



**HEALTH QUARTERLY STATEMENT**  
 AS OF JUNE 30, 2012  
 OF THE CONDITION AND AFFAIRS OF THE  
**Group Hospitalization and Medical Services, Inc.**

NAIC Group Code 0390 0380 NAIC Company Code 53007 Employer's ID Number 53-0078070  
(Current) (Prior)

Organized under the Laws of District of Columbia, State of Domicile or Port of Entry DC

Country of Domicile United States of America

Licensed as business type: HMDI

Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized 08/11/1939 Commenced Business 03/15/1934

Statutory Home Office 840 First Street NE, Washington, DC 20065  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 10455 Mill Run Circle  
(Street and Number)  
Owings Mills, MD 21117 410-581-3000  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 10455 Mill Run Circle, Owings Mills, MD 21117  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 10455 Mill Run Circle  
(Street and Number)  
Owings Mills, MD 21117 410-998-7011  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.carefirst.com

Statutory Statement Contact William Vincent Stack, 410-998-7011  
(Name) (Area Code) (Telephone Number)  
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**OFFICERS**

President and Chief Executive Officer Chester Emerson Burrell Corp. Treasurer & VP Jeanne Ann Kennedy  
 Corp. Secretary, Exec.VP & Gen. Counsel John Anthony Picciotto

**OTHER**

<u>Gregory Mark Chaney EVP, CFO</u>	<u>Michael Thomas Avotins SVP, ASU - Large Groups</u>	<u>Michael Bruce Edwards SVP, Networks Mgmt</u>
<u>Gwendolyn Denise Skillern SVP, General Auditor</u>	<u>Fred Adrian Walton Plumb SVP, ASU-FEP</u>	<u>Michael John Felber SVP, Sales</u>
<u>Rita Ann Costello SVP, Strategic Marketing</u>	<u>Maria Harris Tildon SVP, Public Policy</u>	<u>Jon Paul Shematek, M.D. SVP, Chief Medical Officer</u>
<u>Kenny Waitem Kan SVP, Chief Actuary</u>	<u>Wanda Kay Oneferu-Bey SVP, ASU-Consumer Direct</u>	<u>Kevin Charles O'Neill SVP, Strategic Managed Care Initiatives</u>
<u>Steven Jon Margolis SVP, ASU-Small &amp; Medium Groups</u>	<u>Harry Dietz Fox SVP, Technical &amp; Ops Support</u>	<u>Michelle Judith Wright SVP, Human Resources</u>

**DIRECTORS OR TRUSTEES**

<u>Elizabeth Oliver-Farrow</u>	<u>James Wallace</u>	<u>Larry Donovan Bailey</u>
<u>Carlos Mario Rodriguez</u>	<u>Robert Marcellus Willis</u>	<u>Faye Ford Fields</u>
<u>Natalie Olivia Ludaway</u>	<u>Robert Lee Sloan</u>	<u>Janice Delores Anderson</u>
<u>Bernard Keith Jarvis</u>	<u>Wendell Lee Johns</u>	<u>Jack Allan Meyer</u>
<u>Elena Victoria Rios</u>	<u>Patricia Amelia Rodriguez</u>	

State of Maryland SS:  
 County of Baltimore

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.

Chester Emerson Burrell  
 President and Chief Executive Officer

John Anthony Picciotto  
 Corp. Secretary, Exec. VP & Gen. Counsel

Jeanne Ann Kennedy  
 Corp. Treasurer & VP

Subscribed and sworn to before me this 10th day of AUGUST 2012

- 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.....



## STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization &amp; Medical Services, Inc.

**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 .....	566,587,371	0	566,587,371	571,047,761
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	950,400
2.2 Common stocks .....	165,529,868	0	165,529,868	171,563,388
3. Mortgage loans on real estate:				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ .....0 encumbrances) .....	0	0	0	0
5. Cash (\$ .....(67,531,017) ), cash equivalents (\$ .....1,953,975 ) and short-term investments (\$ .....16,495,085 ) .....	(49,081,957)	0	(49,081,957)	65,503,618
6. Contract loans (including \$ .....0 premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets .....	392,804,469	166,667	392,637,802	399,764,736
9. Receivables for securities .....	0	0	0	0
10. Securities lending reinvested collateral assets .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,075,839,751	166,667	1,075,673,084	1,208,829,903
13. Title plants less \$ .....0 charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	4,313,143	0	4,313,143	3,918,210
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	241,252,542	5,450,795	235,801,747	221,961,182
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....0 earned but unbilled premiums) .....	0	0	0	0
15.3 Accrued retrospective premiums .....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	10,240,623	0	10,240,623	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	835,367	0	835,367	751,666
17. Amounts receivable relating to uninsured plans .....	40,719,446	1,540,502	39,178,944	34,025,605
18.1 Current federal and foreign income tax recoverable and interest thereon .....	12,869,146	0	12,869,146	16,516,440
18.2 Net deferred tax asset .....	0	0	0	17,302,782
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	99,801,842	91,537,749	8,264,093	3,387,848
21. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	5,271,998	5,271,998	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	22,567,566	0	22,567,566	5,273,255
24. Health care (\$ .....113,574,075 ) and other amounts receivable .....	813,917,716	9,767,405	804,150,311	778,448,501
25. Aggregate write-ins for other than invested assets .....	126,616,372	125,702,767	913,605	2,919,697
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,454,245,512	239,437,883	2,214,807,629	2,293,335,089
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Lines 26 and 27) .....	2,454,245,512	239,437,883	2,214,807,629	2,293,335,089
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....	0	0	0	0
1103. ....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) .....	0	0	0	0
2501. Other Assets .....	913,605	0	913,605	2,919,697
2502. Prepaid Expenses - Non-Admitted .....	41,288,215	41,288,215	0	0
2503. Pension- Prepaid .....	84,274,328	84,274,328	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	140,224	140,224	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) .....	126,616,372	125,702,767	913,605	2,919,697

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 19,725,290 reinsurance ceded)	276,098,092	7,297,138	283,395,230	288,462,975
2. Accrued medical incentive pool and bonus amounts	0	0	0	0
3. Unpaid claims adjustment expenses	11,496,162	303,838	11,800,000	11,600,000
4. Aggregate health policy reserves, including the liability of \$ 3,963,922 for medical loss ratio rebate per the Public Health Service Act	680,891,010	0	680,891,010	677,475,195
5. Aggregate life policy reserves	0	0	0	0
6. Property/casualty unearned premium reserve	0	0	0	0
7. Aggregate health claim reserves	0	0	0	0
8. Premiums received in advance	54,168,711	0	54,168,711	60,236,950
9. General expenses due or accrued	115,831,939	0	115,831,939	121,208,830
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))	0	0	0	0
10.2 Net deferred tax liability	4,071,269	0	4,071,269	0
11. Ceded reinsurance premiums payable	23,429,067	0	23,429,067	11,139,137
12. Amounts withheld or retained for the account of others	37,719,437	0	37,719,437	36,939,131
13. Remittances and items not allocated	5,760,886	0	5,760,886	5,451,886
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates	27,050,924	0	27,050,924	76,407,997
16. Derivatives	0	0	0	0
17. Payable for securities	0	0	0	0
18. Payable for securities lending	0	0	0	0
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)	0	0	0	0
20. Reinsurance in unauthorized companies	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22. Liability for amounts held under uninsured plans	14,215,156	0	14,215,156	19,865,414
23. Aggregate write-ins for other liabilities (including \$ 603,953 current)	8,101,013	0	8,101,013	20,966,263
24. Total liabilities (Lines 1 to 23)	1,258,833,666	7,600,976	1,266,434,642	1,329,753,778
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	0	0
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	0	0
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	948,372,984	963,581,310
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0 )	XXX	XXX	0	0
32.2 0 shares preferred (value included in Line 27 \$ 0 )	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	948,372,984	963,581,310
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	2,214,807,626	2,293,335,088
<b>DETAILS OF WRITE-INS</b>				
2301. Amounts Withheld for Escheatment	7,497,060	0	7,497,060	8,064,075
2302. Reinsurance Payable	603,953	0	603,953	12,902,188
2303. ....	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	8,101,013	0	8,101,013	20,966,263
2501. ....	XXX	XXX	0	0
2502. ....	XXX	XXX	0	0
2503. ....	XXX	XXX	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001. ....	XXX	XXX	0	0
3002. ....	XXX	XXX	0	0
3003. ....	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	4,937,955	4,991,426	9,917,712
2. Net premium income ( including \$ .....0 non-health premium income)	XXX	1,626,838,605	1,559,769,900	3,126,784,071
3. Change in unearned premium reserves and reserve for rate credits	XXX	(3,415,815)	(34,201,135)	(79,144,387)
4. Fee-for-service (net of \$ .....0 medical expenses)	XXX	0	0	0
5. Risk revenue	XXX	0	0	0
6. Aggregate write-ins for other health care related revenues	XXX	6,037,058	4,667,056	11,777,762
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,629,459,848	1,530,235,821	3,059,417,446
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits	32,426,961	1,232,830,055	1,047,863,829	2,048,435,285
10. Other professional services	977,191	48,908,346	24,131,212	96,762,211
11. Outside referrals	6,608,457	6,608,457	12,468,757	23,834,078
12. Emergency room and out-of-area	100,764	10,596,918	12,320,451	24,341,847
13. Prescription drugs	0	258,918,789	356,116,758	735,433,138
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts	0	0	0	0
16. Subtotal (Lines 9 to 15)	40,113,373	1,557,862,565	1,452,901,007	2,928,806,559
<b>Less:</b>				
17. Net reinsurance recoveries	0	91,616,460	131,278,525	233,816,642
18. Total hospital and medical (Lines 16 minus 17)	40,113,373	1,466,246,105	1,321,622,482	2,694,989,917
19. Non-health claims (net)	0	0	0	0
20. Claims adjustment expenses, including \$ .....17,653,914 cost containment expenses	0	59,837,179	60,926,744	118,751,825
21. General administrative expenses	0	114,961,628	118,698,383	230,971,163
22. Increase in reserves for life and accident and health contracts (including \$ .....0 increase in reserves for life only)	0	0	0	0
23. Total underwriting deductions (Lines 18 through 22)	40,113,373	1,641,044,912	1,501,247,609	3,044,712,905
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(11,585,064)	28,988,212	14,704,541
25. Net investment income earned	0	8,508,259	14,018,801	25,369,677
26. Net realized capital gains (losses) less capital gains tax of \$ .....3,853,531	0	15,414,124	9,460,159	12,655,002
27. Net investment gains (losses) (Lines 25 plus 26)	0	23,922,383	23,478,960	38,024,679
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ .....0 ) (amount charged off \$ .....0 )]	0	0	0	0
29. Aggregate write-ins for other income or expenses	0	(766,669)	71,408	35,141
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	11,570,650	52,538,580	52,764,361
31. Federal and foreign income taxes incurred	XXX	(379,061)	6,169,470	(789,428)
32. Net income (loss) (Lines 30 minus 31)	XXX	11,949,711	46,369,110	53,553,789
<b>DETAILS OF WRITE-INS</b>				
0601. FEP Performance Incentive	XXX	5,987,000	4,628,824	11,657,000
0602. Trigon network fee - Med D	XXX	50,058	38,232	120,762
0603. ....	XXX	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)	XXX	6,037,058	4,667,056	11,777,762
0701. ....	XXX	0	0	0
0702. ....	XXX	0	0	0
0703. ....	XXX	0	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798)(Line 7 above)	XXX	0	0	0
1401. ....	0	0	0	0
1402. ....	0	0	0	0
1403. ....	0	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	0	0	0	0
2901. Miscellaneous	0	(757,909)	81,732	72,423
2902. Regulatory fines and fees	0	(8,760)	(10,324)	(37,282)
2903. ....	0	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	(766,669)	71,408	35,141

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year.....	963,581,314	969,499,374	969,499,374
34. Net income or (loss) from Line 32.....	11,949,711	46,369,110	53,553,789
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....997,030	14,885,696	16,788,876	12,057,317
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0	0
38. Change in net deferred income tax.....	(7,221,486)	(15,887,667)	(10,686,261)
39. Change in nonadmitted assets.....	4,875,832	1,010,095	(45,847,653)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....	0	0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....	(39,698,083)	0	0
44. Capital Changes:			
44.1 Paid in.....	0	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0	0
44.3 Transferred to surplus.....	0	0	0
45. Surplus adjustments:			
45.1 Paid in.....	0	0	0
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....	0	0	0
46. Dividends to stockholders.....	0	0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	(14,995,252)
48. Net change in capital & surplus (Lines 34 to 47).....	(15,208,330)	48,280,414	(5,918,060)
49. Capital and surplus end of reporting period (Line 33 plus 48)	948,372,984	1,017,779,788	963,581,314
<b>DETAILS OF WRITE-INS</b>			
4701. Change in additional liability\Intangible Assets for pension.....	0	0	(14,995,252)
4702. ....	0	0	0
4703. ....	0	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	0	0	(14,995,252)

## STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization &amp; Medical Services, Inc.

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	1,619,986,417	1,593,808,962	3,062,337,000
2. Net investment income .....	11,080,188	16,547,182	31,469,000
3. Miscellaneous income .....	6,037,058	4,667,056	11,777,762
4. Total (Lines 1 to 3) .....	1,637,103,663	1,615,023,200	3,105,583,762
5. Benefit and loss related payments .....	1,493,880,662	1,288,906,531	2,720,196,000
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	173,617,611	148,763,350	368,158,000
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 3,853,531 tax on capital gains (losses) .....	(172,825)	(2,761,371)	32,815,000
10. Total (Lines 5 through 9) .....	1,667,325,448	1,434,908,510	3,121,169,000
11. Net cash from operations (Line 4 minus Line 10) .....	(30,221,785)	180,114,690	(15,585,238)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	825,921,914	526,324,749	1,400,186,128
12.2 Stocks .....	65,331,813	21,604,032	49,958,401
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	53,994	1,705,324
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	143	1,113	0
12.7 Miscellaneous proceeds .....	0	6,790	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	891,253,870	547,990,678	1,451,849,853
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	817,574,578	512,729,663	1,241,777,211
13.2 Stocks .....	42,926,404	90,210,783	112,814,981
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	222,814	2,124,000
13.6 Miscellaneous applications .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	860,500,982	603,163,260	1,356,716,192
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	30,752,888	(55,172,582)	95,133,661
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied) .....	(115,116,678)	(122,497,272)	(28,992,323)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(115,116,678)	(122,497,272)	(28,992,323)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) ..	(114,585,575)	2,444,836	50,556,100
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	65,503,618	14,947,518	14,947,518
19.2 End of period (Line 18 plus Line 19.1) .....	(49,081,957)	17,392,354	65,503,618

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

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STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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							
<b>Total Members at end of:</b>										
1. Prior Year .....	815,218	55,699	313,107	5,934	9,722	24,389	370,006	0	0	36,361
2. First Quarter .....	823,117	55,502	301,057	6,063	9,748	21,929	372,654	0	0	56,164
3. Second Quarter .....	822,346	55,420	300,893	6,169	10,289	22,079	372,438	0	0	55,058
4. Third Quarter .....	0	0	0	0	0	0	0	0	0	0
5. Current Year	0	0	0	0	0	0	0	0	0	0
6. Current Year Member Months	4,937,955	333,104	1,807,091	36,521	58,980	132,245	2,235,040	0	0	334,974
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician .....	3,514,445	158,433	854,964	50,358	0	0	2,450,690	0	0	0
8. Non-Physician .....	1,486,540	70,815	412,011	10,104	0	0	993,610	0	0	0
9. Total	5,000,985	229,248	1,266,975	60,462	0	0	3,444,300	0	0	0
10. Hospital Patient Days Incurred	92,999	3,598	22,227	2,643	0	0	64,531	0	0	0
11. Number of Inpatient Admissions	25,715	925	6,111	576	0	0	18,103	0	0	0
12. Health Premiums Written (a) .....	1,737,227,161	81,663,229	671,438,412	8,319,723	2,817,169	35,423,598	932,901,161	0	0	4,663,869
13. Life Premiums Direct .....	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written .....	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned .....	1,733,811,345	87,523,229	670,984,490	8,584,723	2,817,169	35,423,598	923,814,267	0	0	4,663,869
16. Property/Casualty Premiums Earned .....	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services.....	1,565,409,428	71,141,026	601,055,216	7,040,332	2,458,593	28,619,352	852,446,613	0	0	2,648,296
18. Amount Incurred for Provision of Health Care Services	1,557,862,565	67,904,331	583,372,228	6,761,157	2,458,593	28,596,462	871,305,797	0	0	(2,536,003)

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





## UNDERWRITING AND INVESTMENT EXHIBIT

### ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	99,039,210	494,450,220	9,508,548	87,621,899	108,547,758	115,724,002
2. Medicare Supplement .....	3,203,445	9,740,372	392,904	3,421,654	3,596,349	4,210,883
3. Dental Only .....	2,893,735	14,499,912	156,405	2,930,133	3,050,140	2,928,146
4. Vision Only .....	0	1,761,543	0	0	0	0
5. Federal Employees Health Benefits Plan .....	182,981,109	669,465,504	12,078,714	164,719,763	195,059,823	157,939,294
6. Title XVIII - Medicare .....	0	0	0	0	0	0
7. Title XIX - Medicaid .....	0	0	0	0	0	0
8. Other health .....	1,969,948	5,230,475	1,579,614	985,596	3,549,562	7,660,650
9. Health subtotal (Lines 1 to 8) .....	290,087,447	1,195,148,026	23,716,185	259,679,045	313,803,632	288,462,975
10. Healthcare receivables (a) .....	0	13,921,626	0	0	0	0
11. Other non-health .....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	0	0	0	0	0	0
13. Totals (Lines 9-10+11+12)	290,087,447	1,181,226,400	23,716,185	259,679,045	313,803,632	288,462,975

(a) Excludes \$ 106,238,986 loans or advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies****A. Accounting Practices**

The financial statements of Group Hospitalization and Medical Services, Inc. (GHMSI or the Company) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia Department of Insurance, Securities, and Banking (DISB).

The DISB recognizes only statutory accounting practices prescribed or permitted by the District of Columbia for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the District of Columbia 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 District of Columbia. The Company does not utilize any permitted practices.

For the six months ending June 30, 2012 and 2011, there were no differences in net income and surplus between NAIC SAP and practices prescribed by the District of Columbia.

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

No change.

**C. Accounting Policy**

No change.

**2. Accounting Changes and Corrections of Errors****Changes in Accounting Principles**

In November 2011, the NAIC adopted SSAP No. 101 *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10* (SSAP 101). SSAP 101 contains many of the same provisions as the Financial Accounting Standards Board Accounting Standards Codification 740, Accounting for Income Taxes, with modifications for state income taxes, the realization criteria for deferred tax assets, and the recording of changes in deferred tax balances. The guidance requires companies to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the tax benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest and penalties. The Company adopted SSAP 101 effective January 1, 2012, and recorded a decrease to surplus of \$39,698,000.

**3. Business Combinations and Goodwill**

Not applicable.

**4. Discontinued Operations**

Not applicable.

**5. Investments****A. Mortgage Loans, including Mezzanine Real Estate Loans**

None.

**B. Debt Restructuring**

None.

**C. Reverse Mortgages**

None.

**D. Loan-backed Securities**

- (1) The Company records its investment in loan-backed securities using the prospective adjustment method. Prepayment assumptions for single and multi-class mortgage-backed/other asset-backed securities are obtained from broker survey values. The Company uses IDC to determine the market value for such securities.
- (2) The Company does not have any mortgage-backed/other asset-backed securities which are other-than-temporarily impaired where the Company intends to sell, or does not have the intent and ability to hold until recovery.
- (3) For the quarter ended June 30, 2012, the Company did not recognize other than temporary impairment (OTTI) in mortgage-backed/other asset-backed securities that the Company has the intent to hold, but does not expect to recover the entire amortized cost basis of the securities. At June 30, 2012 the Company did not hold any mortgage-backed or other asset-backed securities where the present value of cash flows expected to be collected is less than the amortized cost basis.
- (4) The following table shows the gross unrealized losses and fair value of the Company's mortgage-backed/other asset-backed securities with unrealized losses that are not deemed to be other than temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2012 (*in thousands*).

## NOTES TO FINANCIAL STATEMENTS

	Fair Value < 1 Year	Unrealized Losses < 1 Year	Fair Value > 1 Year	Unrealized Losses > 1 Year	Total Unrealized Losses
<b>June 30, 2012</b>					
Government sponsored enterprise mortgage-backed securities	\$ 72,743	\$ 386	\$ –	\$ –	\$ 386
Residential mortgage-backed securities	518	1	–	–	1
Commercial mortgage-backed/Other asset-backed securities	3,112	14	2,687	299	313
<b>Total</b>	<b>\$ 76,373</b>	<b>\$ 401</b>	<b>\$ 2,687</b>	<b>\$ 299</b>	<b>\$ 700</b>

(5) No change.

**E. Repurchase Agreements and/or Securities Lending Transactions**

None.

**F. Real Estate**

None.

**G. Low-Income Housing Tax Credits (LIHTC)**

None.

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

A. – B. No change.

**7. Investment Income**

A. – B. No change.

**8. Derivative Instruments**

Not applicable.

**9. Income Taxes**

The Company is included in the consolidated federal income tax return of CFI. The federal statutory income tax rate for the Company is 35%. For federal income tax purposes, the Company benefits from a special deduction provided to certain BlueCross and BlueShield organizations under Internal Revenue Code Section 833(b) (the 833(b) deduction). The 833(b) deduction results in the Company incurring income taxes at the Tentative Minimum Tax (TMT) rate of 20%. As a result, the Company's income tax provision is reduced from the statutory rate of 35% to account for the benefit of the 833(b) deduction. The Company could lose the benefit of the 833(b) deduction in the future if there is a change in the tax law, if the Company ceases to be not-for-profit, if the Company's reserves reach certain levels, if the medical loss ratio does not exceed 85% as required under the Health Reform Legislation, or if certain other events occur. If the Company can no longer use the 833(b) deduction, the Company will incur federal income taxes at the statutory rate of 35%, net of available Alternative Minimum Tax credits.

CFI has a written agreement, approved by the Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidated return. The tax sharing agreement calls for allocation of current federal income tax liability to the Company on the basis of the percentage of the consolidated federal income tax liability attributable to the Company computed on a separate company basis to the total consolidated federal income tax liability. The agreement also provides that to the extent the Company's tax attributes (e.g., NOLs) reduce the consolidated federal income tax liability, CFI shall pay the Company for use of such attributes in the year utilized. Amounts due from the subsidiaries for federal income taxes are settled monthly.

Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

## NOTES TO FINANCIAL STATEMENTS

On January 1, 2012, as a result of applying paragraph 11.b of SSAP 101 requirements to use current period statutory capital and surplus rather than prior quarter statutory capital and surplus as required by previous guidance, the Company computed the following balances related to deferred taxes (*in thousands*):

	January 1, 2012			December 31, 2011		
	Capital	Ordinary	TOTAL	Capital	Ordinary	TOTAL
Gross deferred tax assets	\$ 21,344	\$ 146,202	\$ 167,546	\$ 3,873	\$ 165,362	\$ 169,235
Statutory valuation allowance adjustment	0	(117,852)	(117,852)	0	(135,375)	(135,375)
Adjusted gross deferred tax assets	21,344	28,350	49,694	3,873	29,987	33,860
Deferred tax asset nonadmitted	0	(6,778)	(6,778)	0	(6,541)	(6,541)
Subtotal net admitted deferred tax asset	21,344	21,572	42,916	3,873	23,446	27,319
Deferred tax liabilities	(45,299)	(10)	(45,309)	(10,007)	(10)	(10,017)
Net admitted deferred tax (liability)asset	\$ (23,955)	\$ 21,562	\$ (2,393)	\$ (6,134)	\$ 23,436	\$ 17,302

As a result of the adoption of SSAP 101, the Company increased the amount of deferred tax liability recorded.

The Cumulative Effect of Changes in Accounting Principles line shown in the surplus section of the quarterly statements shows a decrease of \$39,698,000 of which \$20,002,000 relates to CFBC's change in statutory surplus.

The amount of admitted adjusted gross deferred tax assets are as follows (*in thousands*):

		June 30, 2012			December 31, 2011		
		Capital	Ordinary	Total	Capital	Ordinary	Total
Federal Income Taxes Recoverable through loss carry back	10.a	\$ -	\$ -	\$ -	\$ -	\$ 15,089	\$ 15,089
Adjusted Gross DTA expected to be realized in one year	10.b.i	-	-	-	2,213	-	2,213
10% adjusted capital and surplus limit	10.b.ii	-	-	-	-	-	97,430
Admitted pursuant to Paragraph 10.b (lesser of i. or ii.)		-	-	-	2,213	-	2,213
Additional admitted pursuant to Paragraph 10.c	10.c	-	-	-	1,660	8,357	10,017
Risk-based capital:	10.d	-	-	-	-	-	-
Total adjusted capital		-	-	-	-	-	-
Authorized control level		-	-	-	-	-	-
Additional admitted pursuant to 11.a.	11.a.	-	17,227	17,227	-	-	-
Adjusted gross DTA expected to be realized in three years	11.b.i	2,184	1,938	4,122	-	-	-
15% adjusted statutory capital and surplus limit	11.b.ii	-	-	141,016	-	-	-
Additional permitted pursuant to 11.b. (lesser of b.i. or b.ii.)		2,184	1,938	4,122	-	-	-
Additional admitted pursuant to 11.c.	11.c.	20,703	4,077	24,780	-	-	-
Total admitted DTA		22,887	23,242	46,129	3,873	23,446	27,319
Total DTL		(50,191)	(9)	(50,200)	(10,007)	(10)	(10,017)
Net admitted (DTL)DTA		\$ (27,304)	\$ 23,233	\$ (4,071)	\$ (6,134)	\$ 23,436	\$ 17,302
Nonadmitted DTA		\$ -	\$ -	\$ -	\$ -	\$ (6,541)	\$ (6,541)

## NOTES TO FINANCIAL STATEMENTS

The provision for income taxes on earnings for the quarters ended June 30, 2012 and 2011 and year ended December 31, 2011 are as follows (*in thousands*):

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>December 31, 2011</u>	<u>Change</u>
Federal (benefit)/provision	\$ (379)	\$ 6,169	\$ (789)	\$ (6,548)
Federal income tax on net capital gains	3,853	2,365	3,163	1,488
Federal income taxes incurred	<u>\$ 3,474</u>	<u>\$ 8,534</u>	<u>\$ 2,374</u>	<u>\$ (5,060)</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows (*in thousands*):

	<u>June 30, 2012</u>	<u>December 31, 2011</u>	<u>Change</u>	<u>Character</u>
Deferred tax assets:				
Investments	\$ 3,821	\$ 3,873	\$ (52)	Capital
Benefit obligations	9,976	9,726	250	Ordinary
Unpaid claims	1,115	1,304	(189)	Ordinary
Accrued expenses	3,582	5,827	(2,245)	Ordinary
Nonadmitted assets and other	27,635	13,130	14,505	Ordinary
Total deferred tax assets	<u>46,129</u>	<u>33,860</u>	<u>12,269</u>	
Nonadmitted deferred tax assets	<u>-</u>	<u>(6,541)</u>	<u>6,541</u>	
Admitted deferred tax assets	46,129	27,319	18,810	
Deferred tax liabilities:				
Investments	(4,147)	(3,150)	(997)	Capital
Investment in Affiliate	(46,044)	(6,857)	(39,187)	Capital
Other	(9)	(10)	1	Ordinary
Total deferred tax liabilities	<u>(50,200)</u>	<u>(10,017)</u>	<u>(40,183)</u>	
Net Admitted deferred tax (liabilities) assets	<u>\$ (4,071)</u>	<u>\$ 17,302</u>	<u>\$ (21,373)</u>	

Deferred tax assets are reflected as admitted assets, subject to certain limitations. The components of the net deferred tax asset recognized in the Company's balance sheets—statutory basis are as follows (*in thousands*):

	<u>June 30, 2012</u>	<u>December 31, 2011</u>	<u>Change</u>
Gross deferred tax assets	\$ 46,129	\$ 33,860	\$ 12,269
Deferred tax liabilities	<u>(50,200)</u>	<u>(10,017)</u>	<u>(40,183)</u>
Net deferred tax (liability)/asset	<u>\$ (4,071)</u>	<u>\$ 23,843</u>	<u>(27,914)</u>
Tax effect of unrealized gains (losses)			997
Change in net deferred income tax			<u>\$ (26,917)</u>

The following table shows the components of the net deferred tax asset and deferred tax liability recognized in the Company's financial statements by tax character are as follows (*in thousands*):

	<u>June 30, 2012</u>			<u>December 31, 2011</u>		
	Capital	Ordinary	Total	Capital	Ordinary	Total
Total of gross deferred tax assets	\$ 22,887	\$ 140,198	\$ 163,085	\$ 3,873	\$ 165,362	\$ 169,235
Statutory valuation allowance	0	(116,956)	(116,956)	0	(135,375)	(135,375)
Adjusted gross deferred assets	<u>22,887</u>	<u>23,242</u>	<u>46,129</u>	<u>3,873</u>	<u>29,987</u>	<u>33,860</u>
Gross deferred tax liabilities	<u>(50,191)</u>	<u>(9)</u>	<u>(50,200)</u>	<u>(10,007)</u>	<u>(10)</u>	<u>(10,017)</u>
Net deferred tax asset	<u>(27,304)</u>	<u>23,233</u>	<u>(4,071)</u>	<u>(6,134)</u>	<u>29,977</u>	<u>23,843</u>
Deferred tax asset nonadmitted	0	0	0	0	(6,541)	(6,541)
Net admitted deferred tax (liability) asset	<u>\$ (27,304)</u>	<u>\$ 23,233</u>	<u>\$ (4,071)</u>	<u>\$ (6,134)</u>	<u>\$ 23,436</u>	<u>\$ 17,302</u>

## NOTES TO FINANCIAL STATEMENTS

The Company has deferred tax assets related to capital investments. If necessary, the Company may implement tax planning strategies including the sale of investments at a gain to utilize these capital deferred tax assets. The impact of tax planning strategies is as follows:

	June 30, 2012			December 31, 2011			Change
	Capital Percent	Ordinary Percent	TOTAL Percent	Capital Percent	Ordinary Percent	TOTAL Percent	
% of adjusted gross deferred tax assets	11%	0%	11%	11%	0%	11%	0%
% of net admitted adjusted gross deferred tax assets	22%	0%	22%	22%	0%	22%	0%

The provision for income taxes differs from the statutory rate principally as a result of the 833(b) deduction, permanent items, and timing differences.

The Company is subject to examination by the Internal Revenue Service and state taxing authorities. In general, the Company's tax years 2008 and forward remain open under the statutes of limitation and subject to examination.

The Company is exempt from all income taxes in the District of Columbia, Maryland, and Virginia.

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

Group Hospitalization and Medical Services, Inc. (GHMSI or the Company) is a not-for-profit company that provides a comprehensive array of health insurance and managed care products and services primarily through indemnity health insurance and health benefits administration. Other products and services include preferred provider and point-of-service networks, third-party administrator services and other managed care services. These products and services are provided to individuals, businesses and governmental agencies primarily in the Washington, D.C. metropolitan area, Northern Virginia and the state of Maryland.

The Company and CareFirst of Maryland, Inc. (CFMI) are both affiliates of a not-for-profit parent company, CareFirst, Inc. (CFI). These affiliates do business as CareFirst BlueCross BlueShield.

Until December 31, 2010, CFMI and GHMSI held a 60% and 40% interest, respectively, in a health maintenance organization subsidiary, CareFirst BlueChoice, Inc. (CFBC). Since control over CFBC operations was vested in CFI, the Company determined that neither the Company nor CFMI exercised control over CFBC. In 2006, the Boards of CFI, CFMI, and GHMSI approved earnings redistributions to evenly share changes in the statutory surplus of CFBC. In 2008, the Boards approved in principle the creation of a new holding company, CareFirst Holdings, LLC (CFH), which would be owned by CFMI and GHMSI. The Company received regulatory approval for the establishment of CFH in 2010 and CFH was formed on December 31, 2010. Since control over CFH operations is vested in CFI, the Company has determined that neither the Company nor CFMI exercise control over CFH.

#### 11. Debt

Not applicable.

#### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

No change.

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

(1) No change.

(2) – (9) Not applicable.

(10) Change in net unrealized capital gains (losses) for the six months ended June 30, 2012:

## NOTES TO FINANCIAL STATEMENTS

Change in the unrealized gain/losses from:	Change
Affiliated Common Stocks:	
CareFirst Holdings	\$ (660,414)
CareFirst BlueChoice	10,281,609
FirstCare	629,061
Willse	330,350
CASCI	1,623,844
NCIA	141,420
NCAS	528,989
Unaffiliated Common Stocks	2,737,454
Bonds & Preferred Stocks	270,413
Total unrealized gains/loss	<u>15,882,726</u>
Capital gains deferred tax	<u>(997,030)</u>
<b>Change in net unrealized capital gains (losses) less capital gains tax (Page 5 Ln 36)</b>	<b>\$ 14,885,696</b>

(11)– (13) Not applicable.

#### 14. Contingencies

##### A. Contingent Commitments

None.

##### B. Assessments

In the jurisdictions in which the Company is licensed to conduct business, guaranty associations have been created for the purpose, among others, of protecting insured parties covered under health insurance policies. The Company is contingently liable for assessments in any calendar year, in order to provide any required funds to carry out the power and duties of the associations. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the line of business in which the impaired, insolvent or failed insurer is engaged. Some states permit member insurers to recover assessments through full or partial premium tax offsets.

The Pennsylvania Insurance Commissioner has placed long-term care insurer Penn Treaty Network America Insurance Company and one of its subsidiaries (collectively, “Penn Treaty”) in rehabilitation, an intermediate action before insolvency, and has petitioned a state court for liquidation. If Penn Treaty is liquidated, the Company and other insurers may be required to pay a portion of Penn Treaty’s policyholder claims through guaranty association assessments in future periods. The Company is currently unable to predict the ultimate outcome of, or reasonably estimate the loss or range of losses resulting from, this potential insolvency because the Company cannot predict when the state court will render a decision, the amount of the insolvency, if any, the amount and timing of associated guaranty association assessments or the amount or availability of potential offsets, such as premium tax offsets. It is possible that in future reporting periods the Company may record a liability and a premium tax offset receivable relating to Penn Treaty which could have a material adverse effect on the Company’s financial statements.

##### C. Gain Contingencies

None.

##### D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

None.

##### E. All Other Contingencies

The Company insures individuals who are qualified Medicare beneficiaries. Medicare law identifies the primary payer and secondary payer of claims when individuals are insured by both the Company and Medicare. Principally as a result of information systems programming errors, the Company incorrectly paid certain claims in years prior to 2009 as the secondary payer rather than as the primary payer. The issues were communicated to the Centers for Medicare and Medicaid Services (CMS) in May 2009. The Company has implemented corrective measures to (1) correctly identify Medicare beneficiaries that should be paid primary and (2) modify information systems to correctly adjudicate claims on behalf of Medicare beneficiaries.

Based on its interpretation of Medicare law, the Company believes it is liable for improperly processed claims for the period from January 1, 2006 to December 31, 2008. In 2009, CFI provided CMS with the data of the incorrectly paid claims and offered to settle its obligations to CMS for \$19,000,000. Accordingly, CFI recorded a liability of \$19,000,000 at December 31, 2009 for this proposed settlement, of which \$9,376,000 was recorded by the Company, which is included in general expenses due or accrued. The settlement remains subject to government approval. While there can be no assurances that the settlement will be accepted, or that CMS will accept the Company’s legal interpretation that Medicare law limits its liability in this matter to the Company’s proposed

## NOTES TO FINANCIAL STATEMENTS

settlement amount, the Company's management, after consultation with legal counsel, does not believe the final resolution of this matter will result in additional material liabilities to the Company. The Company has received demand letters from CMS regarding certain of these individual claims. The Company processed and paid these claims in accordance with the demand letters and accordingly released the reserve associated with these claims in the amount of \$1,377,000. Therefore the Company's remaining liability was \$7,999,000 as of June 30, 2012.

CFI entered into an agreement with a third party vendor to provide local care coordinator services to members who participate in the Primary Care Medical Home program. The agreement contains certain financial and operational requirements obligating both parties. In 2011, CFI did not meet the volume of patients needing care plans as promised in the agreement. As a result, CFI recorded a liability of \$8,000,000 at December 31, 2011, of which \$3,353,000 was recorded by the Company. For the six months ending June 30, 2012, CFI recorded an additional liability of \$6,000,000, of which \$2,559,000 was recorded by the Company. The balance of the Company's liability was \$5,912,000 as of June 30, 2012. The liability is included in the general expenses due or accrued. The agreement was amended to modified certain terms and conditions in July of 2012. The amended agreement will expire on June 30, 2016.

**15. Leases**

No change.

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

Not applicable.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities****A. Transfers of Receivables Reported as Sales**

Not Applicable.

**B. Transfer and Servicing of Financial Assets**

Not Applicable.

**C. Wash Sales**

None.

**18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans****A. ASO Plans**

Not applicable.

**B. ASC Plans**

The results from operations of uninsured ASC plans and the uninsured portion of partially insured plans were as follows for the six months ending June 30, 2012 and 2011 (*in thousands*):

	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
Gross reimbursement for medical costs incurred	\$ 580,310	\$ 566,319
Gross administrative fees accrued	40,003	32,767
Gross expenses incurred	(618,617)	(606,552)
Operating loss, before stop loss	\$ 1,696	\$ (7,466)
Stop loss, net	6,250	3,206
Proforma operating gain (loss)	\$ 7,946	\$ (4,260)

The stop loss amount reported represents stop loss written for the ASC business shown above.

For the six months ending June 30, 2012, GHMSI ceded an ASC underwriting gain of \$102,000 to CFMI and assumed an ASC underwriting gain of \$1,546,000 from CFMI for a net underwriting gain of \$1,444,000. For the six months ending June 30, 2011, GHMSI ceded an ASC underwriting loss of \$167,000 to CFMI and assumed an ASC underwriting loss of \$1,183,000 from CFMI for a net underwriting loss of \$1,016,000.

**C. Medicare or Similarly Structured Cost Based Reimbursement Contract**

Not applicable.



## NOTES TO FINANCIAL STATEMENTS

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

Not applicable.

**20. Fair Value Measurements**

Included in various investment-related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stocks when carried at the lower of cost or market. SSAP No. 100 *Fair Value Measurements* defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value. The fair value hierarchy is as follows:

- Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.
- Level 2 – Other observable inputs, either directly or indirectly.
- Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset. Management is responsible for the determination of fair value, and performs a monthly analysis on the prices received from third parties to determine whether the prices appear to be reasonable estimates of fair value.

There were no transfers between Level 1 and Level 2 during the six months ending June 30, 2012.

The following methods and assumptions were used to estimate the fair value of such financial instruments:

**Bonds.** The fair value of U.S. Treasury securities is determined by an active price for an identical security in an observable market and is therefore classified as Level 1. Other U.S. government agencies securities, state and municipal securities, foreign government securities, corporate bonds, mortgage-backed securities and other asset-backed securities that are priced by independent pricing services using observable inputs are classified as Level 2. The observable inputs used for other U.S. government agencies securities include quoted prices for like or similar assets, benchmark yields, reported trades and credit spreads. The observable inputs used for state and municipal securities, foreign governments securities and corporate bonds include quoted prices for identical or similar assets that are traded in an active market, benchmark yields, new issuances, issuer ratings, reported trades of comparable securities and credit spreads. The fair value of mortgage-backed securities and other asset-backed securities is determined by a cash flow model which utilizes the inputs such as quoted prices for identical or similar assets, benchmark yields, prepayment speeds, collateral performance, credit spreads and default rates that are observable at commonly quoted intervals.

**Stocks.** Fair value of publicly traded index funds and preferred stocks where market quotes are available but are not considered actively traded are classified as Level 2. Fair values of privately held equity securities, where there has been limited trading activity or where less price transparency exists around the inputs to the valuation, are classified as Level 3.

The following table presents information about the Company's financial assets measured and reported at fair value as of June 30, 2012 (*in thousands*):

	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Total Fair Value as of June 30, 2012</b>
<b>Assets</b>				
Common stocks				
Inflation-protected U.S. Treasury securities (a)	\$ —	\$ 25,907	\$ —	\$ 25,907
Large capital equity securities (b)	—	73,246	—	73,246
Small capital equity securities (b)	—	24,286	—	24,286
International equity securities (b)	—	37,970	—	37,970
Privately held equity securities	—	—	4,121	4,121
Total common stocks	—	161,409	4,121	165,530
Total assets measured and reported at fair value	\$ —	\$ 161,409	\$ 4,121	\$ 165,530

(a) Represent bond investments in publicly traded index funds.

(b) Represent equity investments in publicly traded index funds.

A reconciliation of the beginning and ending balances of privately held equity securities measured at fair value using Level 3 inputs as of June 30, 2012 is as follows (*in thousands*):

## NOTES TO FINANCIAL STATEMENTS

Beginning balance at January 1, 2012	\$ 3,903
Unrealized gains in capital and surplus—statutory basis	218
Ending balance at June 30, 2012	<u>\$ 4,121</u>
Change in unrealized gains included in net gains related to assets still held	<u>\$ —</u>

The following table presents information about the aggregate fair value of the Company's financial assets as of June 30, 2012 (*in thousands*):

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Aggregate Fair Value as of June 30, 2012	Admitted Assets
Bonds	\$ 94,715	\$ 486,349	\$ —	\$ 581,064	\$ 566,588
Common stocks	—	161,409	4,121	165,530	165,530
Total assets at fair value	<u>\$ 94,715</u>	<u>\$ 647,758</u>	<u>\$ 4,121</u>	<u>\$ 746,594</u>	<u>\$ 732,118</u>

As of June 30, 2012, the Company has no financial assets for which it is not practicable to estimate fair value.

**21. Other Items****A. Extraordinary Items**

Not applicable.

**B. Troubled Debt Restructuring: Debtors**

Not applicable.

**C. Other Disclosures**

Not applicable.

**D. Uncollectible Balances**

Not applicable.

**E. Business Interruption Insurance Recoveries**

Not applicable.

**F. State Transferable Tax Credits**

Not applicable.

**G. Subprime Related Risk Exposure**

- (1) The Company categorizes mortgage securities with an average FICO score of less than 675 (credit score) as a subprime mortgage security. The Company has no subprime mortgage securities as of June 30, 2012.
- (2) The Company does not engage in mortgage lending and therefore has no direct exposure through investments in subprime mortgage loans.
- (3) The Company has no exposure in subprime mortgage lending through its fixed maturity and equity investments.

**H. Retained Assets**

Not applicable.

**22. Events Subsequent**

Not Applicable.

**23. Reinsurance**

## NOTES TO FINANCIAL STATEMENTS

The Company maintains a quota-share reinsurance contract with FirstCare, a plan sponsor offering Medicare Part D prescription drug insurance coverage under a contract with CMS. The Company assumed risk premiums in the amount of \$4,097,000 and \$3,699,000, and incurred an underwriting gain (loss) in the amount of \$26,000 and \$(360,000), for the six months ending June 30, 2012 and 2011, respectively, as a result of the quota-share reinsurance contract with FirstCare.

Certain business has been written by CFMI and GHMSI which represents contracts outside the historic CFMI and GHMSI service areas (cross-jurisdictional sales). The income or loss from operations from this cross-jurisdictional business is transferred via a quota share reinsurance contract from the company that earned them to the company in whose service area they were earned. The Company remains obligated for amounts ceded in the event that CFMI does not meet its obligations. As a result of this reinsurance agreement, the following amounts were assumed from and ceded to CFMI for the six months ending June 30, 2012 and 2011 (*in thousands*):

	June 30	
	2012	2011
Premiums assumed	\$ 28,916	\$ 30,549
Premiums ceded	(143,408)	(201,809)
Premiums, net	(114,492)	(171,260)
Cost of care assumed	22,851	20,652
Cost of care ceded	(117,778)	(155,212)
Cost of care, net	(94,927)	(134,560)
General and administrative expenses ceded, net	(23,853)	(29,312)
Net loss (gain) ceded	\$ 4,288	\$ (7,388)

Note: The amounts above include risk and non-risk business.

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

A. – C. Not applicable.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act are as follows (*in thousands*):

	Other				Total
	Individual	Small Group Employer	Large Group Employer	Categories with Rebates	
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	\$ 4,410	\$ 1,750	\$ –	\$ –	\$ 6,160
(2) Medical loss ratio rebates paid	–	–	–	–	–
(3) Medical loss ratio rebates unpaid	4,410	1,750	–	–	6,160
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	–
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	–
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 6,160
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ (4,410)	\$ 2,214	\$ –	\$ –	\$ (2,196)
(8) Medical loss ratio rebates paid	–	–	–	–	–
(9) Medical loss ratio rebates unpaid	–	3,964	–	–	3,964
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	–
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	–
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 3,964

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

As of June 30, 2012, \$290,087,000 has been paid for incurred claims attributable to insured events for prior years. Reserves remaining for prior years are now \$23,716,000 as a result of re-estimation of unpaid claims and unpaid claims adjustment expenses. Therefore, there has been a \$25,341,000 unfavorable prior year development since December 31, 2011 to June 30, 2012, of which \$37,121,000 was a result of unfavorable development in the Federal Employee Program line of business. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

**26. Intercompany Pooling Arrangements**

Not applicable.

**27. Structured Settlements**

## NOTES TO FINANCIAL STATEMENTS

Not applicable.

### **28. Health Care Receivables**

A. No change.

B. Not applicable.

### **29. Participating Policies**

Not applicable.

### **30. Premium Deficiency Reserve**

The Company had a premium deficiency reserve in the amount of \$3,465,000 and \$0 within the aggregate health policy reserves as of June 30, 2012 and 2011, respectively. June 30, 2012 is the most recent evaluation date of this reserve. The Company did not consider anticipated investment income when calculating this reserve.

### **31. Salvage and Subrogation**

No change.

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [ X ]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] 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 the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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). .... 09/29/2009
- 6.4 By what department or departments?  
District of Columbia Department of Insurance, Securities and Banking
- 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 Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

## GENERAL INTERROGATORIES

- 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 [  ] 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 [  ]
- 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 [  ]
- 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 [  ] No [  ]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....0

### INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [  ] No [  ]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0
13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [  ] No [  ]
- 14.2 If yes, please complete the following:
- |   | 1<br>Prior Year-End<br>Book/Adjusted<br>Carrying Value | 2<br>Current Quarter<br>Book/Adjusted<br>Carrying Value |
|---|--|---|
| 14.21 Bonds .....   | \$ .....0  | \$ .....0   |
| 14.22 Preferred Stock .....   | \$ .....0  | \$ .....0   |
| 14.23 Common Stock .....  | \$ .....0  | \$ .....0   |
| 14.24 Short-Term Investments .....  | \$ .....0  | \$ .....0   |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....0  | \$ .....0   |
| 14.26 All Other .....   | \$ 399,764,736   | \$ 392,637,802  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) ..... | \$ 399,764,736   | \$ 392,637,802  |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....                       | \$ .....0  | \$ .....0   |
- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [  ] No [  ]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [  ] No [  ]  
 If no, attach a description with this statement.

## GENERAL INTERROGATORIES

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

1 Name of Custodian(s)	2 Custodian Address
SunTrust Bank .....	1445 New York Ave., Washington DC 20005 .....
Bank of New York Mellon .....	1 Wall St., New York, NY 10286 .....

- 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 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
15958 .....	Vanguard .....	P.O. Box 2900 Valley Forge, PA 19482-2900 .....
104596 .....	Dodge & Cox .....	55 California St., San Francisco, CA 94104 .....
105496 .....	T. Rowe Price .....	100 E. Pratt St., Baltimore, MD 21202 .....
107105 .....	BlackRock Investment Advisors .....	55 East 52nd Street, New York, NY 10055 .....
10578 .....	Calamos .....	2020 Calamos Ct., Naperville, IL 60563-2787 .....

- 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 ..... 91.4 %
  - 1.2 A&H cost containment percent ..... 1.1 %
  - 1.3 A&H expense percent excluding cost containment expenses ..... 9.7 %
- 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)
<b>NONE</b>						

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

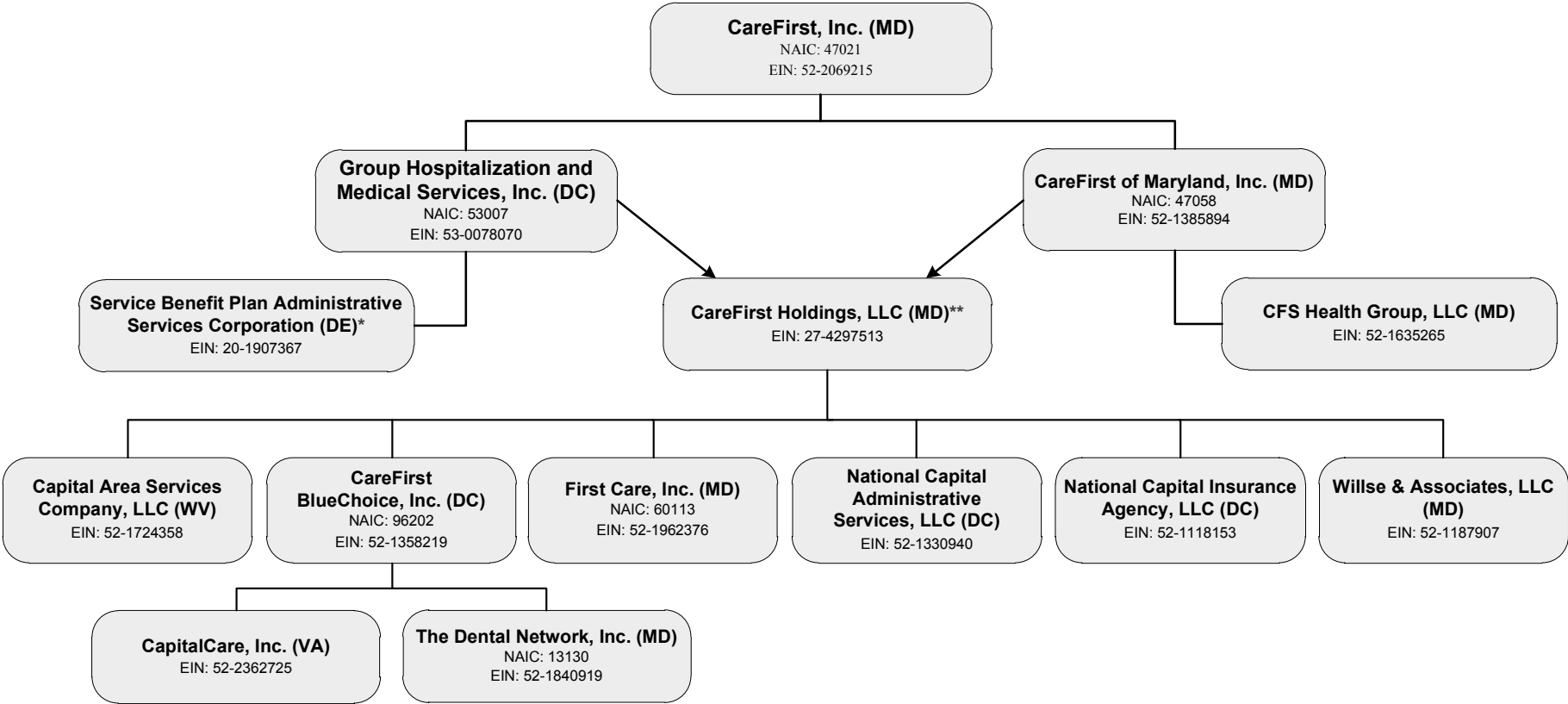
States, etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	N	0	0	0	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0	0
4. Arkansas	AR	N	0	0	0	0	0	0	0	0
5. California	CA	N	0	0	0	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0	0
9. District of Columbia	DC	L	230,821,486	0	0	141,561,632	0	0	372,383,118	0
10. Florida	FL	N	0	0	0	0	0	0	0	0
11. Georgia	GA	N	0	0	0	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0	0
14. Illinois	IL	N	0	0	0	0	0	0	0	0
15. Indiana	IN	N	0	0	0	0	0	0	0	0
16. Iowa	IA	N	0	0	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0	0
21. Maryland	MD	L	310,629,730	0	0	430,091,918	0	0	740,721,648	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0	0	0
36. Ohio	OH	N	0	0	0	0	0	0	0	0
37. Oklahoma	OK	N	0	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0	0
47. Virginia	VA	L	262,874,784	0	0	361,247,610	0	0	624,122,394	0
48. Washington	WA	N	0	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0	0	0	0
58. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	3	804,326,000	0	0	932,901,161	0	0	1,737,227,161	0
60. Reporting Entity Contributions for Employee Benefit Plans	XXX		0	0	0	0	0	0	0	0
61. Totals (Direct Business)	(a)	3	804,326,000	0	0	932,901,161	0	0	1,737,227,161	0
5801. DETAILS OF WRITE-INS	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX		0	0	0	0	0	0	0	0

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

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

Enrollment and billing systems capture and report premiums by group situs except for Federal Employees Health Benefits Program (FEHBP). FEHBP premiums from members residing in the United States are reported based on the members' residence whereas premiums from overseas members are reported in D.C.

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



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\*Service Benefit Plan Administrative Services Corporation is owned 90% by Group Hospitalization and Medical Services, Inc. and 10% by the Blue Cross and Blue Shield Association.

\*\*CareFirst Holdings, LLC is owned 50.001% by CareFirst of Maryland, Inc. and 49.999% by Group Hospitalization and Medical Services, Inc .

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE Y**

**PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domi-ciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
.0380	Carefirst Inc Group	.47021	52-2069215				CareFirst, Inc.	MD	JA			0.000	CareFirst, Inc.	
.0380	Carefirst Inc Group	.47058	52-1385894				CareFirst of Maryland, Inc.	MD	JA	CareFirst, Inc.	Board of Directors	0.000	CareFirst, Inc.	
.0380	Carefirst Inc Group	.53007	53-0078070				Group Hospitalization and Medical Services, Inc.	DC		CareFirst, Inc.	Board of Directors	0.000	CareFirst, Inc.	
		.00000	52-1635265				CFS Health Group, LLC	MD	NIA	CareFirst of Maryland, Inc.	Ownership	100.000	CareFirst, Inc.	
		.00000	20-1907367				Service Benefit Plan Administrative Services Corporation	DE	DS	Group Hospitalization and Medical Services, Inc.	Ownership	90.000	CareFirst, Inc.	
		.00000	27-4297513				CareFirst Holdings, LLC	MD	NIA	CareFirst, Inc.	Board of Directors	0.000	CareFirst, Inc.	
		.00000	52-1118153				National Capital Insurance Agency, LLC	DC	NIA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
.0380	Carefirst Inc Group	.60113	52-1962376				First Care, Inc.	MD	JA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
		.00000	52-1724358				Capital Area Services Company, LLC	WV	NIA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
		.00000	52-1187907				Willse & Associates, LLC	MD	NIA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
		.00000	52-1330940				National Capital Administrative Services, LLC	DC	NIA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
.0380	Carefirst Inc Group	.96202	52-1358219				CareFirst BlueChoice, Inc.	DC	JA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
		.00000	52-2362725				CapitalCare, Inc.	VA	NIA	CareFirst BlueChoice, Inc.	Ownership	100.000	CareFirst, Inc.	
.0380	Carefirst Inc Group	.13130	52-1840919				The Dental Network, Inc.	MD	JA	CareFirst BlueChoice, Inc.	Ownership	100.000	CareFirst, Inc.	

Asterisk	Explanation
N/A	

## 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? .....	YES

Explanation:

Bar Code:

**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Assets Line 25

	Current Statement Date			4 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2504. Pension - Intangible .....	140,224	140,224	0	0
2597. Summary of remaining write-ins for Line 25 from overflow page	140,224	140,224	0	0

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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 and commitment fees .....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....		
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 .....	399,931,403	375,018,733
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	17,078,712
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	(7,126,934)	23,574,226
6. Total gain (loss) on disposals .....	0	919,395
7. Deduct amounts received on disposals .....	0	16,659,663
8. Deduct amortization of premium and depreciation .....	0	0
9. Total foreign exchange change in book/adjusted carrying value .....	0	0
10. Deduct current year's other than temporary impairment recognized .....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	392,804,469	399,931,403
12. Deduct total nonadmitted amounts .....	166,667	166,667
13. Statement value at end of current period (Line 11 minus Line 12)	392,637,802	399,764,736

**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 .....	743,561,585	842,758,829
2. Cost of bonds and stocks acquired .....	860,500,982	1,354,592,192
3. Accrual of discount .....	571,863	643,353
4. Unrealized valuation increase (decrease) .....	3,007,782	(13,950,539)
5. Total gain (loss) on disposals .....	19,267,515	14,897,788
6. Deduct consideration for bonds and stocks disposed of .....	891,253,727	1,450,144,529
7. Deduct amortization of premium .....	3,538,725	5,235,509
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	732,117,275	743,561,585
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	732,117,275	743,561,585

**STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.**

**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
<b>BONDS</b>								
1. Class 1 (a) .....	630,055,401	285,407,667	416,944,496	(2,827,567)	630,055,401	495,691,005	0	651,061,180
2. Class 2 (a) .....	92,668,487	31,661,001	36,025,687	1,041,608	92,668,487	89,345,409	0	90,545,914
3. Class 3 (a) .....	0	0	0	0	0	0	0	0
4. Class 4 (a) .....	22,112	0	35,180	13,068	22,112	0	0	1,638,218
5. Class 5 (a) .....	0	0	0	0	0	0	0	0
6. Class 6 (a) .....	18	0	0	0	18	18	0	18
7. Total Bonds	722,746,018	317,068,668	453,005,363	(1,772,891)	722,746,018	585,036,432	0	743,245,330
<b>PREFERRED STOCK</b>								
8. Class 1 .....	0	0	0	0	0	0	0	0
9. Class 2 .....	1,005,030	626,200	1,559,200	(72,030)	1,005,030	0	0	950,400
10. Class 3 .....	0	0	0	0	0	0	0	0
11. Class 4 .....	0	0	0	0	0	0	0	0
12. Class 5 .....	0	0	0	0	0	0	0	0
13. Class 6 .....	0	0	0	0	0	0	0	0
14. Total Preferred Stock .....	1,005,030	626,200	1,559,200	(72,030)	1,005,030	0	0	950,400
15. Total Bonds and Preferred Stock	723,751,048	317,694,868	454,564,563	(1,844,921)	723,751,048	585,036,432	0	744,195,730

(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 \$ .....0 ; 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	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
9199999 Totals	16,495,085	XXX	16,526,112	22,238	8,270

**SCHEDULE DA - VERIFICATION**

## Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	172,197,558	98,597,575
2. Cost of short-term investments acquired .....	98,444,141	375,162,666
3. Accrual of discount .....	0	756
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals .....	143	1,482
6. Deduct consideration received on disposals .....	254,119,924	301,426,699
7. Deduct amortization of premium .....	26,833	138,222
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	16,495,085	172,197,558
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	16,495,085	172,197,558

Schedule DB - Part A - Verification - Options, Caps, Floors, Collars, Swaps and Forwards

**N O N E**

Schedule DB - Part B - Verification - Futures Contracts

**N O N E**

Schedule DB - Part C - Section 1 - Replication (Synthetic Asset) Transactions (RSATs) Open

**N O N E**

Schedule DB-Part C-Section 2-Reconciliation of Replication (Synthetic Asset) Transactions Open

**N O N E**

Schedule DB - Verification - Book/Adjusted Carrying Value, Fair Value and Potential Exposure of  
Derivatives

**N O N E**

**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 .....	0	0
2. Cost of cash equivalents acquired .....	1,955,294	5,999,504
3. Accrual of discount .....	0	133
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals .....	0	(133)
6. Deduct consideration received on disposals .....	0	5,999,504
7. Deduct amortization of premium .....	1,319	0
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	1,953,975	0
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	1,953,975	0

Schedule A - Part 2 - Real Estate Acquired and Additions Made

**N O N E**

Schedule A - Part 3 - Real Estate Disposed

**N O N E**

Schedule B - Part 2 - Mortgage Loans Acquired

**N O N E**

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid

**N O N E**

Schedule BA - Part 2 - Other Long-Term Invested Assets Acquired

**N O N E**

Schedule BA - Part 3 - Other Long-Term Invested Assets Disposed, Transferred or Repaid

**N O N E**

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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)
36202F-4G-6	GNMA PASS-THRU M SINGLE FAMILY		.05/10/2012	VARIOUS		2,220,155	2,102,457	3,955	1
36202F-MA-1	GNMA PASS-THRU M SINGLE FAMILY		.04/16/2012	SALOMON SMITH BARNEY INC/		1,170,830	1,077,748	2,156	1
36176X-KP-3	GNMA PASS-THRU X SINGLE FAMILY		.04/16/2012	BARCLAYS CAPITAL		1,012,950	960,000	1,680	1
362000-2Y-3	GNMA PASS-THRU X SINGLE FAMILY		.04/16/2012	JP Morgan Securities, Inc		1,768,590	1,609,180	3,621	1
362000-ZB-7	GNMA PASS-THRU X SINGLE FAMILY		.04/16/2012	CHASE SECURITIES, INC.		2,402,885	2,186,304	4,919	1
36296T-SS-3	GNMA PASS-THRU X SINGLE FAMILY		.06/19/2012	UBS FINANCIAL SERVICES IN		1,427,153	1,279,599	4,887	1
36296X-JP-0	GNMA PASS-THRU X SINGLE FAMILY		.06/19/2012	UBS FINANCIAL SERVICES IN		1,937,330	1,737,029	6,634	1
911759-LP-1	HOUSING URBAN DEVELOPMENT		.06/26/2012	U.S. BANCORP PIPER JAFFRA		4,113,014	3,898,000	48,236	1
912810-EX-2	UNITED STATES TREAS BDS		.04/16/2012	BARCLAYS CAPITAL INC		4,895,970	3,235,000	37,194	1
912810-FP-8	UNITED STATES TREAS BDS		.06/06/2012	BARCLAYS CAPITAL		946,739	645,000	10,763	1
912810-QE-1	UNITED STATES TREAS BDS		.06/28/2012	VARIOUS		4,811,514	3,665,000	33,256	1
912810-QU-5	UNITED STATES TREAS BDS		.05/15/2012	VARIOUS		73,005,469	72,000,000	505,323	1
912810-QW-1	UNITED STATES TREAS BDS		.05/23/2012	VARIOUS		18,721,875	18,000,000	11,739	1
912828-NU-0	UNITED STATES TREAS NTS		.06/19/2012	VARIOUS		7,432,890	7,390,000	19,340	1
912828-QI-3	UNITED STATES TREAS NTS		.06/25/2012	CHASE SECURITIES, INC.		3,754,980	3,750,000	5,756	1
912828-RC-6	UNITED STATES TREAS NTS		.04/16/2012	BARCLAYS CAPITAL INC		1,494,300	1,465,000	5,303	1
912828-BD-1	UNITED STATES TREAS NTS TIPS		.04/16/2012	DEUTSCHE-BANK SECURITIES		1,310,884	1,010,000	5,985	1
<b>0599999. Subtotal - Bonds - U.S. Governments</b>						<b>132,427,528</b>	<b>126,010,319</b>	<b>710,747</b>	<b>XXX</b>
105756-AP-5	BRAZIL FEDERATIVE REP	R	.04/16/2012	EXANE INC.		191,821	145,000	2,747	2FE
715638-AW-2	PERU REP	R	.04/16/2012	NOMURA SECURITIES INTL		255,960	200,000	752	2FE
71656L-AL-5	PETROLEOS MEXICANOS 4.875%	R	.04/16/2012	JPMORGAN CHASE BK/RBS SEC		323,422	305,000	3,511	2FE
731011-AS-1	POLAND REP	R	.04/17/2012	BANCA SPA		259,036	245,000	2,479	1FE
836205-AN-4	SOUTH AFRICA REP	R	.04/17/2012	STANDARD BANK OF SOUTH AF		398,825	350,000	2,192	2FE
910860-AU-2	UNITED MEXICAN STS MTN BE	R	.04/16/2012	HSBC Securities		322,754	276,000	4,054	2FE
00254E-BZ-4	AB SVENSK EXPORTKREDIT	R	.04/17/2012	UBS AG		299,049	225,000	1,570	1FE
168863-AV-0	CHILE REP	R	.04/16/2012	Goldman Sachs & Co		195,840	180,000	1,434	1FE
36377H-AA-5	GOVERNMENT OF BERMUDA	R	.04/16/2012	JPMORGAN CHASE BK/RBS SEC		195,075	170,000	2,355	1FE
563469-TU-9	MANITOBA PROV CDA	I	.04/16/2012	Scotia Capital Markets(US		261,321	260,000	376	1FE
683234-DP-0	ONTARIO PROV CDA	I	.04/16/2012	Merrill Lynch		329,449	325,000	376	1FE
<b>Canada Total</b>						<b>1,240,734</b>	<b>1,160,000</b>	<b>6,111</b>	<b>XXX</b>
<b>1099999. Subtotal - Bonds - All Other Governments</b>						<b>2,992,552</b>	<b>2,681,000</b>	<b>21,846</b>	<b>XXX</b>
341150-MG-4	FLORIDA ST		.05/15/2012	M LYNCH,PIERCE,FENNER, & S		67,660	55,000	8	1FE
<b>Florida Total</b>						<b>67,660</b>	<b>55,000</b>	<b>8</b>	<b>XXX</b>
419791-D5-4	HAWAII ST		.05/15/2012	M LYNCH,PIERCE,FENNER, & S		198,037	160,000	3,578	1FE
<b>Hawaii Total</b>						<b>198,037</b>	<b>160,000</b>	<b>3,578</b>	<b>XXX</b>
57582P-AE-0	MASSACHUSETTS ST		.05/14/2012	CITIGROUP GLOBAL MARKET I		110,412	115,000	1,275	1FE
57582P-F7-0	MASSACHUSETTS ST		.06/07/2012	FUND-FUND II		118,279	100,000	153	1FE
<b>Massachusetts Total</b>						<b>268,691</b>	<b>215,000</b>	<b>1,428</b>	<b>XXX</b>
70914P-SK-9	PENNSYLVANIA ST		.04/18/2012	Goldman Sachs & Co		288,310	235,000	0	1FE
<b>Pennsylvania Total</b>						<b>288,310</b>	<b>235,000</b>	<b>0</b>	<b>XXX</b>
93974C-J3-5	WASHINGTON ST		.05/15/2012	MORGAN STANLEY & CO. INC		253,251	205,000	2,477	1FE
93974C-J4-3	WASHINGTON ST		.06/07/2012	Citigroup Global Markets		114,587	95,000	1,465	1FE
<b>Washington Total</b>						<b>367,838</b>	<b>300,000</b>	<b>3,942</b>	<b>XXX</b>
<b>United States Total</b>						<b>1,190,536</b>	<b>965,000</b>	<b>8,956</b>	<b>XXX</b>
<b>1799999. Subtotal - Bonds - U.S. States, Territories and Possessions</b>						<b>1,190,536</b>	<b>965,000</b>	<b>8,956</b>	<b>XXX</b>
167560-PL-9	CHICAGO ILL MET WTR RECLAMATIO		.04/25/2012	M LYNCH,PIERCE,FENNER, & S		202,541	160,000	3,788	1FE
<b>Illinois Total</b>						<b>202,541</b>	<b>160,000</b>	<b>3,788</b>	<b>XXX</b>
64966H-VY-6	NEW YORK N Y		.04/19/2012	M LYNCH,PIERCE,FENNER, & S		161,242	130,000	3,019	1FE
64966J-D9-4	NEW YORK N Y		.05/15/2012	MORGAN STANLEY & CO. INC		268,695	220,000	1,314	1FE
<b>New York Total</b>						<b>429,937</b>	<b>350,000</b>	<b>4,333</b>	<b>XXX</b>
930863-T6-2	WAKE CNTY N C		.05/16/2012	M LYNCH,PIERCE,FENNER, & S		155,148	120,000	1,333	1FE
<b>North Carolina Total</b>						<b>155,148</b>	<b>120,000</b>	<b>1,333</b>	<b>XXX</b>
442331-VT-8	HOUSTON TEX		.05/14/2012	BARCLAYS CAPITAL		111,695	90,000	0	1FE
442331-VU-5	HOUSTON TEX		.05/14/2012	BARCLAYS CAPITAL		116,682	95,000	0	1FE
<b>Texas Total</b>						<b>228,377</b>	<b>185,000</b>	<b>0</b>	<b>XXX</b>
<b>United States Total</b>						<b>1,016,003</b>	<b>815,000</b>	<b>9,454</b>	<b>XXX</b>
<b>2499999. Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>						<b>1,016,003</b>	<b>815,000</b>	<b>9,454</b>	<b>XXX</b>
3137EA-DF-3	FEDERAL HOME LN MTG CORP		.04/16/2012	MORGAN STANLEY		1,297,108	1,290,000	941	1
313590-GY-3	FEDERAL NATL MTG ASSN		.04/16/2012	MORGAN STANLEY		1,307,837	1,295,000	3,462	1

E04

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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)
3128LX-S7-6	FHLMC GOLD #G02342 5.000% 10/01/		04/16/2012	Goldman Sachs & Co		1,967,974	1,809,892	4,525	1
3128MS-K5-8	FHLMC GOLD #G03616 6.000% 12/01/		04/16/2012	Goldman Sachs & Co		1,181,085	1,064,640	3,194	1
3128MC-4J-1	FHLMC PC GOLD COMB 15		04/16/2012	SALOMON SMITH BARNEY INC/		850,248	798,999	1,598	1
3128MC-GV-1	FHLMC PC GOLD COMB 15		04/17/2012	Nomura		396,838	364,647	1,058	1
3128MC-QG-3	FHLMC PC GOLD COMB 15		04/16/2012	Wachovia Securites Capita		790,149	735,637	1,655	1
3128M5-QY-9	FHLMC PC GOLD COMB 30		04/23/2012	Nomura		542,554	480,136	2,167	1
3128MB-6L-3	FHLMC PC GOLD COMB 30		04/16/2012	Goldman Sachs & Co		3,019,127	2,744,661	7,548	1
3128MB-BQ-6	FHLMC PC GOLD COMB 30		04/16/2012	Banc/America Sec		1,381,125	1,294,363	2,912	1
3128MB-CW-2	FHLMC PC GOLD COMB 30		04/19/2012	Banc/America Sec		217,107	192,984	801	1
3128MB-HQ-2	FHLMC PC GOLD COMB 30		04/17/2012	Banc/America Sec		90,218	85,654	181	1
3128MB-Z7-2	FHLMC PC GOLD COMB 30		04/17/2012	BARCLAYS CAPITAL		1,048,736	961,661	2,538	1
3128M9-B7-6	FHLMC PC GOLD COMB 30		04/12/2012	MORGAN STANLEY		10,074,613	9,098,000	24,261	1
3128MJ-Q4-5	FHLMC PC GOLD COMB 30		04/17/2012	Banc/America Sec		514,176	486,218	1,026	1
3128MJ-RM-4	FHLMC PC GOLD COMB 30		06/08/2012	UBS FINANCIAL SERVICES IN		6,240,459	5,936,227	9,811	1
312936-NA-1	FHLMC PC GOLD COMB 30		04/16/2012	Banc/America Sec		1,493,394	1,399,579	3,149	1
312944-FE-6	FHLMC PC GOLD COMB 30		04/17/2012	Banc/America Sec		174,969	165,358	349	1
312945-DS-4	FHLMC PC GOLD COMB 30		04/17/2012	Banc/America Sec		45,955	43,630	92	1
312945-TE-8	FHLMC PC GOLD COMB 30		04/17/2012	Banc/America Sec		183,712	173,993	367	1
312945-XY-9	FHLMC PC GOLD COMB 30		04/17/2012	Banc/America Sec		384,593	364,382	769	1
3132GF-6L-6	FHLMC PC GOLD PC 30YR		04/17/2012	DEUTSCHE-BANK SECURITIES		767,703	726,605	1,534	1
3132GL-DR-2	FHLMC PC GOLD PC 30YR		06/19/2012	UBS FINANCIAL SERVICES IN		3,267,960	3,066,257	8,517	1
3138AF-KH-2	FNMA PASS-THRU INT 15 YEAR		04/17/2012	JP Morgan Securities, Inc		665,647	622,919	1,315	1
3138EH-U8-3	FNMA PASS-THRU INT 15 YEAR		04/16/2012	Credit Suisse First Bosto		388,990	368,329	645	1
3138LQ-3J-1	FNMA PASS-THRU INT 15 YEAR		04/16/2012	Greenwich Capital Markets		1,023,564	980,000	1,470	1
31410L-EC-2	FNMA PASS-THRU INT 15 YEAR		04/16/2012	BNP Paribas		715,986	660,085	1,650	1
31418A-EG-9	FNMA PASS-THRU INT 15 YEAR		04/16/2012	Credit Suisse First Bosto		792,041	746,741	1,307	1
31418A-FY-9	FNMA PASS-THRU INT 15 YEAR		06/28/2012	MORGAN STANLEY & CO. INC		980,944	933,885	2,179	1
31371M-3X-3	FNMA PASS-THRU LNG 30 YEAR		04/17/2012	Banc/America Sec		1,937,023	1,743,839	5,522	1
3138A2-BX-6	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Banc/America Sec		576,368	535,845	1,206	1
3138AV-GD-1	FNMA PASS-THRU LNG 30 YEAR		06/19/2012	UBS FINANCIAL SERVICES IN		6,718,271	6,256,829	19,553	1
3138EO-RA-9	FNMA PASS-THRU LNG 30 YEAR		05/31/2012	SALOMON SMITH BARNEY INC/		1,056,003	1,005,343	1,173	1
3138EH-JW-3	FNMA PASS-THRU LNG 30 YEAR		04/25/2012	BANC AMERICA SECURITIES L		1,038,446	919,996	4,817	1
31402R-JV-2	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	FIRST TENN BANK, N.A.-BOND		3,474,413	3,186,165	7,965	1
31402R-LZ-0	FNMA PASS-THRU LNG 30 YEAR		04/17/2012	Banc/America Sec		162,735	146,094	463	1
31410K-JY-1	FNMA PASS-THRU LNG 30 YEAR		04/24/2012	CRT CAPITAL GROUP LLC		2,523,802	2,274,977	4,929	1
31410K-US-1	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Citigroup Global Markets		2,165,067	1,963,640	5,400	1
31410L-DU-3	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Banc/America Sec		123,054	114,635	258	1
31416B-YH-5	FNMA PASS-THRU LNG 30 YEAR		04/03/2012	DEUTSCHE-BANK SECURITIES		442,350	400,147	734	1
31416C-JV-9	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Goldman Sachs & Co		2,094,621	1,884,923	5,655	1
31416J-H3-9	FNMA PASS-THRU LNG 30 YEAR		04/17/2012	JP Morgan Securities, Inc		1,439,746	1,316,151	3,473	1
31416X-J7-6	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	CHASE SECURITIES, INC.		4,363,269	4,119,024	8,238	1
31417B-ZW-0	FNMA PASS-THRU LNG 30 YEAR		05/10/2012	SALOMON SMITH BARNEY INC/		717,567	688,624	870	1
31417V-N6-6	FNMA PASS-THRU LNG 30 YEAR		06/07/2012	CHASE SECURITIES		1,860,413	1,734,903	2,602	1
31417Y-2Y-2	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Goldman Sachs & Co		1,947,454	1,813,694	4,081	1
31417Y-W4-5	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Banc/America Sec		718,233	666,960	1,501	1
31418A-D9-6	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Wachovia Securites Capita		523,072	503,862	882	1
31418M-2T-8	FNMA PASS-THRU LNG 30 YEAR		04/17/2012	Banc/America Sec		233,900	211,226	669	1
31418M-G6-1	FNMA PASS-THRU LNG 30 YEAR		05/02/2012	BANC AMERICA SECURITIES L		4,005,385	3,636,610	7,223	1
31419A-NJ-2	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	BARCLAYS CAPITAL		2,164,249	1,972,542	5,424	1
31419A-P5-0	FNMA PASS-THRU LNG 30 YEAR		04/18/2012	BARCLAYS CAPITAL INC		529,063	468,068	1,859	1
31419B-BT-1	FNMA PASS-THRU LNG 30 YEAR		06/13/2012	CHASE SECURITIES, INC.		309,645	290,278	548	1
31419F-FV-3	FNMA PASS-THRU LNG 30 YEAR		04/16/2012	Banc/America Sec		425,817	397,148	894	1
3136A3-7D-7	FNMA REMIC TRUST 2012-39		06/19/2012	UBS FINANCIAL SERVICES IN		2,068,522	1,951,436	4,553	1
25477G-CY-9	DISTRICT COLUMBIA INCOME TAX R		04/17/2012	Goldman Sachs & Co		191,941	155,000	3,346	1FE
<b>District of Columbia Total</b>						191,941	155,000	3,346	XXX
167593-AN-2	CHICAGO ILL O HARE INTL ARPT R		05/09/2012	MORGAN STANLEY & CO. INC		192,290	150,000	3,544	1FE
<b>Illinois Total</b>						192,290	150,000	3,544	XXX
59259N-ZH-9	METROPOLITAN TRANSN AUTH N Y D DED		05/16/2012	SAMUEL A RAMIREZ & COMPAN		197,463	135,000	165	1FE
64972F-K8-8	NEW YORK N Y CITY MUN WTR FIN REV		06/12/2012	CHASE SECURITIES		192,702	145,000	0	1FE
64971M-4P-4	NEW YORK N Y CITY TRANSITIONAL		05/09/2012	CITIGROUP GLOBAL MARKET I		96,667	80,000	1,261	1FE
64971M-T4-4	NEW YORK N Y CITY TRANSITIONAL		05/18/2012	SAMUEL A RAMIREZ & COMPAN		219,216	185,000	595	1FE
64971Q-HQ-9	NEW YORK N Y CITY TRANSITIONAL		05/14/2012	CITIGROUP GLOBAL MARKET I		73,239	60,000	133	1FE
64971Q-JS-3	NEW YORK N Y CITY TRANSITIONAL		05/14/2012	CITIGROUP GLOBAL MARKET I		71,953	60,000	883	1FE

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STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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)
64990E-DE-4	NEW YORK ST DORM AUTH ST PERS		.06/14/2012	GOLDMAN, SACHS & CO.		146,112	120,000	.0	1FE
<b>New York Total</b>						997,352	785,000	3,037	XXX
796253-2K-7	SAN ANTONIO TEX ELEC & GAS REV		.06/07/2012	M LYNCH, PIERCE, FENNER & S		317,679	255,000	.0	1FE
<b>Texas Total</b>						317,679	255,000	.0	XXX
917565-LB-7	UTAH TRAN AUTH SALES TAX REV		.06/27/2012	mitsubishi ufj securities		264,372	200,000	.462	1FE
<b>Utah Total</b>						264,372	200,000	.462	XXX
927793-TG-3	VIRGINIA COMILTH TRANSN BRD TR		.04/24/2012	GOLDMAN, SACHS & CO.		190,325	160,000	3,852	1FE
92817S-YH-5	VIRGINIA ST PUB SCH AUTH		.05/14/2012	DEPFA FIRST ALBANY SECURI		188,511	150,000	1,438	1FE
<b>Virginia Total</b>						378,836	310,000	5,290	XXX
<b>United States Total</b>						87,765,770	80,948,439	207,192	XXX
<b>3199999. Subtotal - Bonds - U.S. Special Revenues</b>						87,765,770	80,948,439	207,192	XXX
02364W-AN-5	AMERICA MOVIL SAB DE CV	R	.04/30/2012	UBS Warburg		323,565	275,000	7,219	1FE
24668P-AB-3	DELHAIZE GROUP SA	R	.04/16/2012	BARCLAYS CAPITAL		179,388	155,000	3,470	2FE
65504L-AK-3	NOBLE HOLD INT LTD	R	.04/16/2012	CHASE SECURITIES		391,170	390,000	3,924	2FE
71645W-AR-2	PETROBRAS INTL FIN 5.375% 1/27/	R	.04/13/2012	SALOMON SMITH BARNEY INC/		594,682	550,000	6,652	2FE
71645W-AM-3	PETROBRAS INTL FIN CO	R	.04/16/2012	Jefferies & Co		259,532	230,000	1,802	2FE
71645W-AP-6	PETROBRAS INTL FIN CO	R	.04/16/2012	M LYNCH, PIERCE, FENNER & S		260,733	235,000	3,341	2FE
87938W-AN-3	TELEFONICA EMISIONES S A U	R	.04/16/2012	Goldman Sachs & Co		259,003	265,000	1,851	2FE
893830-BA-6	TRANSOCEAN INC	R	.04/24/2012	CHASE SECURITIES, INC.		129,533	120,000	2,390	2FE
91911T-AM-5	VALE OVERSEAS LTD	R	.04/16/2012	MORGAN STANLEY		91,394	90,000	1,072	2FE
00751Y-AA-4	ADVANCE AUTO PARTS INC		.06/21/2012	BNY/SUNTRUST CAPITAL MARK		130,731	115,000	1,010	2FE
017363-AM-4	ALLEGHENY ENERGY SUPPLY CO LLC		.04/16/2012	Wachovia Securites Capita		79,834	70,000	.53	2FE
01741R-AE-2	ALLEGHENY TECHNOLOGIES INC		.04/16/2012	CHASE SECURITIES		260,267	235,000	3,651	2FE
02006C-AC-7	ALLYA 2012-A -2.400% 11/15/ 144A		.06/08/2012	CHASE SECURITIES		115,281	115,000	.38	1FE
00163M-AL-8	AMB PPTY L P		.05/09/2012	BARCLAYS CAPITAL		258,492	245,000	2,726	2FE
026874-BW-6	AMERICAN INTL GROUP INC		.05/23/2012	VARIOUS		39,232	35,000	1,020	2FE
026870-DG-0	AMERICAN INTL GROUP INC MTN BE		.04/30/2012	Jefferies & Co		452,927	410,000	7,129	2FE
03061U-AC-7	AMERICREDIT AUTO RECV 2012-3		.06/19/2012	CHASE SECURITIES, INC.		214,977	215,000	.0	1FE
030955-AN-8	AMERITECH CAP FUNDING CORP		.04/24/2012	STERNE, AGEE & LEACH, INC		192,828	170,000	3,155	1FE
032511-BH-9	ANADARKO PETE CORP		.04/16/2012	BARCLAYS CAPITAL		178,854	150,000	903	2FE
037411-AZ-8	APACHE CORP		.04/16/2012	SALOMON SMITH BARNEY INC/		128,255	125,000	113	1FE
037735-CG-0	APPALACHIAN PIWR CO		.04/16/2012	DEUTSCHE-BANK SECURITIES		194,131	160,000	510	2FE
04044T-AJ-5	ARISTOTLE HLDG INC		.04/16/2012	Credit Suisse First Bosto		325,171	315,000	2,389	2FE
00206R-AM-2	AT&T INC		.04/25/2012	NOMURA SECURITIES INTL		323,697	305,000	4,124	1FE
00206R-BA-9	AT&T INC		.04/16/2012	Wachovia Securites Capita		326,160	285,000	2,812	1FE
05950W-AF-5	BANC AMER CMBS 2006-4		.04/17/2012	Goldman Sachs & Co		649,885	575,000	1,710	1FE
059513-AE-1	BANC AMER CMBS 2007-4		.04/18/2012	Nomura		653,407	570,000	1,995	1FE
05952C-AE-0	BANC AMER CMBS 2007-5		.05/02/2012	WACHOVIA SECURITIES CAPIT		656,398	575,000	526	1FE
06051G-EK-1	BANK AMER CORP		.04/25/2012	VARIOUS		973,408	980,000	10,246	1FE
06406H-BY-4	BANK NEW YORK MTN BK ENT		.06/05/2012	US Bancorp Piper Jaffray		1,287,288	1,200,000	8,875	1FE
06849R-AG-7	BARRICK NORTH AMERICA FIN LLC		.04/16/2012	Greenwich Capital Markets		257,922	235,000	5,172	1FE
07388Q-AE-9	BEAR STEARNS CMBS 2007-PWR17		.05/02/2012	UBS SECURITIES LLC		649,573	565,000	536	1FE
084664-BG-3	BERKSHIRE HATHAWAY FIN CORP		.04/16/2012	Wachovia Securites Capita		387,337	355,000	3,940	1FE
05575B-AD-1	BMW VEH LEASE TR 2012-1		.04/18/2012	CHASE SECURITIES		184,967	185,000	.0	1FE
118230-AH-4	BUCKEYE PARTNERS L P		.04/16/2012	BNY/SUNTRUST CAPITAL MARK		263,040	240,000	2,347	2FE
120568-AU-4	BUNGE LTD FIN CORP		.04/16/2012	BARCLAYS CAPITAL		195,684	185,000	716	2FE
120568-AV-2	BUNGE LTD FIN CORP		.06/12/2012	CHASE SECURITIES		104,798	105,000	.0	2FE
126802-BR-7	CABELAS CC MSTR TR 2011-11		.05/10/2012	DEUTSCHE BANK SECURITIES		364,533	350,000	.0	1FE
126802-CE-5	CABMT 2012-2A A1-1.450% 6/15 144A		.06/20/2012	Wachovia Securites Capita		239,901	240,000	.0	1FE
14040H-AZ-8	CAPITAL ONE FINL CORP		.04/16/2012	MORGAN STANLEY		261,331	260,000	404	2FE
14313J-AD-3	CARMAX AUTO TR 2012-2		.06/06/2012	BARCLAYS CAPITAL		439,916	440,000	.0	1FE
14912L-4X-6	CATERPILLAR FINL SVCS MTNS BE		.04/25/2012	RBC CAPITAL MARKETS CORP		326,252	315,000	1,596	1FE
17275R-AC-6	CISCO SYS INC		.04/25/2012	WACHOVIA SECURITIES CAPIT		320,460	275,000	2,857	1FE
12558B-AC-0	CIT EQUIP COLL TR 2012-VT1		.04/19/2012	BARCLAYS CAPITAL		324,972	325,000	.0	1FE
172967-EZ-0	CITIGROUP INC		.04/25/2012	VARIOUS		784,230	735,000	920	1FE
172967-FF-3	CITIGROUP INC		.04/16/2012	VARIOUS		388,090	365,000	3,815	1FE
20030N-AV-3	COMCAST CORP NEW		.06/04/2012	Nomura		127,307	100,000	2,162	2FE
20030N-BB-6	COMCAST CORP NEW		.04/16/2012	Wachovia Securites Capita		195,123	155,000	1,323	2FE
210371-AL-4	CONSTELLATION ENERGY GROUP INC		.04/16/2012	Goldman Sachs & Co		194,794	175,000	3,455	2FE
210795-PZ-7	CONTINENTAL AIRLINE PT TR 2012-1		.04/16/2012	Credit Suisse First Bosto		183,725	185,000	576	2FE
224044-BV-8	COX COMMUNICATIONS INC NEW		.04/16/2012	Goldman Sachs & Co		201,526	140,000	1,563	2FE
22822R-AZ-3	CROWN CASTLE TOWERS LLC 144A		.06/08/2012	MORGAN STANLEY		335,723	305,000	1,158	1FE

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STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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)
22546N-AD-6	CSFB COML MTG PTC 2008-C1		.04/17/2012	Credit Suisse First Bosto		654,469	585,000	1,979	1FE
24422E-RL-5	DEERE JOHN CAP CORP MTNS BE		.04/16/2012	RBC CAPITAL MARKETS CORP		518,751	505,000	3,844	1FE
25459H-AU-9	DIRECTV HLDGS LLC / DIRECTV		.04/16/2012	BARCLAYS CAPITAL		391,921	340,000	999	2FE
25468P-CT-1	DISNEY WALT CO MTNS BE		.05/18/2012	MCDONALD & COMPANY SECURI		2,004,600	2,000,000	14,025	1FE
25755T-AC-4	DOMINOS PIZZA MSTR 2012-1 144A		.06/06/2012	VARIOUS		602,234	578,781	3,414	2FE
260543-CD-3	DOW CHEMICAL CO/THE 2.500% 2/15/		.04/16/2012	Banc/America Sec		714,695	690,000	3,067	2FE
260543-CC-5	DOW CHEMICAL CO/THE 4.250% 11/15/		.06/11/2012	Banc/America Sec		264,016	245,000	824	2FE
278865-AK-6	ECOLAB INC		.04/16/2012	CANTOR FITZGERALD & CO		320,677	305,000	3,330	1FE
29250R-AT-3	ENBRIDGE ENERGY PARTNERS L P		.04/16/2012	MORGAN STANLEY		148,249	135,000	701	2FE
29266R-AC-2	ENERGIZER HLDGS INC		.06/08/2012	VARIOUS		259,644	255,000	248	2FE
29273R-AG-2	ENERGY TRANSFER PRTNRS L P		.05/07/2012	VARIOUS		190,824	180,000	2,886	2FE
29348Q-AB-8	ENOGEX LLC 144A		.04/23/2012	Wachovia Securites Capita		124,345	110,000	783	2FE
29379V-AT-0	ENTERPRISE PRODS OPER LLC		.04/16/2012	Wachovia Securites Capita		260,871	230,000	2,965	2FE
26884L-AB-5	EQT CORP		.04/16/2012	CHASE SECURITIES		253,563	250,000	5,484	2FE
26884T-AA-0	ERAC USA FINANCE COMPANY		.04/16/2012	MORGAN STANLEY		205,430	185,000	486	2FE
30161M-AG-8	EXELON GENERATION CO LLC		.04/16/2012	MORGAN STANLEY		132,675	110,000	344	2FE
316773-CK-4	FIFTH THIRD BANCORP		.06/20/2012	DEUTSCHE BANK SECURITIES		131,954	125,000	1,888	2FE
316773-CL-2	FIFTH THIRD BANCORP		.04/16/2012	SALOMON SMITH BARNEY INC/		129,565	130,000	531	2FE
33582V-AB-4	FIRST NIAGARA FINL GP INC		.04/23/2012	Morgan Keegan		1,109,950	1,000,000	6,938	2FE
33735B-BH-7	FIRST UN CORP		.05/21/2012	MORGAN KEEGAN & COMPANY I		1,259,200	1,000,000	23,774	1FE
33766J-AB-9	FIRSTENERGY SOLUTIONS CORP		.04/16/2012	Goldman Sachs & Co		389,995	360,000	3,072	2FE
33803W-AA-7	FISHERS LANE ASSOCS LLC BD 144A		.06/21/2012	MORGAN KEEGAN & COMPANY I		1,000,000	1,000,000	0	1FE
340711-AV-2	FLORIDA GAS TRANSMISSION CO 144A		.06/12/2012	GREENWICH CAPITAL MKTS, I		89,886	90,000	0	2FE
345397-VY-6	FORD MOTOR CREDIT CO LLC 144A		.06/06/2012	EXCHANGE		2,300,000	2,300,000	0	1FE
345397-VZ-3	FORD MOTOR CREDIT CO LLC 144A		.06/06/2012	EXCHANGE		600,000	600,000	0	1FE
369622-SM-8	GENERAL ELEC CAP CORP		.04/16/2012	US BANCORP INVESTMENTS IN		643,248	590,000	5,907	1FE
36962G-3P-7	GENERAL ELEC CAP CORP MTN BE		.04/16/2012	SALOMON SMITH BARNEY INC/		505,883	455,000	7,054	1FE
36962G-4X-9	GENERAL ELEC CAP CORP MTN BE		.04/25/2012	VARIOUS		519,723	510,000	3,266	1FE
373334-JS-1	GEORGIA PWR CO		.04/16/2012	Wachovia Securites Capita		397,313	365,000	2,312	1FE
38141G-GS-7	GOLDMAN SACHS GROUP INC		.04/16/2012	Banc/America Sec		387,410	380,000	5,159	1FE
38143U-SC-6	GOLDMAN SACHS GROUP INC		.04/25/2012	VARIOUS		586,585	585,000	4,457	1FE
201730-AE-1	GREENWICH CAP CMBS 2007-G69		.04/17/2012	GOLDMAN, SACHS & CO.		654,872	595,000	1,710	1FE
402524-AD-4	GULF SOUTH PIPELINE CO LP 144A		.06/07/2012	BARCLAYS CAPITAL		119,569	120,000	0	2FE
421946-AG-9	HEALTHCARE RLTY TR		.04/16/2012	CHASE SECURITIES		193,073	185,000	2,778	2FE
428236-BX-0	HEWLETT PACKARD CO		.04/16/2012	Banc/America Sec		391,931	390,000	1,623	1FE
448579-AC-6	HYATT HOTELS CORP		.04/24/2012	STERNE, AGEE & LEACH, INC		226,494	215,000	1,666	2FE
44890F-AD-9	HYUNDAI AUTO LEASE TR 2012-A 144A		.06/13/2012	SALOMON SMITH BARNEY INC/		99,994	100,000	0	1FE
459200-GU-9	INTERNATIONAL BUSINESS MACHS		.04/25/2012	WACHOVIA SECURITIES CAPIT		325,868	315,000	2,013	1FE
460146-CG-6	INTL PAPER CO		.04/16/2012	Banc/America Sec		286,764	270,000	2,280	2FE
472319-AJ-1	JEFFERIES GROUP INC NEW		.06/22/2012	VARIOUS		323,838	330,000	879	2FE
46630V-AD-4	JP MORGAN CHASE 2007-C1BC19		.04/17/2012	CHASE SECURITIES, INC.		649,952	575,000	1,798	1FE
46625H-HP-8	JPMORGAN CHASE & CO		.04/25/2012	VARIOUS		385,085	365,000	3,474	1FE
46625H-HR-4	JPMORGAN CHASE & CO		.04/23/2012	CHASE SECURITIES		324,409	310,000	3,572	1FE
46625H-JC-5	JPMORGAN CHASE & CO		.05/11/2012	CHASE SECURITIES, INC.		288,811	275,000	3,024	1FE
46625H-JD-3	JPMORGAN CHASE & CO		.04/16/2012	Mc Donald & Company		451,010	430,000	4,623	1FE
49326E-ED-1	KEYCORP MEDIUM TERM NTS BE		.04/26/2012	Mc Donald & Company		2,641,442	2,350,000	11,723	2FE
494550-BL-9	KINDER MORGAN ENERGY PARTNERS		.06/05/2012	VARIOUS		326,899	325,000	1,813	2FE
50076Q-AC-0	KRAFT FOODS GROUP INC		.05/30/2012	BARCLAYS CAPITAL		54,611	55,000	0	2FE
50076Q-AF-3	KRAFT FOODS GROUP INC		.05/30/2012	Greenwich Capital Markets		218,020	220,000	0	2FE
501044-CR-0	KROGER CO		.04/16/2012	Merrill Lynch		155,792	155,000	65	2FE
502413-AZ-0	L-3 COMMUNICATIONS CORP		.04/25/2012	WACHOVIA SECURITIES CAPIT		207,310	195,000	2,702	2FE
512807-AL-2	LAM RESEARCH CORP		.05/10/2012	J.P. MORGAN SECURITIES LL		1,228,017	1,210,000	0	1FE
50179A-AE-7	LB-UBS CMBS 2007-C1		.04/17/2012	Nomura		655,128	580,000	786	1FE
524901-AQ-8	LEGG MASON INC 144A		.05/16/2012	SALOMON SMITH BARNEY INC/		989,610	1,000,000	0	2FE
534187-AZ-2	LINCOLN NATL CORP IND		.05/08/2012	STIFEL, NICOLAUS & CO., IN		85,379	80,000	1,395	2FE
55616X-AC-1	MACYS RETAIL HLDGS INC		.04/13/2012	JANNEY MONTGOMERY SCOTT I		408,384	350,000	4,288	2FE
571903-AJ-2	MARRIOTT INTL INC NEW		.04/23/2012	CHASE SECURITIES		89,650	90,000	443	2FE
577778-CE-1	MAY DEPT STORES CO		.04/03/2012	DEUTSCHE-BANK SECURITIES		512,064	450,000	7,035	2FE
59025W-AE-6	ML MTG TRUST 2008-C1		.05/30/2012	Wachovia Securites Capita		677,603	595,000	282	1FE
61747Y-CT-0	MORGAN STANLEY		.04/16/2012	MORGAN STANLEY		662,041	680,000	10,883	1FE
61750C-AF-4	MORGAN STANLEY CAP 2006-HQ9		.04/24/2012	BARCLAYS CAPITAL		649,845	570,000	2,359	1FE
61915R-AA-4	MORTGAGE IT TR 2005-2		.06/29/2012	GUGGENHEIM CAPITAL MARKET		258,391	307,379	17	1AM
626717-AD-4	MURPHY OIL CORP		.06/05/2012	VARIOUS		222,501	220,000	289	2FE



STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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)
629568-AX-4	NABORS INDS INC		.04/16/2012	BARCLAYS CAPITAL		480,821	455,000	1,987	2FE
637432-MQ-5	NATIONAL RURAL UTILS COOP FIN		.04/30/2012	Goldman Sachs & Co		261,395	255,000	1,966	1FE
639468-AD-2	NBCUNIVERSAL MEDIA LLC		.04/16/2012	Goldman Sachs & Co		258,221	225,000	5,440	2FE
641423-CA-4	NEVADA POWER CO		.04/16/2012	Scotia Capital Markets(US		263,100	220,000	5,129	2FE
649081-AA-4	NEW VALLEY GEN IV 2003-1		.04/17/2012	R.W. PRESSPRICH & CO., IN		1,432,083	1,249,069	15,449	1FE
652482-BN-9	NEWS AMER INC		.06/11/2012	BNY/SUNTRUST CAPITAL MARK		387,470	345,000	6,071	2FE
652482-BQ-2	NEWS AMER INC		.06/04/2012	CHASE SECURITIES		203,390	175,000	711	2FE
652482-CB-4	NEWS AMER INC		.04/16/2012	Wachovia Securites Capita		655,717	605,000	4,840	1FE
654730-AX-1	NISOURCE FIN CORP		.04/24/2012	CHASE SECURITIES, INC.		256,176	225,000	4,909	2FE
654730-BB-8	NISOURCE FIN CORP		.06/11/2012	SALOMON SMITH BARNEY INC/		64,912	65,000	0	2FE
65474V-AE-1	NISSAN MSTR OWNR TR 2012-A		.05/15/2012	BARCLAYS CAPITAL		555,000	555,000	0	1FE
655044-AE-5	NOBLE ENERGY INC		.04/16/2012	SG COWEN SECURITIES CORP		256,802	225,000	1,800	2FE
67059T-AB-1	NUSTAR LOGISTICS L P		.04/23/2012	Wachovia Securites Capita		190,988	185,000	1,357	2FE
67103H-AA-5	O REILLY AUTOMOTIVE INC NEW		.06/18/2012	CHASE SECURITIES, INC.		189,747	175,000	3,721	2FE
674599-CE-3	OCCIDENTAL PETE CORP DEL		.06/19/2012	BANC AMERICA SECURITIES L		209,452	210,000	0	1FE
681919-AZ-9	OMNICOM GROUP INC		.04/18/2012	CHASE SECURITIES		338,528	340,000	0	2FE
682680-AQ-6	ONEOK INC NEW		.04/23/2012	Goldman Sachs & Co		129,444	125,000	1,328	2FE
68389X-AC-9	ORACLE CORP		.04/25/2012	HSBC SECURITIES, INC.		322,717	265,000	635	1FE
718546-AA-2	PHILLIPS 66		.04/16/2012	UBS Warburg		93,551	90,000	398	2FE
718546-AF-1	PHILLIPS 66		.04/16/2012	MORGAN STANLEY		89,785	85,000	513	2FE
72650R-AW-2	PLAINS ALL AMERN PIPELINE L P		.04/16/2012	First Tennessee Bank		197,475	170,000	2,552	2FE
693476-BH-5	PNC FUNDING CORP		.04/23/2012	Merrill Lynch		128,368	120,000	943	1FE
693476-BN-2	PNC FUNDING CORP		.04/16/2012	RBC CAPITAL MARKETS CORP		326,352	325,000	1,221	1FE
741503-AP-1	PRICELINE COM INC SR NT CV 144A 18		.04/24/2012	VARIOUS		82,651	78,000	96	2FE
74251V-AD-4	PRINCIPAL FINL GROUP INC		.06/19/2012	WACHOVIA SECURITIES CAPIT		196,694	150,000	1,368	1FE
744320-BJ-3	PRUDENTIAL FINL INC MTNS BOOK		.04/24/2012	GOLDMAN, SACHS & CO.		195,872	180,000	950	1FE
744320-BM-6	PRUDENTIAL FINL INC MTNS BOOK		.06/18/2012	VARIOUS		194,763	175,000	2,005	2FE
748356-AA-0	QUESTAR CORP		.04/26/2012	RBC CAPITAL MARKETS CORP		1,041,500	1,000,000	6,875	1FE
75884R-AR-4	REGENCY CTRS L P		.04/16/2012	Wachovia Securites Capita		102,396	90,000	1,860	2FE
759351-AJ-8	REINSURANCE GROUP AMER INC		.04/16/2012	Banc/America Sec		181,174	170,000	3,258	2FE
760759-AN-0	REPUBLIC SVCS INC		.04/16/2012	DEUTSCHE-BANK SECURITIES		259,470	220,000	5,364	2FE
760759-AP-5	REPUBLIC SVCS INC		.05/14/2012	WACHOVIA SECURITIES CAPIT		154,571	155,000	0	2FE
779382-AK-6	ROWAN COMPANIES INC 7.875% 8/01/		.04/17/2012	Jefferies & Co		192,256	160,000	2,765	2FE
828807-CH-8	SIMON PPTY GROUP LP		.04/16/2012	Wachovia Securites Capita		388,020	375,000	4,463	1FE
78446X-AB-1	SLM PRIV ED LN TR 2012-B		.04/04/2012	BARCLAYS CAPITAL		1,499,846	1,500,000	0	1FE
872312-AA-1	TOM SUB LLC		.04/16/2012	Goldman Sachs & Co		196,440	185,000	1,715	2FE
87875U-AK-8	TECO FIN INC		.05/02/2012	VARIOUS		663,352	580,000	4,024	2FE
881561-XJ-8	TERWIN MTG TR 2005-14HE		.06/19/2012	GRUNALT/DIV/RYAN BECK & C		65,203	65,903	186	1FE
88732J-BB-3	TIME WARNER CABLE INC		.04/16/2012	Goldman Sachs & Co		180,928	170,000	1,247	2FE
887315-AY-5	TIME WARNER COS INC		.04/16/2012	BNY/SUNTRUST CAPITAL MARK		166,899	135,000	3,197	2FE
907818-DJ-4	UNION PAC CORP		.04/16/2012	Nomura		187,791	175,000	785	2FE
908906-AC-4	UNIONBANCAL CORP		.06/11/2012	MORGAN STANLEY & CO. INC		19,840	20,000	0	1FE
913017-BT-5	UNITED TECHNOLOGIES CORP		.05/24/2012	HSBC Securities		197,534	200,000	0	1FE
91324P-BP-6	UNITEDHEALTH GROUP INC		.04/16/2012	Jefferies & Co		91,683	80,000	668	1FE
91324P-BU-5	UNITEDHEALTH GROUP INC		.04/16/2012	Stifel Nicholas		87,664	85,000	1,736	1FE
91529Y-AH-9	UNUM GROUP		.04/16/2012	SALOMON SMITH BARNEY INC/		396,197	365,000	1,939	2FE
902973-AV-8	US BANCORP DEL		.04/16/2012	MORGAN STANLEY		181,979	175,000	1,305	2FE
920253-AD-3	VALMONT INDS INC		.04/16/2012	Wachovia Securites Capita		128,020	110,000	3,624	2FE
92276M-AY-1	VENTAS RLTY LTD PARTNERSHIP		.06/21/2012	VARIOUS		157,747	155,000	518	2FE
92867K-AD-6	VOLKSWAGEN AUTO LSE TR 2012-A		.06/13/2012	CHASE SECURITIES, INC.		164,980	165,000	0	1FE
92979F-AD-2	WACHOVIA CMBS 2007-C34		.04/17/2012	Nomura		655,859	575,000	1,723	1FE
94974B-FC-9	WELLS FARGO & CO 3.500% 3/08/		.04/16/2012	First Tennessee Bank		1,303,343	1,305,000	5,202	1FE
98158V-AC-9	WORLD OMNI AUTO LEASE 2012-A		.06/05/2012	Banc/America Sec		159,977	160,000	0	1FE
98158V-AD-7	WORLD OMNI AUTO LEASE 2012-A		.06/05/2012	Banc/America Sec		164,990	165,000	0	1FE
984121-BW-2	XEROX CORP 6.350% 5/15/		.04/23/2012	Wachovia Securites Capita		320,131	270,000	7,668	2FE
008281-AG-2	AFRICAN DEV BK	R.	.05/16/2012	MIZUHO SECURITIES USA INC		2,061,600	1,500,000	29,333	1FE
03938L-AR-5	ARCELOMITTAL SA LUXEMBOURG	R.	.04/16/2012	JP MORGAN CHASE BANK/HSBC		385,320	380,000	2,929	2FE
06675E-AB-6	BANQUE PSA FIN	R.	.04/16/2012	Goldman Sachs & Co		161,026	160,000	292	2FE
06739F-FZ-9	BARCLAYS BK PLC	R.	.04/16/2012	BARCLAYS CAPITAL		386,039	365,000	5,220	1FE
136385-AK-7	CANADIAN NAT RES LTD	I.	.04/16/2012	CHASE SECURITIES		487,043	410,000	9,997	2FE
29358Q-AB-5	ENSCO PLC	R.	.04/23/2012	CHASE SECURITIES		262,850	250,000	925	2FE
34988W-AD-6	FOSSE MASTER 2011-1	R.	.05/01/2012	DEUTSCHE BANK SECURITIES		201,440	200,000	175	1FE
34988W-AQ-7	FOSSE MASTER 2012-1	R.	.05/16/2012	BARCLAYS CAPITAL		325,000	325,000	0	1FE

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**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)
43641N-BP-8	HOLMES MASTER ISSUER 2012-1	R	.05/01/2012	DEUTSCHE-BANK SECURITIES		252,750	250,000	265	1FE
404280-AK-5	HSBC HLDGS PLC	R	.04/16/2012	First Tennessee Bank		391,608	360,000	714	1FE
63254A-AB-4	NATIONAL AUSTRALIA BK LTD	R	.06/01/2012	RBC CAPITAL MARKETS CORP		2,010,360	2,000,000	13,292	1FE
65557F-AB-2	NORDEA BK AB EURO MTN	R	.04/16/2012	MORGAN STANLEY		686,233	685,000	1,724	1FE
69353U-AB-7	PPL WEM HOLDINGS PLC	R	.05/08/2012	VARIOUS		581,511	550,000	3,762	2FE
749343-AB-5	RCI BANQUE S A	R	.04/16/2012	First Tennessee Bank		181,444	180,000	161	2FE
78447D-AF-5	SMART ABS US TRUST 2012-2 144A	R	.06/06/2012	Greenwich Capital Markets		409,907	410,000	0	1FE
83173K-AD-4	SMART US TRUST 2012-1 144A	R	.06/26/2012	GREENWICH CAPITAL MKTS, I		194,771	195,000	122	1FE
87425E-AM-5	TALISMAN ENERGY INC	I	.05/17/2012	VARIOUS		325,356	325,000	3,173	2FE
87927V-AW-8	TELECOM ITALIA CAP	R	.04/16/2012	MORGAN STANLEY		258,383	250,000	5,189	2FE
92852T-AB-8	VIVENDI SA	R	.04/24/2012	RBC CAPITAL MARKETS CORP		192,015	195,000	280	2FE
947075-AF-4	WEATHERFORD INTL LTD	R	.04/16/2012	CHASE SECURITIES		193,313	145,000	1,861	2FE
94707V-AC-4	WEATHERFORD INTL LTD BERMUDA	R	.04/16/2012	SALOMON SMITH BARNEY INC/		158,515	155,000	291	2FE
97063P-AA-2	WILLIS GROUP HLDGS PUBLIC LTD	R	.05/03/2012	Morgan Keegan		1,049,390	1,000,000	6,073	2FE
92936M-AB-3	WPP FIN 2010	R	.04/19/2012	BARCLAYS CAPITAL		511,262	480,000	9,690	2FE
<b>Canada Total</b>						9,605,536	9,270,000	66,135	XXX
3899999. Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						77,461,860	72,349,133	521,482	XXX
8399997. Total - Bonds - Part 3						302,854,249	283,768,891	1,479,677	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
8399999. Total - Bonds						302,854,249	283,768,891	1,479,677	XXX
854502-30-9	STANLEY BLACK & DECKER INC CORP UN		.04/17/2012	DAIWA CAPITAL MARKETS AME	5,050,000	626,200	0.00	0	P2UFE
8499999. Subtotal - Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)						626,200	XXX	0	XXX
8999997. Total - Preferred Stocks - Part 3						626,200	XXX	0	XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks						626,200	XXX	0	XXX
921909-82-6	VANGUARD DEVELOPED MKTS INDEX INST		.05/09/2012	VANGUARD GROUP	1,200,000.000	10,500,000	0	0	L
922031-74-5	VANGUARD FIXED INCOME SECS FD		.06/29/2012	VANGUARD GROUP	2,218,052.430	26,061,957	0	0	L
922040-10-0	VANGUARD INSTITUTIONAL INDEX FUND		.06/29/2012	VANGUARD GROUP	3,033,566	369,185	0	0	L
9299999. Subtotal - Common Stocks - Mutual Funds						36,931,142	XXX	0	XXX
9799997. Total - Common Stocks - Part 3						36,931,142	XXX	0	XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						36,931,142	XXX	0	XXX
9899999. Total - Preferred and Common Stocks						37,557,342	XXX	0	XXX
9999999 - Totals						340,411,591	XXX	1,479,677	XXX

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

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock 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	Foreign	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 Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book/Adjusted Carrying Value	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	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)	
36202E-E9-6	GNMA PASS-THRU M SINGLE FAMILY		04/17/2012	Write Off		.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.09/20/2035	1
36202F-2M-7	GNMA PASS-THRU M SINGLE FAMILY		06/20/2012	PRINCIPAL RECEIPT		137,699	137,699	147,898	.0	.0	(10,198)	.0	(10,198)	.0	137,699	.0	.0	.0	1,704	.01/20/2042	1	
36202F-4Q-6	GNMA PASS-THRU M SINGLE FAMILY		06/20/2012	PRINCIPAL RECEIPT		7,429	7,429	7,844	.0	.0	(414)	.0	(414)	.0	7,429	.0	.0	.0	22	03/20/2042	1	
36202F-KS-4	GNMA PASS-THRU M SINGLE FAMILY		06/20/2012	PRINCIPAL RECEIPT		487,537	487,537	553,354	.0	.0	(65,817)	.0	(65,817)	.0	487,537	.0	.0	.0	3,365	09/20/2040	1	
36202F-MA-1	GNMA PASS-THRU M SINGLE FAMILY		06/20/2012	PRINCIPAL RECEIPT		23,090	23,090	25,084	.0	.0	(1,994)	.0	(1,994)	.0	23,090	.0	.0	.0	80	11/20/2040	1	
36202F-UF-1	GNMA PASS-THRU M SINGLE FAMILY		06/20/2012	PRINCIPAL RECEIPT		154,157	154,157	168,272	168,405	.0	(14,248)	.0	(14,248)	.0	154,157	.0	.0	.0	2,641	06/20/2041	1	
36202F-ZY-5	GNMA PASS-THRU M SINGLE FAMILY		06/20/2012	PRINCIPAL RECEIPT		144,862	144,862	155,590	.0	.0	(10,729)	.0	(10,729)	.0	144,862	.0	.0	.0	1,757	12/20/2041	1	
36230M-EP-8	GNMA PASS-THRU X MATURE LN PRG		04/15/2012	VARIOUS		570,067	570,067	547,945	547,922	.0	(6)	.0	(6)	.0	547,916	.0	22,152	22,152	7,888	07/15/2025	1	
36241K-T4-0	GNMA PASS-THRU X PLATINUM 30YR		06/15/2012	PRINCIPAL RECEIPT		272,413	272,413	299,441	300,114	.0	(27,701)	.0	(27,701)	.0	272,413	.0	.0	.0	5,112	08/15/2038	1	
36241L-DM-5	GNMA PASS-THRU X PLATINUM 30YR		06/15/2012	PRINCIPAL RECEIPT		106,494	106,494	115,979	116,042	.0	(9,548)	.0	(9,548)	.0	106,494	.0	.0	.0	2,251	11/15/2039	1	
36241L-YF-7	GNMA PASS-THRU X PLATINUM 30YR		06/15/2012	PRINCIPAL RECEIPT		241,716	241,716	265,699	266,295	.0	(24,579)	.0	(24,579)	.0	241,716	.0	.0	.0	4,644	08/15/2041	1	
36176X-KP-3	GNMA PASS-THRU X SINGLE FAMILY		06/15/2012	PRINCIPAL RECEIPT		4,985	4,985	5,260	.0	.0	(275)	.0	(275)	.0	4,985	.0	.0	.0	22	04/15/2042	1	
3620AS-EQ-8	GNMA PASS-THRU X SINGLE FAMILY		06/15/2012	PRINCIPAL RECEIPT		367,858	367,858	401,311	401,624	.0	(33,766)	.0	(33,766)	.0	367,858	.0	.0	.0	6,856	04/15/2041	1	
3620CO-ZY-3	GNMA PASS-THRU X SINGLE FAMILY		06/15/2012	PRINCIPAL RECEIPT		45,221	45,221	49,701	.0	.0	(4,480)	.0	(4,480)	.0	45,221	.0	.0	.0	225	07/15/2040	1	
3620CO-ZB-7	GNMA PASS-THRU X SINGLE FAMILY		06/15/2012	PRINCIPAL RECEIPT		89,959	89,959	98,871	.0	.0	(8,912)	.0	(8,912)	.0	89,959	.0	.0	.0	512	06/15/2040	1	
36225A-4V-9	GNMA POOL #780836 8.25% 4/15/		06/15/2012	PRINCIPAL RECEIPT		2,051	2,051	2,179	2,125	.0	(74)	.0	(74)	.0	2,051	.0	.0	.0	.66	04/15/2020	1	
38374B-OP-1	GNMA REMIC TRUST 2003-72		06/16/2012	PRINCIPAL RECEIPT		408,503	408,503	431,992	419,737	.0	(11,234)	.0	(11,234)	.0	408,503	.0	.0	.0	9,007	02/16/2030	1	
83162C-LX-9	SMALL BUS ADMIN GTD DEV PTC		06/01/2012	LYNCH, PIERCE, FENW		64,131	64,131	66,331	64,131	.0	.0	.0	.0	.0	64,131	.0	.0	.0	1,853	12/01/2021	1	
83162C-QG-1	SMALL BUS ADMIN GTD DEV PTC		06/01/2012	VARIOUS		77,492	77,492	80,640	79,262	.0	504	.0	504	.0	79,766	.0	(2,274)	(2,274)	2,999	05/01/2026	1	
83162C-QH-9	SMALL BUS ADMIN GTD DEV PTC		06/01/2012	CREDIT SUISSE FIRST		35,756	35,756	35,756	35,756	.0	.0	.0	.0	.0	35,756	.0	.0	.0	1,081	06/01/2026	1	
83162C-HM-8	SMALL BUSINESS ADMIN GTD 97-20E		05/01/2012	PRINCIPAL RECEIPT		6,497	6,497	6,497	6,497	.0	.0	.0	.0	.0	6,497	.0	.0	.0	237	05/01/2017	1	
83162C-JF-1	SMALL BUSINESS ADMIN GTD 98-20E		05/01/2012	PRINCIPAL RECEIPT		18,103	18,103	18,375	18,256	.0	(153)	.0	(153)	.0	18,103	.0	.0	.0	570	05/01/2018	1	
83162C-JR-5	SMALL BUSINESS ADMIN GTD 98-20L		06/01/2012	PRINCIPAL RECEIPT		11,902	11,902	11,902	11,902	.0	.0	.0	.0	.0	11,902	.0	.0	.0	345	12/01/2018	1	
83162C-JX-2	SMALL BUSINESS ADMIN GTD 99-20D		04/01/2012	PRINCIPAL RECEIPT		12,879	12,879	12,879	12,879	.0	.0	.0	.0	.0	12,879	.0	.0	.0	.0	04/01/2019	1	
912810-EX-2	UNITED STATES TREAS BDS		06/13/2012	VARIOUS		2,879,464	1,870,000	2,830,128	.0	.0	(3,791)	.0	(3,791)	.0	2,826,337	.0	53,127	53,127	30,061	08/15/2026	1	
912810-QE-1	UNITED STATES TREAS BDS		06/28/2012	VARIOUS		2,334,262	1,730,000	2,244,675	.0	.0	(1,006)	.0	(1,006)	.0	2,243,669	.0	90,593	90,593	20,416	02/15/2040	1	
912810-QT-8	UNITED STATES TREAS BDS		05/15/2012	VARIOUS		322,462	315,000	308,394	.0	.0	21	.0	21	.0	308,415	.0	14,047	14,047	4,804	11/15/2041	1	
912810-QU-5	UNITED STATES TREAS BDS		05/15/2012	VARIOUS		72,976,172	72,000,000	73,005,469	.0	.0	.0	.0	.0	.0	73,005,469	.0	(29,297)	(29,297)	505,323	02/15/2042	1	
912810-QW-1	UNITED STATES TREAS BDS		05/23/2012	VARIOUS		18,376,406	18,000,000	18,721,875	.0	.0	(73)	.0	(73)	.0	18,721,802	.0	(345,396)	(345,396)	11,739	05/15/2042	1	
912828-NE-6	UNITED STATES TREAS NTS		04/13/2012	VARIOUS		12,244,809	12,235,000	12,299,043	12,261,514	.0	(17,743)	.0	(17,743)	.0	12,243,771	.0	1,038	1,038	34,650	05/31/2012	1	
912828-NS-5	UNITED STATES TREAS NTS		06/21/2012	BOENNING & SCATTERGOOD IN		1,000,039	1,000,000	1,000,469	1,000,117	.0	(111)	.0	(111)	.0	1,000,006	.0	33	33	6,113	06/30/2012	1	
912828-NX-4	UNITED STATES TREAS NTS		06/21/2012	BOENNING & SCATTERGOOD IN		3,001,289	3,000,000	3,003,398	3,001,308	.0	(823)	.0	(823)	.0	3,000,484	.0	805	805	8,176	09/30/2012	1	
912828-QW-3	UNITED STATES TREAS NTS		06/21/2012	BOENNING & SCATTERGOOD IN		11,511,680	11,500,000	11,548,066	11,538,974	.0	(11,612)	.0	(11,612)	.0	11,527,362	.0	(15,682)	(15,682)	38,504	07/31/2013	1	
912828-RC-6	UNITED STATES TREAS NTS		04/24/2012	VARIOUS		1,498,046	1,465,000	1,494,300	.0	.0	(58)	.0	(58)	.0	1,494,242	.0	3,804	3,804	5,935	08/15/2021	1	
912828-RY-8	UNITED STATES TREAS NTS		06/26/2012	IN		4,088,750	4,000,000	3,992,344	.0	.0	484	.0	484	.0	3,992,828	.0	95,922	95,922	27,047	12/31/2018	1	
912828-SG-6	UNITED STATES TREAS NTS		04/16/2012	BARCLAYS CAPITAL		3,253,729	3,255,000	3,249,405	.0	.0	218	.0	218	.0	3,249,623	.0	4,105	4,105	1,061	02/28/2014	1	
912828-SJ-0	UNITED STATES TREAS NTS		05/10/2012	VARIOUS		15,038,761	15,000,000	14,843,916	.0	.0	2,627	.0	2,627	.0	14,846,543	.0	192,218	192,218	19,430	02/28/2017	1	
912828-SK-7	UNITED STATES TREAS NTS		06/20/2012	VARIOUS		71,693,783	71,740,000	71,390,279	.0	.0	8,791	.0	8,791	.0	71,399,070	.0	294,713	294,713	27,366	03/15/2015	1	
0599999	Subtotal - Bonds - U.S. Governments					223,510,453	220,379,022	223,440,561	30,252,860	.0	(246,700)	.0	(246,700)	.0	223,130,545	.0	379,908	379,908	793,262	XXX	XXX	
448814-DX-8	HYDRO-QUEBEC	1	04/09/2012	Morgan Keegan		852,000	600,000	831,750	817,897	.0	(4,828)	.0	(4,828)	.0	813,069	.0	38,931	38,931	37,380	01/15/2022	1FE	
Canada Total						852,000	600,000	831,750	817,897	.0	(4,828)	.0	(4,828)	.0	813,069	.0	38,931	38,931	37,380	XXX	XXX	
1099999	Subtotal - Bonds - All Other Governments					852,000	600,000	831,750	817,897	.0	(4,828)	.0	(4,828)	.0	813,069	.0	38,931	38,931	37,380	XXX	XXX	
313400-BV-4	FEDERAL HOME LN MTG CORP ZERO		04/09/2012	UBS FINANCIAL SERVICES		399,641	525,000	399,641	.0	.0	1,762	.0	1,762	.0	401,403	.0	(1,762)	(1,762)	1,985	11/29/2019	1	
3128LX-S7-6	FHLMC GOLD #602342 5.000% 10/01/		06/15/2012	PRINCIPAL RECEIPT		143,005	143,005	155,496	.0	.0	(12,491)	.0	(12,491)	.0	143,005	.0	.0	.0	916	10/01/2036	1	
3128M5-K5-8	FHLMC GOLD #603616 6.000% 12/01/		06/15/2012	PRINCIPAL RECEIPT		67,315	67,315	74,678	.0	.0	(7,363)	.0	(7,363)	.0	67,315	.0	.0	.0	539	12/01/2037	1	
3128M5-NQ-9	FHLMC GOLD #603699 6.000% 1/01/		06/15/2012	PRINCIPAL RECEIPT		60,350	60,350	65,829	65,832	.0	(5,481)	.0	(5,481)	.0	60,350	.0	.0	.0	1,482	01/01/2038	1	
3132GF-SX-1	FHLMC GOLD #602662 4.500% 8/01/		04/15/2012	VARIOUS		412,889	384,640	410,844	412,048	.0	(401)	.0	(401)	.0	411,646	.0	1,243	1,243	10,480	08/01/2041	1	
3128MT-GK-9	FHLMC PC GOLD 10/20 II		06/15/2012	PRINCIPAL RECEIPT		40,912	40,912	45,553	45,544	.0	(4,632)	.0	(4,632)	.0	40,912	.0	.0	.0	1,183	09/01/2037	1	
3128UN-CE-0	FHLMC PC GOLD 10/20 II		06/15/2012	PRINCIPAL RECEIPT		63,980	63,980	64,909	64,893	.0	(914)	.0	(914)	.0	63,980	.0	.0	.0	1,802	09/01/		

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock 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	Foreign	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 Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	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	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
31292H-GP-3	FHLMC PC GOLD CASH 30		06/15/2012	PRINCIPAL RECEIPT		699	699	708	707	0	(8)	0	(8)	0	699	0	0	0	20	12/01/2030	1
3128MC-4J-1	FHLMC PC GOLD COMB 15		06/15/2012	PRINCIPAL RECEIPT		43,689	43,689	46,491	0	0	(2,802)	0	(2,802)	0	43,689	0	0	0	222	08/01/2026	1
3128MC-GV-1	FHLMC PC GOLD COMB 15		06/15/2012	PRINCIPAL RECEIPT		22,684	22,684	26,687	0	0	(2,003)	0	(2,003)	0	22,684	0	0	0	153	02/01/2024	1
3128MC-QG-3	FHLMC PC GOLD COMB 15		06/15/2012	PRINCIPAL RECEIPT		49,602	49,602	53,278	0	0	(3,676)	0	(3,676)	0	49,602	0	0	0	275	06/01/2025	1
3128MM-AG-8	FHLMC PC GOLD COMB 15		06/15/2012	PRINCIPAL RECEIPT		73,040	73,040	78,552	77,983	0	(4,943)	0	(4,943)	0	73,040	0	0	0	1,620	08/01/2019	1
31283H-GC-4	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		86,323	86,323	87,982	87,917	0	(1,593)	0	(1,593)	0	86,323	0	0	0	2,211	12/01/2032	1
31283H-GD-2	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		30,007	30,007	30,675	30,638	0	(631)	0	(631)	0	30,007	0	0	0	765	12/01/2031	1
3128KT-L3-2	FHLMC PC GOLD COMB 30		04/01/2012	Write Off		0	0	0	0	0	0	0	0	0	0	0	0	0	0	07/01/2037	1
3128LD-FV-1	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		91,028	91,028	100,358	0	0	(9,330)	0	(9,330)	0	91,028	0	0	0	412	10/01/2037	1
3128M5-B7-4	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		79,212	79,212	86,984	87,236	0	(8,025)	0	(8,025)	0	79,212	0	0	0	1,821	09/01/2037	1
3128M5-G0-7	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		287,783	287,783	319,574	319,516	0	(31,733)	0	(31,733)	0	287,783	0	0	0	7,155	07/01/2037	1
3128M5-QY-9	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		425,853	425,853	470,947	419,953	0	(46,129)	0	(46,129)	0	425,853	0	0	0	10,730	01/01/2038	1
3128M6-EC-8	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		273,112	273,112	295,601	0	0	(22,489)	0	(22,489)	0	273,112	0	0	0	5,399	02/01/2037	1
3128M6-GL-3	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		222,799	222,799	245,078	0	0	(22,280)	0	(22,280)	0	222,799	0	0	0	1,536	12/01/2030	1
3128M6-AW-4	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		86,756	86,756	93,805	93,979	0	(7,223)	0	(7,223)	0	86,756	0	0	0	3,239	01/01/2040	1
3128M6-B6-0	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		170,957	170,957	177,955	177,980	0	(7,023)	0	(7,023)	0	170,957	0	0	0	2,573	10/01/2040	1
3128M6-B0-6	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		83,480	83,480	89,075	0	0	(5,596)	0	(5,596)	0	83,480	0	0	0	456	05/01/2040	1
3128M6-CW-2	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		15,428	15,428	17,356	0	0	(1,928)	0	(1,928)	0	15,428	0	0	0	128	09/01/2038	1
3128M6-HG-2	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		2,757	2,757	2,904	0	0	(147)	0	(147)	0	2,757	0	0	0	14	12/01/2040	1
3128M6-WZ-2	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		44,568	44,568	48,604	0	0	(4,036)	0	(4,036)	0	44,568	0	0	0	292	09/01/2041	1
3128M9-B7-6	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		751,156	751,156	831,788	0	0	(80,632)	0	(80,632)	0	751,156	0	0	0	5,806	05/01/2040	1
3128MJ-Q4-5	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		2,896	2,896	3,063	0	0	(167)	0	(167)	0	2,896	0	0	0	17	01/01/2042	1
312936-6H-5	FHLMC PC GOLD COMB 30		04/01/2012	Write Off		0	0	0	0	0	0	0	0	0	0	0	0	0	0	11/01/2039	1
312936-NA-1	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		76,448	76,448	81,573	0	0	(5,124)	0	(5,124)	0	76,448	0	0	0	419	10/01/2039	1
312937-BL-8	FHLMC PC GOLD COMB 30		04/01/2012	Write Off		0	0	0	0	0	0	0	0	0	0	0	0	0	0	11/01/2039	1
312944-FE-6	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		3,773	3,773	3,993	0	0	(219)	0	(219)	0	3,773	0	0	0	19	12/01/2040	1
312945-DS-4	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		1,310	1,310	1,380	0	0	(70)	0	(70)	0	1,310	0	0	0	7	01/01/2041	1
312945-TE-8	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		5,164	5,164	5,453	0	0	(288)	0	(288)	0	5,164	0	0	0	28	02/01/2041	1
312945-XY-9	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		8,734	8,734	9,219	0	0	(484)	0	(484)	0	8,734	0	0	0	37	02/01/2041	1
3132GF-BL-6	FHLMC PC GOLD PC 30YR		06/15/2012	PRINCIPAL RECEIPT		42,724	42,724	45,140	0	0	(2,417)	0	(2,417)	0	42,724	0	0	0	193	08/01/2041	1
31290K-VZ-9	FHLMC PC GUAR 30-YEAR		06/15/2012	PRINCIPAL RECEIPT		566	566	577	573	0	(6)	0	(6)	0	566	0	0	0	18	07/01/2020	1
3132GR-6V-8	FHLMC PC GOLD PC 30YR		04/15/2012	VARIOUS		412,979	400,000	412,375	0	0	(2)	0	(2)	0	412,373	0	606	606	1,594	03/01/2042	1
3128M5-C5-7	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		225,537	225,537	250,452	250,407	0	(24,870)	0	(24,870)	0	225,537	0	0	0	5,479	10/01/2037	1
3128M8-T4-6	FHLMC PC GOLD COMB 30		06/15/2012	PRINCIPAL RECEIPT		116,909	116,909	129,824	129,801	0	(12,891)	0	(12,891)	0	116,909	0	0	0	2,827	11/01/2037	1
31395F-EG-5	FHLMC REMIC SERIES 2836		04/10/2012	UBS FINANCIAL SERVICES		801,578	725,000	686,768	696,059	0	1,105	0	1,105	0	697,164	0	104,414	104,414	13,292	08/15/2034	1
31397C-K5-7	FHLMC REMIC SERIES 3243		06/15/2012	PRINCIPAL RECEIPT		557,274	557,274	596,980	592,679	0	(35,405)	0	(35,405)	0	557,274	0	0	0	11,554	11/15/2036	1
31397P-5M-8	FHLMC REMIC SERIES 3389		06/15/2012	PRINCIPAL RECEIPT		295,290	295,290	298,243	296,199	0	(909)	0	(909)	0	295,290	0	0	0	7,348	12/15/2035	1
31392M-EM-0	FHLMC REMIC SERIES T0041		06/25/2012	PRINCIPAL RECEIPT		7,366	7,366	7,651	7,358	0	7	0	7	0	7,366	0	0	0	208	07/25/2032	1
31359S-R6-9	FNMA GR TR SERIES 2001-T4 CI A		06/25/2012	PRINCIPAL RECEIPT		8,170	8,170	8,428	8,201	0	(31)	0	(31)	0	8,170	0	0	0	245	07/25/2028	1
31392F-DC-8	FNMA GRANTOR TRUST 2002-T16		06/25/2012	PRINCIPAL RECEIPT		68,798	68,798	70,518	70,123	0	(1,325)	0	(1,325)	0	68,798	0	0	0	1,939	07/25/2042	1
31381D-YY-5	FNMA PASS-THRU GNM-BK MGA 30		06/25/2012	PRINCIPAL RECEIPT		5,070	5,070	5,136	5,117	0	(46)	0	(46)	0	5,070	0	0	0	156	05/20/2023	1
31405F-D5-8	FNMA PASS-THRU GOV SINGLE FAM		06/25/2012	PRINCIPAL RECEIPT		15,490	15,490	16,325	16,288	0	(799)	0	(799)	0	15,490	0	0	0	452	10/01/2032	1
3138AF-G6-9	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		595,895	595,895	623,655	623,024	0	(27,129)	0	(27,129)	0	595,895	0	0	0	9,351	02/01/2026	1
3138AF-KH-2	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		19,289	19,289	20,612	0	0	(1,323)	0	(1,323)	0	19,289	0	0	0	93	05/01/2026	1
3138EG-M6-8	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		509,842	509,842	542,185	542,111	0	(32,269)	0	(32,269)	0	509,842	0	0	0	9,427	03/01/2026	1
3138EH-U8-3	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		12,489	12,489	13,190	0	0	(701)	0	(701)	0	12,489	0	0	0	55	12/01/2026	1
3138LQ-3J-1	FNMA PASS-THRU INT 15 YEAR		05/25/2012	VARIOUS		1,023,635	1,023,635	1,023,564	0	0	(31)	0	(31)	0	1,023,533	0	101	101	3,750	04/01/2027	1
31403D-DK-2	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		109,490	109,490	111,474	110,985	0	(1,496)	0	(1,496)	0	109,490	0	0	0	2,753	03/01/2021	1
31410L-EC-2	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		35,056	35,056	38,024	0	0	(2,969)	0	(2,969)	0	35,056	0	0	0	217	07/01/2024	1
31411A-JN-6	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		72,485	72,485	73,640	73,460	0	(975)	0	(975)	0	72,485	0	0	0	1,625	11/01/2021	1
31417M-KJ-1	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		559,686	559,686	595,191	595,220	0	(35,534)	0	(35,534)	0	559,686	0	0	0			

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock 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	Foreign	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 Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	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	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
3138EG-NP-5	FNMA PASS-THRU LNG 30 YEAR		04/25/2012	VARIOUS		878,009	820,569	877,368	0	0	(2,001)	0	(2,001)	0	875,366	0	2,642	2,642	4,176	06/01/2041	1
3138EH-JM-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		65,131	65,131	73,516	0	0	(8,386)	0	(8,386)	0	65,131	0	0	0	557	10/01/2039	1
3138EH-SV-5	FNMA PASS-THRU LNG 30 YEAR		04/25/2012	VARIOUS		1,260,952	1,177,172	1,260,310	0	0	(1,586)	0	(1,586)	0	1,258,724	0	2,228	2,228	6,017	11/01/2041	1
31402C-Y3-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		119,004	119,004	127,352	127,360	0	(8,356)	0	(8,356)	0	119,004	0	0	0	2,994	03/01/2034	1
31402R-AQ-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		39,522	39,522	40,588	40,542	0	(1,019)	0	(1,019)	0	39,522	0	0	0	1,082	12/01/2032	1
31402R-AS-8	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		50,908	50,908	52,360	52,333	0	(1,424)	0	(1,424)	0	50,908	0	0	0	1,388	03/01/2035	1
31402R-H2-8	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		25,508	25,508	25,745	25,731	0	(223)	0	(223)	0	25,508	0	0	0	643	12/01/2032	1
31402R-JV-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		209,041	209,041	227,952	0	0	(18,912)	0	(18,912)	0	209,041	0	0	0	1,328	07/01/2035	1
31402R-LZ-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		6,302	6,302	7,020	0	0	(718)	0	(718)	0	6,302	0	0	0	50	08/01/2035	1
31410K-DN-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		706,395	706,395	774,938	776,647	0	(70,252)	0	(70,252)	0	706,395	0	0	0	17,885	05/01/2038	1
31410K-JY-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		102,466	102,466	113,674	0	0	(11,207)	0	(11,207)	0	102,466	0	0	0	512	05/01/2038	1
31410K-US-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		119,567	119,567	131,832	0	0	(12,265)	0	(12,265)	0	119,567	0	0	0	875	08/01/2037	1
31410K-XM-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		271,158	271,158	301,592	301,830	0	(30,672)	0	(30,672)	0	271,158	0	0	0	7,559	10/01/2038	1
31410L-DU-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		4,549	4,549	4,883	0	0	(334)	0	(334)	0	4,549	0	0	0	28	02/01/2041	1
31412R-NJ-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		90,503	90,503	92,652	92,658	0	(2,156)	0	(2,156)	0	90,503	0	0	0	1,467	01/01/2041	1
31416B-W4-6	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	VARIOUS		2,826,052	2,611,604	2,794,416	2,797,708	0	(30,153)	0	(30,153)	0	2,767,555	0	58,497	58,497	84,516	11/01/2038	1
31416B-YH-5	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	VARIOUS		435,952	400,147	442,350	0	0	(3,537)	0	(3,537)	0	438,813	0	(2,861)	(2,861)	5,106	02/01/2038	1
31416C-JV-9	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		117,735	117,735	130,833	0	0	(13,098)	0	(13,098)	0	117,735	0	0	0	925	11/01/2038	1
31416H-H3-9	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		60,547	60,547	65,232	0	0	(5,686)	0	(5,686)	0	60,547	0	0	0	395	06/01/2040	1
31416X-J7-6	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		140,371	140,371	148,694	0	0	(8,324)	0	(8,324)	0	140,371	0	0	0	856	01/01/2041	1
31417B-ZW-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		1,247	1,247	1,300	0	0	(52)	0	(52)	0	1,247	0	0	0	4	05/01/2042	1
31417Y-2Y-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	VARIOUS		1,945,271	1,813,694	1,947,454	0	0	(4,438)	0	(4,438)	0	1,943,016	0	2,254	2,254	16,108	07/01/2041	1
31417Y-W4-5	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		16,769	16,769	18,058	0	0	(1,289)	0	(1,289)	0	16,769	0	0	0	93	03/01/2041	1
31418A-D9-6	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		2,982	2,982	3,096	0	0	(114)	0	(114)	0	2,982	0	0	0	14	04/01/2042	1
31418M-2T-8	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		12,579	12,579	13,929	0	0	(1,350)	0	(1,350)	0	12,579	0	0	0	100	10/01/2039	1
31418M-G6-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		139,521	139,521	153,669	0	0	(14,148)	0	(14,148)	0	139,521	0	0	0	639	09/01/2038	1
31418X-KY-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		643,234	643,234	674,491	674,670	0	(31,436)	0	(31,436)	0	643,234	0	0	0	12,347	08/01/2040	1
31419A-NJ-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		152,142	152,142	166,929	0	0	(14,786)	0	(14,786)	0	152,142	0	0	0	1,068	12/01/2039	1
31419A-P5-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		30,928	30,928	34,958	0	0	(4,030)	0	(4,030)	0	30,928	0	0	0	244	10/01/2039	1
31419F-FV-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		10,744	10,744	11,519	0	0	(776)	0	(776)	0	10,744	0	0	0	57	11/01/2040	1
31419G-PL-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		144,154	144,154	149,875	149,890	0	(5,735)	0	(5,735)	0	144,154	0	0	0	2,393	10/01/2040	1
31419K-KG-9	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		143,806	143,806	147,132	147,141	0	(3,335)	0	(3,335)	0	143,806	0	0	0	2,682	11/01/2040	1
31371N-LS-2	FNMA PASS-THRU LNG 10 7-10YR		06/25/2012	PRINCIPAL RECEIPT		48,989	48,989	49,885	49,899	0	(909)	0	(909)	0	48,989	0	0	0	1,395	10/01/2037	1
31410G-LR-2	FNMA PASS-THRU LNG 10 7-10YR		06/25/2012	PRINCIPAL RECEIPT		90,244	90,244	96,971	97,154	0	(6,910)	0	(6,910)	0	90,244	0	0	0	2,355	10/01/2037	1
31413Q-PD-4	FNMA PASS-THRU LNG 10 7-10YR		06/25/2012	PRINCIPAL RECEIPT		264,694	264,694	272,387	272,473	0	(7,779)	0	(7,779)	0	264,694	0	0	0	8,126	10/01/2037	1
31418M-CG-5	FNMA PASS-THRU LNG 10 7-10YR		06/25/2012	PRINCIPAL RECEIPT		163,537	163,537	174,474	174,741	0	(11,204)	0	(11,204)	0	163,537	0	0	0	4,766	12/01/2037	1
31418M-XZ-0	FNMA PASS-THRU LNG 10 7-10YR		06/25/2012	PRINCIPAL RECEIPT		50,636	50,636	53,947	53,928	0	(3,292)	0	(3,292)	0	50,636	0	0	0	1,307	05/01/2038	1
31385J-HM-1	FNMA PASS-THRU MEGA MULTI 7		06/25/2012	PRINCIPAL RECEIPT		92,181	92,181	95,382	92,387	0	(207)	0	(207)	0	92,181	0	0	0	2,613	07/01/2012	1
31385X-HZ-3	FNMA PASS-THRU MEGA MULTI 7		06/25/2012	PRINCIPAL RECEIPT		6,323	6,323	6,142	6,244	0	79	0	79	0	6,323	0	0	0	131	06/01/2013	1
31402C-SS-7	FNMA PASS-THRU MEGA MULTI 7		06/25/2012	PRINCIPAL RECEIPT		18,308	18,308	17,675	17,997	0	310	0	310	0	18,308	0	0	0	409	04/01/2014	1
31403D-GP-8	FNMA PASS-THRU MEGA MULTI 7		06/25/2012	PRINCIPAL RECEIPT		3,815	3,815	3,970	3,929	0	(114)	0	(114)	0	3,815	0	0	0	92	02/01/2016	1
31416X-ZJ-8	FNMA PASS-THRU SHRT 10 YEAR		06/25/2012	VARIOUS		3,484,988	3,327,825	3,527,494	3,525,576	0	(30,125)	0	(30,125)	0	3,495,451	0	(10,463)	(10,463)	54,119	05/01/2021	1
31416Y-UL-0	FNMA PASS-THRU SHRT 10 YEAR		06/25/2012	VARIOUS		3,472,067	3,326,620	3,492,951	3,491,476	0	(20,309)	0	(20,309)	0	3,471,167	0	900	900	46,562	07/01/2021	1
31384Y-ML-3	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		11,553	11,553	11,917	11,633	0	(80)	0	(80)	0	11,553	0	0	0	319	12/01/2014	1
31402D-FV-7	FNMA PASS-THRU INT 15 YEAR		06/25/2012	PRINCIPAL RECEIPT		42,222	42,222	44,383	43,325	0	(1,103)	0	(1,103)	0	42,222	0	0	0	1,142	07/01/2017	1
31418M-4T-6	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	VARIOUS		1,274,696	1,173,695	1,247,051	1,228,409	0	(7,818)	0	(7,818)	0	1,220,591	0	54,105	54,105	38,315	01/01/2039	1
31418M-PW-4	FNMA PASS-THRU LNG 30 YEAR		06/25/2012	PRINCIPAL RECEIPT		114,142	114,142	122,632	122,776	0	(8,633)	0	(8,633)	0	114,142	0	0	0	2,369	08/01/2040	1
31378H-UH-2	FNMA PASSTHRU POOL # 399384		06/25/2012	PRINCIPAL RECEIPT		5,886	5,886	6,022	5,882	0	4	0	4	0	5,886	0	0	0	196	09/01/2010	1
31387D-30-0	FNMA POOL #581407		06/25/2012	PRINCIPAL RECEIPT		104	104	106	106	0	(2)	0	(2)	0	104	0	0	0	3	06/01/2031	1
31410F-UC-7	FNMA POOL #888079 6.500%		06/25/2012	PRINCIPAL RECEIPT																	

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock 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	Foreign	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 Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	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	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
<b>United States Total</b>						32,352,695	31,293,122	33,117,343	21,586,175	0	(948,445)	0	(948,445)	0	32,146,105	0	206,586	206,586	522,836	XXX	XXX
<b>3199999 Subtotal - Bonds - U.S. Special Revenues</b>						32,352,695	31,293,122	33,117,343	21,586,175	0	(948,445)	0	(948,445)	0	32,146,105	0	206,586	206,586	522,836	XXX	XXX
008252-AL-2	AFFILIATED MANAGERS GROUP		06/05/2012	VARIOUS		1,116,656	1,075,000	1,057,860	1,058,559	0	148	0	148	0	1,058,708	0	57,949	57,949	34,560	08/15/2038	2FE
01741R-AD-4	ALLEGHENY TECHNOLOGIES INC		04/26/2012	VARIOUS		405,241	321,000	431,440	424,200	0	(14,626)	0	(14,626)	0	409,654	0	(4,413)	(4,413)	5,543	06/01/2014	2FE
02005L-AD-6	ALLY AUTO REC TR 2010-2		04/09/2012	BOENNING & SCATTERGOOD		752,025	740,000	738,853	740,087	0	(14)	0	(14)	0	740,074	0	11,951	11,951	5,026	05/15/2015	1FE
02006A-AC-1	ALLY AUTO REC TR 2012-2		04/09/2012	BOENNING & SCATTERGOOD		996,250	1,000,000	999,934	0	0	140	0	140	0	1,000,075	0	(3,825)	(3,825)	576	04/15/2016	1FE
02261H-AB-5	ALZA CORP ZERO COUPON 0%		06/04/2012	VARIOUS		1,324,238	1,490,000	1,334,853	1,255,074	0	6,568	0	6,568	0	1,356,017	0	(31,779)	(31,779)	0	07/28/2020	1FE
031162-AQ-3	AMGEN INC		06/04/2012	VARIOUS		1,356,750	1,340,000	1,267,511	1,163,510	0	6,955	0	6,955	0	1,329,170	0	27,580	27,580	4,271	02/01/2013	2FE
039483-AW-2	ARCHER DANIELS MIDLAND CO		06/04/2012	VARIOUS		1,341,675	1,335,000	1,287,975	1,167,742	0	3,988	0	3,988	0	1,318,633	0	23,042	23,042	9,475	02/15/2014	1FE
053332-AK-8	AUTOZONE INC		05/18/2012	MCDONALD & COMPANY		2,207,120	2,000,000	2,221,560	0	0	(25,436)	0	(25,436)	0	2,196,124	0	10,996	10,996	98,389	01/15/2015	2FE
07324S-CS-9	BAYVIEW COML TR 2005-4		04/03/2012	SECURI		35,179	35,179	28,846	24,282	4,029	6,867	0	10,896	0	35,179	0	0	0	1,180	01/25/2036	4FE
07384M-YT-3	BEAR STEARNS ARM TR 2003-7		05/25/2012	VARIOUS		660,193	660,193	655,241	655,388	0	132	0	132	0	655,520	0	4,672	4,672	11,813	10/25/2033	1FM
07383F-XN-3	BEAR STEARNS COML 4.680% 08/13/		04/09/2012	BOENNING & SCATTERGOOD		541,800	525,000	491,101	511,734	0	2,444	0	2,444	0	514,177	0	27,623	27,623	8,941	08/13/2039	1FM
05568Y-AA-6	BNSF RAILWAY CO 2007-1		04/01/2012	PRINCIPAL RECEIPT		22,859	22,859	22,859	22,859	0	0	0	0	0	22,859	0	0	0	0	04/01/2024	1FE
10510K-AA-5	BRAMBLES USA INC.		04/11/2012	Morgan Keegan		318,750	300,000	299,907	299,883	0	3	0	3	0	299,886	0	18,864	18,864	8,560	04/01/2020	2FE
116663-AC-9	BRUCE MANSFIELD UNIT 2007-1		06/01/2012	PRINCIPAL RECEIPT		2,235	2,235	2,235	2,235	0	0	0	0	0	2,235	0	0	0	77	06/01/2034	2FE
126802-BV-8	CABELAS MASTER CC TR 2011-4 A-1		04/09/2012	BOENNING & SCATTERGOOD		504,000	500,000	499,801	499,986	0	1	0	1	0	499,987	0	4,013	4,013	3,088	10/15/2019	1FE
14912L-4X-6	CATERPILLAR FINL SVCS MTNS BE		05/14/2012	BANC AMERICA SECURITIES		326,564	315,000	326,252	0	0	(136)	0	(136)	0	326,116	0	448	448	1,901	08/01/2016	1FE
17275R-AC-6	CISCO SYS INC		05/10/2012	WACHOVIA SECURITIES		320,463	275,000	320,460	0	0	(485)	0	(485)	0	319,975	0	488	488	3,487	02/22/2016	1FE
172967-EZ-0	CITIGROUP INC		06/18/2012	CAPIT		522,963	495,000	528,147	0	0	(2,181)	0	(2,181)	0	525,966	0	(3,003)	(3,003)	4,991	10/15/2014	1FE
20030N-AP-6	COMCAST CORP NEW		05/16/2012	VARIOUS		329,139	275,000	280,162	278,122	0	(200)	0	(200)	0	277,922	0	51,217	51,217	15,194	01/15/2017	2FE
126192-AD-5	COMM MTG TR 2012-LC4		04/09/2012	BOENNING & SCATTERGOOD		349,656	350,000	351,333	0	0	(16)	0	(16)	0	351,317	0	(1,667)	(1,667)	1,311	03/12/2022	1FE
210371-AK-6	CONSTELLATION ENERGY GROUP INC		04/09/2012	IN		58,131	54,000	55,486	55,026	0	(76)	0	(76)	0	54,950	0	3,181	3,181	799	06/15/2015	2FE
126408-GW-7	CSX CORP		04/09/2012	Morgan Keegan		227,656	235,000	233,675	233,678	0	5	0	5	0	233,683	0	(6,027)	(6,027)	4,992	05/30/2042	2FE
235851-AF-9	DANAHER CORP ZERO COUPON 0%		06/04/2012	VARIOUS		886,523	615,000	541,030	557,403	0	2,558	0	2,558	0	559,961	0	326,561	326,561	894	01/22/2021	1FE
24422E-RL-5	DEERE JOHN CAP CORP MTNS BE		06/21/2012	WACHOVIA SECURITIES		518,438	505,000	518,751	0	0	(508)	0	(508)	0	518,243	0	195	195	5,723	01/13/2017	1FE
25755T-AC-4	DOMINOS PIZZA MSTR 2012-1 144A		04/25/2012	CAPIT		956	956	993	0	0	(36)	0	(36)	0	956	0	0	0	0	01/25/2042	1FE
260543-CD-3	DOW CHEMICAL CO/THE 2.500% 2/15/		06/11/2012	PRINCIPAL RECEIPT		707,226	690,000	714,695	0	0	(888)	0	(888)	0	713,807	0	(6,582)	(6,582)	5,559	02/15/2016	2FE
26439V-AB-3	DUKE CAP LLC		05/24/2012	MCDONALD & COMPANY		1,083,820	1,000,000	1,091,030	1,059,617	0	(8,699)	0	(8,699)	0	1,050,917	0	32,903	32,903	44,872	08/15/2014	2FE
26864B-AM-4	E M C CORP MASS		06/04/2012	SECURI		783,075	530,000	497,554	516,278	0	2,974	0	2,974	0	519,253	0	263,822	263,822	4,792	12/01/2013	1FE
278865-AK-6	ECOLAB INC		06/05/2012	VARIOUS		320,942	305,000	320,677	0	0	(442)	0	(442)	0	320,235	0	707	707	4,575	12/08/2016	1FE
29365K-AC-7	ENTERGY TEXAS REST FDG 2009		04/09/2012	BOENNING & SCATTERGOOD		870,906	775,000	774,418	775,047	0	(19)	0	(19)	0	775,027	0	95,879	95,879	23,667	11/01/2023	1FE
32051G-BD-6	FIRST HORIZON MTG TR 2004-AR6		05/25/2012	IN		757,845	949,623	906,890	911,462	0	483	0	483	0	911,945	0	(154,099)	(154,099)	9,174	12/25/2034	1FM
345397-YY-6	FORD MOTOR CREDIT CO LLC 144A		06/21/2012	VARIOUS		2,383,375	2,300,000	2,300,000	0	0	0	0	0	2,300,000	0	83,375	83,375	19,083	04/15/2016	1FE	
345397-YY-6	FORD MOTOR CREDIT CO LLC 144A		06/21/2012	GOLDMAN, SACHS & CO.		617,250	600,000	600,000	0	0	0	0	0	600,000	0	17,250	17,250	12,682	06/15/2016	1FE	
30277M-AA-2	FUEL TR		06/06/2012	GOLDMAN, SACHS & CO.		2,300,000	2,300,000	2,300,000	2,300,000	0	0	0	0	2,300,000	0	0	0	0	48,381	04/15/2016	2FE
30277M-AB-0	FUEL TR NT 144A		06/06/2012	EXCHANGE		600,000	600,000	600,000	600,000	0	0	0	0	600,000	0	0	0	0	0	06/17/2016	2FE
36962G-4X-9	GENERAL ELEC CAP CORP MTN BE		06/07/2012	EXCHANGE		517,752	510,000	519,723	0	0	(702)	0	(702)	0	519,021	0	(1,269)	(1,269)	4,611	01/07/2014	1FE
375558-AP-8	GILEAD SCIENCES INC SR NT CV1.625%		06/04/2012	Credit Suisse First		1,312,102	1,045,000	1,194,924	1,172,634	0	(12,802)	0	(12,802)	0	1,159,831	0	152,271	152,271	10,189	05/01/2016	1FE
361849-Q3-9	GMAC COML MTG SECS 2005-C1		04/09/2012	BOENNING & SCATTERGOOD		264,680	260,000	246,350	250,062	0	855	0	855	0	250,917	0	13,763	13,763	4,498	05/10/2043	1FM
42217K-AR-7	HEALTH CARE REIT INC		06/04/2012	IN		1,336,088	1,185,000	1,228,995	1,110,406	0	(5,756)	0	(5,756)	0	1,222,146	0	113,942	113,942	18,368	12/01/2029	2FE
428236-BU-6	HEWLETT PACKARD CO		05/16/2012	WACHOVIA SECURITIES		727,608	700,000	698,530	698,549	0	102	0	102	0	698,651	0	28,957	28,957	10,395	12/09/2016	1FE

E05.3

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock 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	Foreign	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 Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	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	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
428236-BX-0	HEWLETT PACKARD CO		06/20/2012	SALOMON SMITH BARNEY INC/		130,274	130,000	130,644	0	0	(9)	0	(9)	0	130,635	0	(360)	(360)	1,506	09/15/2022	1FE
458140-AF-7	INTEL CORP		06/04/2012	VARIOUS		1,364,595	1,030,000	1,176,773	1,170,648	0	(1,428)	0	(1,428)	0	1,169,220	0	195,375	195,375	27,734	08/01/2039	1FE
459200-GU-9	INTERNATIONAL BUSINESS MACHS		05/07/2012	CREDIT SUISSE FIRST BOSTO		326,280	315,000	325,868	0	0	(96)	0	(96)	0	325,771	0	509	509	2,188	01/05/2016	1FE
459902-AQ-5	INTERNATIONAL GAME TECHNOLOGY		06/04/2012	VARIOUS		1,327,163	1,255,000	1,471,690	1,142,996	0	(30,639)	0	(30,639)	0	1,395,407	0	(68,244)	(68,244)	24,473	05/01/2014	2FE
47102X-AG-0	JANUS CAP GROUP INC		06/04/2012	VARIOUS		1,326,600	1,320,000	1,515,460	882,073	0	(24,411)	0	(24,411)	0	1,445,237	0	(118,637)	(118,637)	29,353	07/15/2014	2FE
49326E-EC-3	KEYCORP MEDIUM TERM NTS BE		04/26/2012	Mc Donald & Company		2,124,880	2,000,000	1,997,560	1,998,190	0	150	0	150	0	1,998,340	0	126,540	126,540	53,750	08/13/2015	2FE
49326E-ED-1	KEYCORP MEDIUM TERM NTS BE		05/31/2012	Mc Donald & Company		2,251,660	2,000,000	2,250,100	0	0	(2,328)	0	(2,328)	0	2,247,772	0	3,888	3,888	20,117	03/24/2021	2FE
50540R-AG-7	LABORATORY CORP AMER HLDGS 0%		06/04/2012	BOENNING & SCATTERGOOD		804,750	725,000	737,255	597,200	0	5,098	0	5,098	0	602,298	0	202,452	202,452	1,004	09/11/2021	2FE
512807-AL-2	LAM RESEARCH CORP		06/04/2012	IN		1,182,775	1,210,000	1,228,017	0	0	(193)	0	(193)	0	1,227,823	0	(45,048)	(45,048)	924	05/15/2018	1FE
55265K-3R-8	MASTR ASSET TR 2003-12		04/25/2012	PRINCIPAL RECEIPT		9,273	9,273	9,252	9,246	0	27	0	27	0	9,273	0	0	0	1,447	12/25/2033	1FM
585055-AM-8	MEDTRONIC INC		06/04/2012	VARIOUS		1,393,475	1,390,000	1,437,327	1,295,526	0	(7,178)	0	(7,178)	0	1,404,958	0	(11,483)	(11,483)	14,556	04/15/2013	1FE
594918-AE-4	MICROSOFT CORP 6/15/ 0%		06/04/2012	VARIOUS		1,363,186	1,310,000	1,327,914	1,187,113	0	(3,107)	0	(3,107)	0	1,317,620	0	45,566	45,566	0	06/15/2013	1FE
60871R-AA-8	MOLSON COORS BREWING CO		06/04/2012	VARIOUS		1,370,250	1,350,000	1,495,131	1,083,431	0	(15,327)	0	(15,327)	0	1,394,766	0	(24,516)	(24,516)	24,906	07/30/2013	2FE
61980A-AC-7	MOTIVA ENTERPRISES LLC		04/10/2012	Morgan Keegan		80,500	70,000	71,902	71,603	0	(44)	0	(44)	0	71,559	0	8,941	8,941	2,996	01/15/2020	1FE
629568-AX-4	NABORS INDS INC		06/18/2012	US BANCORP INVESTMENTS		130,034	125,000	132,094	0	0	(108)	0	(108)	0	131,986	0	(1,952)	(1,952)	1,542	09/15/2021	1FE
637432-MQ-5	NATIONAL RURAL UTILS COOP FIN		06/05/2012	Mc Donald & Company		264,611	255,000	261,395	0	0	(57)	0	(57)	0	261,338	0	3,273	3,273	2,722	02/15/2022	1FE
651639-AH-9	NEWMONT MNG CORP 1.250% 7/15/		06/04/2012	VARIOUS		853,875	675,000	749,045	724,403	0	(3,824)	0	(3,824)	0	720,579	0	133,296	133,296	7,547	07/15/2017	2FE
652482-CB-4	NEWS AMER INC		06/08/2012	Banc/America Sec		658,343	605,000	655,717	0	0	(714)	0	(714)	0	655,003	0	3,340	3,340	8,924	02/15/2021	1FE
682134-AA-9	OMNICOM GROUP INC 0%		06/04/2012	VARIOUS		1,306,012	1,235,000	1,302,051	1,248,912	0	(13,013)	0	(13,013)	0	1,235,898	0	70,114	70,114	0	07/01/2038	2FE
68389X-AC-9	ORACLE CORP		05/10/2012	BANC AMERICA SECURITIES		323,827	265,000	322,717	0	0	(379)	0	(379)	0	322,338	0	1,490	1,490	1,270	04/15/2018	1FE
695114-CK-2	PACIFICORP		04/09/2012	Morgan Keegan		145,938	125,000	141,980	140,721	0	(538)	0	(538)	0	140,182	0	5,755	5,755	5,099	01/15/2019	1FE
695114-CP-1	PACIFICORP		04/09/2012	Morgan Keegan		345,625	350,000	349,692	0	0	7	0	7	0	349,699	0	(4,074)	(4,074)	2,753	02/01/2022	1FE
714046-AE-9	PERKINELMER INC		04/09/2012	Morgan Keegan		104,250	100,000	99,372	99,381	0	13	0	13	0	99,395	0	4,855	4,855	2,319	11/15/2021	2FE
69335P-BH-7	PFS FINANCING CORP FRN 02/2016 144		04/09/2012	BOENNING & SCATTERGOOD		523,688	525,000	525,000	0	0	0	0	0	525,000	0	(1,313)	(1,313)	1,355	02/15/2016	1FE	
741503-AP-1	PRICELINE COM INC SR NT CV 144A 18		06/04/2012	VARIOUS		1,262,500	1,250,000	1,258,585	0	0	(241)	0	(241)	0	1,258,343	0	4,157	4,157	2,951	03/15/2018	2FE
744320-BJ-3	PRUDENTIAL FINL INC MTNS BOOK		06/18/2012	VARIOUS		194,621	180,000	195,872	0	0	(511)	0	(511)	0	195,361	0	(740)	(740)	1,957	09/17/2015	1FE
74834L-AM-2	QUEST DIAGNOSTICS INC		06/25/2012	MERRILL LYNCH PROFESSNL		2,359,260	2,000,000	2,285,000	2,231,006	0	(18,321)	0	(18,321)	0	2,212,685	0	146,575	146,575	126,933	07/01/2017	2FE
80705T-AA-4	SCHOLAR FDG TR 2011-A		04/10/2012	C		720,116	762,028	746,988	747,902	0	147	0	147	0	748,050	0	(27,934)	(27,934)	4,988	10/28/2043	1FE
871503-AF-5	SYMANTEC CORP		06/04/2012	BOENNING & SCATTERGOOD		1,117,875	1,100,000	1,273,250	1,194,594	0	(28,291)	0	(28,291)	0	1,166,303	0	(48,428)	(48,428)	5,256	06/15/2013	2FE
872312-AA-1	TOM SUB LLC		06/04/2012	IN		31,566	30,000	31,855	0	0	(89)	0	(89)	0	31,767	0	(200)	(200)	420	01/15/2015	1FE
88166B-AB-6	TEVA PHARMACEUTICAL FIN III LL		06/15/2012	Goldman Sachs & Co		1,225,000	1,225,000	1,232,497	1,227,516	0	(2,516)	0	(2,516)	0	1,225,000	0	0	0	9,188	06/15/2012	1FE
88163V-AE-9	TEVA PHARMACEUTICAL FIN LLC		06/04/2012	MATURITY		1,310,856	1,265,000	1,322,640	1,162,511	0	(1,445)	0	(1,445)	0	1,314,454	0	(3,597)	(3,597)	2,513	02/01/2026	1FE
903243-AA-1	URS CORP NEW		04/09/2012	VARIOUS		397,000	400,000	399,448	0	0	8	0	8	0	399,456	0	(2,456)	(2,456)	1,155	04/01/2017	2FE
92345N-AA-8	VERIZON VA INC		04/09/2012	Morgan Keegan		206,800	200,000	180,088	195,833	0	915	0	915	0	196,748	0	10,052	10,052	5,319	03/15/2013	1FE
96950F-AD-6	WILLIAMS PARTNERS LP 5.250% 3/15/		04/09/2012	Morgan Keegan		220,500	200,000	199,890	199,906	0	3	0	3	0	199,909	0	20,591	20,591	6,038	03/15/2020	2FE
983919-AF-8	XILINX INC SR NT CV2.625%17		06/04/2012	Morgan Keegan		1,266,358	1,025,000	1,041,903	1,038,437	0	(989)	0	(989)	0	1,037,448	0	228,909	228,909	12,363	06/15/2017	2FE
21987B-AP-3	CORPORACION NACIONAL DEL COBRE	R	04/09/2012	VARIOUS		734,063	725,000	714,770	714,917	0	229	0	229	0	715,147	0	18,916	18,916	12,408	11/03/2021	1FE
56501R-AA-4	MANULIFE FINL CORP	R	04/13/2012	Morgan Keegan		123,240	120,000	118,330	118,659	0	96	0	96	0	118,755	0	4,485	4,485	2,335	09/17/2015	1FE
893830-AW-9	TRANSOCEAN INC	R	05/02/2012	DEUTSCHE-BANK SECURITIES		607,072	610,000	539,850	544,629	0	645	0	645	0	545,274	0	61,798	61,798	3,609	12/15/2037	2FE
136385-AP-6	CANADIAN NAT RES LTD	I	04/09/2012	Morgan Keegan		258,500	200,000	243,350	141,413	0	(175)	0	(175)	0	242,957	0	15,543	15,543	9,413	02/01/2039	2FE
136069-DT-5	CDN IMPERIAL BK OF COMMERCE 144A	I	04/09/2012	Morgan Keegan		525,000	500,000	503,040	0	0	(954)	0	(954)	0	529,086	0	(4,086)	(4,086)	2,865	01/27/2016	1FE
380956-AB-8	GOLDCORP INC NEW	I	06/04/2012	VARIOUS		1,143,125	1,000,000	1,187,425	1,109,387	0	(18,438)	0	(18,438)	0	1,090,948	0	52,177	52,177	17,000	08/01/2014	2FE
380881-BL-5	GOLDEN CC TRUST 2012-2	I	04/09/2012	BOENNING & SCATTERGOOD		798,720	800,000	799,945	0	0	265	0	265	0	800,211	0	(1,491)	(1,491)	2,242	01/15/2019	1FE
404280-AK-5	HSBC HLDGS PLC	R	05/21/2012	IN		92,905	85,000	92,463	0	0	(67)	0	(67)	0	92,396	0	509	509	0	04/05/2021	1FE
500769-EY-6	KREDITANSTALT FUR WIEDERAUFBAU	R	04/09/2012	HSBC SECURITIES, INC		745,500	750,000	746,557	0	0	49	0	49	0	746,606	0	(1,106)	(1,106)	1,484	02/15/2017	1FE
654902-AB-1	NOKIA CORP	R	06/05/2012	Morgan Keegan		1,541,375	1,900,000	2,068,302	2,049,326	0	(7,498)	0	(7,498)	0	2,041,829	0	(500,454)	(500,454)	57,587	05/15/2019	2FE
762397-AS-6	RHODIA SR NT 144A 20	R	05/30/2012	LIBERTAS PARTNERS LLC		2,756,250	2,500,000	2,793,750	0	0	(16,820)	0	(16,820)	0	2,776,930	0	(20,680)	(20,680)	123,397	09/15/2020	2FE

E05.4

STATEMENT AS OF JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock 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	Foreign	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	Other Than Temporary Impairment Recognized	Total Change in Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	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	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)	
<b>Canada Total</b>						7,861,375	7,735,000	8,461,832	3,300,126	0	(43,638)	0	(43,638)	0	8,320,963	0	(459,588)	(459,588)	214,578	XXX	XXX	
3899999. Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						69,058,189	65,417,345	68,207,805	42,671,382	4,029	(230,895)	0	(226,866)	0	67,416,897	0	1,641,292	1,641,292	1,102,133	XXX	XXX	
8399997. Total - Bonds - Part 4						325,773,337	317,689,489	325,597,459	95,328,314	4,029	(1,430,868)	0	(1,426,839)	0	323,506,616	0	2,266,717	2,266,717	2,455,611	XXX	XXX	
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8399999. Total - Bonds						325,773,337	317,689,489	325,597,459	95,328,314	4,029	(1,430,868)	0	(1,426,839)	0	323,506,616	0	2,266,717	2,266,717	2,455,611	XXX	XXX	
..854502-30-9	STANLEY BLACK & DECKER INC CORP UN		..06/05/2012	BOENNING & SCATTERGOOD	..5,050,000	..576,950	..0.00	..626,200	..0	..0	..0	..0	..0	..626,200	..0	..(49,250)	..(49,250)	..5,997			P2UFE	
..949746-80-4	WELLS FARGO & CO NEW		..06/04/2012	VARIOUS	..900,000	..989,978	..0.00	..933,000	..950,400	..(17,400)	..0	..0	..(17,400)	..933,000	..0	..56,978	..56,978	..33,750			P2LFE	
8499999. Subtotal - Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)						1,566,928	XXX	1,559,200	950,400	(17,400)	0	0	(17,400)	0	1,559,200	0	7,728	7,728	39,747	XXX	XXX	
8999997. Total - Preferred Stocks - Part 4						1,566,928	XXX	1,559,200	950,400	(17,400)	0	0	(17,400)	0	1,559,200	0	7,728	7,728	39,747	XXX	XXX	
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks						1,566,928	XXX	1,559,200	950,400	(17,400)	0	0	(17,400)	0	1,559,200	0	7,728	7,728	39,747	XXX	XXX	
..922908-88-4	VANGUARD EXTENDED MKT INDEX INSTL		..05/09/2012	VANGUARD GROUP	..637,880,003	..28,471,410	..22,587,492	..20,776,113	..(3,006,130)	..0	..0	..0	..(3,006,130)	..22,587,492	..0	..5,883,918	..5,883,918	..6,379				
..922040-10-0	VANGUARD INSTITUTIONAL INDEX FUND		..05/09/2012	VANGUARD GROUP	..43,865,205	..5,535,610	..3,910,570	..5,046,253	..(1,135,684)	..0	..0	..0	..(1,135,684)	..3,910,570	..0	..1,625,041	..1,625,041	..25,047				
9299999. Subtotal - Common Stocks - Mutual Funds						34,007,020	XXX	26,498,062	25,822,366	(4,141,814)	0	0	(4,141,814)	0	26,498,062	0	7,508,959	7,508,959	31,426	XXX	XXX	
9799997. Total - Common Stocks - Part 4						34,007,020	XXX	26,498,062	25,822,366	(4,141,814)	0	0	(4,141,814)	0	26,498,062	0	7,508,959	7,508,959	31,426	XXX	XXX	
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						34,007,020	XXX	26,498,062	25,822,366	(4,141,814)	0	0	(4,141,814)	0	26,498,062	0	7,508,959	7,508,959	31,426	XXX	XXX	
9899999. Total - Preferred and Common Stocks						35,573,948	XXX	28,057,262	26,772,766	(4,159,214)	0	0	(4,159,214)	0	28,057,262	0	7,516,687	7,516,687	71,173	XXX	XXX	
9999999 - Totals						361,347,285	XXX	353,654,721	122,101,080	(4,155,185)	(1,430,868)	0	(5,586,053)	0	351,563,878	0	9,783,404	9,783,404	2,526,784	XXX	XXX	

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



Schedule DB - Part A - Section 1 - Options, Caps, Floors, Collars, Swaps and Forwards Open

**N O N E**

Schedule DB - Part B - Section 1 - Futures Contracts Open

**N O N E**

Schedule DB - Part B - Section 1B - Brokers with whom cash deposits have been made

**N O N E**

Schedule DB - Part D - Counterparty Exposure for Derivative Instruments Open

**N O N E**

Schedule DL - Part 1 - Reinvested Collateral Assets Owned

**N O N E**

Schedule DL - Part 2 - Reinvested Collateral Assets Owned

**N O N E**







SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2012 OF THE Group Hospitalization & Medical Services, Inc.

## MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code 0380

NAIC Company Code 53007

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected .....	4,097,209	XXX	0	XXX	4,097,209
2. Earned Premiums .....	4,097,209	XXX	0	XXX	XXX
3. Claims Paid .....	3,292,929	XXX	0	XXX	3,292,929
4. Claims Incurred .....	3,310,402	XXX	0	XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) .....	XXX	0	XXX	0	0
6. Aggregate Policy Reserves - Change .....	0	XXX	0	XXX	XXX
7. Expenses Paid .....	761,253	XXX	0	XXX	761,253
8. Expenses Incurred .....	761,256	XXX	0	XXX	XXX
9. Underwriting Gain or Loss .....	25,551	XXX	0	XXX	XXX
10. Cash Flow Result .....	XXX	XXX	XXX	XXX	43,027

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ .....0 due from CMS or \$ .....0 due to CMS