

QUARTERLY STATEMENT
OF THE
First Priority Life Insurance Company

of
Wilkes-Barre
in the state of
Pennsylvania

TO THE
Insurance Department
OF THE STATE OF
Pennsylvania

FOR THE QUARTER ENDED
June 30, 2011

2011



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QUARTERLY STATEMENT
AS OF JUNE 30, 2011
OF THE CONDITION AND AFFAIRS OF THE
First Priority Life Insurance Company

NAIC Group Code	<u>1270</u>	<u>1270</u>	NAIC Company Code	<u>60147</u>	Employer's ID Number	<u>23-2905083</u>
	(current period)	(prior period)				
Organized under the Laws of	<u>Pennsylvania</u>		State of Domicile or Port of Entry	<u>Pennsylvania</u>		
Country of Domicile	<u>United States of America</u>					
Licensed as business type:	Life, Accident & Health [X] Dental Service Corporation [] Other []		Property/Casualty [] Vision Service Corporation [] Is HMO Federally Qualified? Yes [] No [] N/A [X]	Hospital, Medical & Dental Service or Indemnity [] Health Maintenance Organization []		
Incorporated/Organized	<u>07/15/1997</u>		Commenced Business	<u>08/18/1998</u>		
Statutory Home Office	<u>19 North Main Street</u> (Street and Number)			<u>Wilkes-Barre, PA 18711</u> (City, or Town, State and Zip Code)		
Main Administrative Office	<u>19 North Main Street</u> (Street and Number)			<u>19 North Main Street</u> (Street and Number)		
	<u>Wilkes-Barre, PA 18711</u> (City, or Town, State and Zip Code)			<u>888-338-2211</u> (Area Code)(Telephone Number)		
Mail Address	<u>19 North Main Street</u> (Street and Number)			<u>Wilkes-Barre, PA 18711</u> (City, or Town, State and Zip Code)		
Primary Location of Books and Records	<u>19 North Main Street</u> (Street and Number)			<u>19 North Main Street</u> (Street and Number)		
	<u>Wilkes-Barre, PA 18711</u> (City, or Town, State and Zip Code)			<u>888-338-2211</u> (Area Code)(Telephone Number)		
Internet Website Address	<u>www.bcnepa.com</u>					
Statutory Statement Contact	<u>Maura Marie Gribble</u> (Name)			<u>570-200-6398</u> (Area Code)(Telephone Number)		
	<u>Maura.Gribble@bcnepa.com</u> (E-Mail Address)			<u>570-200-6866</u> (Fax Number)		

OFFICERS

Name	Title	Name	Title
1. <u>Denise Susan Cesare</u>	<u>President & CEO</u>	<u>John Peter Moses, Esq.</u>	<u>Chairman of the Board of Directors</u>
2. <u>Gertrude Catherine McGowan, Esq.</u>	<u>Senior VP-Legal, General Counsel & Secretary</u>	<u>Bruce Edward Sichel</u>	<u>VP-Investment & Treasury Services & Assistant Treasurer</u>
3. <u>William Jerome Farrell</u>	<u>Senior VP-Finance, CFO & Treasurer</u>		
4. _____			

DIRECTORS OR TRUSTEES

<u>Frank Edward Apostolico</u>	<u>Thomas Joseph Castellano, M.D.</u>	<u>Denise Susan Cesare</u>
<u>John Hourigan Graham</u>	<u>Karen Lynn Hanlon</u>	<u>John Peter Moses, Esq.</u>
<u>Matthew Vincent Thomas Ray #</u>		

State of Pennsylvania
 County of Luzerne ss

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.

(Signature)	(Signature)	(Signature)
<u>Denise Susan Cesare</u>	<u>Gertrude Catherine McGowan, Esquire</u>	<u>William Jerome Farrell</u>
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
<u>President & CEO</u>	<u>Senior VP-Legal, General Counsel & Secretary</u>	<u>Senior VP-Finance, CFO & Treasurer</u>
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 2 day of August 2011

(Notary Public Signature)

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

COMMONWEALTH OF PENNSYLVANIA
 NOTARIAL SEAL
 Carol J. Stolarick, Notary Public
 City of Wilkes-Barre, Luzerne County
 My commission expires June 06, 2013

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	114,856,978		114,856,978	119,117,966
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	36,321,590		36,321,590	35,026,512
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....(1,571,928)), cash equivalents (\$.....2,760,987) and short-term investments (\$.....13,809,733)	14,998,792		14,998,792	8,753,235
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	11,128		11,128	
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	166,188,488		166,188,488	162,897,713
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	991,121		991,121	1,035,516
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,246,636	2,324	2,244,312	2,618,414
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	169,452		169,452	
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	9,607,521	147,102	9,460,419	15,832,778
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustments in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	5,849,211		5,849,211	2,750,482
24. Health care (\$.....3,391,685) and other amounts receivable	5,072,270	1,680,585	3,391,685	4,548,349
25. Aggregate write-ins for other than invested assets	4,327,591		4,327,591	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	194,452,290	1,830,011	192,622,279	189,683,252
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	194,452,290	1,830,011	192,622,279	189,683,252
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid premium taxes	4,327,591		4,327,591	
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,327,591		4,327,591	

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	33,843,913		33,843,913	41,324,497
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	460,541		460,541	427,365
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	11,869,660		11,869,660	8,879,701
9. General expenses due or accrued	185,821		185,821	561,833
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))	759,641		759,641	464,965
10.2 Net deferred tax liability	1,118,441		1,118,441	962,808
11. Ceded reinsurance premiums payable				18,816
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	46,567		46,567	179,565
16. Derivatives				
17. Payable for securities	344,788		344,788	2,038,093
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	3,578,089		3,578,089	4,233,477
23. Aggregate write-ins for other liabilities (including \$.....690,615 current)	690,615		690,615	573,558
24. Total liabilities (Lines 1 to 23)	52,898,076		52,898,076	59,664,678
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	1,837,000	1,837,000
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	118,757,002	118,757,002
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	19,130,201	9,424,572
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2 .....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	139,724,203	130,018,574
34. Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	192,622,279	189,683,252
DETAILS OF WRITE-INS				
2301. Other liabilities	18,209		18,209	3,393
2302. Uncashed checks	672,406		672,406	570,165
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	690,615		690,615	573,558
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	X X X	498,232	593,001	1,151,203
2. Net premium income (including \$.....0 non-health premium income)	X X X	188,912,575	207,003,190	408,915,743
3. Change in unearned premium reserves and reserves for rate credits	X X X			
4. Fee-for-service (net of \$.....0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	188,912,575	207,003,190	408,915,743
Hospital and Medical:				
9. Hospital/medical benefits		125,506,665	148,875,956	285,808,385
10. Other professional services				
11. Outside referrals				
12. Emergency room and out-of-area				
13. Prescription drugs		24,958,632	28,975,974	58,274,568
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		150,465,297	177,851,930	344,082,953
Less:				
17. Net reinsurance recoveries		169,452		
18. Total hospital and medical (Lines 16 minus 17)		150,295,845	177,851,930	344,082,953
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....6,629,808 cost containment expenses		11,764,877	12,549,422	24,679,320
21. General administrative expenses		15,220,598	19,728,246	40,780,849
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)		177,281,320	210,129,598	409,543,122
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	11,631,255	(3,126,408)	(627,379)
25. Net investment income earned		2,206,518	2,518,278	4,934,185
26. Net realized capital gains (losses) less capital gains tax of \$.....0		230,395	2,298,057	2,888,686
27. Net investment gains or (losses) (Lines 25 plus 26)		2,436,913	4,816,335	7,822,871
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]				
29. Aggregate write-ins for other income or expenses				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	14,068,168	1,689,927	7,195,492
31. Federal and foreign income taxes incurred	X X X	5,023,000	608,000	1,949,000
32. Net income (loss) (Lines 30 minus 31)	X X X	9,045,168	1,081,927	5,246,492
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	130,018,574	122,476,643	122,476,643
34. Net income or (loss) from Line 32	9,045,168	1,081,927	5,246,492
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	841,801	(1,917,494)	3,048,877
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	297,645	263,560	(291,226)
39. Change in nonadmitted assets	(478,985)	(1,506,743)	(462,212)
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital Changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus			
48. Net change in capital and surplus (Lines 34 to 47)	9,705,629	(2,078,750)	7,541,931
49. Capital and surplus end of reporting period (Line 33 plus 48)	139,724,203	120,397,893	130,018,574
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)			

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	192,255,496	209,668,847	407,462,394
2. Net investment income	2,792,867	2,590,891	5,332,581
3. Miscellaneous income			
4. Total (Lines 1 to 3)	195,048,363	212,259,738	412,794,975
5. Benefit and loss related payments	148,344,380	181,360,744	351,384,299
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	21,031,261	39,238,252	75,626,695
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	4,728,324		600,000
10. Total (Lines 5 through 9)	174,103,965	220,598,996	427,610,994
11. Net cash from operations (Line 4 minus Line 10)	20,944,398	(8,339,258)	(14,816,019)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	37,312,589	69,762,654	99,593,423
12.2 Stocks			3,245,947
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	638	(1,337)	(1,337)
12.7 Miscellaneous proceeds		266,560	2,038,093
12.8 Total investment proceeds (Lines 12.1 to 12.7)	37,313,227	70,027,877	104,876,126
13. Cost of investments acquired (long-term only):			
13.1 Bonds	33,288,490	72,913,528	109,191,083
13.2 Stocks			2,866,554
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	1,704,433	1,749	
13.7 Total investments acquired (Lines 13.1 to 13.6)	34,992,923	72,915,277	112,057,637
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	2,320,304	(2,887,400)	(7,181,511)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(17,019,145)	2,204,007	17,143,408
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(17,019,145)	2,204,007	17,143,408
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	6,245,557	(9,022,651)	(4,854,122)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	8,753,235	13,607,357	13,607,357
19.2 End of period (Line 18 plus Line 19.1)	14,998,792	4,584,706	8,753,235

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001				
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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	91,617	2,954	88,663							
2. First Quarter	83,231	3,052	80,179							
3. Second Quarter	82,711	3,292	79,419							
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	498,232	18,661	479,571							
Total Member Ambulatory Encounters for Period:										
7. Physician	218,072	4,440	213,632							
8. Non-Physician	2,884	65	2,819							
9. Total	220,956	4,505	216,451							
10. Hospital Patient Days Incurred	12,260	292	11,968							
11. Number of Inpatient Admissions	2,963	79	2,884							
12. Health Premiums Written (a)	191,902,533	4,289,762	187,612,771							
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	188,912,575	4,174,491	184,738,084							
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	148,513,832	3,388,555	145,125,277							
18. Amount Incurred for Provision of Health Care Services	150,465,297	3,793,625	146,671,672							

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**Aging Analysis of Unpaid Claims**

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered						
0499999 Subtotals						
0599999 Unreported claims and other claim reserves						33,843,913
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						33,843,913
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	20,046,033	128,298,347	2,634,717	31,209,196	22,680,750	41,324,497
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	20,046,033	128,298,347	2,634,717	31,209,196	22,680,750	41,324,497
10. Healthcare receivables (a)				1,013,882		1,041,300
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	20,046,033	128,298,347	2,634,717	30,195,314	22,680,750	40,283,197

(a) Excludes \$.....791,360 loans or advances to providers not yet expensed.

Notes to Financial Statement**HEALTH**

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17	Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities	Q10.6
18	Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans	Q10.7
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators	Q10.7
20	Fair Value Measurements	Q10.7
21	Other Items	Q10.8
22	Events Subsequent	Q10.8
23	Reinsurance	Q10.8
24	Retrospectively Rated Contracts and Contracts Subject to Redetermination	Q10.8
25	Change in Incurred Claims and Claim Adjustment Expenses	Q10.8
26	Intercompany Pooling Arrangements	Q10.8
27	Structured Settlements	Q10.8
28	Health Care Receivables	Q10.9
29	Participating Policies	Q10.9
30	Premium Deficiency Reserves	Q10.9
31	Anticipated Salvage and Subrogation	Q10.9

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of First Priority Life Insurance Company ("FPLIC") are presented on the basis of accounting practices prescribed or permitted by the Insurance Department of the Commonwealth of Pennsylvania (the "PID").

The PID recognizes only statutory accounting practices prescribed or permitted by the Commonwealth 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* ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the Commonwealth of Pennsylvania. The Pennsylvania Insurance Commissioner (the "Commissioner") has the right to permit other specific practices that deviate from prescribed practices. For the period ended June 30, 2011, there were no differences between NAIC SAP and practices prescribed or permitted by the Commonwealth of Pennsylvania.

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

The preparation of financial statements in conformity with NAIC SAP 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 expenses during the period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of claims unpaid and the fair value determination of investment securities. While management uses available information to establish reserves for claims unpaid, changes in utilization may necessitate revision of these estimates in future periods. The valuation of certain investment securities relies on cash flow modeling and assumptions about the relevance of comparable market transactions. Actual cash flows may vary or future market conditions could change and affect the value of investment securities in future periods.

C. Accounting Policy

Premiums are generally billed one to three months in advance of the respective coverage periods. Premium income is recorded ratably over the coverage period. The unearned portion of premiums for a coverage period is reflected on the statement of admitted assets, liabilities, capital and surplus as premiums received in advance and later reported ratably as premium income over the coverage term.

In accordance with NAIC SAP, FPLIC reports the income and claims attributable to Administrative Service Contract ("ASC") groups as components of claims adjustment and general administrative expenses and does not record claims unpaid or accident and health premiums due and unpaid for ASC groups.

In addition, FPLIC uses the following accounting policies:

- (1) Short-term investments include Class 1 money market accounts and securities with a maturity of less than one year but greater than 90 days at the date of purchase. Cash equivalents include securities with a maturity of 90 days or less at the date of purchase. Securities are stated at amortized cost. Class 1 money market accounts are stated at fair value.

Notes to Financial Statement

- (2) Bonds not backed by other loans are valued using the scientific (constant yield) method and stated at either amortized cost or market value, depending upon each bond's NAIC designation as reflected in the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office ("SVO").
- (3) Common stocks are stated at market value in accordance with the NAIC SVO.
- (4) FPLIC does not have investments in preferred stocks.
- (5) FPLIC does not have investments in mortgage loans on real estate.
- (6) Loan-backed securities are valued at either amortized cost or the lower of amortized cost or market value, depending upon each security's NAIC designation as reflected in the *Purposes and Procedures Manual* of the NAIC SVO except for those securities that would be impaired under Statement of Statutory Accounting Principles ("SSAP") No. 43R. The prospective method is used to value these securities.
- (7) FPLIC does not have investments in subsidiaries, controlled and affiliated companies.
- (8) FPLIC does not have ownership interest in joint ventures, partnerships or limited liability companies.
- (9) FPLIC does not invest in derivatives.
- (10) FPLIC does not have a liability related to premium deficiency reserves at June 30, 2011.
- (11) Claims unpaid is accrued in the period in which services are provided to members based in part on estimates, including an accrual for services provided but not yet reported. These amounts are based on historical payment patterns with recognition of current trends. Management continually reviews the methods used to determine claims unpaid and any required adjustments are included in current operations. Estimated administrative expenses to process claims unpaid are accrued and recorded as unpaid claims adjustment expenses on the statement of admitted assets, liabilities, capital and surplus.
- (12) FPLIC does not have investments in fixed assets that would require a capitalization policy.
- (13) Pharmaceutical rebates receivable consist of earned rebates due from pharmaceutical companies. FPLIC estimates pharmaceutical rebates receivable based upon historical trends. FPLIC looks back to a period with completed rebate activity, calculates actual rebates received as a percentage of drug utilization and then applies the historical percentage to current drug utilization.

2. Accounting Changes and Corrections of Errors

No changes.

3. Business Combinations and Goodwill

No changes.

4. Discontinued Operations

No changes.

Notes to Financial Statement**5. Investments****A. Mortgage Loans, including Mezzanine Real Estate Loans**

No changes.

B. Debt Restructuring

No changes.

C. Reverse Mortgages

No changes.

D. Loan-backed securities

(1) Prepayment assumptions for loan-backed securities are obtained from IDC Corporation. These assumptions are consistent with the current interest rate and economic environment and historical performance of the bonds. FPLIC uses IDC pricing service in determining the market value of its loan-backed securities.

(2)&(3) FPLIC did not recognize any other-than-temporary impairments on loan-backed securities for the period ended June 30, 2011.

(4) The aggregate related fair value and aggregate amount of unrealized losses of FPLIC's loan-backed securities with unrealized losses that are not deemed to be other-than-temporarily impaired at June 30, 2011 were as follows:

	Less than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Special revenue and assessment	\$ 3,877,541	\$ 51,123	\$ 0	\$ 0
Industrial and miscellaneous	<u>4,050,313</u>	<u>54,522</u>	<u>129,999</u>	<u>4,606</u>
Total	<u>\$ 7,927,854</u>	<u>\$ 105,645</u>	<u>\$ 129,999</u>	<u>\$ 4,606</u>

(5) It is FPLIC's practice to purchase high quality investment grade securities. Though the entire portfolio is classified "available-for-sale", it is FPLIC's intent and ability to retain these securities in the portfolio for the long-term, with the expectation that the eventual market value of the securities will equal or exceed their cost basis for the duration of the holding period. The returns of FPLIC's investment portfolio may be reduced or may incur losses as a result of changes in the general U.S. economic conditions, interest rates, global capital market conditions and numerous other factors beyond FPLIC's control. In addition to gains and losses realized when a security is sold, FPLIC recognizes a loss on investments when evidence demonstrates that the unrealized loss is other-than-temporary.

FPLIC monitors its investment portfolio and specifically reviews and considers securities to be other-than-temporarily impaired when significant declines in market value occur or when it is probable that a full recovery of an investment's cost will not be realized. This process is inherently judgmental. FPLIC generally considers the length of time and the severity of the decline in value as key elements in deciding whether impairment is other-than-temporary, in addition to its intent to sell or likelihood that it will need to sell the security. Security ratings, default rates, prepayment rates and general market conditions are also considered. All government and agency bonds showing an unrealized loss are considered temporary with full recovery expected.

E. Repurchase Agreements

No changes.

Notes to Financial Statement

F. Real Estate

No changes.

G. Low-Income Housing Tax Credits (LIHTC)

No changes.

6. **Joint Ventures, Partnerships and Limited Liability Companies**

No changes.

7. **Investment Income**

No changes.

8. **Derivative Instruments**

No changes.

9. **Income Taxes**

No substantial changes.

10. **Information Concerning Parent, Subsidiaries and Affiliates**

A. FPLIC is owned 60% by Hospital Service Association of Northeastern Pennsylvania (d/b/a Blue Cross of Northeastern Pennsylvania) ("Blue Cross") and 40% by Highmark Inc. ("Highmark").

B., C.

& D. On February 9, 2005, the Commissioner announced a sufficient surplus operating range for Blue Cross is 750%-950% of the lower of the NAIC Health Risk-Based Capital ("HRBC") ratio (parent company only basis) or the PID consolidated risk factor ratio. For 2010, Blue Cross was not operating with inefficient or excess surplus and its HRBC ratio was in the efficient surplus operating range. The determination by the Commissioner is an annual determination based on the lower of Blue Cross' HRBC percentage on a parent company only basis or on a consolidated basis.

Administrative and support services provided by Blue Cross to FPLIC amounted to \$32,103,372 for the period ended June 30, 2011. These services represent allocations of costs in accordance with SSAP No. 70, *Allocation of Expenses*. Net amounts due to affiliates of \$5,145,357 at June 30, 2011 represent amounts due to Blue Cross for these services.

Other amounts due to affiliates of \$46,567 at June 30, 2011 represent amounts due to HMO of Northeastern Pennsylvania (d/b/a First Priority Health) ("FPH") primarily for payments made by FPH on behalf of FPLIC. Receivables from parent, subsidiaries and affiliates at June 30, 2011 of \$10,994,568 represent receivables from Blue Cross for amounts collected on behalf of FPLIC.

E. FPLIC does not have guarantees or undertakings for the benefit of an affiliate that would result in a material contingent exposure of its or any related party's assets or liabilities.

In addition to being covered by the state guaranty fund, FPLIC has hold harmless provisions in its provider contracts which preclude a contracted provider from seeking payment from subscribers and dependents, except for applicable co-payments, coinsurance, deductibles and non-covered services. Furthermore, termination provisions within these contracts provide that, should a provider be terminated, the provider is obligated to complete treatment of the member then receiving treatment.

Notes to Financial Statement

- F. Support services provided by Blue Cross to FPLIC are billed based on actual costs and amounts are paid by FPLIC on a monthly basis. This methodology represents allocations of costs in accordance with SSAP No. 70, *Allocation of Expenses*.
- G. Blue Cross, a Hospital Plan Corporation domiciled in the state of Pennsylvania, owns 60% of the outstanding shares of FPLIC. Highmark, a professional health services plan and hospital plan corporation domiciled in the state of Pennsylvania, owns 40% of the outstanding shares of FPLIC.
- H. FPLIC does not own shares, directly or indirectly, in Blue Cross or Highmark.
- I. FPLIC does not hold investments in Subsidiary, Controlled or Affiliated Companies whose carrying value is equal to or exceeds 10% of the admitted assets of FPLIC.
- J. FPLIC did not recognize an impairment write-down for its investments in Subsidiary, Controlled or Affiliated Companies.
- K. FPLIC does not have an investment in foreign insurance subsidiaries.
- L. FPLIC does not have an investment in downstream noninsurance holding companies.

11. Debt

No changes.

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

No changes.

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

- (1) FPLIC has 1,000 common shares authorized, 167 shares issued and outstanding, with no par value at June 30, 2011.
- (2) FPLIC has no preferred stock authorized, issued or outstanding.
- (3) State law provides that dividends or other distributions may be paid only to the extent of unassigned surplus. In addition, legislation requires PID approval of any dividend or other distribution.
- (4) In accordance with the limitations in (3) above, no dividends may be paid to stockholders as of June 30, 2011.
- (5) In accordance with the limitations in (3) above, none of FPLIC's profits may be paid as ordinary dividends to stockholders as of June 30, 2011.
- (6) There are no restrictions placed on FPLIC's surplus, including for whom the surplus is held.
- (7) There are no advances to surplus that have not been repaid.
- (8) There is no stock held by FPLIC, including stock of affiliated companies, for special purposes.
- (9) There have been no changes in balances of special surplus funds from the prior year.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses at June 30, 2011 was \$841,801.
- (11) FPLIC has not issued surplus debentures or similar obligations.

Notes to Financial Statement

(12)& (13) FPLIC has not been involved in any quasi-reorganizations.

14. Contingencies

- A. FPLIC is not part of commitments or contingent commitments to a subsidiary, controlled and affiliated entity, joint venture, partnership or limited liability company, other than those disclosed in note 10E.
- B. Management is not aware of assessments that would have a material financial impact on FPLIC.
- C. There are no gain contingencies that have been identified subsequent to the balance sheet date.
- D. FPLIC does not have any claims related extra contractual obligations or bad faith claims stemming from lawsuits.
- E. On or about March 22, 2010, a class action lawsuit was filed against FPLIC's parent company, Blue Cross. This class action complaint was filed in the Western District of Pennsylvania against Blue Cross, Highmark, Capital Blue Cross and Independence Blue Cross. The complaint alleges that defendants directly paid enrollees for services provided by the Plaintiff Ambulance Companies and therefore, coerced the Ambulance Companies to enter into network contracts on less than favorable terms. On or about July 19, 2010, the Plaintiffs filed an Amended Complaint which restated the original claims and added certain additional defendants, including FPLIC. On or about September 10, 2010, the defendants filed a joint motion to dismiss the amended complaint. On March 15, 2011, a Report and Recommendation was filed which proposed to dismiss the Amended Complaint with prejudice. Objections were filed by Plaintiffs' counsel on April 1, 2011. An order was filed on June 7, 2011 granting the motion to dismiss. A Notice of appeal was filed by Plaintiffs' counsel on June 27, 2011. At this time, FPLIC is unable to reasonably estimate the cost of this class action lawsuit, or otherwise predict the outcome.

In the ordinary course of business, FPLIC is involved in and subject to claims, contractual disputes and other uncertainties. FPLIC makes an assessment of its possible exposure to loss contingencies based on the facts and circumstances of current investigations and accrues an amount which, in the opinion of management, is the best estimate of its liability that may result from settlement. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse affect on FPLIC's financial position.

15. Leases

No changes.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

No changes.

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

- A. FPLIC had no transfers of receivables reported as sales.
- B. FPLIC did not have transactions involving the transfer and servicing of financial assets and extinguishment of liabilities including securities lending for the period ended June 30, 2011.
- C. FPLIC had no wash sale activity requiring disclosure during the period covered by this statement.

Notes to Financial Statement

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

No substantial changes.

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

No changes.

20. Fair Value Measurements

A. Common stocks are valued at fair value on FPLIC's statutory statements of admitted assets, liabilities, capital and surplus. The statement value of bonds is based on a quality valuation designation ascribed by the NAIC SVO. Bonds with higher quality designations have a statement value equal to amortized cost and bonds with lower quality designations are carried at the lower of amortized cost or fair value on the statutory statements of admitted assets, liabilities, capital and surplus. FPLIC's financial assets carried at fair value have been classified based on the three-tier fair value hierarchy defined by SSAP No. 100's guidance for fair value measurements and disclosures. The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets at the measurement date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Inputs are other than quoted market prices in Level 1 that are observable for the asset through corroboration with market data at the measurement date.

Level 3 – Inputs are unobservable and supported by little or no market activity that reflect management's best estimate of what market participants would use in pricing the asset at the measurement date.

The fair value of actively exchange listed debt and equity securities is based on quoted market prices and includes U.S. Treasury bonds and generally classified as Level 1. Inactively traded debt securities are based on quoted market prices of identical or similar securities based on observable inputs like interest rates using either a market or income valuation approach and generally classified as Level 2. Privately held debt and equity securities as well as distressed debt securities are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level 3. Potential taxes and other transaction costs are not considered in estimating fair values.

(1) Fair value measurements at June 30, 2011 for assets:

	Level 1	Level 2	Level 3	Total
Common Stock				
Industrial and miscellaneous	\$ 36,321,590	\$ 0	\$ 0	\$ 36,321,590
Total assets at fair value	<u>\$ 36,321,590</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,321,590</u>

(2)&(3) FPLIC did not have any assets categorized within Level 3 of the fair value hierarchy at June 30, 2011. FPLIC did not have any transfers between levels during the period ended June 30, 2011.

(4) FPLIC did not have any assets categorized within Level 2 or Level 3 of the fair value hierarchy at June 30, 2011.

C. The carrying amounts of FPLIC's receivables and deposits, claims unpaid, premiums received in advance and other liabilities approximate fair value due to the short-term nature of these items.

Notes to Financial Statement

D. FPLIC does not have any financial instruments where it is not practicable to estimate fair value.

21. **Other Items**

No changes.

22. **Events Subsequent**

There are no subsequent events that may have a material effect on the financial condition of FPLIC. FPLIC has evaluated subsequent events for recognition or disclosure through August 11, 2011, the date the financial statements were issued.

23. **Reinsurance**

FPLIC's reinsurance agreement concluded on December 31, 2010. FPLIC has not entered into any other reinsurance agreements at June 30, 2011.

24. **Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No changes.

25. **Change in Incurred Claims and Claim Adjustment Expenses**

Reserves as of December 31, 2010 were \$40,710,562. As of June 30, 2011, \$20,046,033 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$3,062,082 as a result of re-estimation of unpaid claims and claim adjustment expenses. The liability for claims unpaid at December 31, 2010 included a liability of \$9,420,194 related to a timing issue of when claims were processed as paid in the claims system and when the cash was actually disbursed. Excluding the timing issue referenced previously, there has been a \$8,182,253 favorable prior year development since December 31, 2010 to June 30, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. **Intercompany Pooling Arrangements**

No changes.

27. **Structured Settlements**

Not applicable for companies that file the health annual statement.

Notes to Financial Statement

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter Ended	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced / Confirmed	Actual Rebates Collected Within 90 Days of Invoicing / Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing / Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing / Confirmation
6/30/2011	\$1,678,900				
3/31/2011	1,512,000	\$1,182,004	\$ 1,182,004		
12/31/2010	\$1,935,700	\$1,896,924	\$ 1,613,116	\$ 283,808	
9/30/2010	1,874,400	1,889,207	1,724,807	116,490	\$ 47,910
6/30/2010	2,282,500	1,859,167	1,627,480	177,376	54,311
3/31/2010	1,583,000	1,815,164	1,526,442	183,423	105,299
12/31/2009	\$1,751,300	\$1,955,194	\$ 1,846,619	\$ 67,065	\$ 41,510
9/30/2009	1,552,700	1,913,771	1,814,098	54,635	45,038
6/30/2009	1,509,600	1,936,686	1,794,966	141,720	
3/31/2009	1,481,400	1,812,333	1,490,008	265,152	57,173

B. FPLIC does not have a receivable related to risk sharing arrangements at June 30, 2011.

29. Participating Policies

No changes.

30. Premium Deficiency Reserves

No changes.

31. Anticipated Salvage and Subrogation

No changes.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No [] N/A[X]

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

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

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2008.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2008.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).06/01/2010.....
- 6.4 By what department or departments?
Pennsylvania Insurance Department
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A[X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No [] N/A []

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

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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
.....	Yes [] No[X]	Yes [] No[X]	Yes [] No[X]	Yes [] No[X]	Yes [] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No []
 - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes [] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No []
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$..... 5,849,211

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No[X]
- 11.2 If yes, give full and complete information relating thereto:

- 12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$..... 0
- 13. Amount of real estate and mortgages held in short-term investments: \$..... 0

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

GENERAL INTERROGATORIES (Continued)

INVESTMENT

14.2 If yes, please complete the following:

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

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes No
Yes No N/A

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

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No

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

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Institutional Trust Services	733 Marquette Avenue, 8th Floor, Minneapolis, MN 55402
PNC Bank	201 Penn Avenue, Scranton, PA 18501

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes No

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

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

16.5 Identify all investment advisors, 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	2 Name(s)	3 Address
104863	Income Research & Management	100 Federal Street, 31st Floor, Boston, MA 02110
104559	Pacific Investment Management Company LLC	840 Newport Center Drive, Newport Beach, CA 92660
107038	J.P. Morgan Investment Management, Inc	1111 Polaris Parkway, Suite 4P, Columbus, OH 43240

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes No

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 83.160%
1.2 A&H cost containment percent	..... 3.510%
1.3 A&H expense percent excluding cost containment expenses	..... 10.780%
2.1 Do you act as a custodian for health savings accounts?	Yes[] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

SCHEDULE S - CEDED REINSURANCE
Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			NONE			

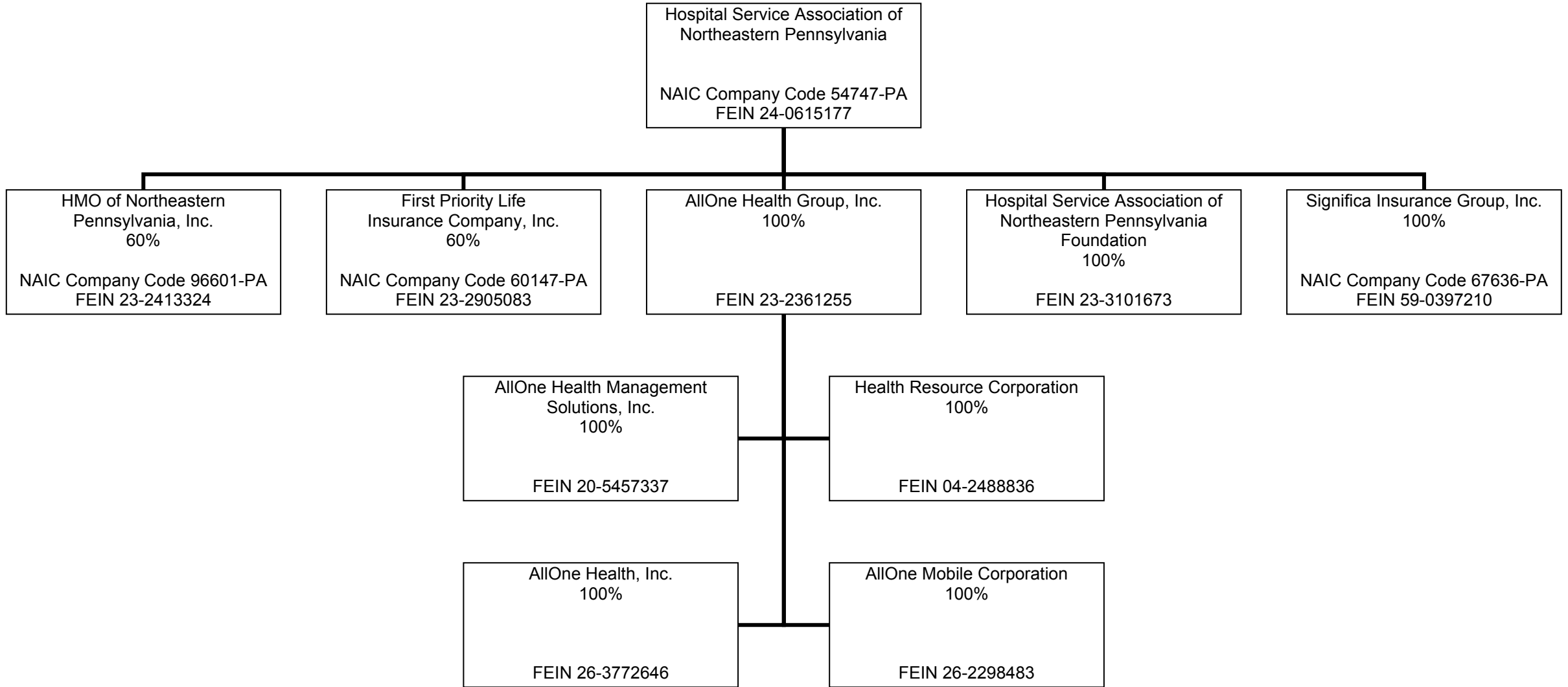
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**Current Year to Date - Allocated by States and Territories**

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	L	191,902,533					191,902,533		
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	191,902,533					191,902,533		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. Total (Direct Business)	(a) 1	191,902,533					191,902,533		
DETAILS OF WRITE-INS									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

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

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

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

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



60147201136500002

2011

Document Code: 365

NONE

STATEMENT AS OF **June 30, 2011** OF THE **First Priority Life Insurance Company**
SCHEDULE A - VERIFICATION

Real Estate

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

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

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

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

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

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	154,144,478	137,745,934
2. Cost of bonds and stocks acquired	33,288,490	112,057,637
3. Accrual of discount	173,568	292,663
4. Unrealized valuation increase (decrease)	1,295,078	4,690,579
5. Total gain (loss) on disposals	229,757	2,890,023
6. Deduct consideration for bonds and stocks disposed of	37,312,589	102,839,370
7. Deduct amortization of premium	640,214	692,988
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	151,178,568	154,144,478
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	151,178,568	154,144,478

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	120,085,068	126,370,775	125,081,231	(96,721)	120,085,068	121,277,891		121,982,484
2. Class 2 (a)	10,127,573	1,955,730	2,268,972	335,476	10,127,573	10,149,807		8,519,999
3. Class 3 (a)	402,410			(402,410)	402,410			40,556
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	130,615,051	128,326,505	127,350,203	(163,655)	130,615,051	131,427,698		130,543,039
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	130,615,051	128,326,505	127,350,203	(163,655)	130,615,051	131,427,698		130,543,039

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....9,251,005; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

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SCHEDULE DA - PART 1**Short - Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	13,809,733	X X X	13,809,733	5,078	

SCHEDULE DA - Verification**Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	10,025,120	18,501,474
2. Cost of short-term investments acquired	157,305,872	339,341,298
3. Accrual of discount	2,344	3,157
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	656	
6. Deduct consideration received on disposals	153,520,339	347,813,582
7. Deduct amortization of premium	3,920	7,227
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	13,809,733	10,025,120
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	13,809,733	10,025,120

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	1,399,953	.....
2.	Cost of cash equivalents acquired	132,367,863	217,827,049
3.	Accrual of discount	119	.....
4.	Unrealized valuation increase (decrease) .....	.....	.....
5.	Total gain (loss) on disposals	(18)	.....
6.	Deduct consideration received on disposals	131,006,930	216,426,609
7.	Deduct amortization of premium .....	.....	487
8.	Total foreign exchange change in book/adjusted carrying value .....	.....	.....
9.	Deduct current year's other than temporary impairment recognized .....	.....	.....
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	2,760,987	1,399,953
11.	Deduct total nonadmitted amounts .....	.....	.....
12.	Statement value at end of current period (Line 10 minus Line 11)	2,760,987	1,399,953

E01 Schedule A Part 2 NONE

E01 Schedule A Part 3 NONE

E02 Schedule B Part 2 NONE

E02 Schedule B Part 3 NONE

E03 Schedule BA Part 2 NONE

E03 Schedule BA Part 3 NONE

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. States, Territories and Possessions									
13063A5D2	CA TXB-VAR PURP 3		04/27/2011	Unknown	X X X	109,040	100,000.00	512	1FE
1799999 Subtotal - Bonds - U.S. States, Territories and Possessions					X X X	109,040	100,000.00	512	X X X
Bonds - U.S. Special Revenue, Special Assessment									
31393JBX5	FHR 2551 QK		06/29/2011	Stephens Inc.	X X X	245,967	225,917.00	138	1FE
31418MCB6	FN AD0065		04/29/2011	BNP PARIBAS SECURITIES BOND	X X X	763,968	729,761.00	911	1
31392FCA3	FNR 2002-70 QZ		06/01/2011	DIRECT	X X X	3,288	3,288.00		1
31394ARY4	FNR 2004-61 ZG		06/01/2011	DIRECT	X X X	6,970	6,970.00		1
38374CF63	GNR 2003-86 ZC		06/01/2011	DIRECT	X X X	2,521	2,521.00		1FE
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					X X X	1,022,714	968,457.00	1,049	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
031162BF6	AMGEN INC		06/27/2011	BARCLAYS CAPITAL INC FIXED INC	X X X	47,889	48,000.00		1FE
037389AY9	AON CORP		05/25/2011	VARIOUS	X X X	124,922	125,000.00	25	2FE
78387GAP8	AT&T INC		05/06/2011	Unknown	X X X	431,204	390,000.00	3,094	1FE
067901AC2	BARRICK GOLD CORP	A	05/24/2011	RBC Dain Rauscher (US)	X X X	149,822	150,000.00		2FE
054937AF4	BB&T CORPORATION		06/29/2011	WELLS FARGO SECURITIES LLC	X X X	10,617	10,000.00	93	1FE
09256BAA5	BLACKSTONE HOLDINGS FINA		06/13/2011	VARIOUS	X X X	32,540	30,000.00	668	1FE
149123BS9	CATERPILLAR INC		05/24/2011	GREENWICH CAPITAL MARKETS, INC	X X X	59,873	60,000.00		1FE
92344SAJ9	CELLCO PART/VERI WIRELSS		05/16/2011	Unknown	X X X	654,635	573,000.00	470	1FE
17275RAF9	CISCO SYSTEMS INC		06/30/2011	CITIGROUP GBL MKTS/SALOMON, NEW YORK	X X X	20,020	20,000.00	523	1FE
172967EV9	CITIGROUP INC		05/03/2011	Unknown	X X X	421,515	336,000.00	13,011	1FE
00209TAB1	COMCAST CABLE COMM HLDGS		05/06/2011	Unknown	X X X	590,840	421,000.00	19,460	2FE
20030NAK7	COMCAST CORP		06/09/2011	WELLS FARGO SECURITIES LLC	X X X	66,173	60,000.00	314	2FE
20030NAR2	COMCAST CORP		06/09/2011	WELLS FARGO SECURITIES LLC	X X X	39,715	35,000.00	680	2FE
126408GN7	CSX CORP		06/29/2011	CREDIT SUISSE SECURITIES (USA)	X X X	17,198	15,000.00	245	2FE
235851AL6	DANAHER CORP		06/20/2011	BANC OF AMERICA SECURITIES LLC	X X X	59,904	60,000.00		1Z
264399EQ5	DUKE ENERGY CORP		05/24/2011	VARIOUS	X X X	230,498	206,000.00	4,182	2FE
26884AAU7	ERP OPERATING LP		06/29/2011	BANC OF AMERICA SECURITIES LLC	X X X	16,506	15,000.00	345	2FE
302182AF7	EXPRESS SCRIPTS INC		04/27/2011	Unknown	X X X	79,678	80,000.00		2FE
30277MAB0	FUEL TRUST		06/14/2011	BANC OF AMERICA SECURITIES LLC	X X X	200,000	200,000.00		2FE
36962G2G8	GENERAL ELEC CAP CORP		05/25/2011	CITIGROUP GBL MKTS/SALOMON, NEW YORK	X X X	155,191	140,000.00	226	1FE
36962G3U6	GENERAL ELEC CAP CORP		04/29/2011	Unknown	X X X	658,842	600,000.00	281	1FE
36962G4D3	GENERAL ELEC CAP CORP		05/04/2011	Unknown	X X X	365,844	327,000.00	5,014	1FE
38141EA25	GOLDMAN SACHS GROUP INC		05/03/2011	Unknown	X X X	404,845	341,000.00	5,754	1FE
38143USC6	GOLDMAN SACHS GROUP INC		04/28/2011	Unknown	X X X	150,699	150,000.00	1,299	1FE
38259PAA0	GOOGLE INC		05/16/2011	Unknown	X X X	467,892	468,000.00		1FE
428236BL6	HEWLETT-PACKARD CO		05/25/2011	GREENWICH CAPITAL MARKETS, INC	X X X	69,971	70,000.00		1FE
437076AR3	HOME DEPOT INC		05/25/2011	VARIOUS	X X X	229,713	210,000.00	5,053	2FE
461202AB9	INTUIT INC		06/07/2011	Morgan Stanley	X X X	124,237	110,000.00	1,493	2FE
478366AU1	JOHNSON CONTROLS INC		06/29/2011	KEYBANC CAPITAL MARKETS INC	X X X	16,059	15,000.00	198	2FE
53947MAB2	LLOYDS TSB BANK PLC	F	05/02/2011	Unknown	X X X	361,561	350,000.00	6,316	1F
611662BM8	MONSANTO CO		04/12/2011	Unknown	X X X	79,842	80,000.00		1FE
61747YCG8	MORGAN STANLEY		04/29/2011	Unknown	X X X	287,660	250,000.00	8,669	1FE
637640AE3	NATIONAL SEMICONDUCTOR		05/17/2011	Unknown	X X X	53,657	45,000.00	1,279	2FE
713448BT4	PEPSICO INC		05/03/2011	Unknown	X X X	149,861	150,000.00		1FE

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SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
784657AE8	SSIF NEVADA LP		04/06/2011	Unknown	X X X	200,000	200,000.00		1FE
882508AR5	TEXAS INSTRUMENTS INC		05/17/2011	Unknown	X X X	74,925	75,000.00		1FE
902118BL1	TYCO INTERNATIONAL FINAN	F	06/24/2011	BANC OF AMERICA SECURITIES LLC	X X X	134,978	105,000.00	4,066	1FE
907818CU0	UNION PACIFIC CORP		06/29/2011	BNY CAPITAL MARKETS, INC.	X X X	16,713	15,000.00	167	2FE
929903CJ9	WACHOVIA CORP		04/29/2011	Unknown	X X X	142,614	150,000.00	51	1FE
05947U4D7	BACM 2005-6 A4		06/10/2011	VARIOUS	X X X	726,512	662,000.00	1,178	1Z*
055236AA1	BAMLL 2011-07C1 A3A		05/26/2011	BANC OF AMERICA SECURITIES LLC	X X X	325,242	300,000.00	897	1Z*
23305XAA9	DBUBS 11LC2 A-1		06/17/2011	DEUTSCHE BANK SECURITIES, INC.	X X X	171,693	170,000.00	450	1FE
396789LL1	GCCFC 2005-GG5 A5		06/07/2011	BANC OF AMERICA SECURITIES LLC	X X X	107,375	100,000.00	131	1Z*
36246LAE1	GSMS 2007-GG10 A4		06/01/2011	VARIOUS	X X X	469,042	436,000.00	352	1Z*
59022HJL7	MLMT 2005-CIP1 A4		05/25/2011	BARCLAYS CAPITAL INC FIXED INC	X X X	375,815	346,000.00	1,455	1Z*
61758FAB8	MSRR 2009-GG10 A4B		06/03/2011	DEUTSCHE BANK SECURITIES, INC.	X X X	471,157	463,000.00	523	1Z*
92935VAG3	WRBCMT 11C3 A-4		05/26/2011	WELLS FARGO SECURITIES LLC	X X X	237,339	235,000.00	228	1Z
03064PAC5	AMCAR 2011-3 A3		06/08/2011	GREENWICH CAPITAL MARKETS, INC	X X X	107,986	108,000.00		1FE
36159LBG0	GEDFT 2009-1 A		05/24/2011	Chase/Greenwich Cap	X X X	467,915	461,000.00	288	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	10,858,729	9,966,000.00	88,478	X X X
8399997	Subtotal - Bonds - Part 3				X X X	11,990,483	11,034,457.00	90,039	X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	11,990,483	11,034,457.00	90,039	X X X
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	11,990,483	X X X	90,039	X X X

QE04.1

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
912810QK7	US TREASURY N/B		05/03/2011	CITIGROUP GBL																	
912828DM9	US TREASURY N/B		05/05/2011	MKTS/SALOMON, NEW YORK	X X X	559,959	610,000.00	549,816	549,835				349		550,184		9,775	9,775	16,912	08/15/2040	1
912828LC2	US TREASURY N/B		06/29/2011	Chase/Greenwich Cap	X X X	261,669	238,000.00	260,369					(1,488)		258,881		2,788	2,788	6,864	02/15/2015	1
912828MW7	US TREASURY N/B		05/06/2011	BANC OF AMERICA	X X X	527,537	500,000.00	531,877	529,666				(4,007)		525,659		1,878	1,878	11,965	07/31/2014	1
912828PS3	US TREASURY N/B		06/02/2011	SECURITIES LLC	X X X	1,231,130	1,180,000.00	1,215,678					(2,641)		1,213,037		18,093	18,093	17,840	03/31/2015	1
36202D4A6	G2 3517		06/01/2011	VARIOUS	X X X	1,239,744	1,216,000.00	1,212,344					225		1,212,570		27,174	27,174	7,963	01/31/2016	1
36290S3M1	G2 616504		06/01/2011	REDEMPTION	X X X	16,722	16,721.64	17,976	18,002				(1,281)		16,722		0	0	404	02/20/2034	1
3620AQLK7	GN 736630		06/01/2011	REDEMPTION	X X X	1,651	1,651.28	1,780	1,779				(128)		1,651				45	05/15/2032	1
83162CSP9	SBAP 2009-20F 1		06/01/2011	REDEMPTION	X X X	20,760	20,759.88	22,096	22,126				(1,366)		20,760				394	05/15/2032	1
83162CSY0	SBAP 2009-20L 1		06/01/2011	REDEMPTION	X X X	40,505	40,505.00	41,807	41,825				(1,320)		40,505				1,004	06/01/2029	1
			06/01/2011	REDEMPTION	X X X	22,418	22,418.31	22,418	22,418						22,418		0	0	455	12/01/2029	1
0599999 Subtotal - Bonds - U.S. Governments						X X X	3,922,095	3,846,056.11	3,876,161	1,185,651			(11,657)		3,862,387		59,708	59,708	63,846	X X X	X X X
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
167560PL9	CHICAGO WTR TXB-BAB		05/03/2011	MESIROW FINANCIAL INC.	X X X	46,107	45,000.00	45,000	45,000						45,000		1,107	1,107	1,108	12/01/2038	1FE
234667JL8	DALLAS HOSP-BAB-C		05/03/2011	CLEARVIEW	X X X																
				CORRESPONDENT	X X X	330,078	321,000.00	319,456	156,481				13		319,474		10,604	10,604	13,081	08/15/2044	1FE
544646XY3	LOS ANGELES USD-BABS		05/06/2011	SRVS,LLC	X X X	250,408	250,000.00	252,280	252,201				(48)		252,153		(1,745)	(1,745)	12,389	07/01/2029	1FE
				MESIROW FINANCIAL INC.	X X X	626,593	616,000.00	616,736	453,682				(35)		616,627		9,966	9,966	26,578	X X X	X X X
2499999 Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						X X X	626,593	616,000.00	616,736	453,682			(35)		616,627		9,966	9,966	26,578	X X X	X X X
Bonds - U.S. Special Revenue, Special Assessment																					
312927RR9	FG A81396		06/01/2011	REDEMPTION	X X X	5,578	5,577.90	5,508	5,509				69		5,578				112	08/01/2038	1FE
312945DS4	FG A96413		06/01/2011	REDEMPTION	X X X	10,036	10,036.45	9,878					158		10,036				71	01/01/2041	1FE
3128M8GA6	FG G06193		06/01/2011	REDEMPTION	X X X	63,491	63,490.55	67,704					(4,214)		63,491				849	05/01/2040	1FE
3128MCRG2	FG G13887		06/01/2011	REDEMPTION	X X X	28,023	28,023.47	29,832	29,880				(1,856)		28,023				583	06/01/2025	1FE
3128JQBP2	FH 1B4645		06/01/2011	REDEMPTION	X X X	8,598	8,597.73	8,859	9,152				(554)		8,598				137	03/01/2040	1FE
3128LUGZ4	FH 1J0743		06/01/2011	REDEMPTION	X X X	33,300	33,300.15	35,328	35,352				(2,052)		33,300				814	11/01/2037	1FE
3128QGDL3	FH 1N0107		06/01/2011	REDEMPTION	X X X	2,439	2,439.36	2,549					(110)		2,439				5	01/01/2036	1FE
3128JRV37	FH 847834		06/01/2011	REDEMPTION	X X X	40,853	40,852.86	43,468	47,411				(6,558)		40,853				1,083	12/01/2037	1FE
313372KA7	FHG 24 ZE		06/01/2011	REDEMPTION	X X X	9,811	9,811.48	10,609	10,616				(804)		9,811				253	11/25/2023	1FE
31394KU93	FHR 2692 AY		06/01/2011	REDEMPTION	X X X	19,416	19,416.03	20,628	20,445				(1,029)		19,416				398	10/15/2023	1FE
31397JE75	FHR 3325 JL		06/01/2011	REDEMPTION	X X X	13,782	13,781.95	14,755	14,770				(988)		13,782				316	06/15/2037	1FE
31371MZM2	FN 256448		06/01/2011	REDEMPTION	X X X	7,127	7,126.99	7,168	7,164				(37)		7,127				177	10/01/2026	1
31371NB3	FN 256641		06/01/2011	REDEMPTION	X X X	3,404	3,404.40	3,424	3,422				(17)		3,404				85	03/01/2027	1
31403DDC0	FN 745399		06/01/2011	REDEMPTION	X X X	5,458	5,457.57	5,773	5,778				(320)		5,458				126	12/01/2034	1
31406ABR2	FN 803848		06/01/2011	REDEMPTION	X X X	14,225	14,225.41	14,999	14,996				(770)		14,225				335	12/01/2034	1
31408F6B0	FN 850566		06/01/2011	REDEMPTION	X X X	55,588	55,587.75	57,781	57,770				(2,182)		55,588				1,152	01/01/2036	1
31408XRR3	FN 863696		06/01/2011	REDEMPTION	X X X	199	198.88	195	195				4		199				5	05/01/2036	1
31410GAE3	FN 888405		06/01/2011	REDEMPTION	X X X	65,279	65,278.85	62,821	62,869				2,409		65,279				1,323	12/01/2036	1
31410GF99	FN 888592		06/01/2011	REDEMPTION	X X X	83,228	83,228.01	83,007	83,006				222		83,228				1,841	08/01/2037	1
31410PYX5	FN 893626		06/01/2011	REDEMPTION	X X X	2,741	2,741.10	2,691	2,692				49		2,741				63	09/01/2036	1
31410RGG8	FN 894899		06/01/2011	REDEMPTION	X X X	316	316.26	310	311				6		316				7	10/01/2036	1
31410WML9	FN 899563		06/01/2011	REDEMPTION	X X X	17,587	17,587.15	17,397	17,399				188		17,587				473	06/01/2037	1
31411KNG4	FN 910391		06/01/2011	REDEMPTION	X X X	25,024	25,023.85	24,132	24,150				874		25,024				561	03/01/2037	1
31412ASC9	FN 919515		06/01/2011	REDEMPTION	X X X	1,046	1,045.61	1,034	1,034				11		1,046				26	06/01/2037	1
31412ATF1	FN 919550		06/01/2011	REDEMPTION	X X X	740	740.09	732	732				8		740				19	07/01/2037	1
31412DSL3	FN 922223		06/01/2011	REDEMPTION	X X X	26,849	26,848.87	27,004	26,988				(139)		26,849				551	12/01/2026	1
31412EU61	FN 923205		06/01/2011	REDEMPTION	X X X	3,583	3,583.15	3,782	3,786				(203)		3,583				87	05/01/2037	1
31412SNZ4	FN 933664		06/01/2011	REDEMPTION	X X X	8,406	8,406.23	8,946	8,952				(545)		8,406				195	11/01/2038	1
31412YDH2	FN 938504		06/01/2011	REDEMPTION	X X X	13,951	13,950.88	13,454	13,467				487		13,951				290	05/01/2037	1
31413BLE9	FN 940525		06/01/2011	REDEMPTION	X X X	11,484	11,484.08	11,360	11,361				123		11,484				279	07/01/2037	1
31413BLR0	FN 940536		06/01/2011	REDEMPTION	X X X	8,929	8,928.69	8,832	8,833				96		8,929				217	07/01/2037	1
31413BU82	FN 940807		06/01/2011	REDEMPTION	X X X	5,763	5,762.94	5,701	5,701				62		5,763				136	07/01/2037	1
31413GK90	FN 945020		06/01/2011	REDEMPTION	X X X	41,590	41,589.96	44,209	44,210				(2,620)		41,590				1,070	08/01/2037	1
31413JGM0	FN 946704		05/09/2011	VARIOUS	X X X	314,689	299,071.26	318,207	318,321				(2,940)		315,382		(693)	(693)	7,857	09/01/2037	1
31414GMK2	FN 965762		06/01/2011	REDEMPTION	X X X	30,666	30,666.03	33,095	33,175				(2,509)		30,666				830	02/01/2038	1
31414KMA5	FN 968453		06/01/2011	REDEMPTION	X X X	63,408	63,407.80	66,796	66,819				(3,412)		63,408				1,219	05/01/2038	1
31416BT24	FN 995269		06/01/2011	REDEMPTION	X X X	9,620	9,620.26	10,000	9,999				(379)		9,62						

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31416XSZ4	FN AB2335		06/01/2011	REDEMPTION	X X X	10,561	10,561.05	10,480			81		81		10,561				119	02/01/2041	1
31417S3X6	FN AC6213		06/01/2011	REDEMPTION	X X X	19,898	19,897.51	20,683	20,680		(782)		(782)		19,898				353	11/01/2039	1
31417VZP1	FN AC8849		06/01/2011	REDEMPTION	X X X	8,344	8,343.81	8,458	8,458		(114)		(114)		8,344				144	01/01/2040	1
31418MCB6	FN AD0065		06/01/2011	REDEMPTION	X X X	3,917	3,917.39	4,101			(184)		(184)		3,917				7	09/01/2035	1
31418M4K5	FN AD0825		06/01/2011	REDEMPTION	X X X	1,233	1,232.56	1,278	1,277		(45)		(45)		1,233				24	02/01/2020	1
31418SA41	FN AD4526		06/01/2011	REDEMPTION	X X X	39,841	39,841.29	41,096	41,093		(1,252)		(1,252)		39,841				700	04/01/2040	1
31419KKE4	FN AE8392		06/01/2011	REDEMPTION	X X X	5,147	5,146.57	5,010	5,010		137		137		5,147				76	11/01/2040	1
31419KXT7	FN AE8789		06/01/2011	REDEMPTION	X X X	3,224	3,224.01	3,076			148		148		3,224				28	12/01/2040	1
31419LZU0	FN AE9754		06/01/2011	REDEMPTION	X X X	1,654	1,654.35	1,610	1,610		44		44		1,654				24	12/01/2040	1
3138A2BE8	FN AH0936		06/01/2011	REDEMPTION	X X X	3,190	3,190.36	3,044			147		147		3,190				29	12/01/2040	1
3138A5Q08	FN AH4062		06/01/2011	REDEMPTION	X X X	824	823.78	786			38		38		824				7	02/01/2041	1
3138A6JH4	FN AH4763		06/01/2011	REDEMPTION	X X X	8,665	8,665.23	8,802			(137)		(137)		8,665				112	01/01/2041	1
31417YSAG	FN MA0512		06/01/2011	REDEMPTION	X X X	14,823	14,822.93	15,569	15,584		(761)		(761)		14,823				247	09/01/2011	1
31392EH60	FNR 2002-69 Z		06/01/2011	REDEMPTION	X X X	22,183	22,182.94	23,472	23,455		(1,272)		(1,272)		22,183				497	10/25/2032	1
31394AW77	FNR 2004-75 VK		06/01/2011	REDEMPTION	X X X	7,347	7,347.02	7,574			(222)		(222)		7,347				138	09/25/2022	1
31394FN50	FNR 2005-84 XM		06/01/2011	REDEMPTION	X X X	9,506	9,506.43	10,181	10,189		(683)		(683)		9,506				227	10/25/2035	1
31396XQW7	FNR 2007-85 BA		06/01/2011	REDEMPTION	X X X	11,368	11,367.95	12,292	12,399		(1,031)		(1,031)		11,368				285	03/25/2035	1
31396QTR0	FNR 2009-62 WA		06/01/2011	REDEMPTION	X X X	13,208	13,208.24	14,017	13,926		(718)		(718)		13,208				304	08/25/2039	1
31398F7A3	FNW 2009-W1 A		06/01/2011	REDEMPTION	X X X	7,505	7,504.97	8,152	8,131		(626)		(626)		7,505				186	12/25/2049	1
38373XV52	GNR 2002-49 ZA		06/01/2011	REDEMPTION	X X X	10,565	10,564.56	11,898			(1,334)		(1,334)		10,565				225	07/20/2032	1FE
38376FA47	GNR 2009-81 PA		06/01/2011	REDEMPTION	X X X	13,850	13,849.70	14,739	14,587		(738)		(738)		13,850				317	02/16/2038	1FE
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	1,311,833	1,296,215.49	1,348,568	1,230,506		(40,299)		(40,299)		1,312,526		(693)	(693)	28,484	X X X	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
025816BA6	AMERICAN EXPRESS CO		05/03/2011	GOLDMAN EXECUTING & CLEARING	X X X	335,327	292,000.00	291,539	291,670		32		32		291,702		43,625	43,625	9,762	05/20/2014	1FE
05572FAA1	BNP PARIBAS HOME LOAN	F	04/27/2011	Morgan Stanley	X X X	217,908	225,000.00	227,934	227,846		(182)		(182)		227,663		(9,755)	(9,755)	2,475	11/02/2015	1FE
00209TA3	COMCAST CABLE COMM HLDGS		06/09/2011	Wall Street Access	X X X	89,803	80,000.00	89,923	84,337		(845)		(845)		83,492		6,312	6,312	5,006	03/15/2013	2FE
20030NAP6	COMCAST CORP		05/06/2011	JP MORGAN SECURITIES INC.	X X X	289,779	249,000.00	277,236	274,475		(990)		(990)		273,485		16,293	16,293	13,308	01/15/2017	2FE
20030NAX9	COMCAST CORP		05/06/2011	Goldman Sachs	X X X	320,251	296,000.00	300,245	300,203		1		1		300,204		20,048	20,048	9,262	05/15/2038	2FE
126650BV1	CVS PASS-THROUGH TRUST		06/10/2011	REDEMPTION	X X X	3,542	3,542.44	3,542	3,542						3,542		0	0	81	01/10/2033	2FE
36962G3P7	GENERAL ELEC CAP CORP		05/04/2011	JP MORGAN SECURITIES INC.	X X X	518,918	504,000.00	482,877	483,110		157		157		483,267		35,651	35,651	24,264	01/14/2038	1FE
38141GGM0	GOLDMAN SACHS GROUP INC		05/03/2011	PERSHING LLC	X X X	290,576	282,000.00	285,951	285,911		(10)		(10)		285,941		4,634	4,634	4,798	02/01/2041	1FE
441812JY1	HSBC FINANCE CORP		04/06/2011	Unknown	X X X	3,194	3,000.00	2,734	2,871		25		25		2,896		299	299	85	05/15/2012	1FE
539830AV1	LOCKHEED MARTIN CORP		04/27/2011	KEYBANC CAPITAL MARKETS INC	X X X	146,179	141,000.00	144,418	144,391		(14)		(14)		144,377		1,802	1,802	3,383	06/01/2040	1FE
638612AK7	NATIONWIDE FINANCIAL SER		04/06/2011	Unknown	X X X	321,209	323,000.00	321,127			7		7		321,133		75	75	772	03/25/2021	2FE
652482AS9	NEWS AMERICA INC		05/03/2011	PERSHING LLC	X X X	312,918	289,000.00	302,785	302,647		(27)		(27)		302,620		10,297	10,297	16,094	01/09/2038	2FE
652482CC2	NEWS AMERICA INC		05/03/2011	JP MORGAN SECURITIES INC.	X X X	305,656	296,000.00	294,476			4		4		294,479		11,176	11,176	4,045	02/15/2041	2FE
717081DB6	PFIZER INC		04/27/2011	CITIGROUP GBL MKTG/SALOMON, NEW YORK	X X X	241,515	208,000.00	226,957	224,319		(527)		(527)		223,792		17,723	17,723	8,132	03/15/2019	1FE
740816AF0	PRES & FELLOWS OF HARVAR		06/02/2011	REDEEMED	X X X	137,864	126,000.00	138,201	135,780		(1,280)		(1,280)		134,500		3,364	3,364	5,547	01/15/2014	1FE
78011CAG1	ROYAL BK OF SCOTLAND PLC	F	04/29/2011	BARCLAYS CAPITAL INC FIXED INC	X X X	252,475	250,000.00	249,865	249,920		23		23		249,943		2,532	2,532	1,604	03/30/2012	1FE
00184AAC9	TIME WARNER INC		05/09/2011	Goldman Sachs	X X X	78,869	65,000.00	71,497	71,076		(44)		(44)		71,032		7,838	7,838	2,822	04/15/2031	2FE
907818DF2	UNION PACIFIC CORP		05/03/2011	WELLS FARGO SECURITIES LLC	X X X	218,598	207,000.00	216,717	216,656		(46)		(46)		216,610		1,989	1,989	9,705	07/15/2040	2FE
9612EMAK5	WESTPAC BANKING CORP	F	04/29/2011	BARCLAYS CAPITAL INC FIXED INC	X X X	205,410	200,000.00	196,710	197,264		223		223		197,487		7,923	7,923	2,175	12/09/2014	1FE
161542DN2	CFLAT 2004-AQ1 A2		06/27/2011	REDEMPTION	X X X	6,309	6,308.95	5,370	5,452		857		857		6,309		0	0	17	05/25/2034	1Z*
40430YAA9	HFCHC 2006-2 A1		06/20/2011	REDEMPTION	X X X	4,197	4,196.56	3,921	3,919		277		277		4,197		0	0	7	03/20/2036	1Z*
437690BU3	HMAC 2004-5 A1		06/27/2011	REDEMPTION	X X X	9,179	9,179.42	5,737	5,868		3,311		3,311		9,179				26	10/25/2034	1Z*
466247AA1	JPMIT 2003-A1 1A1		06/01/2011	REDEMPTION	X X X	2,681	2,681.09	2,574	2,577		104		104		2,681				26	10/25/2033	1Z*
525170BL9	LABS 2003-1 A1		06/01/2011	REDEMPTION	X X X	7,945	7,945.44	7,881	7,882		63		63		7,945				166	12/25/2033	1Z*
07383FFP8	BSCMS 2001-TOP2 A2		06/01/2011	VARIOUS	X X X	96,153	96,152.70	99,804	96,253		(100)		(100)		96,153		0	0	2,209	02/15/2035	1FE
22545LAB5	CSMC 2006-C5 A2		05/25/2011	VARIOUS	X X X	414,238	411,192.16	422,243	418,263		(3,779)		(3,779)		414,484		(246)	(246)	10,827	12/15/2039	1FE
36228CWU3	GSMS 2006-GG6 A2		06/01/2011	REDEMPTION	X X X	793	793.16	808	803		(10)		(10)		793				18	04/10/2038	1Z*
55312VAB4	MLCFC 2006-4 A2		06/01/2011	REDEMPTION	X X X	37,670	37,669.87	38,632	38,203		(533)		(533)		37,670				883	12/12/2049	1Z*
61746WHF0	MSDWC 2001-TOP3 A4		06/01/2011	REDEMPTION	X X X	24,837	24,836.90	25,796	24,992		(155)		(155)		24,837		0	0	617	07/15/2033	1Z*

SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.							
61759LAB4	MSRR 2010-GG10 A4B		04/28/2011	CREDIT SUISSE SECURITIES (USA)	X X X	420,297	400,000.00	402,425				(50)	(50)	402,375		17,922	17,922	4,070	08/15/2045	2FE	
62888XAA2	NGN 2010-C1 A1		06/27/2011	REDEMPTION	X X X	2,284	2,284.46	2,282	2,282			2	2	2,284		0	0	15	10/29/2020	1FE	
62888XAC8	NGN 2010-C1 APT		06/27/2011	REDEMPTION	X X X	3,400	3,399.83	3,333			67	67	3,400		0	0	23	10/29/2020	1FE		
06052DAC9	BAAT 2009-1A A3		06/15/2011	REDEMPTION	X X X	112,373	112,373.22	113,774	113,133		(760)	(760)	112,373		0	0	1,237	07/15/2013	1FE		
06052GAC2	BAAT 2009-3A A3		06/15/2011	REDEMPTION	X X X	83,202	83,202.41	83,197	83,215		(12)	(12)	83,202		0	0	573	12/15/2013	1FE		
17290DAB0	CFAIT 2009-1 A2		06/15/2011	REDEMPTION	X X X	48,977	48,977.19	48,973	48,981		(4)	(4)	48,977		0	0	370	11/15/2012	1FE		
12612BAC4	CNH 2010-A A3		06/15/2011	REDEMPTION	X X X	93,177	93,177.27	93,164	93,184		(7)	(7)	93,177		0	0	581	07/15/2014	1FE		
34529KAB2	FORDL 2010-A A2		06/15/2011	REDEMPTION	X X X	217,100	217,099.80	217,515	217,345		(245)	(245)	217,100		0	0	937	03/15/2013	1FE		
47787AAC1	JDOT 2010-A A2		06/15/2011	REDEMPTION	X X X	153,470	153,469.64	153,465	153,476				153,470		0	0	451	07/16/2012	1FE		
54238NAD2	LBART 2006-B A4		06/15/2011	REDEMPTION	X X X	59,726	59,725.64	47,034	52,995		6,731	6,731	59,726		0	0	1,265	09/15/2013	1FE		
587682AB1	MBART 2010-1 A2		06/15/2011	REDEMPTION	X X X	226,640	226,640.29	226,625	226,648		(7)	(7)	226,640		0	0	658	08/15/2012	1FE		
65490AAD9	NALT 2009-A A3		06/15/2011	VARIOUS	X X X	241,868	241,868.39	246,347	242,981		(1,112)	(1,112)	241,868		0	0	2,751	12/15/2011	1FE		
65475YAD6	NAROT 2008-C A3A		06/15/2011	REDEMPTION	X X X	129,103	129,103.28	136,179	130,811		(1,708)	(1,708)	129,103		0	0	3,161	07/16/2012	1FE		
92869AAB0	VALET 2010-1 A2		06/20/2011	VARIOUS	X X X	69,435	69,434.72	69,430	69,435		(1)	(1)	69,435		0	0	187	05/21/2012	1FE		
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	6,755,045	6,481,254.83	6,581,243	5,248,805		(564)	(564)	6,555,545		199,501	199,501	154,395	X X X	X X X		
8399997	Subtotal - Bonds - Part 4				X X X	12,615,566	12,239,526.43	12,422,708	8,118,644		(52,555)	(52,555)	12,347,085		268,482	268,482	273,303	X X X	X X X		
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
8399999	Subtotal - Bonds				X X X	12,615,566	12,239,526.43	12,422,708	8,118,644		(52,555)	(52,555)	12,347,085		268,482	268,482	273,303	X X X	X X X		
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
9899999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
9999999	Total - Bonds, Preferred and Common Stocks				X X X	12,615,566	X X X	12,422,708	8,118,644		(52,555)	(52,555)	12,347,085		268,482	268,482	273,303	X X X	X X X		

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

QE05.2

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D NONE

E09 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E10 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH**Month End Depository Balances**

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
open depositories									
PNC Bank - Concentration Account	Scranton, PA					3,983,406	3,289,767	2,881,438	X X X
PNC Bank - Operation Account	Scranton, PA					(42,176)	(88,460)	(376,587)	X X X
PNC Bank - Claims Account	Scranton, PA					(5,154,812)	(9,733,871)	(3,982,703)	X X X
PNC Bank - Refund Account	Scranton, PA					(77,219)	(39,485)	(94,076)	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - open depositories		X X X	X X X						X X X
0199999 Totals - Open Depositories		X X X	X X X			(1,290,801)	(6,572,049)	(1,571,928)	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - suspended depositories		X X X	X X X						X X X
0299999 Totals - Suspended Depositories		X X X	X X X						X X X
0399999 Total Cash On Deposit		X X X	X X X			(1,290,801)	(6,572,049)	(1,571,928)	X X X
0499999 Cash in Company's Office		X X X	X X X	X X X	X X X				X X X
0599999 Total Cash		X X X	X X X			(1,290,801)	(6,572,049)	(1,571,928)	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Governments - Issuer Obligations							
TREASURY BILL		04/28/2011	0.000	07/14/2011	1,383,990		
TREASURY BILL		04/29/2011	0.000	07/14/2011	21,000		
TREASURY BILL		05/19/2011	0.000	07/14/2011	455,997		
0199999 Subtotals - U.S. Governments - Issuer Obligations					1,860,987		
0599999 Subtotals - U.S. Governments					1,860,987		
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations							
MERRILL LYNCH GOVT SECUR		06/30/2011	0.010	07/01/2011	900,000		
3299999 Subtotals - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					900,000		
3899999 Subtotals - Industrial & Miscellaneous (Unaffiliated)					900,000		
5599999 Subtotals - Parent, Subsidiaries and Affiliates Bonds							
7799999 Subtotals - Issuer Obligations					2,760,987		
8399999 Subtotals - Bonds					2,760,987		
8499999 Sweep Accounts							
8599999 Other Cash Equivalents							
8699999 Total - Cash Equivalents					2,760,987		

QE12

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