daniel Coombs Lyons, M.D.</u>	<u>SR. V.P.</u>	<u>Kathleen Anne McEndy #</u>	<u>SR. V.P.</u>
<u>Robert Allan McKeown</u>	<u>SR. V.P.</u>	<u>Donna O'Leary Moore</u>	<u>SR. V.P.</u>
<u>Richard Joseph Neeson</u>	<u>SR. V.P.</u>	<u>Thomas Francis Pappalardo</u>	<u>SR. V.P.</u>
<u>Rosemary Anne Park</u>	<u>SR. V.P.</u>	<u>Ian Steven Udvarhelyi, M.D.</u>	<u>SR. V.P.</u>

DIRECTORS OR TRUSTEES

<u>Christopher Desmond Butler</u>	<u>John Allan Daddis</u>	<u>Robert Joseph Fascia</u>	<u>John George Foes</u>
<u>Joseph Anthony Frick</u>	<u>William Frederick Hagggett</u>	<u>Rosemary Anne Park</u>	

State of Pennsylvania

County of Philadelphia

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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.

Joseph Anthony Frick
President

Paul Andrew Tufano
Secretary

John George Foes
Treasurer

Subscribed and sworn to before me this
24 day of February, 2006

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

Linda J. Pratt
Senior Administrative Assistant
03/10/07

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	433,586,331		433,586,331	551,800,810
2. Stocks (Schedule D):				
2.1 Preferred stocks	50,700,426		50,700,426	45,316,836
2.2 Common stocks	259,259,198		259,259,198	251,160,807
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$38,304,121 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$103,560,371 , Schedule DA).....	141,864,492		141,864,492	(16,058,272)
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities	346,542		346,542	0
9. Aggregate write-ins for invested assets	96,875	0	96,875	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	885,853,864	0	885,853,864	832,220,181
11. Title plants less \$charged off (for Title Insurers only)			0	
12. Investment income due and accrued	5,455,100		5,455,100	6,507,894
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	84,277,873	7,040,749	77,237,124	53,453,706
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans	132,361,444	10,973,838	121,387,606	115,835,824
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset.....	50,810,291	12,193,000	38,617,291	33,653,049
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	155,217,671		155,217,671	630,913
22. Health care (\$26,897,026) and other amounts receivable.....	35,704,482	603,593	35,100,889	23,387,351
23. Aggregate write-ins for other than invested assets	3,276,338	105,218	3,171,120	38,726,801
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	1,352,957,063	30,916,398	1,322,040,665	1,104,415,719
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	1,352,957,063	30,916,398	1,322,040,665	1,104,415,719
DETAILS OF WRITE-INS				
0901. Puts.....	96,875		96,875	0
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	96,875	0	96,875	0
2301. Unprocessed claims.....			0	30,971,747
2302. Intangible assets.....	2,563,485		2,563,485	6,545,585
2303. Assumed reinsurance receivables.....	607,635		607,635	1,209,469
2398. Summary of remaining write-ins for Line 23 from overflow page	105,218	105,218	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	3,276,338	105,218	3,171,120	38,726,801

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	406,107,090		406,107,090	367,113,019
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	9,594,190		9,594,190	9,113,611
4. Aggregate health policy reserves	36,165,607		36,165,607	52,818,402
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	7,579,482		7,579,482	12,786,938
8. Premiums received in advance	221,075,429		221,075,429	157,261,010
9. General expenses due or accrued	38,475,725		38,475,725	22,482,705
10.1 Current federal and foreign income tax payable and interest thereon (including				
\$ on realized capital gains (losses))	14,518,884		14,518,884	18,623,000
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	36,640,207		36,640,207	15,212,939
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	17,629,204		17,629,204	10,916,358
16. Payable for securities	1,221,945		1,221,945	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans	5,169,086		5,169,086	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	794,176,849	0	794,176,849	666,327,982
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	2,000,000	2,000,000
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	187,518,517	187,518,517
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	338,345,299	248,569,220
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	527,863,816	438,087,737
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	1,322,040,665	1,104,415,719
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	8,808,337	8,972,579
2. Net premium income (including \$0 non-health premium income).....	XXX	2,881,971,185	2,652,186,337
3. Change in unearned premium reserves and reserve for rate credits	XXX	6,848,579	2,087,025
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,888,819,764	2,654,273,362
Hospital and Medical:			
9. Hospital/medical benefits		2,437,787,825	2,245,609,406
10. Other professional services			0
11. Outside referrals			0
12. Emergency room and out-of-area			0
13. Prescription drugs			0
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	2,437,787,825	2,245,609,406
Less:			
17. Net reinsurance recoveries		(922,188)	(2,946,954)
18. Total hospital and medical (Lines 16 minus 17)	0	2,438,710,013	2,248,556,360
19. Non-health claims (net).....		5,981,877	2,891,138
20. Claims adjustment expenses, including \$66,838,122 cost containment expenses.....		148,302,813	139,578,474
21. General administrative expenses.....		196,473,366	177,437,826
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		3,300,000	7,538,000
23. Total underwriting deductions (Lines 18 through 22)	0	2,792,768,069	2,576,001,798
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	96,051,695	78,271,564
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		35,096,308	19,306,731
26. Net realized capital gains (losses) less capital gains tax of \$		3,100,055	1,782,336
27. Net investment gains (losses) (Lines 25 plus 26)	0	38,196,363	21,089,067
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	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	134,248,058	99,360,631
31. Federal and foreign income taxes incurred	XXX	47,739,000	37,772,000
32. Net income (loss) (Lines 30 minus 31)	XXX	86,509,058	61,588,631
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
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	0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	438,087,737	357,278,227
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	86,509,058	61,588,631
35. Change in valuation basis of aggregate policy and claim reserves	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ (4,300,000)	(7,928,098)	6,596,960
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0
38. Change in net deferred income tax	(3,003,734)	(704,274)
39. Change in nonadmitted assets	14,198,853	23,328,193
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles	0	0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)	0	0
44.3 Transferred to surplus	0	0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	0	0
46. Dividends to stockholders	0	(10,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	89,776,079	80,809,510
49. Capital and surplus end of reporting period (Line 33 plus 48)	527,863,816	438,087,737
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	2,907,964,026	2,675,508,236
2. Net investment income.....	38,071,894	20,425,097
3. Miscellaneous income.....	0	0
4. Total (Lines 1 to 3).....	2,946,035,920	2,695,933,333
5. Benefits and loss related payments.....	2,415,980,543	2,294,404,179
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	330,708,871	327,335,296
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	51,843,116	30,152,000
10. Total (Lines 5 through 9).....	2,798,532,530	2,651,891,475
11. Net cash from operations (Line 4 minus Line 10).....	147,503,390	44,041,858
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	411,132,741	937,356,270
12.2 Stocks.....	179,446,531	53,803,104
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	12,500	0
12.7 Miscellaneous proceeds.....	972,278	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	591,564,050	991,159,374
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	296,219,168	924,604,495
13.2 Stocks.....	186,091,177	227,137,928
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	482,310,345	1,151,742,423
14. Net increase (or decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	109,253,705	(160,583,049)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	10,000,000
16.6 Other cash provided (applied).....	(98,834,331)	(35,592,981)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	(98,834,331)	(45,592,981)
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).....	157,922,764	(162,134,172)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(16,058,272)	146,075,900
19.2 End of period (Line 18 plus Line 19.1).....	141,864,492	(16,058,272)

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	2,881,971,185	2,604,585,430	0	0	701,717	0	274,402,669	0	2,281,369	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	6,848,579	4,516,894					2,331,685						
3. Fee-for-service (net of \$ medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,888,819,764	2,609,102,324	0	0	701,717	0	276,734,354	0	2,281,369	0	0	0	0
8. Hospital/medical/ benefits	2,437,787,825	2,170,861,428			376,088		265,682,770		867,539				XXX
9. Other professional services	0												XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	0												XXX
12. Prescription Drugs	0												XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0												XXX
15. Subtotal (Lines 8 to 14)	2,437,787,825	2,170,861,428	0	0	376,088	0	265,682,770	0	867,539	0	0	0	XXX
16. Net reinsurance recoveries	(922,188)								(922,188)				XXX
17. Total medical and hospital (Lines 15 minus 16)	2,438,710,013	2,170,861,428	0	0	376,088	0	265,682,770	0	1,789,727	0	0	0	XXX
18. Non-health claims (net)	5,981,878	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,981,878
19. Claims adjustment expenses including \$ 66,838,122 cost containment expenses	148,302,813	141,610,492			42,534		6,522,184		127,603				
20. General administrative expenses	196,473,366	187,602,286			56,348		8,645,687		169,045				
21. Increase in reserves for accident and health contracts	3,300,000	3,300,000											XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	2,792,768,070	2,503,374,206	0	0	474,970	0	280,850,641	0	2,086,375	0	0	0	5,981,878
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	96,051,694	105,728,118	0	0	226,747	0	(4,116,287)	0	194,994	0	0	0	(5,981,878)
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	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	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

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)	2,604,585,430			2,604,585,430
2. Medicare Supplement .....	.0			.0
3. Dental Only.....				.0
4. Vision Only.....	701,717			701,717
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare	274,402,669			274,402,669
7. Title XIX - Medicaid.....				.0
8. Stop Loss	937,880	1,343,489		2,281,369
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	2,880,627,696	1,343,489	.0	2,881,971,185
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	2,880,627,696	1,343,489	0	2,881,971,185

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	2,401,663,122	2,147,510,841			376,088		253,016,488		759,705				
1.2 Reinsurance assumed	11,017,421							0	920,308				10,097,113
1.3 Reinsurance ceded	0												
1.4 Net	2,412,680,543	2,147,510,841	0	0	376,088	0	253,016,488	0	1,680,013	0	0	0	10,097,113
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	401,994,070	332,999,192	0	0	0	0	57,884,035	0	11,110,843	0	0	0	0
3.3 Reinsurance assumed	4,113,020	0	0	0	0	0	0	0	2,375,603	0	0	0	1,737,417
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	406,107,090	332,999,192	0	0	0	0	57,884,035	0	13,486,446	0	0	0	1,737,417
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	7,579,482												7,579,482
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	7,579,482	0	0	0	0	0	0	0	0	0	0	0	7,579,482
5. Accrued medical incentive pools and bonuses, current year	0												
6. Net healthcare receivables (a)	(1,775,266)	(1,722,160)					(53,106)						
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	364,094,099	307,926,443	0	0	0	0	45,164,647	0	11,003,009	0	0	0	0
8.2 Reinsurance assumed	3,018,919	0	0	0	0	0	0	0	2,373,723	0	0	0	645,196
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	367,113,018	307,926,443	0	0	0	0	45,164,647	0	13,376,732	0	0	0	645,196
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	12,786,938	0	0	0	0	0	0	0	0	0	0	0	12,786,938
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	12,786,938	0	0	0	0	0	0	0	0	0	0	0	12,786,938
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct	2,437,787,827	2,170,861,430	0	0	376,088	0	265,682,770	0	867,539	0	0	0	0
12.2 Reinsurance assumed	6,904,066	0	0	0	0	0	0	0	922,188	0	0	0	5,981,878
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	2,444,691,893	2,170,861,430	0	0	376,088	0	265,682,770	0	1,789,727	0	0	0	5,981,878
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ 20,501,504 loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	39,844,572	36,581,897					3,262,675						
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	39,844,572	36,581,897	0	0	0	0	3,262,675	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	362,149,498	296,417,295					54,621,360		11,110,843				
2.2. Reinsurance assumed	4,113,020								2,375,603				1,737,417
2.3. Reinsurance ceded	0												
2.4. Net	366,262,518	296,417,295	0	0	0	0	54,621,360	0	13,486,446	0	0	0	1,737,417
3. Amounts Withheld from Paid Claims and Capitulations:													
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	0	0	0
4. TOTALS:													
4.1. Direct	401,994,070	332,999,192	0	0	0	0	57,884,035	0	11,110,843	0	0	0	0
4.2. Reinsurance assumed	4,113,020	0	0	0	0	0	0	0	2,375,603	0	0	0	1,737,417
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	406,107,090	332,999,192	0	0	0	0	57,884,035	0	13,486,446	0	0	0	1,737,417

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of			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	5 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	232,604,587	1,928,039,159	13,034,775	319,964,417	245,639,362	307,926,444	
2. Medicare Supplement							
3. Dental Only							
4. Vision Only		376,088					
5. Federal Employees Health Benefits Plan Premiums							
6. Title XVIII - Medicare	48,286,427	206,199,425	2,243,137	55,640,899	50,529,564	45,164,646	
7. Title XIX - Medicaid							
8. Other health	907,052	772,961	13,096,612	389,834	14,003,664	13,376,732	
9. Health subtotal (Lines 1 to 8)	281,798,066	2,135,387,633	28,374,524	375,995,150	310,172,590	366,467,822	
10. Healthcare receivables (a)	11,213,614	3,388,655		6,393,170	11,213,614	4,617,903	
11. Other non-health	10,097,113		9,316,899		19,414,012	13,432,135	
12. Medical incentive pools and bonus amounts							
13. Totals (Lines 9 - 10 + 11 + 12)	280,681,565	2,131,998,978	37,691,423	369,601,980	318,372,988	375,282,054	

(a) Excludes \$20,501,504 loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

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

Section A – Paid Health Claims - Hospital and Medical

	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior	0	0	0	0	0
2. 2001	0	0	0	0	0
3. 2002	XXX	1,439,410	1,688,840	1,699,041	1,699,041
4. 2003	XXX	XXX	1,608,928	1,851,398	1,859,241
5. 2004	XXX	XXX	XXX	1,795,030	2,019,791
6. 2005	XXX	XXX	XXX	XXX	1,928,039

Section B – Incurred Health Claims - Hospital and Medical

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior	0	0	0	0	0
2. 2001	XXX	1,765,596	1,713,655	1,699,041	1,699,041
3. 2002	XXX	XXX	1,929,745	1,861,950	1,859,241
4. 2003	XXX	XXX	XXX	2,092,404	2,032,826
5. 2004	XXX	XXX	XXX	XXX	2,032,826
6. 2005	XXX	XXX	XXX	XXX	2,248,003

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

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2001	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2002	2,034,409	1,699,041	112,727	6.6	1,811,768	89.1	0	0	1,811,768	89.1
3. 2003	2,265,653	1,859,241	164,272	8.8	2,023,513	89.3	0	0	2,023,513	89.3
4. 2004	2,407,696	2,019,791	127,733	6.3	2,147,524	89.2	13,035	308	2,160,867	89.7
5. 2005	2,622,206	1,928,039	135,283	7.0	2,063,322	78.7	319,964	7,654	2,390,940	91.2

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

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

Section A – Paid Health Claims - Vision Only

	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior	0	0	0	0	0
2. 2001	0	0	0	0	0
3. 2002	XXX	212	212	212	212
4. 2003	XXX	XXX	383	383	383
5. 2004	XXX	XXX	XXX	328	328
6. 2005	XXX	XXX	XXX	XXX	376

Section B - Incurred Health Claims - Vision Only

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior					
2. 2001					
3. 2002	XXX	212	212	212	212
4. 2003	XXX	XXX	383	383	383
5. 2004	XXX	XXX	XXX	328	328
6. 2005	XXX	XXX	XXX	XXX	376

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

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2001	0	0	0	0.0	0	0.0			0	0.0
2. 2002	329	212	18	8.5	230	69.9			230	69.9
3. 2003	395	383	36	9.4	419	106.1			419	106.1
4. 2004	470	328	28	8.5	356	75.7			356	75.7
5. 2005	702	376	26	6.9	402	57.3			402	57.3

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

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

Section A - Paid Health Claims - Medicare

	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior	0	0	0	0	0
2. 2001	0	0	0	0	0
3. 2002	XXX	145,383	174,226	174,825	174,825
4. 2003	XXX	XXX	168,557	200,494	231,584
5. 2004	XXX	XXX	XXX	198,954	216,150
6. 2005	XXX	XXX	XXX	XXX	206,199

Section B - Incurred Health Claims - Medicare

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior					
2. 2001					
3. 2002	XXX	188,666	175,194	174,825	174,825
4. 2003	XXX	XXX	209,793	201,456	231,584
5. 2004	XXX	XXX	XXX	243,155	218,393
6. 2005	XXX	XXX	XXX	XXX	261,840

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2001	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2002	187,191	174,825	10,372	5.9	185,197	98.9	0	185,197	185,197	98.9
3. 2003	214,186	231,584	15,524	6.7	247,108	115.4	0	247,108	247,108	115.4
4. 2004	240,236	216,150	12,942	6.0	229,092	95.4	2,243	63	231,338	96.3
5. 2005	276,734	206,199	14,468	7.0	220,667	79.7	55,641	1,569	277,877	100.4

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior	.0	.0	.0	.0	.0
2. 2001	.0	.0	.0	.0	.0
3. 2002	XXX	8,087	2,934	7,551	7,551
4. 2003	XXX	XXX	4,749	8,391	8,391
5. 2004	XXX	XXX	XXX	269	1,176
6. 2005	XXX	XXX	XXX	XXX	773

Section B - Incurred Health Claims - Other

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior					
2. 2001					
3. 2002	XXX	35,901	11,302	7,551	7,551
4. 2003	XXX	XXX	14,502	13,557	8,391
5. 2004	XXX	XXX	XXX	8,479	14,273
6. 2005	XXX	XXX	XXX	XXX	1,163

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2001	.0	.0	.0	0.0	.0	0.0			.0	0.0
2. 2002	28,680	7,551	1,589	21.0	9,140	31.9			9,140	31.9
3. 2003	6,671	8,391	469	5.6	8,860	132.8			8,860	132.8
4. 2004	5,480	1,176	282	24.0	1,458	26.6	13,097	XXX	14,555	265.6
5. 2005	2,281	773	54	7.0	827	36.3	390	XXX	1,217	53.4

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

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

Section A - Paid Health Claims - Grand Total

	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior	.0	.0	.0	.0	.0
2. 2001	.0	.0	.0	.0	.0
3. 2002	XXX	1,593,092	1,866,212	1,881,629	1,881,629
4. 2003	XXX	XXX	1,782,617	2,060,666	2,099,599
5. 2004	XXX	XXX	XXX	1,994,581	2,237,445
6. 2005	XXX	XXX	XXX	XXX	2,135,387

Section B - Incurred Health Claims - Grand Total

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
Year in Which Losses Were Incurred					
1. Prior	.0	.0	.0	.0	.0
2. 2001	.0	.0	.0	.0	.0
3. 2002	XXX	1,990,375	1,900,363	1,881,629	1,881,629
4. 2003	XXX	XXX	2,154,423	2,077,346	2,099,599
5. 2004	XXX	XXX	XXX	2,344,366	2,265,820
6. 2005	XXX	XXX	XXX	XXX	2,511,382

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

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2001	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
2. 2002	2,250,609	1,881,629	124,706	6.6	2,006,335	89.1	.0	.0	2,006,335	89.1
3. 2003	2,486,905	2,099,599	180,301	8.6	2,279,900	91.7	.0	.0	2,279,900	91.7
4. 2004	2,653,882	2,237,445	140,985	6.3	2,378,430	89.6	28,375	371	2,407,176	90.7
5. 2005	2,901,923	2,135,387	149,831	7.0	2,285,218	78.7	375,995	9,223	2,670,436	92.0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT AND EXHIBIT

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

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves	7,947,523	7,947,523										
2. Additional policy reserves (a)	25,200,000	9,200,000					16,000,000					
3. Reserve for future contingent benefits	0	0										
4. Reserve for rate credits or experience rating refunds (including \$0 for investment income)	3,018,084	2,125,682					892,402					
5. Aggregate write-ins for other policy reserves	0	0					0	0	0	0	0	0
6. Totals (Gross)	36,165,607	19,273,205	0	0	0	0	16,892,402	0	0	0	0	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0
8. Totals (Net) (Page 3, Line 4)	36,165,607	19,273,205	0	0	0	0	16,892,402	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims	7,579,482											7,579,482
10. Reserve for future contingent benefits	0	0										
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals (Gross)	7,579,482	0	0	0	0	0	0	0	0	0	0	7,579,482
13. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0
14. Totals (Net) (Page 3, Line 7)	7,579,482	0	0	0	0	0	0	0	0	0	0	7,579,482
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$25,200,000 premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building).....	4,271,282	8,724,394	7,856,947		20,852,623
2. Salaries, wages and other benefits.....	57,401,477	76,573,008	68,664,456		202,638,941
3. Commissions (less \$ ceded plus \$ Assumed.....)			58,865,421		58,865,421
4. Legal fees and expenses.....	21,456		1,430,177		1,451,633
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	1,637,280	3,519,486	5,766,083		10,922,849
7. Traveling expenses.....	408,495	91,154	1,197,996		1,697,645
8. Marketing and advertising.....	634,320	10,757	7,574,864		8,219,941
9. Postage, express and telephone.....	2,211,418	2,927,050	3,491,025		8,629,493
10. Printing and office supplies.....	917,470	276,065	2,868,717		4,062,252
11. Occupancy, depreciation and amortization.....	11,284	444	226,054		237,782
12. Equipment.....	4,043,284	1,755,810	24,565,248		30,364,342
13. Cost or depreciation of EDP equipment and software.....	598,417	280,409	3,656,226		4,535,052
14. Outsourced services including EDP, claims, and other services.....	14,242,446	36,865,100	9,924,089		61,031,635
15. Boards, bureaus and association fees.....	2,416		932,904		935,320
16. Insurance, except on real estate.....	4,239,906	520,519	90,526		4,850,951
17. Collection and bank service charges.....	19,086		711,423	2,935,654	3,666,163
18. Group service and administration fees.....	8,830,983	(1,700,786)	(3,036,885)		4,093,312
19. Reimbursements by uninsured accident and health plans.....	(36,432,162)	(60,289,733)	(64,811,679)		(161,533,574)
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	492,101		4,006,986		4,499,087
23.2 State premium taxes.....			52,718,129		52,718,129
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....	3,287,163	4,628,227	4,630,656		12,546,046
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	7,282,787	5,144,003	0	12,426,790
26. Total expenses incurred (Lines 1 to 25).....	66,838,122	81,464,691	196,473,366	2,935,654 (a)	347,711,833
27. Less expenses unpaid December 31, current year.....	4,317,385	5,276,805	38,475,725		48,069,915
28. Add expenses unpaid December 31, prior year.....	3,918,853	5,194,758	22,482,705	0	31,596,316
29. Amounts receivable relating to uninsured accident and health plans, prior year.....	23,709,353	31,196,517	69,880,197	0	124,786,067
30. Amounts receivable relating to uninsured accident and health plans, current year.....	25,148,674	31,766,747	75,446,023		132,361,444
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	67,878,911	81,952,874	186,046,172	2,935,654	338,813,611
DETAIL OF WRITE-INS					
2501. Miscellaneous claim adjustment expenses.....		7,282,787			7,282,787
2502. Miscellaneous general administration expenses.....			5,144,003		5,144,003
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	7,282,787	5,144,003	0	12,426,790

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

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,774,149	1,677,380
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 21,730,556	20,600,535
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 2,988,632	2,991,839
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	(b) 6,629,182	6,632,244
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 5,196,114	5,219,286
7. Derivative instruments	(f)	
8. Other invested assets		0
9. Aggregate write-ins for investment income	12,101	12,101
10. Total gross investment income	38,330,734	37,133,385
11. Investment expenses		(g) 2,935,654
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) (898,577)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		2,037,077
17. Net Investment Income - (Line 10 minus Line 16)		35,096,308
DETAILS OF WRITE-INS		
0901. Interest on supplemental advances	12,101	12,101
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	12,101	12,101
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 146,145 accrual of discount less \$ 2,068,937 amortization of premium and less \$ 1,912,737 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	(513,112)			(513,112)
1.1 Bonds exempt from U.S. tax				0
1.2 Other bonds (unaffiliated)	1,727,562		(2,591,424)	(863,862)
1.3 Bonds of affiliates	0	0	0	0
2.1 Preferred stocks (unaffiliated)	377,107		(518,553)	(141,446)
2.11 Preferred stocks of affiliates	0	0	0	0
2.2 Common stocks (unaffiliated)	12,855,876	(458,763)	(4,426,939)	7,970,174
2.21 Common stocks of affiliates	0	(10,500,000)	0	(10,500,000)
3. Mortgage loans			0	0
4. Real estate			0	0
5. Contract loans			0	0
6. Cash, cash equivalents and short-term investments	(12,688)			(12,688)
7. Derivative instruments	(375,927)			(375,927)
8. Other invested assets				0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	14,058,818	(10,958,763)	(7,536,916)	(4,436,861)
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	10,500,000	10,500,000
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	10,500,000	10,500,000
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	7,040,749	9,655,384	2,614,635
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	10,973,838	8,950,243	(2,023,595)
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	12,193,000	15,892,000	3,699,000
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	603,593	0	(603,593)
23. Aggregate write-ins for other than invested assets	105,218	117,624	12,406
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	30,916,398	45,115,251	14,198,853
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	30,916,398	45,115,251	14,198,853
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid expenses.....	105,218	117,624	12,406
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	105,218	117,624	12,406

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

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.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	737,131	707,944	703,240	736,293	719,436	8,640,517
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	9,966	10,835	11,284	18,124	19,221	167,820
7. Total	747,097	718,779	714,524	754,417	738,657	8,808,337
DETAILS OF WRITE-INS						
0601. Vision only.....	9,966	10,835	11,284	18,124	19,221	167,820
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	9,966	10,835	11,284	18,124	19,221	167,820

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Practices

A. Accounting Practices

The financial statements of QCC Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Pennsylvania Insurance Department.

The Pennsylvania Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Pennsylvania for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Pennsylvania Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, version as of March 2005, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Pennsylvania, subject to any deviations prescribed or permitted by the State of Pennsylvania Insurance Commissioner.

In 2003, QCC received written approval from the Pennsylvania Insurance Department to admit, for statutory purposes, additional goodwill (subject to accelerated amortization) related to the purchase of Pennsylvania Blue Shield's interest in certain managed care lines of business (primarily the Personal Choice line of business), which treatment differs from prescribed statutory accounting practices. Statutory accounting practices prescribed by the Commonwealth of Pennsylvania limit admitted goodwill to 10% of the adjusted capital and surplus of an insurer, as reported in its preceding Annual Statement.

In 2004 and 2005, QCC did not renew its permitted practice with the Pennsylvania Insurance Department.

	<u>2005</u>	<u>2004</u>
Net Income, Pennsylvania basis	\$86,509,058	\$61,588,631
State Prescribed Practices:	-0-	-0-
State Permitted Practices:	-0-	-0-
Net Income, NAIC SAP	86,509,058	61,588,631
Statutory Surplus, Pennsylvania basis	\$527,863,816	\$438,087,737
State Prescribed Practices:	-0-	-0-
State Permitted Practices:		
Goodwill, net	-0-	-0-
Statutory Surplus, NAIC SAP	527,863,816	438,087,737

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

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

C. Accounting Policy

Asset values are generally stated as follows:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds excluding loan-backed and structured securities that are designated highest-quality and high-quality (NAIC designations 1 and 2 respectively) are reported at amortized cost; with all other bonds (NAIC designations 3 to 6) are reported at the lower of amortized cost or fair value.
- (3) Common Stocks are stated at market value.
- (4) Preferred Stocks are stated at lower of amortized cost, or market value depending on the assigned credit rating and whether the preferred stock has mandatory sinking fund provisions.
- (5) Mortgage loans on real estate - None
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value.
- (7) Investments in Subsidiary, Controlled or Affiliated entities are recorded based on the underlying statutory equity of the respective entity's financial statements, adjusted for unamortized goodwill.
- (8) Investment in joint ventures, partnerships, and limited liability companies - None
- (9) Derivatives - All derivatives are stated at fair value.
- (10) Anticipated investment income as a factor in the premium deficiency calculation - None
- (11) Estimates of outstanding claim liabilities and claim adjustment expenses are based on analysis of prior experience. The methods are continually reviewed and adjustments to prior period estimates are reflected in the current period. Such estimates are necessarily based on assumptions. While management believes the reported amount is adequate, the ultimate liability may be greater or less than the amount provided for.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) For the most recent completed quarter, pharmacy rebate receivables are estimated by applying an average rebate per script times the number of scripts incurred. For all other quarters, the rebate is based on actual invoiced rebates less amounts received.

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors
A. Material changes in accounting principle and/or correction of errors - None.
3. Business Combinations and Goodwill
A. Statutory Purchase Method - None
B. Statutory Merger - None
C. Assumption Reinsurance - None
D. Impairment Loss recognized on Business Combinations and Goodwill - None
4. Discontinued Operations - None
5. Investments
A. Mortgage Loans including Mezzanine Real Estate Loans - None
B. Debt Restructuring - None
C. Reverse Mortgages - None
D. Loan-Backed Securities
(1) The Company does not have any loan-backed securities purchased prior to January 1, 1994.
(2) Prepayment method for single class and multi-class mortgage-backed/asset-backed securities were obtained from our investment advisors survey values.
(3) The Company uses the retrospective adjustment method regarding prepayment assumptions and has not incurred a negative yield situation regarding the use of this method.
E. Repurchase Agreements - None
F. Real Estate - None
6. Joint Ventures, Partnerships and Limited Liability Companies
Joint ventures, partnerships or limited liability companies that exceed 10% of admitted assets - None.
7. Investment Income
A. All investment income due and accrued with amounts that are 90 days past due are excluded (non-admitted) from surplus.
B. The total amount excluded from surplus in the current period was \$ -0-.
8. Derivative Instruments
The Company purchases options on futures contracts to mitigate the downside risk of the preferred stock portfolio in a rising interest rate environment.
9. Income Taxes
A. The components of the Company's net deferred tax asset/(liability) are as follows: In 000's
- | | <u>2005</u> | <u>2004</u> |
|--|-----------------|-----------------|
| (1) Total of all deferred tax assets (admitted and non-admitted) | \$62,454 | \$63,393 |
| (2) Total of all deferred tax liabilities | <u>(11,644)</u> | <u>(13,851)</u> |
| Net deferred tax asset | 50,810 | 49,542 |
| (3) Total deferred tax assets non-admitted in accordance with SSAP No. 10,
Income Taxes | <u>(12,193)</u> | <u>(15,892)</u> |
| (4) Total of deferred tax assets (admitted) | <u>38,617</u> | <u>33,650</u> |
| (5) The net change during the year in the total deferred tax assets
non-admitted | (3,699) | (13,036) |
- B. (1), (2), (3) Deferred tax liabilities are not recognized for the following amounts: N/A
- C. The components of incurred income tax expense and the change in DTAs and DTLs are as follows:
In 000's
- | | <u>2005</u> | <u>2004</u> |
|---|----------------|----------------|
| (1) Federal | \$ 47,739 | \$ 37,772 |
| Foreign | 0 | 0 |
| Federal income tax on net capital gains | 4,046 | 1,377 |
| Utilization of capital loss carryforwards | <u>(4,046)</u> | <u>(1,377)</u> |
| Federal and Foreign income taxes | <u>47,739</u> | <u>37,772</u> |
- (2) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:
- | | In 000's | | |
|--|-------------|-------------|---------------|
| | <u>2005</u> | <u>2004</u> | <u>Change</u> |
| Deferred tax assets: | | | |
| Discounting of unpaid losses | \$ 3,125 | \$ 3,447 | \$ (322) |
| Change in unearned premium reserve | 16,032 | 11,867 | 4,165 |
| Bad Debt | 260 | 238 | 22 |
| Other - Investment in common stock | 0 | 0 | 0 |
| General insurance expense and prepaids | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

Premium Deficiency Reserve	8,820	7,665	1,155
Goodwill	21,415	23,522	(2,107)
Impairment Loss - Other	914	753	161
Impairment Loss - LCA	2,800	0	2,800
Net Capital Loss Carryforward	1,339	6,259	(4,920)
Unrealized capital losses	1,196	289	907
Non-admitted assets	<u>6,553</u>	<u>9,353</u>	<u>(2,800)</u>
Total deferred tax assets (admitted and non-admitted)	62,454	63,393	(939)
Total deferred tax assets non-admitted	<u>(12,193)</u>	<u>(15,892)</u>	<u>3,699</u>
Admitted deferred tax assets	<u>50,261</u>	<u>47,501</u>	<u>2,760</u>
Deferred tax liabilities:			
Unrealized capital gains	(6,355)	(8,324)	1,969
General insurance expense and prepaids	0	0	0
Excess Allowance/Return Premiums	<u>(5,289)</u>	<u>(5,527)</u>	<u>238</u>
Total deferred tax liabilities	<u>(11,644)</u>	<u>(13,851)</u>	<u>2,207</u>
Net admitted deferred tax asset	<u>38,617</u>	<u>33,650</u>	<u>4,967</u>

- (3) The change in net deferred income taxes is composed of the following:

	In 000's		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Total deferred tax assets (admitted and non-admitted)	\$ 62,454	\$63,393	\$ (939)
Total deferred tax liabilities	<u>(11,644)</u>	<u>(13,851)</u>	<u>2,207</u>
Net deferred tax asset	50,810	49,542	1,268
Tax effect of unrealized gains (losses)			<u>(4,269)</u>
Change in net deferred income taxes			<u>(3,001)</u>

- (4) Investment tax credits - N/A

- (5) Benefits of operating loss carryforward - N/A

- (6) Adjustments of DTA or DTL for enacted changes in tax laws or rates - N/A

- D. The provision for federal and foreign income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	In 000's	
	<u>2005</u>	<u>2004</u>
(1) Expected federal income tax expense (at statutory rate)	\$ 46,987	\$34,776
(2) IMR Adjustment	0	0
(3) Change in DTA on non-admits	2,800	3,603
Change in DTA on non-admit - LCA	875	0
(4) Travel & Entertainment	119	100
(5) Tax-Exempt Interest & 832(b)(50(B) addback	(39)	0
(6) Other	<u>(2)</u>	<u>(1)</u>
Total	<u>50,740</u>	<u>38,478</u>
Federal and foreign income taxes	47,739	37,772
Change in net deferred income taxes	<u>3,001</u>	<u>706</u>
Total statutory income taxes	<u>50,740</u>	<u>38,478</u>

- E. (1) As of December 31, 2005 the Company operating loss carry forwards that will expire are as follows:

2005 (earliest year)	\$ -0-
2004	\$ -0-

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

2005 (current year)	\$47,739,000
2004 (current year-1)	\$37,772,000

- F. (1) The Company's federal income tax return is consolidated with the following entities:

Independence Blue Cross
AmeriHealth Administrators, Inc.
AmeriHealth Assurance, LTD
AmeriHealth Casualty Insurance Company
AmeriHealth HMO, Inc.
AmeriHealth Insurance Company of New Jersey
AmeriHealth Integrated Benefits, Inc.
AmeriHealth Integrated Case Management, Inc.
AmeriHealth Integrated Workers' Comp. Management, Inc.
AmeriHealth of Florida, Inc.
AmeriHealth Services, Inc.
AmeriHealth, Inc.
CompServices, Inc.
CSI Services, Inc.
HCDV, Inc.
HCS, Inc.
Healthcare Delaware, Inc.
Independence Healthcare Management, Inc.

NOTES TO FINANCIAL STATEMENTS

Independence Holdings, Inc.
 Independence Insurance, Inc.
 Keystone Benefits, Inc.
 Keystone Health Plan East, Inc.
 Keystone Health Systems, Inc.
 New Seasons Assisted Living Communities, Inc.
 The AmeriHealth Agency, Inc.
 Vista Health Plan, Inc.
 Region 6 RX Corporation

(2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany balances are settled monthly.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. QCC Insurance Company is a stock life insurance company, which is organized pursuant to the laws of the Commonwealth of Pennsylvania and is a wholly owned subsidiary of AmeriHealth, Inc. AmeriHealth, Inc. is a Pennsylvania Corporation and a wholly owned subsidiary of Independence Blue Cross.
- B. In September of 2000, QCC Insurance Company entered into a Quota Share Reinsurance Agreement with its affiliate, AmeriHealth Casualty Insurance Company ("ACIC"). ACIC is a Delaware domiciled property casualty insurer engaged in marketing workers compensation insurance products in Pennsylvania and Delaware. Under the terms of the agreement, QCC reinsures the medical indemnity and loss adjustment expense portion of the workers compensation business written by ACIC, with the exception of Employer's Liability coverage retained by ACIC. QCC's liability under the terms of the agreement is limited to \$500,000 per occurrence. The agreement terminated in March 2004, and is currently running off covered business. The affiliate ACIC now retains the risk.
- C. Organizational Structure and transactions between parent company and subsidiaries are reflected in Schedule Y, Part 2.
- D. Amounts due from/to related parties are reflected on Exhibit 6 and Exhibit 7 respectively. The terms of the settlement require that these amounts are generally settled within 30 days but in no case beyond 90 days.
- E. Parental Guarantees – None
- F. The Company has a service agreement with Independence Blue Cross and its affiliates for performance of direct services such as claims processing, enrollment, customer service, patient care management and certain finance services for the Company. Independence Blue Cross and its affiliates are compensated at cost. The Company also has agreements with its affiliates for the use of its and their provider networks.
- G. All outstanding shares of The Company are owned by AmeriHealth, Inc., holding company domiciled in the State of Pennsylvania. AmeriHealth Inc., is a wholly owned subsidiary of Independence Blue Cross, a non-stock, non-member hospital plan corporation domiciled in the State of Pennsylvania.
- H. Amounts deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity. - None
- I. Investments in a Subsidiary, Controlled or Affiliated entity that exceed 10% of admitted assets – None
- J. Write-downs for impaired investments in Subsidiary, Controlled or Affiliated entities

In 2001, the Company non-admitted \$8,000,000, (\$8M) of the investment of preferred stock in La Cruz Azul. In 2003 the preferred stock was converted to a surplus note totaling \$10,500,000. (\$10.5M). Originally, the note was to have been in the principal amount of \$10.5M, but the Insurance Commissioner approved only \$8M, leaving \$2,500,000 (\$2.5M) as an "obligation" from La Cruz Azul. In 2004, the \$10.5M surplus note was converted to Common Stock.

The effect of the conversion is as follows:

\$8M divided by \$152/share = 52,632 shares
 \$2.5M divided by \$152/share = 16,447 shares

In 2005, the Company impaired the \$10.5M investment in La Cruz Azul.

- K. Investment in foreign subsidiary calculation - N/A

11. Debt

- A. Capital Notes – None
 B. All Other Debt - None

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

- A. Defined Benefit Plans – None

NOTES TO FINANCIAL STATEMENTS

- B. Defined Contribution Plan - None
- C. Multiemployer Plans - None
- D. Consolidated/Holding Company Plans - None
- E. Postemployment Benefits and Compensated Absences - None

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

- (1) The Company has 200,000 shares authorized, 200,000 shares issued and 200,000 shares outstanding.
- (2) Preferred stock outstanding - None
- (3) Dividend Restrictions - None
- (4) The portion of the Company's profits that may be paid as ordinary dividends to stockholders. By Pennsylvania statute, a dividend that does not exceed the greater of 10% of surplus or net income is considered an ordinary dividend. There are no other restrictions.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) The total amount of advances to surplus not repaid is \$-0-.
- (7) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes is:
 - a. For conversion of preferred stock: -0- shares
 - b. For employee stock options: -0- shares
 - c. For stock purchase warrants: -0- shares
- (8) There are no special surplus funds.
- (9) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses (net of taxes) \$ 9,580,461.
- (10) Surplus debentures or similar obligations - None
- (11&12) Effective date and financial impact of a quasi-reorganization – None.

14. Contingencies

- A. Contingent Commitments - None
- B. Assessments
The Company is not aware of any assessments that could have a material adverse effect on the Company's financial condition.
- C. Gain Contingencies - None
- D. All Other Contingencies
In the ordinary course of business, the Company is involved in and is subject to claims, contractual disputes and other uncertainties. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial condition.

15. Leases

- A. Lessee Operating Lease - None
- B. Lessor Leases/Leveraged Leases - None

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk – None.

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

- A. Transfers of Receivables reported as Sales - None
- B. Transfer and Servicing of Financial Assets - None
- C. Wash Sales - None

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

- A. ASO Plans - None
- B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured accident and health plans and the uninsured portion of partially insured plans was as follows during 2005:

	<u>Total ASC Uninsured Plans</u>	
	<u>2005</u>	<u>2004</u>
a. Gross reimbursement for medical cost incurred	\$ 866,503,667	\$ 845,317,740
b. Gross administrative fees accrued	159,597,760	155,005,919
c. Other income or expenses (including interest paid to or received from plans)	-0-	-0-
d. Gross expenses incurred (claims and administrative)	965,009,404	943,349,459
e. Total net gain or (loss) from operations	61,092,023	56,974,200

- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – None

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators during 2005 – None

20. September 11 Events – None

21. Other Items

A. Extraordinary Items - None

B. Troubled Debt Restructuring: Debtors - None.

C. Other Disclosures

The Company elected to use rounding in reporting amounts in this statement. Certain pages of this Annual Statement were prepared by a process which cannot print (+) symbols and (-) symbols, therefore, it is indicated by a bracket around the number, e.g. (45,678), and (+) symbol is intended when there is not a bracket.

D. Non-admitted assets include estimated allowances for premiums receivable which may be uncollectible.

E. Business Interruption Insurance Recoveries – None

F. Additional Disclosures for Retirement Plans, Deferred Compensation, Postemployment Benefits, etc. - None

22. Events Subsequent

The Company is not aware of any events that have occurred with respect to conditions that existed at the date of the balance sheet, nor did it have any events occur subsequent to the date of the balance sheet, which would have a material effect on the financial condition of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsures, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? – NO

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? - NO

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? – NO

(2) Does the reporting entity 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? – NO

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 payment of other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ N/A

B. Uncollectible Reinsurance - None

C. Commutation of Ceded Reinsurance - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Accrued retrospective premium adjustments for group health insurance business are estimated through a mathematical approach using an algorithm of the Company's underwriting rules and experience rating practices.

B. The amount of net premium earned during 2005 which was subject to retrospective rating features was \$ 435 million, which represented approximately 15% of earned net premium.

25. Change in Incurred Losses and Loss Adjustment Expenses

The estimated claim liabilities and reserves for claims incurred in prior years decreased from \$ 366.5 million on 12/31/04 to \$ 310.2 million on 12/31/05. The decrease is generally the result of ongoing analysis of recent claim development trends. To the extent that incurred claim estimates on retrospectively rated policies changed, there was a concomitant revision to premium.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements – N/A

NOTES TO FINANCIAL STATEMENTS

28. Health Care Receivables

(A) Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported	Pharmacy Rebates as Invoiced/Confirmed	Actual Rebates Collected Within 90 days of Invoicing/Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/Confirmation	Actual Rebates Collected More than 180 Days After Invoicing/Confirmation
12/31/2005	3,324,350	-0-	-0-	-0-	-0-
09/30/2005	3,417,890	3,257,882	-0-	-0-	-0-
06/30/2005	3,196,619	3,417,890	3,386,074	-0-	-0-
03/31/2005	2,710,876	3,466,525	3,425,187	-0-	-0-
12/31/2004	2,823,300	3,318,402	3,308,446	-0-	-0-
09/30/2004	1,279,000	2,133,600	2,139,496	-0-	-0-
*06/30/2004	-0-	-0-	-0-	-0-	-0-
03/31/2004	-0-	-0-	-0-	-0-	-0-
12/31/2003	-0-	-0-	-0-	-0-	-0-
09/30/2003	-0-	-0-	-0-	-0-	-0-
06/30/2003	-0-	-0-	-0-	-0-	-0-
03/31/2003	-0-	-0-	-0-	-0-	-0-

* Effective 6/30/04 the above information reflects rebate activity with Caremark only. Under the previous contract with Medco, guaranteed rebates were paid in full at the end of each quarter. Above data excludes ASC and national groups.

(B) Risk Sharing Receivables - None

29. Participating Policies – None

30. Premium Deficiency Reserves

As of December 31, 2005, the Company had liabilities of \$25,200,000 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation

Recoveries from salvage and subrogation are implicitly accounted for in the estimation of claim liabilities. The amount of such recoveries is de minimis.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	35,681,994	4.028	35,681,994	4.028
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	974,746	0.110	974,746	0.110
1.22 Issued by U.S. government sponsored agencies	995,114	0.112	995,114	0.112
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	51,240,243	5.784	51,240,243	5.784
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	1,847,015	0.209	1,847,015	0.209
1.512 Issued or guaranteed by FNMA and FHLMC	6,357,264	0.718	6,357,264	0.718
1.513 All other	5,870,785	0.663	5,870,785	0.663
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	848,637	0.096	848,637	0.096
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	28,861,533	3.258	28,861,533	3.258
1.523 All other	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	171,734,507	19.386	171,734,507	19.386
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	233,038,290	26.307	233,038,290	26.307
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	50,700,426	5.723	50,700,426	5.723
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	155,492,276	17.553	155,492,276	17.553
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
4.6 Mezzanine real estate loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (including \$ 0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Contract loans	0	0.000	0	0.000
7. Receivables for securities	346,542	0.000	346,542	0.000
8. Cash, cash equivalents and short-term investments	141,864,492	16.014	141,864,492	16.014
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	885,853,864	100.000	885,853,864	100.000

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 [] NA []
- 1.3 State Regulating? Pennsylvania.....
- 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:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2001
- 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.12/31/2001
- 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).02/05/2004
- 3.4 By what department or departments? Pennsylvania Insurance Department
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes [] No [X]
 - 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes [] No [X]
 - 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
 - 7.21 State the percentage of foreign control;
 - 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Twenty-second Floor, 1700 Market Street, Philadelphia, PA 19103-3984
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Kathryn A. Galarneau, FSA, MAAA, Vice President & Chief Actuary, Independence Blue Cross, 39th Floor, 1901 Market Street, Philadelphia, PA 19103-1480
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved.....
- 11.13 Total book/adjusted carrying value \$
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

13. 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 []
14. 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 []
15. 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 likely to conflict with the official duties of such person?..... Yes [X] No []

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers .. \$0
- 16.12 To stockholders not officers ... \$0
- 16.13 Trustees, supreme or grand (Fraternal only) \$0
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers ... \$0
- 16.22 To stockholders not officers ... \$0
- 16.23 Trustees, supreme or grand (Fraternal only) \$0
- 17.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others \$0
- 17.22 Borrowed from others \$0
- 17.23 Leased from others \$0
- 17.24 Other \$0
- 18.1 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]
- 18.2 If answer is yes,
- 18.21 Amount paid as losses or risk adjustment \$0
- 18.22 Amount paid as expenses \$0
- 18.23 Other amounts paid \$0
- 19.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 19.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount:.....\$155,217,671

GENERAL INTERROGATORIES

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [] No []

20.2 If no, give full and complete information relating thereto:

21.1 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, except as shown on the Schedule E - Part 3 - Special Deposits; 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 17.1) Yes [] No []

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

	21.21	Loaned to others	\$	0
	21.22	Subject to repurchase agreements	\$	0
	21.23	Subject to reverse repurchase agreements	\$	0
	21.24	Subject to dollar repurchase agreements	\$	0
	21.25	Subject to reverse dollar repurchase agreements	\$	0
	21.26	Pledged as collateral	\$	0
	21.27	Placed under option agreements	\$	0
	21.28	Letter stock or other securities restricted as to sale ...	\$	0
	21.29	Other	\$	0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

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

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

23.1 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 []

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

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, 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 Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

24.01 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
Wachovia Bank, NA.....	123 S. Broad Street, Philadelphia, PA 19109.....

24.02 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)	2 Complete Explanation(s)
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [] No [X]

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

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

24.05 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	2 Address
105098.....	Weaver C. Barksdale & Associates.....	10 Cadillac Drive, Suite 4550, Brentwood, TN 37027.....
107105.....	Blackrock Inc.....	345 Park Avenue, 30th Floor, New York, NY 10154.....
113859.....	Cooke & Bieler, L.P.....	1700 Market Street, Suite 3222, Philadelphia, PA 19103.....
105390.....	Delaware Investments.....	2005 Market Street, Philadelphia, PA 19103-7094.....
107296.....	Duff & Phelps.....	55 East Monroe Street, Suite 3600, Chicago, IL 60603.....
EXEMPT.....	Emerald Venture Capital.....	500 N. Gulph Road, Suite 401, King of Prussia, PA 19406.....
104594.....	Evergreen Investment Mgmt. Co.....	200 Berkeley Street, Boston, MA 02116-5034.....
104594.....	Evergreen Investments.....	333 Technology Drive, PA5907, Malvern, PA 19355.....
105499.....	Flaherty & Crumrine.....	301 East Colorado Boulevard, Suite 720, Pasadena, CA 91101.....
109367.....	Gartmore Global Investments.....	Five Tower Bridge, 300 Barr Harbor Drive, Suite 300, West Conshohocken, PA 19428.....
126013.....	Old Glory Asset Management LLC.....	5 Great Valley Parkway, Suite 326, Malvern, PA 19355.....
113789.....	SEI.....	One Freedom Valley Drive, Oaks, PA 19456.....
110035.....	SHAY Assets Management, Inc.....	230 W. Monroe Street, Suite 2810, Chicago, IL 60606.....
18217.....	Spectrum Asset Management.....	Four High Ridge Park, Stamford, CT 06905.....
106595.....	Wellington Management Co., LLP.....	75 State Street, Boston, MA 02109.....

25.1 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 []

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2001. 299908-83-0.....	Evergreen International Bond Fund.....	49,276,868
25.2002. 299908-20-2.....	Evergreen Short Intermediate Bond Fund.....	28,489,925
25.2003. 783980-10-5.....	SEI Large Cap (SIIT).....	23,928,296
25.2004. 783980-70-9.....	SEI Small Cap (SIIT).....	2,071,832
25.2999 TOTAL		103,766,921

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

1 Name of Mutual Fund	2 Name of Significant Holding	3 Amount of Mutual Fund's Book/Adjusted Carrying Value	4
.....

GENERAL INTERROGATORIES

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding Of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Evergreen International Bond Fund	Totalkredit (2.51%, 1/1/15)	3,252,273	12/31/2005
Evergreen International Bond Fund	Australia (5.03%, 8/20/20)	1,971,075	12/31/2005
Evergreen International Bond Fund	Norway (5.50%, 5/15/09)	1,773,967	12/31/2005
Evergreen International Bond Fund	Nykredit (5.00%, 10/1/35)	1,724,690	12/31/2005
Evergreen International Bond Fund	France (1.64%, 7/25/15)	1,675,414	12/31/2005
SEI Large Cap (SIIT)	Exxon Mobil Corp	1,339,985	12/31/2005
SEI Large Cap (SIIT)	Citigroup	957,132	12/31/2005
SEI Large Cap (SIIT)	Bank of America	710,670	12/31/2005
SEI Large Cap (SIIT)	Pfizer	650,850	12/31/2005
SEI Large Cap (SIIT)	S&P .500 Index (Fut)	641,278	12/31/2005
Evergreen Short Intermediate Bond Fund	U.S. Tbonds, .7.50%	2,598,281	12/31/2005
Evergreen Short Intermediate Bond Fund	U.S. Tnotes, 2.75%	643,872	12/31/2005
Evergreen Short Intermediate Bond Fund	FNMA, 4.50%	527,064	12/31/2005
Evergreen Short Intermediate Bond Fund	FNMA, 5.50%	413,104	12/31/2005
Evergreen Short Intermediate Bond Fund	FNMA, 5.50%	384,614	12/31/2005
SEI Small Cap (SIIT)	Russell Index (Fut)	91,161	12/31/2005
SEI Small Cap (SIIT)	Polycom	19,061	12/31/2005
SEI Small Cap (SIIT)	Cephalon	18,232	12/31/2005
SEI Small Cap (SIIT)	Cubist Pharmaceuticals	13,674	12/31/2005
SEI Small Cap (SIIT)	Maxtor	13,053	12/31/2005

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

GENERAL INTERROGATORIES

26. 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 (+)
26.1 Bonds.....	537,765,683	531,328,833	(6,436,850)
26.2 Preferred stocks.....	50,700,426	50,366,729	(333,697)
26.3 Totals	588,466,109	581,695,562	(6,770,547)

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

FT Interactive Systems.....

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

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$873,569

28.2 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.....	873,569

29.1 Amount of payments for legal expenses, if any?.....\$800,699

29.2 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
Dugan Brinkman Maginnis and Pace.....	201,314

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

30.2 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
.....	
.....	

22.2 Please refer to the Notes to Financials number 8. Derivative Instruments

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$0
- 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. \$0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0

2. Health Test:

	1		2
	Current Year		Prior Year
2.1 Premium Numerator	\$2,881,971,185	\$	.....2,652,249,264
2.2 Premium Denominator	\$2,881,971,185	\$	.....2,652,186,337
2.3 Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4 Reserve Numerator	\$440,535,280	\$	.....419,286,224
2.5 Reserve Denominator	\$449,852,179	\$	.....432,718,359
2.6 Reserve Ratio (2.4/2.5)	.....0.979		.....0.969

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No []
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]
- 5.2 If no, explain:
Stop-loss reinsurance is not required
- 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 \$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:
To protect members against insolvency, provider contracts contain hold harmless provisions, as well as provisions that require the continued rendering of services in the event of termination for any reason. In addition, the Plan maintains the required reserves on deposit in the state.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data 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 37,707
- 8.2 Number of providers at end of reporting year 39,582
- 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 months0
- 9.22 Business with rate guarantees over 36 months0

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? Yes [] No [X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$0
- 10.22 Amount actually paid for year bonuses \$0
- 10.23 Maximum amount payable withholds \$0
- 10.24 Amount actually paid for year withholds \$0
- 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. Pennsylvania
- 11.4 If yes, show the amount required. \$1,650,000
- 11.5 Is this amount included as part of a contingency reserve in stockholders equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation.
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
State of Arizona.....
State of Colorado.....
State of Delaware.....
District of Columbia.....
State of Florida.....
State of Georgia.....
State of Indiana.....
State of Kansas.....
State of Massachusetts.....
State of Mississippi.....
State of Montana.....
State of Nebraska.....
State of Nevada.....
State of New Mexico.....
State of North Dakota.....
State of Ohio.....
State of Oklahoma.....
State of Pennsylvania.....
State of South Carolina.....
State of South Dakota.....
State of Tennessee.....
State of Texas.....
State of Utah.....
State of Washington.....
State of West Virginia.....
U. S. Virgin Islands.....

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	1,322,040,665	1,104,415,719	1,076,535,633	951,641,826	742,804,702
2. Total liabilities (Page 3, Line 22)	794,176,849	666,327,982	719,257,406	680,727,255	511,340,127
3. Statutory surplus		0	0	0	0
4. Total capital and surplus (Page 3, Line 31)	527,863,816	438,087,737	357,278,227	270,914,571	231,464,575
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	2,888,819,764	2,654,273,362	2,514,770,612	2,250,609,677	2,071,460,088
6. Total medical and hospital expenses (Line 18)	2,438,710,013	2,248,556,360	2,070,954,612	1,876,684,125	1,704,323,891
7. Claims adjustment expenses (Line 20)	148,302,813	139,578,474	146,342,601	125,610,234	4,375,029
8. Total administrative expenses (Line 21)	196,473,366	177,437,826	157,326,525	140,142,230	270,493,788
9. Net underwriting gain (loss) (Line 24)	96,051,695	78,271,564	120,376,548	108,173,088	92,267,380
10. Net investment gain (loss) (Line 27)	38,196,363	21,089,067	20,364,082	(5,585,532)	12,003,841
11. Total other income (Lines 28 plus 29)	0	0	0	(2,254,067)	(140,973)
12. Net income (loss) (Line 32)	86,509,058	61,588,631	99,208,630	53,352,489	71,649,248
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital	527,863,816	438,087,737	357,278,227	270,914,571	237,085,561
14. Authorized control level risk-based capital	99,533,329	88,110,506	79,182,562	65,240,007	72,095,942
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	738,657	747,097	753,179	782,289	0
16. Total member months (Column 6, Line 7)	8,808,337	8,972,579	9,197,710	9,493,120	0
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	84.6				
19. Cost containment expenses	2.3	0.0	XXX	XXX	XXX
20. Other claims adjustment expenses	2.8	0.0	6.0	6.0	0.0
21. Total underwriting deductions (Line 23)	96.7	97.1	95.2	95.2	95.5
22. Total underwriting gain (loss) (Line 24)	3.3	2.9	4.8	4.8	4.5
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	318,372,988	338,504,708	356,456,320	243,752,340	236,860,030
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	375,282,054	431,588,168	434,806,873	357,443,964	290,310,685
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	8,000,000
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate	0	0	0	0	0
30. All other affiliated	0	0	0	10,500,000	0
31. Total of above Lines 25 to 30	0	0	0	10,500,000	8,000,000

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS				
1. United States	43,447,307	42,695,000	43,472,617	43,105,989
Governments (Including all obligations guaranteed by governments)				
2. Canada	0	0	0	0
3. Other Countries	0	0	0	0
4. Totals	43,447,307	42,695,000	43,472,617	43,105,989
States, Territories and Possessions (Direct and guaranteed)				
5. United States	51,240,243	50,636,423	51,966,055	47,040,000
6. Canada	0	0	0	0
7. Other Countries	0	0	0	0
8. Totals	51,240,243	50,636,423	51,966,055	47,040,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)				
9. United States	0	0	0	0
10. Canada	0	0	0	0
11. Other Countries	0	0	0	0
12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions				
13. United States	11,914,417	11,623,766	11,881,003	11,444,736
14. Canada	0	0	0	0
15. Other Countries	0	0	0	0
16. Totals	11,914,417	11,623,766	11,881,003	11,444,736
Public Utilities (unaffiliated)				
17. United States	0	0	0	0
18. Canada	0	0	0	0
19. Other Countries	0	0	0	0
20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)				
21. United States	326,984,365	322,813,273	331,552,745	208,725,335
22. Canada	0	0	0	0
23. Other Countries	0	0	0	0
24. Totals	326,984,365	322,813,273	331,552,745	208,725,335
Parent, Subsidiaries and Affiliates				
25. Totals	0	0	0	0
26. Total Bonds	433,586,332	427,768,462	438,872,420	310,316,060
PREFERRED STOCKS				
27. United States	7,819,948	7,799,296	7,902,683	
Public Utilities (unaffiliated)				
28. Canada	0	0	0	
29. Other Countries	0	0	0	
30. Totals	7,819,948	7,799,296	7,902,683	
Banks, Trust and Insurance Companies (unaffiliated)				
31. United States	0	0	0	
32. Canada	0	0	0	
33. Other Countries	0	0	0	
34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)				
35. United States	42,880,478	42,567,433	43,310,604	
36. Canada	0	0	0	
37. Other Countries	0	0	0	
38. Totals	42,880,478	42,567,433	43,310,604	
Parent, Subsidiaries and Affiliates				
39. Totals	0	0	0	
40. Total Preferred Stocks	50,700,426	50,366,729	51,213,287	
COMMON STOCKS				
41. United States	274,500	274,500	235,954	
Public Utilities (unaffiliated)				
42. Canada	0	0	0	
43. Other Countries	0	0	0	
44. Totals	274,500	274,500	235,954	
Banks, Trust and Insurance Companies (unaffiliated)				
45. United States	8,539,072	8,539,072	7,769,988	
46. Canada	0	0	0	
47. Other Countries	0	0	0	
48. Totals	8,539,072	8,539,072	7,769,988	
Industrial and Miscellaneous (unaffiliated)				
49. United States	249,938,894	249,938,894	232,166,342	
50. Canada	0	0	0	
51. Other Countries	506,731	506,731	411,307	
52. Totals	250,445,625	250,445,625	232,577,649	
Parent, Subsidiaries and Affiliates				
53. Totals	0	0	10,500,000	
54. Total Common Stocks	259,259,197	259,259,197	251,083,591	
55. Total Stocks	309,959,623	309,625,926	302,296,878	
56. Total Bonds and Stocks	743,545,955	737,394,388	741,169,298	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	858,778,453	7. Amortization of premium.....	2,068,937
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	482,310,345	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	146,145	8.1 Column 15, Part 1.....	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	(3,261,163)	8.3 Column 16, Part 2, Sec. 2.....	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	(518,553)	8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Sec. 2.....	(5,476,198)	9. Book/adjusted carrying value at end of current period.....	743,545,954
4.4 Columns 11 - 13, Part 4.....	(19,571,504)	10. Total valuation allowance.....	0
5. Total gain (loss), Col. 19, Part 4.....	14,530,724	11. Subtotal (Lines 9 plus 10).....	743,545,954
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4.....	590,579,272	12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current period.....	743,545,954

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only					
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL		No						
2. Alaska AK		No						
3. Arizona AZ		Yes						
4. Arkansas AR		No						
5. California CA		No						
6. Colorado CO		Yes						
7. Connecticut CT		No						
8. Delaware DE		Yes	4,087,475					
9. District of Columbia DC		Yes						
10. Florida FL		Yes						
11. Georgia GA		Yes						
12. Hawaii HI		No						
13. Idaho ID		No						
14. Illinois IL		No						
15. Indiana IN		Yes						
16. Iowa IA		No						
17. Kansas KS		Yes						
18. Kentucky KY		No						
19. Louisiana LA		No						
20. Maine ME		No						
21. Maryland MD		No						
22. Massachusetts MA		Yes						
23. Michigan MI		No						
24. Minnesota MN		No						
25. Mississippi MS		Yes						
26. Missouri MO		No						
27. Montana MT		Yes						
28. Nebraska NE		Yes						
29. Nevada NV		Yes						
30. New Hampshire NH		No						
31. New Jersey NJ		No						
32. New Mexico NM		Yes						
33. New York NY		No						
34. North Carolina NC		No						
35. North Dakota ND		Yes						
36. Ohio OH		Yes						
37. Oklahoma OK		Yes						
38. Oregon OR		No						
39. Pennsylvania PA		Yes	2,602,137,552	274,402,669				
40. Rhode Island RI		No						
41. South Carolina SC		Yes						
42. South Dakota SD		Yes						
43. Tennessee TN		Yes						
44. Texas TX		Yes						
45. Utah UT		Yes						
46. Vermont VT		No						
47. Virginia VA		No						
48. Washington WA		Yes						
49. West Virginia WV		Yes						
50. Wisconsin WI		No						
51. Wyoming WY		No						
52. American Samoa AS		No						
53. Guam GU		No						
54. Puerto Rico PR		No						
55. U.S. Virgin Islands VI		Yes						
56. Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Subtotal	XXX	XXX	2,606,225,027	274,402,669	0	0	0	0
59. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
60. Total (Direct Business)	XXX	(a) 26	2,606,225,027	274,402,669	0	0	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0	0

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

(a) Insert the number of yes responses except for Canada and other Alien.

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE QCC INSURANCE COMPANY

SCHEDULE T – PART 2
 INTERSTATE COMPACT PRODUCTS – EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	Direct Business Only					Totals
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL					0
2. Alaska	AK					0
3. Arizona	AZ					0
4. Arkansas	AR					0
5. California	CA					0
6. Colorado	CO					0
7. Connecticut	CT					0
8. Delaware	DE					0
9. District of Columbia	DC					0
10. Florida	FL					0
11. Georgia	GA					0
12. Hawaii	HI					0
13. Idaho	ID					0
14. Illinois	IL					0
15. Indiana	IN					0
16. Iowa	IA					0
17. Kansas	KS					0
18. Kentucky	KY					0
19. Louisiana	LA					0
20. Maine	ME					0
21. Maryland	MD					0
22. Massachusetts	MA					0
23. Michigan	MI					0
24. Minnesota	MN					0
25. Mississippi	MS					0
26. Missouri	MO					0
27. Montana	MT					0
28. Nebraska	NE					0
29. Nevada	NV					0
30. New Hampshire	NH					0
31. New Jersey	NJ					0
32. New Mexico	NM					0
33. New York	NY					0
34. North Carolina	NC					0
35. North Dakota	ND					0
36. Ohio	OH					0
37. Oklahoma	OK					0
38. Oregon	OR					0
39. Pennsylvania	PA					0
40. Rhode Island	RI					0
41. South Carolina	SC					0
42. South Dakota	SD					0
43. Tennessee	TN					0
44. Texas	TX					0
45. Utah	UT					0
46. Vermont	VT					0
47. Virginia	VA					0
48. Washington	WA					0
49. West Virginia	WV					0
50. Wisconsin	WI					0
51. Wyoming	WY					0
52. American Samoa	AS					0
53. Guam	GU					0
54. Puerto Rico	PR					0
55. U.S. Virgin Islands	VI					0
56. Canada	CN					0
57. Other Alien	OT					0
58. Totals		0	0	0	0	0

NONE

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

PART 1 - ORGANIZATIONAL CHART

Organizational Structure	State of Incorporation	Employer ID	NAIC Code
1. Independence Blue Cross	PA	23-0370270	54704
2. IBC/HBS Caring Foundation For Children (50%)	PA	22-2724721	
3. Inter-County Hospitalization Plan, Inc. (50%)	PA	23-0724427	54763
4. Preferred Health Systems, Incorporated	PA	23-2219720	
5. Inter County Health Plan, Inc. (50%)	PA	23-2063810	53252
6. AmeriHealth, Inc.	PA	23-2425461	
7. AmeriHealth Insurance Company of New Jersey	NJ	22-3338404	60061
8. Healthcare Delaware, Inc.	DE	51-0296135	95794
9. AmeriHealth Integrated Workers Compensation Management, Inc.	PA	23-2723299	
10. Independence Healthcare Management, Inc.	PA	23-2671650	
11. The AmeriHealth Agency, Inc.	PA	23-2800586	
12. AmeriHealth Administrators	PA	23-2521508	
13. QCC Insurance Company	PA	23-2184623	93688
14. AmeriHealth Casualty Insurance Company	DE	06-1505051	10975
15. Independence Insurance, Inc.	DE	23-2865349	60254
16. AmeriHealth Services, Inc.	PA	23-2795357	
17. New Seasons Assisted Living Communities, Inc.	PA	23-2824200	
18. CompServices, Inc.	PA	25-1686685	
19. CSI Services, Inc.	PA	25-1765486	
20. AmeriHealth Integrated Benefits, Inc.	DE	23-2317715	
21. AmeriHealth HMO, Inc.	PA	23-2314460	95044
22. AmeriHealth Integrated Case Management, Inc.	PA	23-2754696	
23. AmeriHealth Mercy Health Plan (50%)	PA	23-2859523	
24. Select Health of South Carolina	SC	57-1032456	95458
25. Vista Health Plan, Inc.	PA	23-2408039	96660
26. Keystone Health Plan East, Inc.	PA	23-2405376	95056
27. Keystone Health Systems, Inc.	PA	23-2773183	
28. Keystone Benefits, Inc.	PA	23-2864737	
29. Keystone Mercy Health Plan(50%)	PA	23-2842344	
30. Independence Holdings, Inc.	PA	23-2982367	
31. La Cruz Azul de Puerto Rico	PR	66-0195325	53546
32. AmeriHealth Assurance, Ltd.	BM	98-0426648	

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

PART 1 - ORGANIZATIONAL CHART