



**HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2006
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

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
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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

<u>Joseph Anthony Frick</u> , <u>John George Foes</u>	<u>President</u> <u>Treasurer</u>	<u>Paul Andrew Tufano</u> , <u></u>	<u>Secretary</u> <u></u>
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OTHER OFFICERS

<u>Yvette Dapremont Bright #</u> , <u>John Christopher Cashman</u> , <u>Michael Anthony Green</u> , <u>Karen Goldsmith Lessin</u> , <u>Kathleen Anne McEndy</u> , <u>Richard Joseph Neeson</u> , <u>Rosemary Anne Park</u>	<u>SR. V.P.</u> <u>SR. V.P.</u> <u>SR. V.P.</u> <u>SR. V.P.</u> <u>SR. V.P.</u> <u>SR. V.P.</u> <u>SR. V.P.</u>	<u>Christopher Desmond Butler</u> , <u>John Allan Daddis</u> , <u>William Frederick Haggett #</u> , <u>Daniel Coombs Lyons, M.D.</u> , <u>Donna O'Leary Moore</u> , <u>Thomas Francis Pappalardo</u> , <u>Ian Steven Udvarhelyi, M.D.</u>	<u>Executive V.P.</u> <u>SR. V.P.</u> <u>Chief Marketing Executive</u> <u>SR. V.P.</u> <u>SR. V.P.</u> <u>SR. V.P.</u> <u>SR. V.P.</u>
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DIRECTORS OR TRUSTEES

<u>Christopher Desmond Butler</u> , <u>William Frederick Haggett</u>	<u>John Allan Daddis</u> <u>Rosemary Anne Park</u>	<u>John George Foes</u>	<u>Joseph Anthony Frick</u>
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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
27 day of February, 2007

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 2006 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).....	443,767,237		443,767,237	433,586,331
2. Stocks (Schedule D):				
2.1 Preferred stocks	55,437,262		55,437,262	50,700,426
2.2 Common stocks	316,328,498	623,444	315,705,054	259,259,198
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 (\$64,795,438 , Schedule E, Part 1), cash equivalents (\$242,750,082 , Schedule E, Part 2) and short-term investments (\$128,239,047 , Schedule DA).....	435,784,568		435,784,568	141,864,492
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities	168,740		168,740	346,542
9. Aggregate write-ins for invested assets	31,640	0	31,640	96,875
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,251,517,945	623,444	1,250,894,501	885,853,864
11. Title plants less \$charged off (for Title Insurers only)			0	0
12. Investment income due and accrued	7,924,153		7,924,153	5,455,100
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	57,365,532	17,091,744	40,273,788	77,237,124
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	122,012,495	7,544,160	114,468,335	121,387,606
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset.....	44,147,545	831,000	43,316,545	38,617,291
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	39,235,203		39,235,203	155,217,671
22. Health care (\$42,428,983) and other amounts receivable.....	43,608,347	4,664,279	38,944,068	35,100,889
23. Aggregate write-ins for other than invested assets	6,118,695	62,383	6,056,312	3,171,120
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	1,571,929,915	30,817,010	1,541,112,905	1,322,040,665
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	1,571,929,915	30,817,010	1,541,112,905	1,322,040,665
DETAILS OF WRITE-INS				
0901. Puts.....	31,640		31,640	96,875
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)	31,640	0	31,640	96,875
2301. Prepaid expenses.....	62,383	62,383	0	0
2302. Intangible assets.....	754,385		754,385	2,563,485
2303. Assumed reinsurance receivables.....	1,054,474		1,054,474	607,635
2398. Summary of remaining write-ins for Line 23 from overflow page	4,247,453	0	4,247,453	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	6,118,695	62,383	6,056,312	3,171,120

ANNUAL STATEMENT FOR THE YEAR 2006 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)	365,452,462		365,452,462	406,107,090
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	6,556,371		6,556,371	9,594,190
4. Aggregate health policy reserves	58,616,477		58,616,477	36,165,607
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	8,312,551		8,312,551	7,579,482
8. Premiums received in advance	232,275,803		232,275,803	221,075,429
9. General expenses due or accrued	30,740,177		30,740,177	38,475,725
10.1 Current federal and foreign income tax payable and interest thereon (including \$1,297,000 on realized capital gains (losses))	7,980,535		7,980,535	14,518,884
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	17,155,627		17,155,627	36,640,207
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	17,604,226		17,604,226	17,629,204
16. Payable for securities	1,514,046		1,514,046	1,221,945
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 plans	159,566,948		159,566,948	5,169,086
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	905,775,223	0	905,775,223	794,176,849
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	445,819,165	338,345,299
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	635,337,682	527,863,816
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	1,541,112,905	1,322,040,665
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 through 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 through 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 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE QCC INSURANCE COMPANY

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	10,731,445	8,808,337
2. Net premium income (including \$0 non-health premium income).....	XXX	3,055,351,387	2,881,971,185
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	(20,850,870)	6,848,579
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	3,034,500,517	2,888,819,764
Hospital and Medical:			
9. Hospital/medical benefits.....		2,540,976,281	2,437,787,825
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	2,540,976,281	2,437,787,825
Less:			
17. Net reinsurance recoveries.....		(2,521,325)	(922,188)
18. Total hospital and medical (Lines 16 minus 17).....	0	2,543,497,606	2,438,710,013
19. Non-health claims (net).....		8,060,910	5,981,877
20. Claims adjustment expenses, including \$69,280,427 cost containment expenses.....		194,907,209	148,302,813
21. General administrative expenses.....		205,404,943	196,473,366
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....	0	1,600,000	3,300,000
23. Total underwriting deductions (Lines 18 through 22).....	0	2,953,470,668	2,792,768,069
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	81,029,849	96,051,695
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		44,995,831	35,096,308
26. Net realized capital gains (losses) less capital gains tax of \$1,278,000.....		8,727,951	3,100,055
27. Net investment gains (losses) (Lines 25 plus 26).....	0	53,723,782	38,196,363
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	134,753,631	134,248,058
31. Federal and foreign income taxes incurred.....	XXX	43,451,000	47,739,000
32. Net income (loss) (Lines 30 minus 31).....	XXX	91,302,631	86,509,058
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 through 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 through 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 through 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 through 2903 plus 2998) (Line 29 above).....	0	0	0

STATEMENT OF REVENUE AND EXPENSES (continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	527,863,816	438,087,737
34. Net income or (loss) from Line 32	91,302,631	86,509,058
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$8,105,000	14,631,034	(7,928,098)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	1,440,813	(3,003,734)
39. Change in nonadmitted assets	99,388	14,198,853
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
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		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
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	107,473,866	89,776,079
49. Capital and surplus end of reporting period (Line 33 plus 48)	635,337,682	527,863,816
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 through 4703 plus 4798) (Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 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.....	3,115,914,972	2,907,964,026
2. Net investment income.....	44,074,987	38,071,894
3. Miscellaneous income.....	0	0
4. Total (Lines 1 through 3).....	3,159,989,959	2,946,035,920
5. Benefits and loss related payments.....	2,593,080,075	2,415,980,543
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	246,338,708	330,708,871
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	54,150,416	51,843,116
10. Total (Lines 5 through 9).....	2,893,569,199	2,798,532,530
11. Net cash from operations (Line 4 minus Line 10).....	266,420,760	147,503,390
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	301,693,076	411,132,741
12.2 Stocks.....	131,903,121	179,446,531
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.....	78,176	12,500
12.7 Miscellaneous proceeds.....	614,080	972,278
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	434,288,453	591,564,050
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	314,737,079	296,219,168
13.2 Stocks.....	156,854,552	186,091,177
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	2,954,956	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	474,546,587	482,310,345
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).....	(40,258,134)	109,253,705
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	0
16.6 Other cash provided (applied).....	67,757,450	(98,834,331)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	67,757,450	(98,834,331)
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).....	293,920,076	157,922,764
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	141,864,492	(16,058,272)
19.2 End of year (Line 18 plus Line 19.1).....	435,784,568	141,864,492

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE QCC INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	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	3,055,351,387	2,524,713,538	0	0	3,665,654	0	305,146,058	0	5,102,493	0	0	216,723,644	0
2. Change in unearned premium reserves and reserve for rate credit	(20,850,870)	533,819					(5,816,885)					(15,567,804)	
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)	3,034,500,517	2,525,247,357	0	0	3,665,654	0	299,329,173	0	5,102,493	0	0	201,155,840	0
8. Hospital/medical/ benefits	2,540,976,281	2,110,064,926			2,255,495		284,295,754		1,031,456			143,328,650	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)	2,540,976,281	2,110,064,926	0	0	2,255,495	0	284,295,754	0	1,031,456	0	0	143,328,650	XXX
16. Net reinsurance recoveries	(2,521,325)								(2,521,325)				XXX
17. Total hospital and medical (Lines 15 minus 16)	2,543,497,606	2,110,064,926	0	0	2,255,495	0	284,295,754	0	3,552,781	0	0	143,328,650	XXX
18. Non-health claims (net)	8,060,910	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,060,910
19. Claims adjustment expenses including \$ 69,280,427 cost containment expenses	194,907,209	166,378,239			241,566		8,325,596		336,254			19,625,554	0
20. General administrative expenses	205,404,943	175,339,398			254,577		8,774,014		354,364			20,682,590	0
21. Increase in reserves for accident and health contracts	1,600,000	1,600,000											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)	2,953,470,668	2,453,382,563	0	0	2,751,638	0	301,395,364	0	4,243,399	0	0	183,636,794	8,060,910
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	81,029,849	71,864,794	0	0	914,016	0	(2,066,191)	0	859,094	0	0	17,519,046	(8,060,910)
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 through 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 through 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 through 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 2006 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)	2,524,713,538			2,524,713,538
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....	3,665,654			3,665,654
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare	305,146,058			305,146,058
7. Title XIX - Medicaid.....				.0
8. Stop Loss	1,115,115	3,987,378		5,102,493
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....	216,723,644			216,723,644
12. Health subtotal (Lines 1 through 11)	3,051,364,009	3,987,378	.0	3,055,351,387
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	3,051,364,009	3,987,378	0	3,055,351,387

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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	2,593,561,238	2,152,887,726			2,255,495		304,223,227		2,219,828			134,194,790	7,823,530
1.2 Reinsurance assumed	10,043,358												
1.3 Reinsurance ceded	0												
1.4 Net	2,603,604,596	2,152,887,726	0	0	2,255,495	0	304,223,227	0	2,219,828	0	0	134,194,790	7,823,530
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	361,533,634	288,838,459	0	0	0	0	37,844,360	0	12,142,299	0	0	22,708,516	0
3.2 Reinsurance assumed	3,918,828	0	0	0	0	0	0	0	2,677,100	0	0	0	1,241,728
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	365,452,462	288,838,459	0	0	0	0	37,844,360	0	14,819,399	0	0	22,708,516	1,241,728
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	8,312,551												8,312,551
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	8,312,551	0	0	0	0	0	0	0	0	0	0	0	8,312,551
5. Accrued medical incentive pools and bonuses, current year	0												
6. Net healthcare receivables (a)	(12,124,520)	1,337,932					112,203					(13,574,655)	
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	401,994,070	332,999,192	0	0	0	0	57,884,035	0	11,110,843	0	0	0	0
8.2 Reinsurance assumed	4,113,020	0	0	0	0	0	0	0	2,375,603	0	0	0	1,737,417
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	406,107,090	332,999,192	0	0	0	0	57,884,035	0	13,486,446	0	0	0	1,737,417
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	7,579,482	0	0	0	0	0	0	0	0	0	0	0	7,579,482
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	7,579,482	0	0	0	0	0	0	0	0	0	0	0	7,579,482
10. Accrued medical incentive pools and bonuses, prior year	0												
11. Amounts recoverable from reinsurers December 31, prior year	0												
12. Incurred Benefits:													
12.1 Direct	2,540,976,282	2,110,064,925	0	0	2,255,495	0	284,295,755	0	1,031,456	0	0	143,328,651	0
12.2 Reinsurance assumed	10,582,235	0	0	0	0	0	0	0	2,521,325	0	0	0	8,060,910
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	2,551,558,517	2,110,064,925	0	0	2,255,495	0	284,295,755	0	3,552,781	0	0	143,328,651	8,060,910
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ 23,919,546 loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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 (Hospital & Medical)	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	26,651,374	22,188,610					4,462,764						
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	26,651,374	22,188,610	0	0	0	0	4,462,764	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	334,882,260	266,649,849					33,381,596		12,142,299			22,708,516	
2.2. Reinsurance assumed	3,918,828								2,677,100			0	1,241,728
2.3. Reinsurance ceded	0												
2.4. Net	338,801,088	266,649,849	0	0	0	0	33,381,596	0	14,819,399	0	0	22,708,516	1,241,728
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	361,533,634	288,838,459	0	0	0	0	37,844,360	0	12,142,299	0	0	22,708,516	0
4.2. Reinsurance assumed	3,918,828	0	0	0	0	0	0	0	2,677,100	0	0	0	1,241,728
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	365,452,462	288,838,459	0	0	0	0	37,844,360	0	14,819,399	0	0	22,708,516	1,241,728

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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 Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	242,415,025	1,926,164,711	9,749,312	279,089,149	252,164,337	332,999,192
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only.....	0	0	0	0	0	0
4. Vision Only.....	0	2,255,495	0	0	0	0
5. Federal Employees Health Benefits Plan Premiums	0	0	0	0	0	0
6. Title XVIII - Medicare	39,425,008	266,395,339	1,383,042	36,461,317	40,808,050	57,884,036
7. Title XIX - Medicaid.....	0	0	0	0	0	0
8. Other health	1,492,620	152,590,774	13,305,924	24,221,990	14,798,544	13,486,446
9. Health subtotal (Lines 1 to 8).....	283,332,653	2,347,406,319	24,438,278	339,772,456	307,770,931	404,369,674
10. Healthcare receivables (a).....	9,532,512	25,425,394	0	18,517,690	9,532,512	6,393,170
11. Other non-health.....	7,823,530	0	9,554,279	0	17,377,809	9,316,899
12. Medical incentive pools and bonus amounts	0	0	0	0	0	0
13. Totals (Lines 9 - 10 + 11 + 12)	281,623,671	2,321,980,925	33,992,557	321,254,766	315,616,228	407,293,403

(a) Excludes \$23,919,546 loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	
2. 2002	1,439,410	1,688,840	1,699,041	1,699,041	1,699,041
3. 2003	XXX	1,608,928	1,851,398	1,859,241	1,858,842
4. 2004	XXX	XXX	1,795,030	2,019,791	2,022,435
5. 2005	XXX	XXX	XXX	1,928,039	2,168,209
6. 2006	XXX	XXX	XXX	XXX	1,926,165

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002	1,765,596	1,713,655	1,699,041	1,699,041	1,699,041
3. 2003	XXX	1,929,745	1,861,950	1,859,241	1,858,842
4. 2004	XXX	XXX	2,092,404	2,032,826	2,022,435
5. 2005	XXX	XXX	XXX	2,248,003	2,177,959
6. 2006	XXX	XXX	XXX	XXX	2,205,254

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 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	2,034,409	1,699,041	112,727	6.6	1,811,768	89.1			1,811,768	89.1
2. 2003	2,265,653	1,858,842	164,272	8.8	2,023,114	89.3			2,023,114	89.3
3. 2004	2,407,696	2,022,435	127,733	6.3	2,150,168	89.3			2,150,168	89.3
4. 2005	2,622,206	2,168,209	135,283	6.2	2,303,492	87.8	9,749	217	2,313,458	88.2
5. 2006	2,525,247	1,926,165	164,479	8.5	2,090,644	82.8	279,089	6,206	2,375,939	94.1

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	
2. 2002	212	212	212	212	212
3. 2003	XXX	383	383	383	383
4. 2004	XXX	XXX	328	328	328
5. 2005	XXX	XXX	XXX	376	376
6. 2006	XXX	XXX	XXX	XXX	2,255

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002	212	212	212	212	212
3. 2003	XXX	383	383	383	383
4. 2004	XXX	XXX	328	328	328
5. 2005	XXX	XXX	XXX	376	376
6. 2006	XXX	XXX	XXX	XXX	2,255

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	329	212	18	8.5	230	69.9			230	69.9
2. 2003	395	383	36	9.4	419	106.1			419	106.1
3. 2004	470	328	28	8.5	356	75.7			356	75.7
4. 2005	702	376	26	6.9	402	57.3			402	57.3
5. 2006	3,666	2,255	193	8.6	2,448	66.8			2,448	66.8

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	
2. 2002	145,383	174,226	174,825	174,825	174,825
3. 2003	XXX	168,557	200,494	231,584	231,584
4. 2004	XXX	XXX	198,954	216,150	216,267
5. 2005	XXX	XXX	XXX	206,199	245,507
6. 2006	XXX	XXX	XXX	XXX	266,395

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002	188,666	175,194	174,825	174,825	174,825
3. 2003	XXX	209,793	201,456	231,584	231,584
4. 2004	XXX	XXX	243,155	218,393	216,267
5. 2005	XXX	XXX	XXX	261,840	246,890
6. 2006	XXX	XXX	XXX	XXX	302,857

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	187,191	174,825	10,372	5.9	185,197	98.9			185,197	98.9
2. 2003	214,186	231,584	15,524	6.7	247,108	115.4			247,108	115.4
3. 2004	240,236	216,267	12,942	6.0	229,209	95.4			229,209	95.4
4. 2005	276,734	245,507	14,468	5.9	259,975	93.9	1,383	.5	261,363	94.4
5. 2006	299,329	266,395	22,748	8.5	289,143	96.6	36,461	128	325,732	108.8

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	
2. 2002	8,087	2,934	7,551	7,551	7,551
3. 2003	XXX	4,749	8,391	8,391	8,391
4. 2004	XXX	XXX	269	1,176	1,176
5. 2005	XXX	XXX	XXX	773	2,266
6. 2006	XXX	XXX	XXX	XXX	152,591

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002	35,901	11,302	7,551	7,551	7,551
3. 2003	XXX	14,502	13,557	8,391	8,391
4. 2004	XXX	XXX	8,479	14,273	1,176
5. 2005	XXX	XXX	XXX	1,163	15,572
6. 2006	XXX	XXX	XXX	XXX	176,813

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	28,680	7,551	1,589	21.0	9,140	31.9			9,140	31.9
2. 2003	6,671	8,391	469	5.6	8,860	132.8			8,860	132.8
3. 2004	5,480	1,176	282	24.0	1,458	26.6			1,458	26.6
4. 2005	2,281	2,266	54	2.4	2,320	101.7	13,306		15,626	685.1
5. 2006	206,258	152,591	13,030	8.5	165,621	80.3	24,222		189,843	92.0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	.0
2. 2002	1,593,092	1,866,212	1,881,629	1,881,629	1,881,629
3. 2003	XXX	1,782,617	2,060,666	2,099,599	2,099,200
4. 2004	XXX	XXX	1,994,581	2,237,445	2,240,206
5. 2005	XXX	XXX	XXX	2,135,387	2,416,358
6. 2006	XXX	XXX	XXX	XXX	2,347,406

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	.0
2. 2002	1,990,375	1,900,363	1,881,629	1,881,629	1,881,629
3. 2003	XXX	2,154,423	2,077,346	2,099,599	2,099,200
4. 2004	XXX	XXX	2,344,366	2,265,820	2,240,206
5. 2005	XXX	XXX	XXX	2,511,382	2,440,797
6. 2006	XXX	XXX	XXX	XXX	2,687,179

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	2,250,609	1,881,629	124,706	6.6	2,006,335	89.1	.0	.0	2,006,335	89.1
2. 2003	2,486,905	2,099,200	180,301	8.6	2,279,501	91.7	.0	.0	2,279,501	91.7
3. 2004	2,653,882	2,240,206	140,985	6.3	2,381,191	89.7	.0	.0	2,381,191	89.7
4. 2005	2,901,923	2,416,358	149,831	6.2	2,566,189	88.4	24,438	222	2,590,849	89.3
5. 2006	3,034,500	2,347,406	200,450	8.5	2,547,856	84.0	339,772	6,334	2,893,962	95.4

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT 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	7,604,474	7,604,474										
2. Additional policy reserves (a)	26,800,000	26,800,000										
3. Reserve for future contingent benefits	0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)	24,212,002	1,934,912					6,709,286					15,567,804
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0	0	0	0
6. Totals (Gross)	58,616,476	36,339,386	0	0	0	0	6,709,286	0	0	0	0	15,567,804
7. Reinsurance ceded	0											
8. Totals (Net) (Page 3, Line 4)	58,616,476	36,339,386	0	0	0	0	6,709,286	0	0	0	0	15,567,804
CLAIM RESERVE												
9. Present value of amounts not yet due on claims	8,312,551											8,312,551
10. Reserve for future contingent benefits	0											
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals (Gross)	8,312,551	0	0	0	0	0	0	0	0	0	0	8,312,551
13. Reinsurance ceded	0											
14. Totals (Net) (Page 3, Line 7)	8,312,551	0	0	0	0	0	0	0	0	0	0	8,312,551
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 through 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 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$26,800,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....	4,109,798	8,008,718	9,260,817	0	21,379,333
2. Salaries, wages and other benefits.....	50,490,047	71,802,924	69,662,861	0	191,955,832
3. Commissions (less \$ceded plus \$assumed.....)	0	0	61,605,092		61,605,092
4. Legal fees and expenses.....	8,834	0	237,877		246,711
5. Certifications and accreditation fees.....	0	0	0		0
6. Auditing, actuarial and other consulting services.....	3,211,130	6,648,409	7,555,713		17,415,252
7. Traveling expenses.....	308,519	220,965	1,129,133		1,658,617
8. Marketing and advertising.....	450,441	1,141,189	8,790,795		10,382,425
9. Postage, express and telephone.....	1,956,317	2,498,599	6,459,611		10,914,527
10. Printing and office supplies.....	810,929	1,630,315	2,539,046		4,980,290
11. Occupancy, depreciation and amortization.....	19,767	362	384,001		404,130
12. Equipment.....	3,553,442	2,677,217	19,555,916		25,786,575
13. Cost or depreciation of EDP equipment and software.....	605,572	495,244	5,176,805		6,277,621
14. Outsourced services including EDP, claims, and other services.....	29,480,593	48,450,576	19,991,911		97,923,080
15. Boards, bureaus and association fees.....	2,102	0	1,122,549		1,124,651
16. Insurance, except on real estate.....	3,589,405	476,299	303,858		4,369,562
17. Collection and bank service charges.....	19,251	0	591,704	2,500,860	3,111,815
18. Group service and administration fees.....	(971,041)	(904,159)	(10,209,757)		(12,084,957)
19. Reimbursements by uninsured plans.....	(31,658,447)	(29,821,628)	(55,888,008)		(117,368,083)
20. Reimbursements from fiscal intermediaries.....	0	0	0		0
21. Real estate expenses.....	0	0	0		0
22. Real estate taxes.....	0	0	0		0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	320,484	4,370	4,201,762		4,526,616
23.2 State premium taxes.....	0	0	52,888,014		52,888,014
23.3 Regulatory authority licenses and fees.....	0	0	0		0
23.4 Payroll taxes.....	2,973,284	4,193,827	4,506,573		11,673,684
23.5 Other (excluding federal income and real estate taxes).....	0	0	0		0
24. Investment expenses not included elsewhere.....	0	0	0		0
25. Aggregate write-ins for expenses.....	0	8,103,555	(4,461,330)	0	3,642,225
26. Total expenses incurred (Lines 1 to 25).....	69,280,427	125,626,782	205,404,943	2,500,860	402,813,012
27. Less expenses unpaid December 31, current year.....	2,950,367	3,606,004	30,740,177	0	37,296,548
28. Add expenses unpaid December 31, prior year.....	4,317,385	5,276,805	38,475,725	0	48,069,915
29. Amounts receivable relating to uninsured plans, prior year.....	25,148,674	31,766,747	75,446,023	0	132,361,444
30. Amounts receivable relating to uninsured plans, current year.....	21,108,162	38,311,923	62,592,410	0	122,012,495
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	66,606,933	133,842,759	200,286,878	2,500,860	403,237,430
DETAIL OF WRITE-INS					
2501. Miscellaneous claim adjustment expenses.....	0	8,103,555	0	0	8,103,555
2502. Miscellaneous general administration expenses.....	0	0	(4,461,330)	0	(4,461,330)
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	8,103,555	(4,461,330)	0	3,642,225

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,666,894	1,669,340
1.1 Bonds exempt from U.S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 21,459,537	21,794,303
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 3,152,569	3,257,768
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	6,519,970	6,448,996
2.21 Common stocks of affiliates	19	19
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 13,047,094	15,138,452
7. Derivative instruments	(f)	
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	6,549	6,549
10. Total gross investment income	45,852,632	48,315,427
11. Investment expenses		(g) 2,500,860
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 818,736
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)		3,319,596
17. Net Investment Income - (Line 10 minus Line 16)		44,995,831
DETAILS OF WRITE-INS		
0901. Interest on supplemental advances	6,549	6,549
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)	6,549	6,549
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 \$ 228,841 accrual of discount less \$ 1,777,050 amortization of premium and less \$ 1,631,982 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 \$ 135,989 accrual of discount less \$ 6,637 amortization of premium and less \$ 35,268 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 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	(873,538)		(2,267)	(875,805)
1.1 Bonds exempt from U.S. tax				0
1.2 Other bonds (unaffiliated)	(1,562,727)		1,124,912	(437,815)
1.3 Bonds of affiliates	0	0	0	0
2.1 Preferred stocks (unaffiliated)	(293,999)		810,741	516,742
2.11 Preferred stocks of affiliates	0	0	0	0
2.2 Common stocks (unaffiliated)	12,941,784	(254,562)	23,026,035	35,713,257
2.21 Common stocks of affiliates	0	0	623,444	623,444
3. Mortgage loans				0
4. Real estate				0
5. Contract loans				0
6. Cash, cash equivalents and short-term investments	(29,947)		(3,075)	(33,022)
7. Derivative instruments	78,941		62,580	141,521
8. Other invested assets				0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	10,260,514	(254,562)	25,642,370	35,648,322
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 2006 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	623,444	0	(623,444)
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)	623,444	0	(623,444)
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	17,091,744	7,040,749	(10,050,995)
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	7,544,160	10,973,838	3,429,678
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	831,000	12,193,000	11,362,000
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.....	4,664,279	603,593	(4,060,686)
23. Aggregate write-ins for other than invested assets	62,383	105,218	42,835
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	30,817,010	30,916,398	99,388
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	30,817,010	30,916,398	99,388
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 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid expenses.....	62,383	105,218	42,835
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	62,383	105,218	42,835

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE QCC INSURANCE COMPANY

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	719,436	641,056	641,580	639,218	636,285	7,688,355
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	19,221	220,675	226,487	279,482	332,105	3,043,090
7. Total	738,657	861,731	868,067	918,700	968,390	10,731,445
DETAILS OF WRITE-INS						
0601. Vision only.....	19,221	40,711	44,663	70,957	131,809	802,584
0602. Medicare Part D drug.....	.0	179,964	181,824	208,525	200,296	2,240,506
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	19,221	220,675	226,487	279,482	332,105	3,043,090

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 2006, (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 2005 and 2006, QCC did not renew its permitted practice with the Pennsylvania Insurance Department.

	<u>2006</u>	<u>2005</u>
Net Income, Pennsylvania basis	\$ 91,302,631	\$86,509,058
State Prescribed Practices:	-0-	-0-
State Permitted Practices:	-0-	-0-
Net Income, NAIC SAP	91,302,631	86,509,058
Statutory Surplus, Pennsylvania basis	\$635,337,682	\$527,863,816
State Prescribed Practices:	-0-	-0-
State Permitted Practices:		
Goodwill, net	-0-	-0-
Statutory Surplus, NAIC SAP	635,337,682	527,863,816

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.

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

NOTES TO FINANCIAL STATEMENTS

- 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>2006</u>	<u>2005</u>
(1) Total of all deferred tax assets (admitted and non-admitted)	\$ 66,223	62,454
(2) Total of all deferred tax liabilities	<u>(22,078)</u>	<u>(11,644)</u>
Net deferred tax asset	44,145	50,810
(3) Total deferred tax assets non-admitted in accordance with SSAP No. 10, Income Taxes	<u>(831)</u>	<u>(12,193)</u>
(4) Total of deferred tax assets (admitted)	<u>43,314</u>	<u>38,617</u>
(5) The net change during the year in the total deferred tax assets non-admitted	(11,362)	(3,699)

- 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>2006</u>	<u>2005</u>
(1) Federal	\$ 43,451	\$ 47,739
Foreign	-0-	-0-
Federal income tax on net capital gains	2,617	4,046
Utilization of capital loss carryforwards	<u>(1,339)</u>	<u>(4,046)</u>
Federal and Foreign income taxes	<u>44,729</u>	<u>47,739</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>2006</u>	<u>2005</u>	<u>Change</u>
Deferred tax assets:			
Discounting of unpaid losses	\$ 2,372	\$ 3,125	(\$753)
Change in unearned premium reserve	16,792	16,032	760
Bad Debt	5,006	260	4,746
Premium Deficiency Reserve	9,380	8,820	560
Goodwill	18,548	21,415	(2,867)
Impairment Loss - Other	28	914	(886)
Impairment Loss - LCA	2,800	2,800	-0-
Net Capital Loss Carryforward	-0-	1,339	(1,339)
Unrealized capital losses	802	1,196	(394)
Non-admitted assets	<u>10,495</u>	<u>6,553</u>	<u>3,942</u>
Total deferred tax assets (admitted and non-admitted)	66,223	62,454	3,769

NOTES TO FINANCIAL STATEMENTS

Total deferred tax assets non-admitted	<u>(831)</u>	<u>(12,193)</u>	<u>11,362</u>
Admitted deferred tax assets	<u>65,392</u>	<u>50,261</u>	<u>15,131</u>
Deferred tax liabilities:			
Unrealized capital gains	(14,699)	(6,355)	(8,344)
General insurance expense and prepaids	-0-	-0-	-0-
Excess Allowance/Return Premiums	<u>(7,379)</u>	<u>(5,289)</u>	<u>(2,090)</u>
Total deferred tax liabilities	<u>(22,078)</u>	<u>(11,644)</u>	<u>(10,434)</u>
Net admitted deferred tax asset	<u>43,314</u>	<u>38,617</u>	<u>4,697</u>
(3) The change in net deferred income taxes is composed of the following:			
	In 000's		
	<u>2006</u>	<u>2005</u>	<u>Change</u>
Total deferred tax assets (admitted and non-admitted)	\$ 66,223	\$62,454	\$3,769
Total deferred tax liabilities	<u>(22,078)</u>	<u>(11,644)</u>	<u>(10,434)</u>
Net deferred tax asset	44,145	50,810	(6,665)
Tax effect of unrealized gains (losses)			<u>8,105</u>
Change in net deferred income taxes			<u>1,440</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>2006</u>	<u>2005</u>
(1) Expected federal income tax expense (at statutory rate)	\$47,611	\$46,987
(2) IMR Adjustment	-0-	-0-
(3) Change in DTA on non-admits	(3,942)	2,800
Change in DTA on non-admit - LCA	-0-	875
(4) Travel & Entertainment	122	119
(5) Tax-Exempt Interest & 832(b)(50(B) addback	(504)	(39)
(6) Other	<u>2</u>	<u>(2)</u>
Total	<u>43,289</u>	<u>50,740</u>
Federal and foreign income taxes	44,729	47,739
Change in net deferred income taxes	<u>(1,440)</u>	<u>3,001</u>
Total statutory income taxes	<u>43,289</u>	<u>50,740</u>

- E. (1) As of December 31, 2006 the Company operating loss carry forwards that will expire are as follows:
- | | |
|----------------------|--------|
| 2006 (earliest year) | \$ -0- |
| 2005 | \$ -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:
- | | |
|-----------------------|---------------|
| 2006 (current year) | \$ 44,729,000 |
| 2005 (current year-1) | \$ 47,739,000 |
- 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.
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.

NOTES TO FINANCIAL STATEMENTS

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. Effective October 1, 2006, the Company's Affiliate, FutureScripts, LLC, a pharmacy benefit management company, began providing PBM services on behalf of the Company's members. Services provided, and for which an administrative fee is charged include but are not limited to claims processing and formulary development.
- 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 - None
- 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
- 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

NOTES TO FINANCIAL STATEMENTS

- (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) \$ 25,808,093.
 (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 2006:

	<u>Total ASC Uninsured Plans</u>	
	<u>2006</u>	<u>2005</u>
a. Gross reimbursement for medical cost incurred	\$814,366,871	\$ 866,503,667
b. Gross administrative fees accrued	121,448,669	159,597,760
c. Other income or expenses (including interest paid to or received from plans)	-0-	-0-
d. Gross expenses incurred (claims and administrative)	941,029,569	965,009,404
e. Total net gain or (loss) from operations	(5,214,029)	61,092,023

Excluded from the 2006 values is approximately \$236M of Medicare Part D low income subsidy and reinsurance subsidies.

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

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators during 2006 – 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.

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries – None

F. Hybrid Securities

The Company owns the following preferred stock hybrid securities as reported on Schedule D Part 2 Section 1 of the Annual Statement for the year 2006:

CUSIP	Description	Book/Adj. Carrying Value
002920-80-9	ABBY NATL PLC	616,132
G0070K-11-1	ACE LIMITED	222,740
N00927-30-6	AEGON NV	5,228
170221-20-4	CHITTENDEN CAP TR I	67,808
20030N-40-8	COMCAST CORP 7.0% PFD	313,186
20034Y-20-2	COMERICA CAP	44,676
22081F-20-1	CORTS BELLSOUTH	152,304
22081S-20-3	CORTS TR III	160,756
22238E-20-6	COUNTRY WIDE CAP	435,722
29980R-20-2	EVEREST RE	582,604
40426W-40-8	HRPT PROP TRUST	229,728
46623D-20-0	JP MORGAN CAP X	263,000
61747N-10-9	MORGAN STANLEY	321,573
G6852T-20-4	PARTNER RE LTD	249,733
G68603-40-9	PARTNERRE LTD	338,461
69340M-20-4	PLC CAPITAL TR	330,667
69350H-20-2	PNC CAPITAL	787,140
G7498P-30-9	RENAISSANCE HLDG	159,874
80281R-40-9	S FINANCE	113,433
89826T-20-0	TRUST CTFS 7.125% PFD	51,794
911684-30-6	UNITED STS CELLULAR	179,673
94976Y-20-7	WELLS FARGO	786,355
94978B-20-5	WELLS FARGO CAP	145,429
G98255-30-3	XL CAPITAL LTD SER - B	407,040
TOTAL		6,965,056

G. State Transferable Tax Credits – None

H. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - 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-

NOTES TO FINANCIAL STATEMENTS

- (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? \$ _____

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. Accrued retrospective premiums are recorded as an adjustment to earned premium.

C. The amount of net premium earned during 2006 which was subject to retrospective rating features was \$409 million, which represented approximately 13% 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 \$ 413.9 million on 12/31/05 to \$ 314.3 million on 12/31/06. 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

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
12/31/2006	7,870,589	-0-	-0-	-0-	-0-
09/30/2006	7,551,041	7,733,870	-0-	-0-	-0-
06/30/2006	10,851,752	11,031,338	9,175,647	-0-	-0-
03/31/2006	16,910,491	12,983,896	9,817,880	-0-	-0-
12/31/2005	3,324,350	3,583,929	3,567,456	-0-	-0-
09/30/2005	3,417,890	3,257,882	3,435,740	-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-

* 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, 2006, the Company had liabilities of \$ 26,800,000 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	27,513,656	2.198	27,513,656	2.200
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	3,999,680	0.320	3,999,680	0.320
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		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	52,040,674	4.158	52,040,674	4.160
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	3,022,280	0.241	3,022,280	0.242
1.512 Issued or guaranteed by FNMA and FHLMC	16,985,126	1.357	16,985,126	1.358
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	6,952,670	0.556	6,952,670	0.556
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	26,912,841	2.150	26,912,841	2.151
1.523 All other		0.000		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)	176,809,576	14.128	176,809,576	14.135
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds	238,913,182	19.090	238,913,182	19.099
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated	55,437,262	4.430	55,437,262	4.432
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated	206,322,606	16.486	206,322,606	16.494
3.4 Other equity securities:				
3.41 Affiliated	623,444	0.050		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (including \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities	168,740	0.013	168,740	0.013
8. Cash, cash equivalents and short-term investments	435,784,568	34.820	435,784,568	34.838
9. Other invested assets	31,640	0.003	31,640	0.003
10. Total invested assets	1,251,517,945	100.000	1,250,894,501	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 [] 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 [] 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 []
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2006
- 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 []
- 4.12 renewals? Yes [] No []
- 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 []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No []
- 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 []
- 7.2 If yes,
- 7.21 State the percentage of foreign control;0.0
- 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 2006 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 \$
- 17.22 Borrowed from others \$
- 17.23 Leased from others \$
- 17.24 Other \$
- 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 \$
- 18.22 Amount paid as expenses \$
- 18.23 Other amounts paid \$
- 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:.....\$38,088,221

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 [X] 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 [X]

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

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

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 [X] No []

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [X] 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 [X]

23.2 If yes, state the amount thereof at December 31 of the current year. \$0

ANNUAL STATEMENT FOR THE YEAR 2006 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
US Bank.....	50 S. 16th Street Suite 2000 Philadelphia, PA 19102.....

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 [X] No []

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Wachovia Bank, NA.....	US Bank.....	.09/11/2006..	Wachovia merged with US Bank.....

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.....	NWD 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.....
73285.....	Valley Forge Trust Company.....	120 S. Warner Road Suite 200 King of Prussia, PA 19406.....
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.....	51,318,913
25.2002. 299908-20-2.....	Evergreen Short Intermediate Bond Fund.....	28,394,482
25.2003. 783980-10-5.....	SEI Large Cap (SIIT).....	27,253,581
25.2004. 783980-70-9.....	SEI Small Cap (SIIT).....	2,415,472
25.2999 TOTAL		109,382,448

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

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE QCC INSURANCE COMPANY

GENERAL INTERROGATORIES

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding Of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
Evergreen International Bond Fund	Sweden (Kingdom Of) 5.5%	2,904,650	12/31/2006
Evergreen International Bond Fund	Australia (Commonwealth Of) 6%	2,273,428	12/31/2006
Evergreen International Bond Fund	Sweden (Kingdom Of) 3%	2,155,394	12/31/2006
Evergreen International Bond Fund	Canada Govt. 4.25%	2,134,867	12/31/2006
Evergreen International Bond Fund	United Kingdom of Great Britain and Nort	2,001,438	12/31/2006
Evergreen Short Intermediate Bond Fund	U.S. Tnotes 3.375%	2,745,746	12/31/2006
Evergreen Short Intermediate Bond Fund	U.S. Tbond 7.5%	2,717,352	12/31/2006
Evergreen Short Intermediate Bond Fund	Morgan Stanley Cap 2003-lq4 CMO 4.07%	482,706	12/31/2006
Evergreen Short Intermediate Bond Fund	FHLMC 6.978%	457,151	12/31/2006
Evergreen Short Intermediate Bond Fund	U.S. T note 3%	423,078	12/31/2006
SEI Large Cap (SIIT)	Exxon Mobil Corp	1,635,215	12/31/2006
SEI Large Cap (SIIT)	Citigroup, Inc	1,117,397	12/31/2006
SEI Large Cap (SIIT)	Bank of America Corporation	967,502	12/31/2006
SEI Large Cap (SIIT)	Pfizer Inc	880,291	12/31/2006
SEI Large Cap (SIIT)	J. P. Morgan Chase & Co	754,924	12/31/2006
SEI Small Cap (SIIT)	Russell Index (Fut)	48,068	12/31/2006
SEI Small Cap (SIIT)	Polycom, Inc	28,261	12/31/2006
SEI Small Cap (SIIT)	Altera Corp	21,256	12/31/2006
SEI Small Cap (SIIT)	Cephalon, Inc	19,082	12/31/2006
SEI Small Cap (SIIT)	NCL Building Systems	16,184	12/31/2006

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.....	814,756,366	811,498,579	(3,257,787)
26.2 Preferred stocks.....	55,437,262	55,374,586	(62,676)
26.3 Totals	870,193,628	866,873,165	(3,320,463)

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?.....\$1,058,980

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.....	1,058,980

29.1 Amount of payments for legal expenses, if any?.....\$416,366

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
Morgan Lewis & Bockius LLP.....	155,329

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
.....
.....

Interrogatory 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	\$3,055,351,387		\$2,881,971,185
2.2 Premium Denominator	\$3,055,351,387		\$2,881,971,185
2.3 Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4 Reserve Numerator	\$432,381,490		\$440,535,280
2.5 Reserve Denominator	\$432,381,490		\$449,852,179
2.6 Reserve Ratio (2.4/2.5)	.....1.000		.....0.979

- 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 \$
- 5.32 Medical Only \$
- 5.33 Medicare Supplement \$
- 5.34 Dental \$
- 5.35 Other Limited Benefit Plan \$
- 5.36 Other \$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
To protect members against insolvency, provider contracts contain hold harmless provisions. In addition, the Carrier maintains the required statutory reserves on deposit in the state.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No []
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 39,582
- 8.2 Number of providers at end of reporting year 41,363
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months
- 9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? Yes [] No [X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$
- 10.22 Amount actually paid for year bonuses \$
- 10.23 Maximum amount payable withholds \$
- 10.24 Amount actually paid for year withholds \$
- 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 stockholder's 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 Kentucky.....
State of Louisiana.....
State of Maryland.....
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.....
State of U.S. Virgin Islands.....

Interrogatory #9.1 While there are no specific rate guarantees, a limited amount of the business is subject to rate caps. These caps are above 10% and at this time, there is no reason to believe that they will inhibit proper rate actions on the groups.

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	1,541,112,905	1,322,040,665	1,104,415,719	1,076,535,633	951,641,826
2. Total liabilities (Page 3, Line 22)	905,775,223	794,176,849	666,327,982	719,257,406	680,727,255
3. Statutory surplus	0	0	0	0	0
4. Total capital and surplus (Page 3, Line 31)	635,337,682	527,863,816	438,087,737	357,278,227	270,914,571
Income Statement (Page 4)					
5. Total revenues (Line 8)	3,034,500,517	2,888,819,764	2,654,273,362	2,514,770,612	2,250,609,677
6. Total medical and hospital expenses (Line 18)	2,543,497,606	2,438,710,013	2,248,556,360	2,070,954,612	1,876,684,125
7. Claims adjustment expenses (Line 20)	194,907,209	148,302,813	139,578,474	146,342,601	125,610,234
8. Total administrative expenses (Line 21)	205,404,943	196,473,366	177,437,826	157,326,525	140,142,230
9. Net underwriting gain (loss) (Line 24)	81,029,849	96,051,695	78,271,564	120,376,548	108,173,088
10. Net investment gain (loss) (Line 27)	53,723,782	38,196,363	21,089,067	20,364,082	(5,585,532)
11. Total other income (Lines 28 plus 29)	0	0	0	0	(2,254,067)
12. Net income (loss) (Line 32)	91,302,631	86,509,058	61,588,631	99,208,630	53,352,489
Risk - Based Capital Analysis					
13. Total adjusted capital	635,337,682	527,863,816	438,087,737	357,278,227	270,914,571
14. Authorized control level risk-based capital	97,144,183	99,533,329	88,110,506	79,182,562	65,240,007
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	968,390	738,657	747,097	753,179	782,289
16. Total member months (Column 6, Line 7)	10,731,445	8,808,337	8,972,579	9,197,710	9,493,120
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)	84.1	84.6	0.0	0.0	0.0
19. Cost containment expenses	2.3	2.3	0.0	XXX	XXX
20. Other claims adjustment expenses	4.1	2.8	0.0	6.0	6.0
21. Total underwriting deductions (Line 23)	97.3	96.7	97.1	95.2	95.2
22. Total underwriting gain (loss) (Line 24)	2.7	3.3	2.9	4.8	4.8
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	315,616,228	318,372,988	338,504,708	356,456,320	243,752,340
24. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	407,293,403	375,282,054	431,588,168	434,806,873	357,443,964
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	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	623,444	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	0	10,500,000
31. Total of above Lines 25 to 30	623,444	0	0	0	10,500,000

ANNUAL STATEMENT FOR THE YEAR 2006 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	36,076,635	35,781,869	36,076,475	35,873,243
2. Canada	0	0	0	0
3. Other Countries	0	0	0	0
4. Totals	36,076,635	35,781,869	36,076,475	35,873,243
States, Territories and Possessions (Direct and guaranteed)				
5. United States	52,040,674	51,801,146	53,094,209	48,430,000
6. Canada	0	0	0	0
7. Other Countries	0	0	0	0
8. Totals	52,040,674	51,801,146	53,094,209	48,430,000
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	22,396,782	22,204,514	22,358,816	22,025,605
14. Canada	0	0	0	0
15. Other Countries	0	0	0	0
16. Totals	22,396,782	22,204,514	22,358,816	22,025,605
Public Utilities (unaffiliated)				
17. United States	2,769,111	2,794,169	2,799,460	2,760,000
18. Canada	0	0	0	0
19. Other Countries	0	0	0	0
20. Totals	2,769,111	2,794,169	2,799,460	2,760,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)				
21. United States	330,484,035	327,927,752	334,030,886	213,012,430
22. Canada	0	0	0	0
23. Other Countries	0	0	0	0
24. Totals	330,484,035	327,927,752	334,030,886	213,012,430
Parent, Subsidiaries and Affiliates				
25. Totals	0	0	0	0
26. Total Bonds	443,767,237	440,509,450	448,359,846	322,101,278
PREFERRED STOCKS				
27. United States	11,645,245	11,645,245	11,623,309	
28. Canada	0	0	0	
29. Other Countries	0	0	0	
30. Totals	11,645,245	11,645,245	11,623,309	
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	43,792,017	43,729,341	43,542,598	
36. Canada	0	0	0	
37. Other Countries	0	0	0	
38. Totals	43,792,017	43,729,341	43,542,598	
Parent, Subsidiaries and Affiliates				
39. Totals	0	0	0	
40. Total Preferred Stocks	55,437,262	55,374,586	55,165,907	
COMMON STOCKS				
41. United States	1,619,801	1,619,801	1,442,098	
42. Canada	0	0	0	
43. Other Countries	0	0	0	
44. Totals	1,619,801	1,619,801	1,442,098	
Banks, Trust and Insurance Companies (unaffiliated)				
45. United States	6,332,056	6,332,056	4,999,507	
46. Canada	0	0	0	
47. Other Countries	0	0	0	
48. Totals	6,332,056	6,332,056	4,999,507	
Industrial and Miscellaneous (unaffiliated)				
49. United States	307,753,196	307,753,196	267,534,024	
50. Canada	0	0	0	
51. Other Countries	0	0	0	
52. Totals	307,753,196	307,753,196	267,534,024	
Parent, Subsidiaries and Affiliates				
53. Totals	623,444	623,444	0	
54. Total Common Stocks	316,328,497	316,328,497	273,975,629	
55. Total Stocks	371,765,759	371,703,083	329,141,536	
56. Total Bonds and Stocks	815,532,996	812,212,533	777,501,382	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	743,545,954	7. Amortization of premium.....	1,777,054
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	471,591,631	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	228,840	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.....	(201,546)	8.3 Column 16, Part 2, Sec. 2.....	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	744,920	8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Sec. 2.....	30,833,038	9. Book/adjusted carrying value at end of current period.....	815,532,997
4.4 Columns 11 - 13, Part 4.....	(6,048,109)	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	10,211,520	11. Subtotal (Lines 9 plus 10).....	815,532,997
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4.....	433,596,197	12. Total nonadmitted amounts.....	623,444
		13. Statement value of bonds and stocks, current period.....	814,909,553

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE QCC INSURANCE COMPANY

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only					8 Property/ Casualty Premiums
			3 Accident & Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	
1. Alabama	AL	No	11,832,564					
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	5,207,055					
9. District of Columbia	DC	Yes	1,357,069					
10. Florida	FL	Yes	58,812,208					
11. Georgia	GA	Yes	11,912,410					
12. Hawaii	HI	No						
13. Idaho	ID	No						
14. Illinois	IL	No						
15. Indiana	IN	Yes	9,974,219					
16. Iowa	IA	No						
17. Kansas	KS	Yes						
18. Kentucky	KY	Yes	8,982,351					
19. Louisiana	LA	Yes	12,793,209					
20. Maine	ME	No						
21. Maryland	MD	Yes	6,660,430					
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	25,289,151					
37. Oklahoma	OK	Yes						
38. Oregon	OR	No						
39. Pennsylvania	PA	Yes	2,557,662,825	305,146,058				
40. Rhode Island	RI	No						
41. South Carolina	SC	Yes						
42. South Dakota	SD	Yes						
43. Tennessee	TN	Yes	28,315,271					
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	7,419,189					
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. Northern Mariana Islands	MP							
57. Canada	CN							
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	2,746,217,951	305,146,058	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 29	2,746,217,951	305,146,058	0	0	0	0
DETAILS OF WRITE-INS								
5801.	XXX	XXX						
5802.	XXX	XXX						
5803.	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 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.

The company has submitted an application for licensure in Alabama. That application is currently being reviewed. The premium reported for Alabama is from the Medicare Part D program. The Company has been operating in Alabama under a waiver from the Centers for Medicare and Medicaid Services (CMS).

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.	Veridign, LLC	PA		
15.	FutureScripts, LLC	PA		
16.	FutureScripts Secure LLC	PA		
17.	AmeriHealth Casualty Insurance Company	DE	06-1505051	10975
18.	Independence Insurance, Inc.	DE	23-2865349	60254
19.	AmeriHealth Services, Inc.	PA	23-2795357	
20.	New Seasons Assisted Living Communities, Inc.	PA	23-2824200	
21.	CompServices, Inc.	PA	25-1686685	
22.	CSI Services, Inc.	PA	25-1765486	
23.	AmeriHealth Integrated Benefits, Inc.	DE	23-2317715	
24.	AmeriHealth HMO, Inc.	PA	23-2314460	95044
25.	AmeriHealth Integrated Case Management, Inc.	PA	23-2754696	
26.	AmeriHealth Mercy Health Plan (50%)	PA	23-2859523	
27.	Select Health of South Carolina	SC	57-1032456	95458
28.	Vista Health Plan, Inc.	PA	23-2408039	96660
29.	Keystone Health Plan East, Inc.	PA	23-2405376	95056
30.	Keystone Health Systems, Inc.	PA	23-2773183	
31.	Keystone Benefits, Inc.	PA	23-2864737	
32.	Keystone Mercy Health Plan(50%)	PA	23-2842344	
33.	Independence Holdings, Inc.	PA	23-2982367	
34.	La Cruz Azul de Puerto Rico	PR	66-0195325	53546
35.	AmeriHealth Assurance, Ltd.	BM	98-0426648	
36.	Region 6 Rx Corp	PA	30-0326654	

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