



# HEALTH QUARTERLY STATEMENT

AS OF JUNE 30, 2013  
OF THE CONDITION AND AFFAIRS OF THE

## Group Hospitalization and Medical Services, Inc.

NAIC Group Code 0380 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, US 20065  
(Street and Number) (City or Town, State, Country and Zip Code)

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

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

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

Internet Website Address www.carefirst.com

Statutory Statement Contact William Vincent Stack 410-998-7011  
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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 Meryl Davis Burgin #

### OTHER

<u>Gregory Mark Chaney EVP, CFO</u>	<u>Fred Adrian Walton Plumb EVP, SBU - FEP</u>	<u>Michael Thomas Avotins SVP, ASU - Large Groups</u>
<u>Michael Bruce Edwards SVP, Networks Mgmt</u>	<u>Gwendolyn Denise Skilleen SVP, General Auditor</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>Jennifer Ann Cryor Baldwin # SVP, Patient Centered Medical Home (PCMH)</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>Artis Gail Hampshire-Cowan #</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

Meryl Davis Burgin  
Corp. Secretary, Exec. VP & Gen. Counsel

Jeanne Ann Kennedy  
Corp. Treasurer & VP

Subscribed and sworn to before me this 7th day of AUGUST 2013  
Cynthia L. Kipp

- 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, 2013 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 .....	546,455,422	0	546,455,422	549,574,934
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	135,056,625	0	135,056,625	179,646,805
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 (\$ .....(125,285,716) ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....102,675,299 ) .....	(22,610,417)	0	(22,610,417)	(37,059,787)
6. Contract loans (including \$ .....0 premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets .....	418,422,998	166,667	418,256,331	401,455,368
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) .....	1,077,324,628	166,667	1,077,157,961	1,093,617,320
13. Title plants less \$ .....0 charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	4,049,157	0	4,049,157	4,003,396
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	225,059,900	3,398,839	221,661,061	212,721,247
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 .....	16,985,220	0	16,985,220	8,006,603
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	844,882	0	844,882	683,425
17. Amounts receivable relating to uninsured plans .....	61,363,796	1,289,002	60,074,794	35,677,059
18.1 Current federal and foreign income tax recoverable and interest thereon .....	13,336,791	0	13,336,791	15,079,432
18.2 Net deferred tax asset .....	0	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	121,413,767	108,495,344	12,918,423	9,702,335
21. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	5,126,213	5,126,213	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 .....	13,387,244	0	13,387,244	7,935,737
24. Health care (\$ .....101,714,659 ) and other amounts receivable .....	830,094,587	14,161,998	815,932,589	862,666,716
25. Aggregate write-ins for other than invested assets .....	129,340,643	128,145,783	1,194,860	1,194,850
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,498,326,828	260,783,846	2,237,542,982	2,251,288,120
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Lines 26 and 27) .....	2,498,326,828	260,783,846	2,237,542,982	2,251,288,120
<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 .....	1,194,860	0	1,194,860	1,194,850
2502. Prepaid Expenses - Non-Admitted .....	43,116,320	43,116,320	0	0
2503. Pension- Prepaid .....	85,029,463	85,029,463	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) .....	129,340,643	128,145,783	1,194,860	1,194,850

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....14,820,109 reinsurance ceded) .....	246,286,262	10,301,909	256,588,171	267,054,569
2. Accrued medical incentive pool and bonus amounts .....	0	0	0	0
3. Unpaid claims adjustment expenses .....	10,522,220	440,134	10,962,354	10,812,354
4. Aggregate health policy reserves, including the liability of \$ .....1,987,486 for medical loss ratio rebate per the Public Health Service Act .....	727,625,416	0	727,625,416	729,127,798
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 .....	46,690,901	0	46,690,901	53,225,819
9. General expenses due or accrued .....	59,246,665	0	59,246,665	60,890,545
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 .....	15,763,741	0	15,763,741	12,760,049
11. Ceded reinsurance premiums payable .....	26,407,151	0	26,407,151	23,063,571
12. Amounts withheld or retained for the account of others .....	36,736,669	0	36,736,669	37,859,472
13. Remittances and items not allocated .....	8,864,717	0	8,864,717	1,641,518
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 .....	44,594,357	0	44,594,357	46,661,221
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, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers) .....	0	0	0	0
20. Reinsurance in unauthorized and certified (\$ .....0 ) 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 .....	9,981,110	0	9,981,110	10,585,684
23. Aggregate write-ins for other liabilities (including \$ .....4,792,144 current) .....	52,889,613	0	52,889,613	56,534,566
24. Total liabilities (Lines 1 to 23) .....	1,285,608,822	10,742,043	1,296,350,865	1,310,217,166
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	941,192,123	941,070,954
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	941,192,123	941,070,954
34. Total liabilities, capital and surplus (Lines 24 and 33) .....	XXX	XXX	2,237,542,988	2,251,288,120
<b>DETAILS OF WRITE-INS</b>				
2301. Amounts Withheld for Escheatment .....	7,668,940	0	7,668,940	8,756,467
2302. Reinsurance Payable .....	696,556	0	696,556	372,352
2303. Other long term liabilities .....	44,524,117	0	44,524,117	47,405,747
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) .....	52,889,613	0	52,889,613	56,534,566
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	4,550,496	4,937,955	9,754,627
2. Net premium income ( including \$ .....0 non-health premium income)	XXX	1,553,585,669	1,626,838,605	3,204,928,073
3. Change in unearned premium reserves and reserve for rate credits	XXX	1,502,382	(3,415,815)	(55,616,525)
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	6,816,151	6,037,058	13,573,633
7. Aggregate write-ins for other non-health revenues	XXX	1,389,012	0	3,039,142
8. Total revenues (Lines 2 to 7)	XXX	1,563,293,214	1,629,459,848	3,165,924,323
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits	43,913,204	1,069,170,278	1,232,830,055	2,132,505,875
10. Other professional services	1,787,600	53,768,244	48,908,346	105,418,353
11. Outside referrals	12,335,886	12,335,886	6,608,457	33,578,877
12. Emergency room and out-of-area	266,253	23,648,598	10,596,918	51,534,094
13. Prescription drugs	0	293,220,113	258,918,789	694,981,524
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)	58,302,943	1,452,143,119	1,557,862,565	3,018,018,723
<b>Less:</b>				
17. Net reinsurance recoveries	0	65,233,181	91,616,460	174,018,840
18. Total hospital and medical (Lines 16 minus 17)	58,302,943	1,386,909,938	1,466,246,105	2,843,999,883
19. Non-health claims (net)	0	0	0	0
20. Claims adjustment expenses, including \$ .....30,756,372 cost containment expenses	0	72,025,343	59,837,179	128,148,542
21. General administrative expenses	0	120,611,486	114,961,628	241,650,034
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)	58,302,943	1,579,546,767	1,641,044,912	3,213,798,459
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(16,253,553)	(11,585,064)	(47,874,136)
25. Net investment income earned	0	5,928,185	8,508,259	18,120,914
26. Net realized capital gains (losses) less capital gains tax of \$ .....4,043,437	0	16,173,746	15,414,124	19,978,096
27. Net investment gains (losses) (Lines 25 plus 26)	0	22,101,931	23,922,383	38,099,010
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	88,818	(766,669)	(1,577,913)
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	5,937,196	11,570,650	(11,353,039)
31. Federal and foreign income taxes incurred	XXX	(2,377,526)	(379,061)	(3,836,559)
32. Net income (loss) (Lines 30 minus 31)	XXX	8,314,722	11,949,711	(7,516,480)
<b>DETAILS OF WRITE-INS</b>				
0601. FEP Performance Incentive	XXX	6,769,000	5,987,000	13,450,000
0602. Trigon network fee - Med D	XXX	47,151	50,058	123,633
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	6,816,151	6,037,058	13,573,633
0701. FEP Bridge	XXX	1,389,012	0	3,039,142
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	1,389,012	0	3,039,142
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	80,370	(757,909)	(1,477,778)
2902. Regulatory fines and fees	0	8,448	(8,760)	(100,135)
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	88,818	(766,669)	(1,577,913)

**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.....	941,070,954	963,581,314	963,581,314
34. Net income or (loss) from Line 32 .....	8,314,722	11,949,711	(7,516,480)
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 \$ ..... (2,853,612)	11,501,398	14,885,696	27,662,649
37. Change in net unrealized foreign exchange capital gain or (loss) .....	0	0	0
38. Change in net deferred income tax .....	(5,909,308)	(7,221,486)	(13,778,285)
39. Change in nonadmitted assets .....	(12,135,302)	4,875,832	(4,334,829)
40. Change in unauthorized and certified 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.....	(1,696,000)	(39,698,083)	(39,698,083)
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 .....	45,658	0	15,154,668
48. Net change in capital & surplus (Lines 34 to 47) .....	121,168	(15,208,330)	(22,510,360)
49. Capital and surplus end of reporting period (Line 33 plus 48)	941,192,122	948,372,984	941,070,954
<b>DETAILS OF WRITE-INS</b>			
4701. Change in additional liability\Intangible Assets for pension .....	0	0	15,154,668
4702. Adjustment to prior years reinsurance premium assumed .....	45,658	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)	45,658	0	15,154,668

## STATEMENT AS OF JUNE 30, 2013 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 .....	1,541,199,064	1,619,986,417	3,164,848,969
2. Net investment income .....	9,651,218	11,080,188	25,601,390
3. Miscellaneous income .....	8,205,163	6,037,058	16,612,775
4. Total (Lines 1 to 3) .....	1,559,055,445	1,637,103,663	3,207,063,134
5. Benefit and loss related payments .....	1,363,313,646	1,493,880,662	2,915,111,472
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 .....	198,647,163	173,617,611	369,208,066
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 4,043,437 tax on capital gains (losses) .....	(76,726)	(172,825)	(279,043)
10. Total (Lines 5 through 9) .....	1,561,884,083	1,667,325,448	3,284,040,495
11. Net cash from operations (Line 4 minus Line 10) .....	(2,828,638)	(30,221,785)	(76,977,361)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	407,824,944	825,921,914	1,111,556,368
12.2 Stocks .....	94,754,836	65,331,813	100,504,595
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	143	0
12.7 Miscellaneous proceeds .....	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	502,579,780	891,253,870	1,212,060,963
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	404,996,897	817,574,578	1,088,535,784
13.2 Stocks .....	41,577,978	42,926,404	82,679,405
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	446,574,875	860,500,982	1,171,215,189
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) .....	56,004,905	30,752,888	40,845,774
<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) .....	(38,726,894)	(115,116,678)	(66,431,817)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(38,726,894)	(115,116,678)	(66,431,817)
<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) .....	14,449,373	(114,585,575)	(102,563,404)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	(37,059,786)	65,503,618	65,503,618
19.2 End of period (Line 18 plus Line 19.1) .....	(22,610,413)	(49,081,957)	(37,059,786)

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

STATEMENT AS OF JUNE 30, 2013 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 .....	803,048	54,116	287,752	6,342	11,325	22,454	372,065	0	0	48,994
2. First Quarter .....	758,795	53,562	257,749	6,485	12,127	24,973	374,535	0	0	29,364
3. Second Quarter .....	750,786	53,187	250,956	6,584	12,374	25,282	373,366	0	0	29,037
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	4,550,496	322,379	1,542,241	39,122	73,737	150,581	2,246,043	0	0	176,393
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician .....	3,640,671	149,919	826,644	55,746	0	0	2,608,362	0	0	0
8. Non-Physician .....	1,377,549	69,359	424,476	8,325	0	0	875,389	0	0	0
9. Total	5,018,220	219,278	1,251,120	64,071	0	0	3,483,751	0	0	0
10. Hospital Patient Days Incurred	91,689	3,662	21,453	2,511	0	0	64,063	0	0	0
11. Number of Inpatient Admissions	25,112	972	5,784	569	0	0	17,787	0	0	0
12. Health Premiums Written (a) .....	1,636,492,264	80,815,624	623,101,681	8,638,394	2,805,826	32,403,849	883,998,475	0	0	4,728,415
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 .....	1,637,994,646	80,815,624	621,114,195	8,638,394	2,805,826	32,403,849	887,488,343	0	0	4,728,415
16. Property/Casualty Premiums Earned .....	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services.....	1,465,350,615	67,308,305	531,457,330	7,413,216	2,341,357	24,200,839	831,246,158	0	0	1,383,410
18. Amount Incurred for Provision of Health Care Services	1,452,143,118	65,627,869	514,781,430	7,106,514	2,341,357	23,623,138	836,126,399	0	0	2,536,411

(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) .....	85,383,933	461,399,585	6,805,651	74,853,143	92,189,584	97,249,977
2. Medicare Supplement .....	2,900,723	9,645,830	149,535	3,288,067	3,050,258	4,089,623
3. Dental Only .....	2,992,127	13,071,927	155,741	2,899,880	3,147,868	3,304,564
4. Vision Only .....	0	1,780,905	0	0	0	0
5. Federal Employees Health Benefits Plan .....	149,569,914	681,676,244	11,775,928	148,332,492	161,345,842	155,228,179
6. Title XVIII - Medicare .....	0	0	0	0	0	0
7. Title XIX - Medicaid .....	0	0	0	0	0	0
8. Other health .....	1,076,773	4,445,475	5,722,832	2,604,901	6,799,605	7,182,227
9. Health subtotal (Lines 1 to 8) .....	241,923,470	1,172,019,966	24,609,687	231,978,483	266,533,157	267,054,570
10. Healthcare receivables (a) .....	0	16,567,101	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)	241,923,470	1,155,452,865	24,609,687	231,978,483	266,533,157	267,054,570

(a) Excludes \$ 93,731,062 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 ended June 30, 2013 and 2012, 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 March 2012, the NAIC adopted SSAP No. 92 *Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14* (SSAP 92) and SSAP No. 102 *Accounting for Pensions, A Replacement of SSAP No. 89* (SSAP 102). These SSAPs adopt, with modification, Financial Accounting Standards Codification 715 Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. The primary focus of SSAP 92 and SSAP 102 is to recognize the funded status of a defined benefit postretirement plan in the balance sheets. The SSAPs require elements of plan costs to either be recognized as expense components during the current period, or as adjustments to surplus with future amortization into expense. The SSAPs also eliminate the exclusion of non-vested employees in accounting for a defined benefit postretirement plan. SSAP 92 and SSAP 102 were effective January 1, 2013, with early adoption permitted and the ability to elect a ten-year phase-in period. The Company adopted SSAP 92 and SSAP 102 effective January 1, 2013, and recorded a decrease to surplus of \$1,696,000, net of taxes (refer to Note 12 for further discussion).

**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, 2013, the Company did not recognize other than temporary impairment 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, 2013 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,

## NOTES TO FINANCIAL STATEMENTS

aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2013 (*in thousands*).

	Fair Value < 1 Year	Unrealized Losses < 1 Year	Fair Value > 1 Year	Unrealized Losses > 1 Year	Total Unrealized Losses
<b>June 30, 2013</b>					
Government sponsored enterprise mortgage-backed securities	\$ 121,095	\$ 3,826	\$ 13,035	\$ 251	\$ 4,077
Other mortgage-backed and asset-backed securities	26,597	1,334	2,902	90	1,424
Total	<u>\$ 147,692</u>	<u>\$ 5,160</u>	<u>\$ 15,937</u>	<u>\$ 341</u>	<u>\$ 5,501</u>

(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**

None.

**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 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 (AMT) 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

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 (*in thousands*):

	June 30, 2013			December 31, 2012		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 126,984	\$ 26,402	\$ 153,386	\$ 128,325	\$ 24,150	\$ 152,475
Statutory valuation allowance	(111,537)	-	(111,537)	(110,103)	-	(110,103)
Adjusted gross deferred tax assets	15,447	26,402	41,849	18,222	24,150	42,372
Deferred tax asset nonadmitted	-	-	-	-	-	-
Net deferred tax asset	15,447	26,402	41,849	18,222	24,150	42,372
Gross deferred tax liabilities	(10)	(57,603)	(57,613)	(11)	(55,121)	(55,132)
Net admitted deferred tax asset (liability)	\$ 15,437	\$ (31,201)	\$ (15,764)	\$ 18,211	\$ (30,971)	\$ (12,760)

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

	June 30, 2013			December 31, 2012		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes recoverable through loss carryback - 11.a	\$ 4,604	\$ -	\$ 4,604	\$ 4,604	\$ -	\$ 4,604
Adjusted Gross DTA expected to be realized (excluding the amount of DTA from 11.a above) after application of the threshold limitation (the lesser of 11.b.i and 11.b.ii below) - 11.b	7,657	2,153	9,810	7,656	2,154	9,810
Adjusted gross DTA expected to be realized following the balance sheet Date - 11.b.i	7,657	2,153	9,810	7,656	2,154	9,810
Adjusted gross DTA allowed per limitation threshold - 11.b.ii	-	-	139,241	-	-	139,705
Adjusted gross DTA (excluding the amount of DTA from 11.a and 11.b above) offset by gross DTL - 11.c	3,176	(33,354)	(30,178)	5,951	(33,125)	(27,174)
DTA admitted as the result of application of SSAP No. 101	\$ 15,437	\$ (31,201)	\$ (15,764)	\$ 18,211	\$ (30,971)	\$ (12,760)

	2013	2012
Rate percentage used to determine recovery and threshold limitation amount	15%	15%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 11.b Above	928,274	931,369

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, 2013			December 31, 2012			Change
	Ordinary Percent	Capital Percent	TOTAL Percent	Ordinary Percent	Capital Percent	TOTAL Percent	
Percentage of adjusted gross deferred tax assets	0%	63%	63%	0%	57%	57%	6%
Percentage of net admitted adjusted gross deferred tax assets	0%	0%	0%	0%	0%	0%	0%

## NOTES TO FINANCIAL STATEMENTS

The provision for income taxes on earnings for the quarters ended June 30, 2013 and 2012 and year ended December 31, 2012 are as follows (*in thousands*):

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>December 31, 2012</u>	<u>Change</u>
Federal benefit	\$ (2,377)	\$ (379)	\$ (3,837)	\$ (1,998)
Federal income tax on net capital gains	4,043	3,853	4,995	190
Provision for income taxes	<u>\$ 1,666</u>	<u>\$ 3,474</u>	<u>\$ 1,158</u>	<u>\$ (1,808)</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, 2013</u>	<u>December 31, 2012</u>	<u>Change</u>	<u>Character</u>
Deferred tax assets:				
Investments	\$ 3,769	\$ 3,769	\$ -	Capital
AMT Credits	22,633	20,381	2,252	Capital
Benefit obligations	7,154	6,738	416	Ordinary
Unpaid claims	964	1,032	(68)	Ordinary
Accrued expenses	4,205	4,188	17	Ordinary
Nonadmitted assets and other	3,124	6,264	(3,140)	Ordinary
Total deferred tax assets	<u>41,849</u>	<u>42,372</u>	<u>(523)</u>	
Nonadmitted deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>	
Admitted deferred tax assets	41,849	42,372	(523)	
Deferred tax liabilities:				
Investments	(3,425)	(6,279)	2,854	Capital
Investment in affiliate	(54,178)	(48,842)	(5,336)	Capital
Other	(10)	(11)	1	Ordinary
Total deferred tax liabilities	<u>(57,613)</u>	<u>(55,132)</u>	<u>(2,481)</u>	
Net Admitted deferred tax liabilities	<u>\$ (15,764)</u>	<u>\$ (12,760)</u>	<u>\$ (3,004)</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, 2013</u>	<u>December 31, 2012</u>	<u>Change</u>
Gross deferred tax assets	\$ 41,849	\$ 42,372	\$ (523)
Deferred tax liabilities	<u>(57,613)</u>	<u>(55,132)</u>	<u>(2,481)</u>
Net deferred tax liability	<u>\$ (15,764)</u>	<u>\$ (12,760)</u>	<u>(3,004)</u>
Tax effect of unrealized (gains) losses			<u>(2,853)</u>
Change in net deferred income tax			<u>\$ (5,857)</u>

The provision for income taxes differs from the statutory rate of 35% principally as a result of the 833(b) deduction, permanent items, changes to statutory valuation allowance and provision for tax loss contingencies in accordance with SSAP 101.

The Company is subject to examination by the Internal Revenue Service and state taxing authorities. In general, the Company's tax years 2009 and forward remain open under the statutes of limitation and subject to examination.

The Company is exempt from all state income taxes in the jurisdictions for which it is registered to do business.

#### 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. The Company and CFMI hold joint interests in a holding company, CareFirst Holdings, LLC (CFH). CFH was formed on December 31, 2010 by contributed assets from the Company and CFMI. Since control over CFH operations is vested in CFI, GHMSI determined that neither GHMSI nor

## NOTES TO FINANCIAL STATEMENTS

CFMI exercise control over CFH. CFH's wholly-owned subsidiaries include First Care, Inc. (FirstCare), National Capital Insurance Agency, LLC, Capital Area Services Company, LLC, CFA, LLC and CareFirst BlueChoice, Inc. and its subsidiaries. CFH and its subsidiaries are owned 50.001% by CFMI and 49.999% by GHMSI.

**11. Debt**

None.

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

Effective January 1, 2013, the Company adopted SSAP 102 and SSAP 92. For SSAP 102, the Company recorded the full transition liability of \$781,000 as a decrease to surplus. For SSAP 92, the Company elected the phase-in option for the full transition liability of \$9,670,000 and accordingly, recorded \$967,000 as a decrease to surplus. The SSAP 92 transition liability amortization to be recorded as a decrease to surplus over the phase-in period is as follows (*in thousands*):

Year	Transition Liability - Beginning Balance	Amortization Amount	Transition Liability - Ending Balance
2013	\$ 9,670	\$ 967	\$ 8,703
2014	8,703	967	7,736
2015	7,736	967	6,769
2016	6,769	967	5,802
2017	5,802	967	4,835
2018	4,835	967	3,868
2019	3,868	967	2,901
2020	2,901	967	1,934
2021	1,934	967	967
2022	967	967	—

The components of net periodic benefit cost for the six months ended June 30, 2013 and 2012 are as follows (*in thousands*):

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Service cost	\$ 4,274	\$ 4,176	\$ 504	\$ 637
Interest cost	6,423	6,535	682	414
Expected return on plan assets	(12,188)	(12,037)	—	—
Amortization of transition (asset) liability	—	(1,325)	—	142
Amortization of prior service cost	64	95	—	—
Net recognized actuarial loss	4,500	4,760	45	—
Net periodic benefit cost for the six months ended June 30	\$ 3,073	\$ 2,204	\$ 1,231	\$ 1,193

**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, 2013:

Change in the unrealized gains (losses) from:

Affiliated common stocks:

CareFirst Holdings	\$ (697,636)
CareFirst BlueChoice	15,018,480
FirstCare	471,367
CFA	713,623
CASCI	1,260,879
NCIA	34,250
Unaffiliated common stocks	(8,142,109)
Bonds	(11,068)
Total unrealized gains (losses)	8,647,786
Capital gains deferred taxes	2,853,612

**Change in net unrealized capital gains (losses)**

**less capital gains taxes (page 5 line 36)** \$ **11,501,398**

## NOTES TO FINANCIAL STATEMENTS

(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 and provides administrative services to non-risk groups with members who are qualified Medicare beneficiaries. Medicare law identifies the primary payer and secondary payer of claims when individuals are insured by either the Company or an employer 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 for individuals that were insured by the Company. The issues were communicated to 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 \$9,885,000 was recorded by the Company, which is included in other liabilities. 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 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. At December 31, 2012, based on the claims processed in response to these demand letters and its ongoing evaluation of the Company's liability for this matter, the Company released a portion of the reserves that had been established in 2009. As of June 30, 2013, the Company's remaining liability was \$7,467,000.

During 2012, the Company discovered an unrelated processing error related to the handling of claims for Medicare members of certain non-risk groups between the years from 2009 to 2012. This error was promptly corrected once identified by the Company. As a result, CFI recorded an additional liability of \$4,800,000, of which \$1,143,000 was recorded by the Company representing the Company's best estimate of its portion of liability to CMS. Management believes, after consultation with legal counsel, that the final resolution of this matter will not result in additional material liabilities to the Company. There was no additional amount recorded to this liability since December 31, 2012.

#### 15. Leases

##### A. Lessee Operating Lease

No change.

## NOTES TO FINANCIAL STATEMENTS

**B. Lessor Leases**

Not applicable.

**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 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 ended June 30, 2013 and 2012 (*in thousands*):

	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
Gross reimbursement for medical costs incurred	\$ 550,313	\$ 580,310
Gross administrative fees accrued	35,214	40,003
Gross expenses incurred	(589,892)	(618,617)
Operating (loss) gain, before stop loss	\$ (4,365)	\$ 1,696
Stop loss, net	1,573	6,250
Proforma operating (loss) gain	\$ (2,792)	\$ 7,946

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

For the six months ended June 30, 2013, GHMSI ceded an ASC underwriting loss of \$690,000 to CFMI and assumed an ASC underwriting loss of \$155,000 from CFMI for a net underwriting gain of \$535,000. For the six months ended 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.

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

Not applicable.

**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.

## NOTES TO FINANCIAL STATEMENTS

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 monthly analyses 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 ended June 30, 2013.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

**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 governments 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. 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. 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 observable inputs such as quoted prices for identical or similar assets, benchmark yields, prepayment speeds, collateral performance, credit spreads, and default rates at commonly quoted intervals.

**Stocks.** Fair value of publicly-traded equity index funds where market quotes are available but are not considered actively traded are classified as Level 2. Net asset value of the fixed income index fund invested in U.S. Treasury inflation-protected securities (USTIPS) is calculated as of the close of business of the New York Stock Exchange. Fair value of the fixed income index fund where a market quote is available but is not considered actively traded is 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 instruments measured and reported at fair value as of June 30, 2013 (*in thousands*):

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair Value as of June 30, 2013
<b>Assets</b>				
Bonds	\$ —	\$ 99	\$ —	\$ 99
Common stocks				
Large capital equity index fund	—	19,892	—	19,892
Small capital equity index fund	—	24,042	—	24,042
International equity index fund	—	32,034	—	32,034
Publicly-traded fixed income index fund (a)	—	54,789	—	54,789
Privately held equity securities	—	—	4,300	4,300
Total common stocks	—	130,757	4,300	135,057
Total assets measured and reported at fair value	\$ —	\$ 130,856	\$ 4,300	\$ 135,156

(a) Represent investments in USTIPS.

A reconciliation of the beginning and ending balances of privately held equity securities measured at fair value using Level 3 inputs at June 30, 2013 is as follows (*in thousands*):

Beginning balance at January 1, 2013	\$ 4,121
Unrealized gains in capital and surplus—statutory basis	179
Ending balance at June 30, 2013	<u>\$ 4,300</u>
Change in unrealized losses included in net losses related to assets still held	<u>\$ —</u>

The following table presents information about the aggregate fair value of the Company's financial instruments as of June 30, 2013 (*in thousands*):

## NOTES TO FINANCIAL STATEMENTS

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Aggregate Fair Value as of June 30, 2013	Admitted Assets
Bonds	\$ 88,751	\$ 454,662	\$ –	\$ 543,413	\$ 546,455
Common stocks	–	130,757	4,300	135,057	135,057
Total assets at fair value	<u>\$ 88,751</u>	<u>\$ 585,419</u>	<u>\$ 4,300</u>	<u>\$ 678,470</u>	<u>\$ 681,512</u>

As of June 30, 2013, the Company has no financial instruments 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-Mortgage-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, 2013.
- (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****A. Ceded Reinsurance Report**

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 \$3,341,000 and \$4,097,000, and incurred an underwriting (loss) gain in the amount of \$(319,000) and \$26,000, for the six months ended June 30, 2013 and 2012, respectively.

Certain business has been written by CFMI and GHMSI which represents contracts outside the historic CFMI and GHMSI service areas (cross-jurisdictional sales). The net underwriting gain or loss 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 ended June 30, 2013 and 2012 (*in thousands*):

## NOTES TO FINANCIAL STATEMENTS

	June 30	
	2013	2012
Premiums assumed	\$ 25,812	\$ 28,916
Premiums ceded	(112,066)	(143,408)
Premiums, net	(86,254)	(114,492)
Cost of care assumed	18,482	22,851
Cost of care ceded	(86,655)	(117,778)
Cost of care, net	(68,173)	(94,927)
General and administrative expenses ceded, net	(17,965)	(23,853)
Net (gain) loss ceded	\$ (116)	\$ 4,288

**B. Uncollectible Reinsurance**

Not Applicable.

**C. Commutation of Ceded Reinsurance**

Not Applicable.

**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)	\$ 2,214	\$ –	\$ –	\$ (2,196)
(2) Medical loss ratio rebates paid	–	3,964	–	–	3,964
(3) Medical loss ratio rebates unpaid	–	–	–	–	–
(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	\$ –
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ –	\$ 1,987	\$ –	\$ –	\$ 1,987
(8) Medical loss ratio rebates paid	–	–	–	–	–
(9) Medical loss ratio rebates unpaid	–	1,987	–	–	1,987
(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	\$ 1,987

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

As of June 30, 2013, \$241,923,000 has been paid for incurred claims attributable to insured events for prior years. Reserves remaining for prior years are now \$24,610,000 as a result of re-estimation of unpaid claims and unpaid claims adjustment expenses. Therefore, there has been a \$521,000 favorable prior year development since December 31, 2012 to June 30, 2013, of which \$6,118,000 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**

Not applicable.

**28. Health Care Receivables**

## NOTES TO FINANCIAL STATEMENTS

### A. Pharmaceutical Rebate Receivables

No change.

### B. Risk Sharing Receivables

Not applicable.

### 29. Participating Policies

Not applicable.

### 30. Premium Deficiency Reserve

1. Liability carried for premium deficiency reserves: \$11,420,000 within aggregate health policy reserves
2. Date of the most recent evaluation of this liability: June 30, 2013
3. Was anticipated investment income utilized in the calculation? No

### 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 [  ]
- 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 [  ]
- 2.2 If yes, date of change: ..... \_\_\_\_\_
- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [  ] No [  ]
- 3.2 If the response to 3.1 is yes, provide a brief description of those changes.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 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 [  ] 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. .... 12/31/2013
- 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 [  ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [  ] 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 [  ]
- 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 [  ]
- 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 [  ]
- 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 .....   | \$ 401,455,368   | \$ 418,256,331  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) ..... | \$ 401,455,368   | \$ 418,256,331  |
| 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. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- |  |           |
|--|-----------|
| 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....                   | \$ .....0 |
| 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 ..... | \$ .....0 |
| 16.3 Total payable for securities lending reported on the liability page .....                                       | \$ .....0 |

17. 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 [  ]
- 17.1 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 .....

- 17.2 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)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [  ] No [  ]

- 17.4 If yes, give full information relating thereto:

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

- 17.5 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 .....
104596 .....	Dodge & Cox .....	55 California St., San Francisco, CA 94104 .....
105496 .....	T.Rowe Price .....	100 E. Pratt St., Baltimore, MD 21202 .....

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [  ] No [  ]

- 18.2 If no, list exceptions:

## GENERAL INTERROGATORIES

### PART 2 - HEALTH

1. Operating Percentages:

1.1 A&H loss percent .....91.2 %  
1.2 A&H cost containment percent .....2.0 %  
1.3 A&H expense percent excluding cost containment expenses .....10.4 %

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, 2013 OF THE Group Hospitalization & Medical Services, Inc.

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

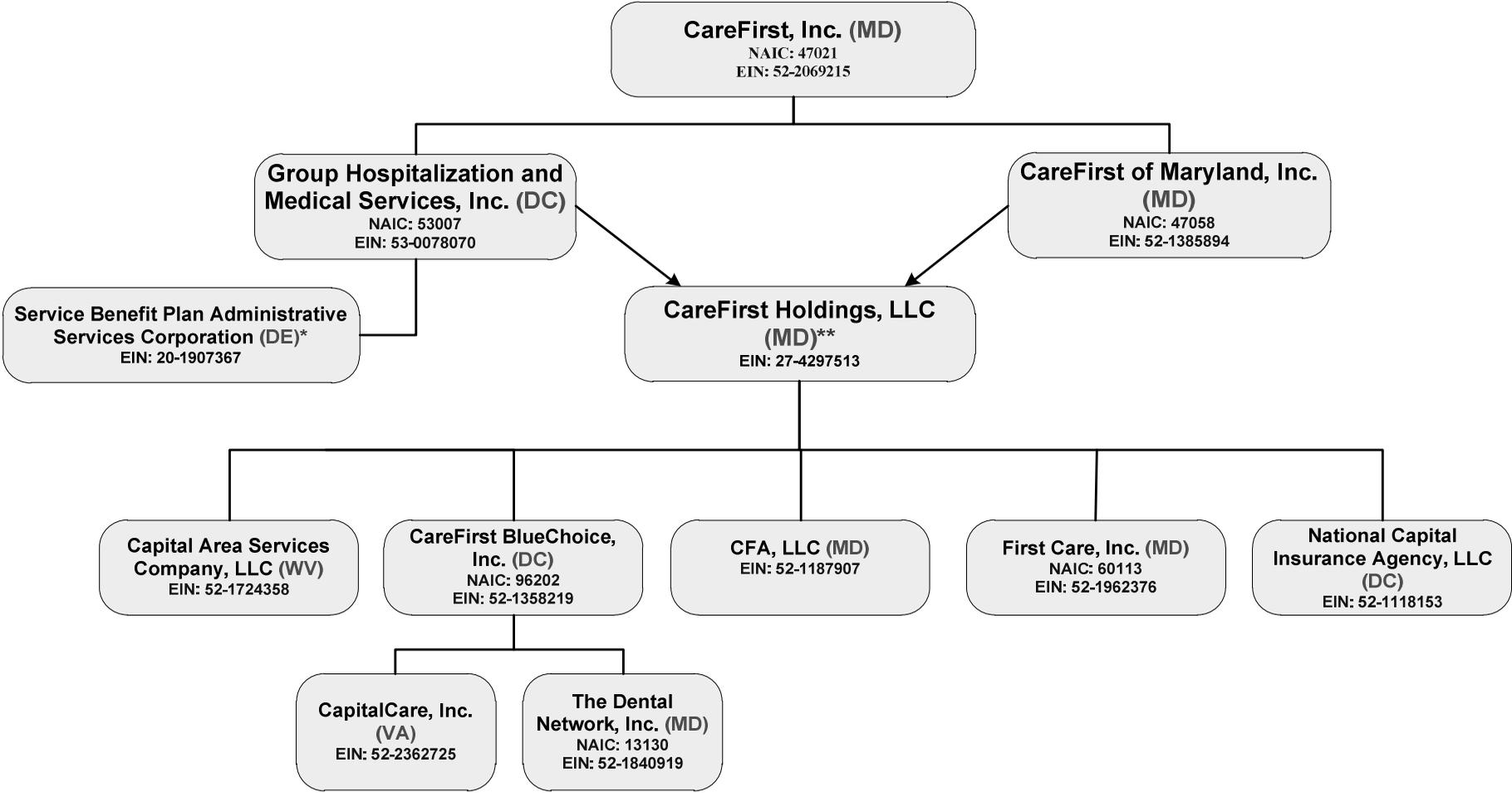
States, etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 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	238,993,858	0	0	163,304,604	0	0	402,298,462	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	268,591,181	0	0	387,173,825	0	0	655,765,006	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	244,908,750	0	0	333,520,046	0	0	578,428,796	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 CAN	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	752,493,789	0	0	883,998,475	0	0	1,636,492,264	0	
60. Reporting Entity Contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0	
61. Totals (Direct Business)	(a) 3	752,493,789	0	0	883,998,475	0	0	1,636,492,264	0	
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
58999. Totals (Lines 58001 through 58003 plus 58998)(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, 2013 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	Domiciliary 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	IA			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.	
.0380	Carefirst Inc Group	47058	52-1385894				CareFirst of Maryland, Inc.	MD	IA	CareFirst, Inc.	Board of Directors	0.000	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	52-1724358				Capital Area Services Company, LLC	WV	NIA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
.0380	Carefirst Inc Group	96202	52-1358219				CareFirst BlueChoice, Inc.	DC	IA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
		00000	52-1187907				CFA, LLC	MD	NIA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
.0380	Carefirst Inc Group	60113	52-1962376				First Care, Inc.	MD	IA	CareFirst Holdings, LLC	Ownership	100.000	CareFirst, Inc.	
		00000	52-1118153				National Capital Insurance Agency, LLC	DC	NIA	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	IA	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**

STATEMENT AS OF JUNE 30, 2013 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	401,622,035	399,931,403
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	16,800,963	1,690,632
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
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)	418,422,998	401,622,035
12. Deduct total nonadmitted amounts	166,667	166,667
13. Statement value at end of current period (Line 11 minus Line 12)	418,256,331	401,455,368

**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	729,221,778	743,561,585
2. Cost of bonds and stocks acquired	446,574,875	1,171,215,189
3. Accrual of discount	95,566	317,160
4. Unrealized valuation increase (decrease)	(8,153,178)	9,099,147
5. Total gain (loss) on disposals	20,217,185	24,972,482
6. Deduct consideration for bonds and stocks disposed of	502,579,780	1,212,060,963
7. Deduct amortization of premium	3,864,360	7,882,822
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)	681,512,086	729,221,778
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	681,512,086	729,221,778

STATEMENT AS OF JUNE 30, 2013 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) .....	507,861,207	301,286,876	251,078,193	(1,604,713)	507,861,207	556,465,177	0	469,699,598
2. Class 2 (a) .....	90,456,308	14,065,158	12,881,073	(243,984)	90,456,308	91,396,409	0	92,228,475
3. Class 3 (a) .....	0	0	0	0	0	0	0	0
4. Class 4 (a) .....	383,469	0	1,406	(473)	383,469	381,590	0	385,349
5. Class 5 (a) .....	890,302	0	0	(2,773)	890,302	887,529	0	951,370
6. Class 6 (a) .....	18	0	0	0	18	18	0	18
7. Total Bonds	599,591,304	315,352,034	263,960,672	(1,851,943)	599,591,304	649,130,723	0	563,264,810
<b>PREFERRED STOCK</b>								
8. Class 1 .....	0	0	0	0	0	0	0	0
9. Class 2 .....	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	599,591,304	315,352,034	263,960,672	(1,851,943)	599,591,304	649,130,723	0	563,264,810

(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	102,675,299	xxx	102,689,351	29,156	4,694

**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 .....	13,689,876	172,197,558
2. Cost of short-term investments acquired .....	184,250,793	124,704,040
3. Accrual of discount .....	319	51
4. Unrealized valuation increase (decrease) .....	3,536	5,137
5. Total gain (loss) on disposals .....	0	143
6. Deduct consideration received on disposals .....	95,247,276	283,170,589
7. Deduct amortization of premium .....	21,949	46,464
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) .....	102,675,299	13,689,876
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	102,675,299	13,689,876

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 .....	0	1,955,294
3. Accrual of discount .....	0	0
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals .....	0	0
6. Deduct consideration received on disposals .....	0	1,950,000
7. Deduct amortization of premium .....	0	5,294
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) .....	0	0
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	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, 2013 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)
36179M-2N-9	GNMA PASS-THRU M SINGLE FAMILY		.05/30/2013	VARIOUS		823,086	818,339	.551	1
36179M-X2-1	GNMA PASS-THRU M SINGLE FAMILY		.06/26/2013	MORGAN STANLEY & CO. INC		443,567	480,343	.867	1
36179N-D0-8	GNMA PASS-THRU M SINGLE FAMILY		.05/30/2013	BANC AMERICA SECURITIES L		331,399	324,255	.513	1
36179N-DR-6	GNMA PASS-THRU M SINGLE FAMILY		.06/07/2013	NOMURA SECURITIES/FIX INC		968,848	927,578	1,713	1
36179N-F6-0	GNMA PASS-THRU M SINGLE FAMILY		.06/26/2013	BNP PARIBAS SECURITIES BO		430,100	440,000	.953	1
36241L-X8-4	GNMA PASS-THRU X PLATINUM 30YR		.06/21/2013	BNP PARIBAS SECS CORP/BN		657,864	642,161	1,561	1
912810-EX-2	UNITED STATES TREAS BDS		.06/25/2013	SCOTIA CAPITAL MKTS (USA)		134,388	95,000	2,321	1
912810-QY-7	UNITED STATES TREAS BDS		.05/03/2013	VARIOUS		23,073,750	24,000,000	314,959	1
912810-OZ-4	UNITED STATES TREAS BDS		.06/27/2013	VARIOUS		72,909,664	73,080,000	573,973	1
912810-PB-6	UNITED STATES TREAS BDS		.06/14/2013	VARIOUS		27,887,609	30,050,000	39,918	1
912828-UA-6	UNITED STATES TREAS NTS		.05/07/2013	BARCLAYS CAPITAL INC		239,531	300,000	.819	1
912828-US-7	UNITED STATES TREAS NTS		.04/08/2013	BOENNING & SCATTERGOOD IN		14,029,531	14,000,000	3,567	1
912828-UT-5	UNITED STATES TREAS NTS		.04/08/2013	BOENNING & SCATTERGOOD IN		14,015,313	14,000,000	.861	1
912828-VB-3	UNITED STATES TREAS NTS		.06/14/2013	LINSCO/PRIVATE LEDGER COR		5,813,438	6,000,000	9,416	1
912828-VE-7	UNITED STATES TREAS NTS		.06/24/2013	LINSCO/PRIVATE LEDGER COR		1,952,813	2,000,000	1,366	1
912828-VF-4	UNITED STATES TREAS NTS		.06/24/2013	BOENNING & SCATTERGOOD IN		7,656,250	8,000,000	7,514	1
912828-CP-3	UNITED STATES TREAS NTS TIPS		.06/26/2013	VARIOUS		457,763	360,000	4,000	1
911760-PP-3	US VA VENDEE MTG TR 2002-1		.06/06/2013	CANTOR FITZGERALD & CO		2,602,515	2,186,988	3,949	1
<b>0599999. Subtotal - Bonds - U.S. Governments</b>						<b>174,487,429</b>	<b>177,704,664</b>	<b>968,821</b>	<b>XXX</b>
13063B-FR-8	CALIFORNIA ST GO		.06/19/2013	CITIGROUP GLOBAL MARKET I		239,292	175,000	4,188	1FE
928109-F5-1	VIRGINIA ST		.04/02/2013	M LYNCH, PIERCE, FENNER, & S		128,475	110,000	354	1FE
<b>1799999. Subtotal - Bonds - U.S. States, Territories and Possessions</b>						<b>367,767</b>	<b>285,000</b>	<b>4,542</b>	<b>XXX</b>
249218-BC-1	DENVER COLO PUB SCHS CTFS PART		.04/18/2013	RBC CAPITAL MARKETS CORP		75,000	75,000	.50	1FE
3132L5-A2-9	FHLMC PC GOLD C1 30YR		.04/12/2013	NOMURA SECURITIES INTL		176,588	170,000	.227	1
3128MD-NK-5	FHLMC PC GOLD COMB 15		.04/04/2013	G.X. CLARKE & COMPANY		3,028,103	2,825,053	5,297	1
3128MM-OT-3	FHLMC PC GOLD COMB 15		.05/30/2013	CREDIT SUISSE FIRST BOSTO		188,208	184,067	.217	1
3128M6-NA-2	FHLMC PC GOLD COMB 30		.05/22/2013	CHASE SECURITIES, INC.		1,412,970	1,310,961	2,403	1
3128M7-YJ-9	FHLMC PC GOLD COMB 30		.04/25/2013	STIFEL, NICOLAUS & CO., IN		721,295	663,928	3,098	1
3128M9-LV-2	FHLMC PC GOLD COMB 30		.04/30/2013	KGS ALPHA CAPITAL MARKETS		392,622	375,842	.63	1
3132GT-PY-7	FHLMC PC GOLD PC 30YR		.06/24/2013	UBS FINANCIAL SERVICES IN		1,344,172	1,337,484	3,381	1
34074G-DF-8	FLORIDA HURRICANE CATASTROPHE		.04/10/2013	BARCLAYS CAPITAL INC		125,000	125,000	.0	1FE
34074G-DH-4	FLORIDA HURRICANE CATASTROPHE		.04/10/2013	BARCLAYS CAPITAL INC		150,000	150,000	.0	1FE
3138EJ-KA-5	FNMA PASS-THRU INT 15 YEAR		.05/10/2013	WACHOVIA SECURITIES CAPIT		283,484	265,287	.442	1
3138LY-2K-2	FNMA PASS-THRU INT 15 YEAR		.04/12/2013	BANC AMERICA SECURITIES L		527,531	500,029	.667	1
3138MD-2T-8	FNMA PASS-THRU INT 15 YEAR		.04/12/2013	CHASE SECURITIES, INC.		678,861	649,773	.722	1
3138WP-JE-5	FNMA PASS-THRU INT 15 YEAR		.04/30/2013	SALOMON SMITH BARNEY INC/		135,483	129,234	.18	1
3138MD-ZA-3	FNMA PASS-THRU LNG 30 YEAR		.06/04/2013	CHASE/GREENWICH CAP		278,165	269,287	.314	1
3138NX-KJ-5	FNMA PASS-THRU LNG 30 YEAR		.06/26/2013	BARCLAYS CAPITAL INC		286,268	295,312	.640	1
3138WU-6F-5	FNMA PASS-THRU LNG 30 YEAR		.06/24/2013	UBS FINANCIAL SERVICES IN		3,190,803	3,170,000	8,013	1
3138WV-4M-0	FNMA PASS-THRU LNG 30 YEAR		.06/24/2013	UBS FINANCIAL SERVICES IN		2,419,531	2,500,000	5,417	1
31411B-GT-4	FNMA PASS-THRU LNG 30 YEAR		.04/18/2013	CRT CAPITAL GROUP LLC		960,220	875,913	1,606	1
31418M-G4-8	FNMA PASS-THRU LNG 30 YEAR		.05/13/2013	GOLDMAN, SACHS & CO.		1,091,619	979,855	1,960	1
31418M-G3-0	FNMA POOL #AD0217		.05/10/2013	GOLDMAN, SACHS & CO.		393,771	353,455	.707	1
646139-X8-3	NEW JERSEY ST TPK AUTH TPK REV		.06/24/2013	DEUTSCHE BANK SECURITIES		402,600	325,000	11,284	1FE
<b>3199999. Subtotal - Bonds - U.S. Special Revenues</b>						<b>18,262,294</b>	<b>17,530,478</b>	<b>46,476</b>	<b>XXX</b>
001055-AL-6	AFLAC INC		.06/03/2013	GOLDMAN, SACHS & CO.		200,000	200,000	.0	1FE
026351-AZ-9	AMERICAN GENERAL CORP		.06/05/2013	RAYMOND JAMES & ASSOCIATE		2,440,420	2,000,000	42,326	2FE
032511-BH-9	ANADARKO PETE CORP		.05/06/2013	CREDIT LYONNAIS SEC USA		137,608	115,000	1,100	2FE
037833-AK-6	APPLE INC		.04/30/2013	GOLDMAN, SACHS & CO.		204,727	205,000	.0	1FE
00206R-AG-7	AT&T INC		.04/30/2013	WACHOVIA SECURITIES CAPIT		334,321	265,000	5,009	1FE
06051G-ET-2	BANK AMER CORP		.06/03/2013	SG COWEN SECURITIES CORP		133,666	135,000	1,088	1FE
067383-AD-1	BARD C R INC		.04/17/2013	MERRILL LYNCH PROFESSIONL C		1,005,000	1,000,000	6,569	1FE
071813-BL-2	BAXTER INTL INC		.06/04/2013	CHASE SECURITIES, INC.		79,748	80,000	.0	1FE
084664-BV-2	BERKSHIRE HATHAWAY FIN CORP		.05/08/2013	BANC AMERICA SECURITIES L		119,020	120,000	.0	1FE
10112R-AR-5	BOSTON PPTY LTD PARTNERSHIP SR N		.05/06/2013	BANC AMERICA SECURITIES L		271,249	225,000	6,117	2FE
101137-AK-3	BOSTON SCIENTIFIC CORP		.06/14/2013	RBC CAPITAL MARKETS CORP		496,281	425,000	10,908	2FE
12189L-AL-5	BURLINGTON NORTH SANTA FE CP		.05/06/2013	BARCLAYS CAPITAL INC		200,866	195,000	1,123	2FE
14040H-BC-8	CAPITAL ONE FINL CORP 144A		.05/31/2013	EXCHANGE		1,475,146	1,485,000	.0	2FE
14912L-SJ-6	CATERPILLAR FINL SVCS MTRS BE		.05/22/2013	WACHOVIA SECURITIES CAPIT		200,250	200,000	.153	1FE
14916R-AC-8	CATHOLIC HEALTH INITIATIVES		.06/07/2013	RBC CAPITAL MARKETS CORP		39,324	40,000	.134	1FE
161571-FR-0	CHASE ISSUANCE TR 2012-8A		.06/19/2013	BARCLAYS CAPITAL INC		513,612	515,000	.70	1FE
166764-AE-0	CHEVRON CORP NEW		.06/17/2013	BARCLAYS CAPITAL INC		220,000	220,000	.0	1FE

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STATEMENT AS OF JUNE 30, 2013 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)
172967-GK-1	CITIGROUP INC		.06/25/2013	SALOMON SMITH BARNEY INC/		.605,859	.650,000	10,238	2FE
20030N-AV-3	COMCAST CORP NEW		.06/19/2013	BARCLAYS CAPITAL INC		.321,223	.250,000	6,226	1FE
205887-BR-2	CONAGRA FOODS INC		.05/06/2013	US BANCORP INVESTMENTS IN		203,438	200,000	1,849	2FE
291577-AA-4	EMORY UNIVERSITY		.04/01/2013	MERRILL LYNCH PROFESSIONL C		1,232,780	1,000,000	4,688	1FE
29273R-AS-8	ENERGY TRANSFER PRTRNS L P		.05/13/2013	VARIOUS		271,705	270,000	2,984	2FE
30261Q-AJ-2	FREMF MTG TR 2013-K26 144A		.04/22/2013	WACHOVIA SECURITIES CAPIT		112,368	110,000	.68	1FE
30291G-AN-9	FREMF MTG TR 2013-K27 144A		.05/15/2013	BARCLAYS CAPITAL INC		74,146	75,000	158	1FE
30291H-AE-7	FREMF MTG TR 2013-K28		.06/19/2013	CHASE SECURITIES, INC		112,701	125,000	315	1FE
30291E-AE-4	FREMF MTG TR 2013-K712 144A		.04/10/2013	CHASE SECURITIES, INC		76,529	75,000	154	1FE
30261U-AJ-3	FREMF MTG TR 2013-K713 144A		.06/06/2013	BANC AMERICA SECURITIES L		146,170	150,000	237	1FE
36962G-3P-7	GENERAL ELEC CAP CORP MTN BE		.05/13/2013	GREENWICH CAPITAL MKTS, I		107,787	90,000	1,792	1FE
36962G-4B-7	GENERAL ELEC CAP CORP MTN BE		.05/14/2013	VARIOUS		179,498	195,000	3,262	1FE
38141G-GS-7	GOLDMAN SACHS GROUP INC		.06/03/2013	MORGAN STANLEY & CO. INC		131,997	115,000	2,425	1FE
38141G-RC-0	GOLDMAN SACHS GROUP INC		.04/17/2013	U.S. BANCORP PIPER JAFFRA		1,529,640	1,500,000	8,906	1FE
36246M-AP-4	GTP ACQ PARTNERS 2013-1 144A		.04/17/2013	DEUTSCHE BANK SECURITIES		135,000	135,000	.0	1FE
448579-AE-2	HYATT HOTELS CORP		.05/07/2013	CHASE SECURITIES, INC		39,799	40,000	.0	1FE
46625H-JJ-0	JPMORGAN CHASE & CO		.04/24/2013	CHASE SECURITIES, INC		870,293	875,000	.0	1FE
485188-AK-2	KANSAS CITY SOUTH N RY CO 144A		.06/06/2013	VARIOUS		186,619	190,000	392	2FE
50076Q-AZ-9	KRAFT FOODS GROUP INC		.05/06/2013	GOLDMAN, SACHS & CO.		265,605	250,000	3,719	2FE
534187-BC-2	LINCOLN NATL CORP IND		.06/06/2013	RAYMOND JAMES & ASSOCIATE		959,247	900,000	9,030	2FE
540424-AQ-1	LOEWS CORP		.05/07/2013	LINSCO/PRIVATE LEDGER COR		993,400	1,000,000	219	1FE
617446-7U-7	MORGAN STANLEY		.04/22/2013	MORGAN STANLEY & CO. INC		729,482	730,000	.0	1FE
61746B-DJ-2	MORGAN STANLEY		.05/23/2013	VARIOUS		267,257	260,000	2,275	1FE
61762D-AI-1	MS BOFA ML TRUST 2013-C9		.04/15/2013	MORGAN STANLEY & CO. INC		180,247	175,000	.15	1FE
651639-AN-6	NEWMONT MINING CORP		.04/15/2013	LINSCO/PRIVATE LEDGER COR		1,001,700	1,000,000	3,208	2FE
652482-BN-9	NEWS AMER INC		.05/13/2013	WACHOVIA SECURITIES CAPIT		132,386	110,000	1,409	2FE
65473Q-BB-8	NISOURCE FIN CORP		.06/20/2013	MIZUHO SECURITIES USA INC		156,925	160,000	3,033	2FE
655044-AF-2	NOBLE ENERGY INC		.05/22/2013	MIZUHO SECURITIES USA INC		131,764	120,000	2,255	2FE
62944T-AE-5	NVR INC		.05/15/2013	JEFFERIES & CO BONDS DIR		132,555	130,000	927	2FE
629491-AB-7	NYSE EURONEXT		.06/25/2013	LINSCO/PRIVATE LEDGER COR		989,100	1,000,000	4,611	1FE
681919-AZ-9	OMNICOM GROUP INC		.05/30/2013	DEUTSCHE BANK SECURITIES		202,598	200,000	665	2FE
718546-AC-8	PHILLIPS 66		.05/06/2013	BANC AMERICA SECURITIES L		134,112	120,000	545	2FE
74432Q-BM-6	PRUDENTIAL FINL INC MTNS BOOK		.05/30/2013	SALOMON SMITH BARNEY INC/		129,129	110,000	2,677	2FE
74438G-AC-5	PRUDENTIAL HLDGS LLC 144A		.04/18/2013	RAYMOND JAMES & ASSOCIATE		3,045,246	2,377,000	59,796	1FE
744533-BK-5	PUBLIC SERVICE CO OKLA		.06/20/2013	WACHOVIA SECURITIES CAPIT		131,396	115,000	395	2FE
759351-AJ-8	REINSURANCE GROUP AMER INC		.05/31/2013	WACHOVIA SECURITIES CAPIT		38,613	35,000	.19	2FE
760759-AL-4	REPUBLIC SVCS INC		.04/08/2013	LINSCO/PRIVATE LEDGER COR		1,103,500	1,000,000	15,411	2FE
81745B-AA-3	SEQUOIA MTG TR 2013-6		.04/25/2013	GREENWICH CAPITAL MKTS, I		203,942	205,000	413	1FE
81745C-AB-9	SEQUOIA MTG TR 2013-7		.05/16/2013	GREENWICH CAPITAL MKTS, I		100,657	100,000	183	1FE
857477-AL-7	STATE STR CORP		.06/03/2013	VARIOUS		138,445	140,000	127	1FE
881561-XJ-8	TERWIN MTG TR 2005-14HE		.05/09/2013	ADJUSTMENT		.0	.16	.0	1FM
902494-AT-0	TYSON FOODS INC		.05/30/2013	BANC AMERICA SECURITIES L		197,948	185,000	3,908	2FE
90349G-BG-9	UBS-BARCLY COML MTG TR 2013-C6		.04/11/2013	UBS FINANCIAL SERVICES IN		823,998	800,000	1,487	1FE
911312-AQ-9	UNITED PARCEL SERVICE INC		.05/06/2013	LINSCO/PRIVATE LEDGER COR		1,007,000	1,000,000	2,586	1FE
92344S-AK-6	VERIZON WIRELESS CAP LLC		.04/25/2013	VARIOUS		93,799	70,000	2,622	1FE
948741-AJ-2	WEINGARTEN RLTY INVS		.05/30/2013	WACHOVIA SECURITIES CAPIT		132,525	135,000	945	2FE
94974B-FG-0	WELLS FARGO CO MTN BE		.04/18/2013	LINSCO/PRIVATE LEDGER COR		2,012,600	2,000,000	9,750	1FE
958254-AB-0	WESTERN GAS PARTNERS LP		.05/29/2013	VARIOUS		335,133	325,000	5,389	2FE
92937U-AD-0	WFRBS COML MTG TR 2013-C13		.04/17/2013	GREENWICH CAPITAL MKTS, I		478,941	465,000	310	1FE
96332H-CF-4	WHIRLPOOL CORP SERA MTN BE		.06/20/2013	MORGAN STANLEY & CO. INC		63,700	65,000	788	2FE
380956-AD-4	GOLDCORP INC NEW		.04/16/2013	LINSCO/PRIVATE LEDGER COR		1,005,300	1,000,000	2,981	2FE
12625G-AB-0	CNOOC FIN 2013 LTD		.05/02/2013	SALOMON SMITH BARNEY INC/		199,078	200,000	.0	1FE
20271R-AC-4	COMMONWEALTH BK AUSTRALIA		.04/17/2013	RBC CAPITAL MARKETS CORP		1,033,040	1,000,000	1,794	1FE
26824K-AA-2	EADS FINANCE BV 144A		.04/09/2013	CHASE SECURITIES, INC		204,483	205,000	.0	1FE
40428Q-AG-4	HSBC HLDGS PLC		.06/18/2013	HSBC SECURITIES, INC		233,454	200,000	1,769	1FE
53947N-AA-2	LLOYDS TSB BANK PLC 144A		.06/24/2013	VARIOUS		496,131	475,000	8,834	2FE
71647N-AF-6	PETROBRAS GLBL FIN B V		.05/13/2013	MORGAN STANLEY & CO. INC		420,019	425,000	.0	2FE
71645W-AR-2	PETROBRAS INTL FIN CO		.05/16/2013	CHASE SECURITIES, INC		605,682	550,000	9,361	2FE
76720A-AM-8	RIO TINTO FIN USA PLC		.06/14/2013	CHASE SECURITIES, INC		990,860	1,000,000	.0	1FE
78447U-AF-7	SMART ABS US TRUST 2013-2US		.05/15/2013	CHASE SECURITIES, INC		194,993	195,000	.0	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					36,104,780	33,942,016	281,747	XXX
064058-AB-6	BANK NEW YORK MELLON CORP		.06/21/2013	NOVURA SECURITIES/FIX INC		197,883	210,000	1,024	1AM

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STATEMENT AS OF JUNE 30, 2013 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)
4899999	Subtotal - Bonds - Hybrid Securities					197,883	210,000	1,024	XXX
8399997	Total - Bonds - Part 3					229,420,153	229,672,158	1,302,610	XXX
8399998	Total - Bonds - Part 5					XXX	XXX	XXX	XXX
8399999	Total - Bonds					229,420,153	229,672,158	1,302,610	XXX
8999997	Total - Preferred Stocks - Part 3					0	XXX	0	XXX
8999998	Total - Preferred Stocks - Part 5					XXX	XXX	XXX	XXX
8999999	Total - Preferred Stocks					0	XXX	0	XXX
922031-74-5	VANGUARD FIXED INCOME SEGS FD		.06/28/2013	VANGUARD GROUP	10,076,853	107,520		0	L
922040-10-0	VANGUARD INSTITUTIONAL INDEX FUND		.06/28/2013	VANGUARD GROUP	711,384	105,071		0	L
9299999	Subtotal - Common Stocks - Mutual Funds					212,591	XXX	0	XXX
9799997	Total - Common Stocks - Part 3					212,591	XXX	0	XXX
9799998	Total - Common Stocks - Part 5					XXX	XXX	XXX	XXX
9799999	Total - Common Stocks					212,591	XXX	0	XXX
9899999	Total - Preferred and Common Stocks					212,591	XXX	0	XXX
9999999	Totals					229,632,744	XXX	1,302,610	XXX

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

STATEMENT AS OF JUNE 30, 2013 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)
36202F-N7-8	GNMA 11 POOL #004882 4.000%		06/20/2013	PRINCIPAL RECEIPT		17,410	17,410	18,928	.0	.0	(1,518)	.0	(1,518)	.0	17,410	.0	.0	.0	.97	12/20/2040	1
36179M-2N-9	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		5,144	5,144	5,184	.0	.0	(40)	.0	(40)	.0	5,144	.0	.0	.0	.17	02/20/2043	1
36179M-CH-1	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		10,998	10,998	11,498	11,497	.0	(500)	.0	(500)	.0	10,998	.0	.0	.0	105	05/20/2027	1
36179M-EL-0	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		5,331	5,331	5,679	5,678	.0	(347)	.0	(347)	.0	5,331	.0	.0	.0	.61	06/20/2027	1
36179M-GN-4	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		21,405	21,405	22,799	22,799	.0	(1,394)	.0	(1,394)	.0	21,405	.0	.0	.0	252	07/20/2027	1
36179M-K6-6	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		7,124	7,124	7,494	7,495	.0	(370)	.0	(370)	.0	7,124	.0	.0	.0	.98	08/20/2042	1
36179M-MX-5	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		11,173	11,173	11,766	11,771	.0	(598)	.0	(598)	.0	11,173	.0	.0	.0	110	09/20/2027	1
36179M-NH-9	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		7,214	7,214	7,867	7,868	.0	(654)	.0	(654)	.0	7,214	.0	.0	.0	102	09/20/2042	1
36179M-VR-8	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		7,471	7,471	7,862	.0	.0	(391)	.0	(391)	.0	7,471	.0	.0	.0	71	12/20/2042	1
36179M-X2-1	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		4,089	4,089	4,090	.0	.0	(1)	.0	(1)	.0	4,089	.0	.0	.0	15	01/20/2043	1
36202F-2M-7	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		301,291	301,291	323,605	323,638	.0	(22,347)	.0	(22,347)	.0	301,291	.0	.0	.0	4,672	01/20/2042	1
36202F-KS-4	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		102,059	102,059	115,837	115,858	.0	(13,800)	.0	(13,800)	.0	102,059	.0	.0	.0	2,884	09/20/2040	1
36202F-MA-1	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		54,723	54,723	59,450	59,482	.0	(4,758)	.0	(4,758)	.0	54,723	.0	.0	.0	853	11/20/2040	1
36202F-UF-1	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		159,099	159,099	173,666	173,741	.0	(14,642)	.0	(14,642)	.0	159,099	.0	.0	.0	2,837	06/20/2041	1
36202F-ZY-5	GNMA PASS-THRU M SINGLE FAMILY		06/20/2013	PRINCIPAL RECEIPT		326,635	326,635	350,826	350,861	.0	(24,226)	.0	(24,226)	.0	326,635	.0	.0	.0	5,074	12/20/2041	1
36241K-T4-0	GNMA PASS-THRU X PLATINUM 30YR		06/15/2013	PRINCIPAL RECEIPT		271,954	271,954	298,937	299,470	.0	(27,516)	.0	(27,516)	.0	271,954	.0	.0	.0	5,281	08/15/2038	1
36241L-DM-5	GNMA PASS-THRU X PLATINUM 30YR		06/15/2013	PRINCIPAL RECEIPT		101,360	101,360	110,387	110,408	.0	(9,048)	.0	(9,048)	.0	101,360	.0	.0	.0	2,167	11/15/2039	1
36176X-KP-3	GNMA PASS-THRU X SINGLE FAMILY		06/15/2013	PRINCIPAL RECEIPT		34,053	34,053	35,931	35,927	.0	(1,874)	.0	(1,874)	.0	34,053	.0	.0	.0	465	04/15/2042	1
3620AS-EQ-8	GNMA PASS-THRU X SINGLE FAMILY		06/15/2013	PRINCIPAL RECEIPT		338,189	338,189	368,943	369,097	.0	(30,908)	.0	(30,908)	.0	338,189	.0	.0	.0	5,779	04/15/2041	1
3620CO-ZY-3	GNMA PASS-THRU X SINGLE FAMILY		06/15/2013	PRINCIPAL RECEIPT		129,552	129,552	142,386	142,502	.0	(12,950)	.0	(12,950)	.0	129,552	.0	.0	.0	2,350	07/15/2040	1
3620CO-ZB-7	GNMA PASS-THRU X SINGLE FAMILY		06/15/2013	PRINCIPAL RECEIPT		163,055	163,055	179,208	179,353	.0	(16,298)	.0	(16,298)	.0	163,055	.0	.0	.0	2,878	06/15/2040	1
36296T-SS-3	GNMA PASS-THRU X SINGLE FAMILY		06/15/2013	PRINCIPAL RECEIPT		111,178	111,178	123,998	124,213	.0	(13,035)	.0	(13,035)	.0	111,178	.0	.0	.0	2,265	10/15/2038	1
36296X-UP-0	GNMA PASS-THRU X SINGLE FAMILY		06/15/2013	PRINCIPAL RECEIPT		168,727	168,727	188,183	188,510	.0	(19,783)	.0	(19,783)	.0	168,727	.0	.0	.0	3,469	01/15/2039	1
36225A-4V-9	GNMA POOL #780836		06/15/2013	PRINCIPAL RECEIPT		4,596	4,596	4,883	4,748	.0	(152)	.0	(152)	.0	4,596	.0	.0	.0	147	04/15/2020	1
38378B-PB-6	GNMA REMIC TRUST 2012-123		06/16/2013	PRINCIPAL RECEIPT		10,195	10,195	10,221	.0	.0	(25)	.0	(25)	.0	10,195	.0	.0	.0	32	07/16/2046	1
83162C-LX-9	SMALL BUS ADMIN GTD DEV PTC		06/01/2013	PRINCIPAL RECEIPT		67,131	67,131	69,434	67,131	.0	.0	.0	.0	.0	67,131	.0	.0	.0	.0	12/01/2021	1
83162C-OG-1	SMALL BUS ADMIN GTD DEV PTC		05/01/2013	VARIOUS		66,311	66,311	69,005	67,579	.0	(17)	.0	(17)	.0	67,563	.0	(1,251)	(1,251)	2,047	05/01/2026	1
83162C-QH-9	SMALL BUS ADMIN GTD DEV PTC		06/01/2013	PRINCIPAL RECEIPT		42,927	42,927	42,927	42,927	.0	.0	.0	.0	.0	42,927	.0	.0	.0	.0	06/01/2026	1
83162C-HM-8	SMALL BUSINESS ADMIN GTD 97-20E		05/01/2013	PRINCIPAL RECEIPT		2,047	2,047	2,047	2,047	.0	.0	.0	.0	.0	2,047	.0	.0	.0	.75	05/01/2017	1
83162C-UF-1	SMALL BUSINESS ADMIN GTD 98-20E		05/01/2013	PRINCIPAL RECEIPT		21,630	21,630	21,955	21,790	.0	(160)	.0	(160)	.0	21,630	.0	.0	.0	.81	05/01/2018	1
83162C-JR-5	SMALL BUSINESS ADMIN GTD 98-20L		06/01/2013	PRINCIPAL RECEIPT		8,623	8,623	8,623	8,623	.0	.0	.0	.0	.0	8,623	.0	.0	.0	.0	12/01/2018	1
83162C-JX-2	SMALL BUSINESS ADMIN GTD 99-20D		04/01/2013	PRINCIPAL RECEIPT		10,675	10,675	10,675	10,675	.0	.0	.0	.0	.0	10,675	.0	.0	.0	.328	04/01/2019	1
912810-EX-2	UNITED STATES TREAS BDS		06/26/2013	VARIOUS		639,300	639,300	663,579	527,190	.0	(4,428)	.0	(4,428)	.0	657,149	.0	(17,849)	(17,849)	19,633	08/15/2026	1
912810-FP-8	UNITED STATES TREAS BDS		05/06/2013	VARIOUS		895,360	895,360	870,595	43,107	.0	(1,841)	.0	(1,841)	.0	868,657	.0	26,703	26,703	7,242	02/15/2031	1
912810-QE-1	UNITED STATES TREAS BDS		06/20/2013	VARIOUS		1,061,065	1,061,065	1,135,239	799,480	.0	(2,962)	.0	(2,962)	.0	1,131,806	.0	(70,741)	(70,741)	30,396	02/15/2040	1
912810-QY-7	UNITED STATES TREAS BDS		05/03/2013	VARIOUS		23,395,078	24,000,000	23,073,750	.0	.0	.0	.0	.0	23,073,750	.0	321,328	321,328	314,959	314,959	11/15/2042	1
912810-QZ-4	UNITED STATES TREAS BDS		06/26/2013	VARIOUS		49,440,723	48,890,000	50,707,430	.0	.0	(1,402)	.0	(1,402)	.0	50,706,028	.0	(1,265,305)	(1,265,305)	361,533	02/15/2043	1
912810-RB-6	UNITED STATES TREAS BDS		06/24/2013	VARIOUS		26,014,379	30,050,000	27,887,609	.0	.0	2,729	.0	2,729	.0	27,890,338	.0	(1,875,959)	(1,875,959)	96,254	05/15/2043	1
912828-QE-3	UNITED STATES TREAS NTS		04/30/2013	MATURITY		2,800,000	2,800,000	2,811,603	2,803,405	.0	(3,405)	.0	(3,405)	.0	2,800,000	.0	.0	.0	8,750	04/30/2013	1
912828-RK-8	UNITED STATES TREAS NTS		06/03/2013	CHASE SECURITIES, INC.		265,041	265,000	264,700	264,801	.0	112	.0	112	.0	264,913	.0	128	128	224	09/30/2013	1
912828-SJ-0	UNITED STATES TREAS NTS		04/04/2013	BANC AMERICA SECURITIES		1,720,949	1,695,000	1,669,051	1,673,070	.0	1,315	.0	1,315	.0	1,674,385	.0	46,564	46,564	9,028	02/28/2017	1
912828-TY-6	UNITED STATES TREAS NTS		04/08/2013	BOENNING & SCATTERGOOD		4,969,141	5,000,000	4,908,398	.0	.0	2,253	.0	2,253	.0	4,910,652	.0	58,489	58,489	32,545	11/15/2022	1
912828-UA-6	UNITED STATES TREAS NTS		06/06/2013	VARIOUS		860,126	865,000	861,221	.0	.0	105	.0	105	.0	861,326	.0	(1,200)	(1,200)	2,534	11/30/2017	1
912828-UE-8	UNITED STATES TREAS NTS		04/08/2013	BOENNING & SCATTERGOOD		23,097,930	23,000,000	22,998,203	.0	.0	94	.0	94	.0	22,998,297	.0	99,633	99,633	47,175	12/31/2017	1
912828-US-7	UNITED STATES TREAS NTS		05/31/2013	BOENNING & SCATTERGOOD		13,290,506	13,300,000	13,328,055	.0	.0	(953)	.0	(953)	.0	13,327,101	.0	(36,595)	(36,595)	8,343	03/15/2016	1
912828-UT-5	UNITED STATES TREAS NTS		05/14/2013	BOENNING & SCATTERGOOD		12,245,937	12,250,000	12,263,398	.0	.0	(655)	.0	(655)	.0	12,262,743	.0	(16,806)	(16,806)	3,680	03/31/2015	1
0599999	Subtotal - Bonds - U.S. Governments					163,288,904	166,608,372	166,257,125	8,876,741	0	(226,390)	0	(226,390)	0	166,021,766	0	(2,732,861)	(2,732,861)	987,508	XXX	XXX
3137EA-DF-3	FEDERAL HOME LN MTG CORP		04/22/2013	NOMURA SECURITIES INTL		343,232	335,000	336,846	336,594	.0	(110)	.0	(110)	.0	336,484	.0	6,748	6,748	1,873	05/12/2017	1
313500-GY-3	FEDERAL NATL MTG ASSN		04/17/2013	BARCLAYS CAPITAL INC		1,030,000	1,030,000	1,040,210	1,038,732	.0	(617)	.0	(617)	.0	1,038,114	.0	17,585	17,585	9,227	01/30/2017	1
3128LY-S7-6	FHLMC																				

STATEMENT AS OF JUNE 30, 2013 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)
3128MT-6K-9	FHLMC PC GOLD 10/20 11		06/15/2013	PRINCIPAL RECEIPT		81,114	81,114	90,316	90,250	0	(9,136)	0	(9,136)	0	81,114	0	0	0	2,087	09/01/2037	1
3128UN-CE-0	FHLMC PC GOLD 10/20 11		06/15/2013	PRINCIPAL RECEIPT		57,279	57,279	58,112	58,093	0	(814)	0	(814)	0	57,279	0	0	0	1,422	09/01/2037	1
3128PR-ZK-8	FHLMC PC GOLD 15 YR		06/15/2013	PRINCIPAL RECEIPT		12,411	12,411	13,028	13,000	0	(589)	0	(589)	0	12,411	0	0	0	193	07/01/2025	1
31288B-6V-0	FHLMC PC GOLD CASH 30		06/15/2013	PRINCIPAL RECEIPT		6,260	6,260	6,348	6,343	0	(83)	0	(83)	0	6,260	0	0	0	146	11/01/2032	1
31292H-GP-3	FHLMC PC GOLD CASH 30		06/15/2013	PRINCIPAL RECEIPT		525	525	532	531	0	(6)	0	(6)	0	525	0	0	0	13	12/01/2030	1
31292S-AB-6	FHLMC PC GOLD CASH 30		06/15/2013	PRINCIPAL RECEIPT		62,776	62,776	65,454	65,479	0	(2,703)	0	(2,703)	0	62,776	0	0	0	764	06/01/2042	1
31292S-AG-5	FHLMC PC GOLD CASH 30		06/21/2013	VARIOUS		355,995	351,133	376,198	376,417	0	(1,969)	0	(1,969)	0	374,448	0	(18,453)	(18,453)	6,870	08/01/2042	1
3132L5-A2-9	FHLMC PC GOLD C1 30YR		06/15/2013	PRINCIPAL RECEIPT		1,287	1,287	1,336	0	0	(50)	0	(50)	0	1,287	0	0	0	3	04/01/2043	1
3128MC-4J-1	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		60,946	60,946	64,855	64,859	0	(3,913)	0	(3,913)	0	60,946	0	0	0	945	08/01/2026	1
3128MC-GV-1	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		30,767	30,767	33,454	30,767	0	(2,688)	0	(2,688)	0	30,767	0	0	0	650	02/01/2024	1
3128MC-QG-3	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		58,327	58,327	62,649	62,636	0	(4,309)	0	(4,309)	0	58,327	0	0	0	1,025	06/01/2025	1
3128MD-JG-9	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		401,431	401,431	435,177	434,819	0	(33,387)	0	(33,387)	0	401,431	0	0	0	7,818	07/01/2025	1
3128MD-KB-8	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		314,837	314,837	337,024	336,999	0	(22,162)	0	(22,162)	0	314,837	0	0	0	5,492	07/01/2026	1
3128MD-H3-4	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		124,862	124,862	132,315	0	0	(7,453)	0	(7,453)	0	124,862	0	0	0	1,087	12/01/2021	1
3128MD-HX-8	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		498,310	498,310	533,036	0	0	(34,726)	0	(34,726)	0	498,310	0	0	0	8,394	12/01/2024	1
3128MD-NK-5	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		236,782	236,782	253,801	0	0	(17,019)	0	(17,019)	0	236,782	0	0	0	888	06/01/2026	1
3128MM-AG-8	FHLMC PC GOLD COMB 15		06/15/2013	PRINCIPAL RECEIPT		70,495	70,495	75,815	74,884	0	(4,389)	0	(4,389)	0	70,495	0	0	0	1,533	08/01/2019	1
31283H-6C-4	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		82,593	82,593	84,181	84,102	0	(1,509)	0	(1,509)	0	82,593	0	0	0	2,095	12/01/2032	1
31283H-6D-2	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		45,136	45,136	46,141	46,071	0	(934)	0	(934)	0	45,136	0	0	0	1,144	12/01/2031	1
3128LD-FV-1	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		156,570	156,570	172,619	172,731	0	(16,161)	0	(16,161)	0	156,570	0	0	0	3,910	10/01/2037	1
3128M5-B7-4	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		78,978	78,978	86,728	86,936	0	(7,958)	0	(7,958)	0	78,978	0	0	0	1,851	09/01/2037	1
3128M5-C5-7	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		187,047	187,047	207,710	207,562	0	(20,515)	0	(20,515)	0	187,047	0	0	0	4,357	10/01/2037	1
3128M5-G0-7	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		165,908	165,908	184,235	184,103	0	(18,196)	0	(18,196)	0	165,908	0	0	0	3,836	07/01/2037	1
3128M5-QY-9	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		409,146	409,146	452,788	453,659	0	(44,514)	0	(44,514)	0	409,146	0	0	0	10,363	01/01/2038	1
3128M6-EC-8	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		249,915	249,915	270,494	270,620	0	(20,706)	0	(20,706)	0	249,915	0	0	0	4,838	02/01/2037	1
3128M7-YJ-9	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		77,013	77,013	83,667	0	0	(6,654)	0	(6,654)	0	77,013	0	0	0	385	12/01/2039	1
3128M8-BL-3	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		227,849	227,849	250,634	250,888	0	(23,039)	0	(23,039)	0	227,849	0	0	0	4,869	12/01/2038	1
3128M8-AW-4	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		77,757	77,757	84,075	84,202	0	(6,445)	0	(6,445)	0	77,757	0	0	0	1,659	01/01/2040	1
3128M8-CW-2	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		16,299	16,299	18,337	18,361	0	(2,062)	0	(2,062)	0	16,299	0	0	0	416	09/01/2038	1
3128M8-H0-2	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		5,623	5,623	5,923	5,926	0	(303)	0	(303)	0	5,623	0	0	0	88	12/01/2040	1
3128M8-R3-0	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		8,400	8,400	9,041	9,042	0	(642)	0	(642)	0	8,400	0	0	0	128	12/01/2040	1
3128M8-Z7-2	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		66,870	66,870	72,925	73,016	0	(6,146)	0	(6,146)	0	66,870	0	0	0	1,298	09/01/2041	1
3128M9-B7-6	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		901,189	901,189	997,926	998,516	0	(97,327)	0	(97,327)	0	901,189	0	0	0	20,935	05/01/2040	1
3128M9-FP-2	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		440,879	440,879	487,722	488,647	0	(47,768)	0	(47,768)	0	440,879	0	0	0	9,477	01/01/2040	1
3128M9-LV-2	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		2,435	2,435	2,544	0	0	(109)	0	(109)	0	2,435	0	0	0	0	12/01/2042	1
3128MJ-Q4-5	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		21,489	21,489	22,725	22,739	0	(1,249)	0	(1,249)	0	21,489	0	0	0	342	01/01/2042	1
3128MJ-Q9-4	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		391,919	391,919	417,149	0	0	(25,230)	0	(25,230)	0	391,919	0	0	0	4,175	03/01/2042	1
312936-NA-1	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		107,307	107,307	114,500	114,604	0	(7,297)	0	(7,297)	0	107,307	0	0	0	1,880	10/01/2039	1
312941-SV-0	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		16,274	16,274	17,385	17,385	0	(1,111)	0	(1,111)	0	16,274	0	0	0	250	08/01/2040	1
312943-D0-3	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		106,063	106,063	114,780	114,859	0	(8,796)	0	(8,796)	0	106,063	0	0	0	1,874	10/01/2040	1
312943-LU-0	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		22,385	22,385	23,913	23,913	0	(1,529)	0	(1,529)	0	22,385	0	0	0	345	11/01/2040	1
312944-FE-6	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		11,194	11,194	11,845	11,852	0	(658)	0	(658)	0	11,194	0	0	0	172	12/01/2040	1
312945-DS-4	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		2,541	2,541	2,676	2,679	0	(137)	0	(137)	0	2,541	0	0	0	39	01/01/2041	1
312945-XY-9	FHLMC PC GOLD COMB 30		06/15/2013	PRINCIPAL RECEIPT		23,482	23,482	24,785	24,799	0	(1,317)	0	(1,317)	0	23,482	0	0	0	364	02/01/2041	1
3132GK-2F-2	FHLMC PC GOLD PC 30YR		06/15/2013	PRINCIPAL RECEIPT		8,305	8,305	8,882	8,885	0	(580)	0	(580)	0	8,305	0	0	0	127	12/01/2041	1
3132GL-DR-2	FHLMC PC GOLD PC 30YR		06/15/2013	PRINCIPAL RECEIPT		196,917	196,917	209,870	210,046	0	(13,129)	0	(13,129)	0	196,917	0	0	0	3,126	12/01/2041	1
3132HM-K9-1	FHLMC PC GOLD PC 30YR		06/15/2013	VARIOUS		463,228	463,228	493,590	493,759	0	(4,660)	0	(4,660)	0	463,228	0	(14,031)	(14,031)	7,343	09/01/2042	1
3132HQ-4K-5	FHLMC PC GOLD PC 30YR		06/15/2013	PRINCIPAL RECEIPT		9,857	9,857	10,316	10,325	0	(468)	0	(468)	0	9,857	0	0	0	118	01/01/2043	1
3129QK-VZ-9	FHLMC PC GUAR 30 YEAR		06/15/2013	PRINCIPAL RECEIPT		559	559	570	564	0	(5)	0	(5)	0	559	0	0	0	17	07/01/2020	1
31322Y-U3-3	FHLMC PC JUMBO 30 YEAR		06/15/2013	PRINCIPAL RECEIPT		107,221	107,221	108,629	108,650	0	(1,429)	0	(1,429)	0	107,221	0	0	0	1,033	10/01/2042	1
31397C-K5-7	FHLMC REMIC SERIES 3243		06/15/2013	PRINCIPAL RECEIPT		178,844	178,844	191,587	189,947	0	(11,102)	0	(11,102)	0	178,844	0	0	0	3,543	11/15/2036	1
3137AY-CD-1	FHLMC REMIC SERIES K-025		06/25/2013	PRINCIPAL RECEIPT		729	729	744	0	0	(15)	0	(15)	0	729	0	0	0	3	04/25/2022	1
31392M-EM-0	FHLMC REMIC SERIES T0041		06/25/2013	PRINCIPAL RECEIPT		9,254	9,254	9,612	9,244	0	10	0	10	0	9,254	0	0	0	248	07/25/2032	1
31359S-R6-9	FNMA GRANTOR TRUST 2001-T4		06/25/2013	PRINCIPAL RECEIPT		8,224	8,224	8,483	8,254	0	(30)	0	(30)	0	8,224	0	0	0	243	07/25/2028	1
31392F-DC-8	FNMA GRANTOR TRUST 2002-T16		06/25/2013	PRINCIPAL RECEIPT		30,451	30,451	31,212	31,026	0	(575)	0	(575)	0	30,451	0	0	0	810	07/25/2042	1
31381D-YY-5	FNMA PASS-THRU GNM-BK MGA 30		06/25/2013	PRINCIPAL RECEIPT		745	745	754	751	0	(6)	0	(6)	0	745	0					

STATEMENT AS OF JUNE 30, 2013 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)
3138A7-G6-9	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		18,626	18,626	19,511	19,473	0	(847)	0	(847)	0	18,626	0	0	0	286	02/01/2026	1
3138AF-KH-2	FNMA PASS-THRU INT 15 YEAR		06/25/2013	VARIOUS		319,076	300,903	321,543	321,593	0	(2,747)	0	(2,747)	0	318,846	0	230	230	4,520	05/01/2026	1
3138EG-M6-8	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		300,556	300,556	319,623	318,954	0	(18,398)	0	(18,398)	0	300,556	0	0	0	5,142	03/01/2026	1
3138EH-U8-3	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		23,488	23,488	24,806	24,803	0	(1,314)	0	(1,314)	0	23,488	0	0	0	320	12/01/2026	1
3138EJ-KA-5	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		9,756	9,756	10,425	9,756	0	(669)	0	(669)	0	9,756	0	0	0	33	09/01/2026	1
3138LJ-2K-2	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		22,009	22,009	23,220	23,220	0	(1,211)	0	(1,211)	0	22,009	0	0	0	61	06/01/2027	1
3138MD-2T-8	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		12,666	12,666	13,233	13,233	0	(567)	0	(567)	0	12,666	0	0	0	25	10/01/2027	1
3138WP-JE-5	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		829	829	869	869	0	(40)	0	(40)	0	829	0	0	0	2	04/01/2028	1
3140ZD-FV-7	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		39,021	39,021	41,018	39,868	0	(847)	0	(847)	0	39,021	0	0	0	1,037	07/01/2017	1
31403D-DK-2	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		94,620	94,620	96,335	95,793	0	(1,173)	0	(1,173)	0	94,620	0	0	0	2,167	03/01/2021	1
31410L-EC-2	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		50,687	50,687	54,979	54,876	0	(4,190)	0	(4,190)	0	50,687	0	0	0	1,031	07/01/2024	1
31411A-JN-6	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		45,499	45,499	46,224	46,076	0	(577)	0	(577)	0	45,499	0	0	0	987	11/01/2024	1
31416B-OD-3	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		84,418	84,418	91,712	91,552	0	(7,134)	0	(7,134)	0	84,418	0	0	0	1,818	01/01/2021	1
31416Y-U3-0	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		67,316	67,316	72,197	72,235	0	(4,919)	0	(4,919)	0	67,316	0	0	0	992	07/01/2026	1
31417C-7C-3	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		67,057	67,057	70,923	70,951	0	(3,894)	0	(3,894)	0	67,057	0	0	0	762	09/01/2027	1
31417D-CC-5	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		14,975	14,975	15,679	15,697	0	(723)	0	(723)	0	14,975	0	0	0	165	10/01/2027	1
31418A-EG-9	FNMA PASS-THRU INT 15 YEAR		06/25/2013	PRINCIPAL RECEIPT		24,045	24,045	25,503	25,504	0	(1,459)	0	(1,459)	0	24,045	0	0	0	326	04/01/2027	1
31416W-SZ-1	FNMA PASS-THRU INT 20 YEAR		06/25/2013	PRINCIPAL RECEIPT		102,476	102,476	109,137	109,137	0	(6,661)	0	(6,661)	0	102,476	0	0	0	629	11/01/2030	1
31368H-LZ-4	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		179,936	179,936	190,057	190,010	0	(10,074)	0	(10,074)	0	179,936	0	0	0	4,247	12/01/2033	1
31371K-T9-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		10,573	10,573	10,606	10,599	0	(26)	0	(26)	0	10,573	0	0	0	217	09/01/2032	1
31371N-H4-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		37,490	37,490	39,285	39,248	0	(1,758)	0	(1,758)	0	37,490	0	0	0	1,018	08/01/2037	1
3138A2-BX-6	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		35,747	35,747	38,450	38,490	0	(2,743)	0	(2,743)	0	35,747	0	0	0	827	12/01/2040	1
3138AT-EX-4	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		324,336	324,336	348,104	348,104	0	(23,768)	0	(23,768)	0	324,336	0	0	0	3,866	10/01/2041	1
3138AV-GD-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		225,278	225,278	241,892	242,208	0	(16,930)	0	(16,930)	0	225,278	0	0	0	4,321	11/01/2041	1
3138EH-JW-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		88,399	88,399	99,780	99,978	0	(11,579)	0	(11,579)	0	88,399	0	0	0	2,259	10/01/2039	1
3138EJ-XM-5	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	VARIOUS		332,114	332,114	345,076	345,135	0	(962)	0	(962)	0	344,174	0	(12,060)	(12,060)	6,105	10/01/2042	1
3138EK-F5-9	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		14,622	14,622	15,778	15,778	0	(1,156)	0	(1,156)	0	14,622	0	0	0	201	12/01/2041	1
3138MD-ZA-3	FNMA PASS-THRU LNG 30 YEAR		06/21/2013	CORP/BON		242,278	238,431	246,292	246,292	0	(89)	0	(89)	0	246,203	0	(3,926)	(3,926)	580	10/01/2042	1
3138NW-KF-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		25,243	25,243	26,466	26,466	0	(1,223)	0	(1,223)	0	25,243	0	0	0	233	01/01/2043	1
3138NY-EY-7	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		64,263	64,263	67,375	67,375	0	(3,113)	0	(3,113)	0	64,263	0	0	0	637	01/01/2043	1
3138W6-BW-5	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		3,987	3,987	4,088	4,088	0	(101)	0	(101)	0	3,987	0	0	0	17	03/01/2043	1
3140ZC-Y3-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		145,379	145,379	155,578	155,496	0	(10,117)	0	(10,117)	0	145,379	0	0	0	3,433	03/01/2034	1
3140ZB-AQ-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		37,684	37,684	38,700	38,644	0	(959)	0	(959)	0	37,684	0	0	0	951	12/01/2032	1
3140ZB-AS-8	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		38,011	38,011	39,095	39,063	0	(1,052)	0	(1,052)	0	38,011	0	0	0	963	03/01/2035	1
3140ZB-H2-8	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		18,105	18,105	18,273	18,261	0	(156)	0	(156)	0	18,105	0	0	0	411	12/01/2032	1
3140ZB-JV-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	VARIOUS		300,858	298,842	325,878	326,255	0	(25,231)	0	(25,231)	0	301,025	0	(166)	(166)	5,923	07/01/2035	1
3140ZB-LZ-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		8,732	8,732	9,726	9,736	0	(1,005)	0	(1,005)	0	8,732	0	0	0	203	08/01/2035	1
31406L-KG-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		335,363	335,363	368,795	369,417	0	(34,054)	0	(34,054)	0	335,363	0	0	0	7,116	04/01/2035	1
31410K-DN-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		578,534	578,534	634,669	635,783	0	(57,250)	0	(57,250)	0	578,534	0	0	0	13,608	05/01/2038	1
31410K-T8-7	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		156,678	156,678	172,835	173,552	0	(16,874)	0	(16,874)	0	156,678	0	0	0	3,668	05/01/2037	1
31410K-US-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		172,215	172,215	189,881	190,078	0	(17,863)	0	(17,863)	0	172,215	0	0	0	3,625	08/01/2037	1
31410K-YM-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		256,925	256,925	285,761	285,826	0	(28,901)	0	(28,901)	0	256,925	0	0	0	6,520	10/01/2038	1
31410L-DU-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		7,047	7,047	7,565	7,572	0	(525)	0	(525)	0	7,047	0	0	0	122	02/01/2041	1
31411B-GT-4	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		36,195	36,195	39,679	39,679	0	(3,484)	0	(3,484)	0	36,195	0	0	0	166	12/01/2036	1
31416C-JV-9	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		168,228	168,228	186,943	187,134	0	(18,906)	0	(18,906)	0	168,228	0	0	0	3,872	11/01/2038	1
31416W-H3-9	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		89,255	89,255	97,637	97,779	0	(8,524)	0	(8,524)	0	89,255	0	0	0	1,765	06/01/2040	1
31416X-J7-6	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		214,344	214,344	227,054	227,183	0	(12,839)	0	(12,839)	0	214,344	0	0	0	3,495	01/01/2041	1
31417D-2G-7	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		2,169	2,169	2,277	2,277	0	(109)	0	(109)	0	2,169	0	0	0	24	11/01/2042	1
31417D-3H-4	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		7,462	7,462	7,855	7,874	0	(411)	0	(411)	0	7,462	0	0	0	115	11/01/2042	1
31417D-F9-9	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		1,466	1,466	1,551	1,551	0											

STATEMENT AS OF JUNE 30, 2013 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)
31417F-U2-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		2,570	2,570	2,662	.0	.0	(93)	.0	(93)	.0	2,570	.0	.0	.0	.11	03/01/2043	1
31417V-N6-6	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		147,934	147,934	158,636	158,686	.0	(10,752)	.0	(10,752)	.0	147,934	.0	.0	.0	2,591	12/01/2039	1
31417Y-W4-5	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		41,536	41,536	44,729	41,536	.0	(3,241)	.0	(3,241)	.0	41,536	.0	.0	.0	745	03/01/2041	1
31418M-2T-8	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		16,751	16,751	18,549	18,568	.0	(1,817)	.0	(1,817)	.0	16,751	.0	.0	.0	387	10/01/2039	1
31418M-G4-8	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		30,688	30,688	34,189	.0	.0	(3,500)	.0	(3,500)	.0	30,688	.0	.0	.0	153	09/01/2036	1
31418M-GG-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		320,254	320,254	352,730	352,631	.0	(32,377)	.0	(32,377)	.0	320,254	.0	.0	.0	6,841	09/01/2038	1
31419A-G4-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		20,010	20,010	21,636	20,010	.0	(1,638)	.0	(1,638)	.0	20,010	.0	.0	.0	413	08/01/2040	1
31419A-NJ-2	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		189,010	189,010	207,380	207,606	.0	(18,596)	.0	(18,596)	.0	189,010	.0	.0	.0	4,030	12/01/2039	1
31419A-P5-0	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		44,673	44,673	50,494	50,559	.0	(5,886)	.0	(5,886)	.0	44,673	.0	.0	.0	1,149	10/01/2039	1
31419B-BT-1	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		18,233	18,233	19,449	19,459	.0	(1,226)	.0	(1,226)	.0	18,233	.0	.0	.0	283	02/01/2041	1
31419F-FV-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		32,003	32,003	34,313	34,347	.0	(2,345)	.0	(2,345)	.0	32,003	.0	.0	.0	576	11/01/2040	1
31371N-LS-2	FNMA PASS-THRU LNG 10 7-10YR		06/25/2013	PRINCIPAL RECEIPT		65,915	65,915	67,120	67,132	.0	(1,217)	.0	(1,217)	.0	65,915	.0	.0	.0	1,542	10/01/2037	1
31410Q-LR-2	FNMA PASS-THRU LNG 10 7-10YR		06/25/2013	PRINCIPAL RECEIPT		83,165	83,165	89,364	89,502	.0	(6,337)	.0	(6,337)	.0	83,165	.0	.0	.0	2,000	10/01/2037	1
31413Q-PD-4	FNMA PASS-THRU LNG 10 7-10YR		06/25/2013	PRINCIPAL RECEIPT		100,141	100,141	103,052	103,069	.0	(2,928)	.0	(2,928)	.0	100,141	.0	.0	.0	2,657	10/01/2037	1
31418M-CG-5	FNMA PASS-THRU LNG 10 7-10YR		06/25/2013	PRINCIPAL RECEIPT		202,053	202,053	215,565	215,826	.0	(13,773)	.0	(13,773)	.0	202,053	.0	.0	.0	5,548	12/01/2037	1
31418M-XZ-0	FNMA PASS-THRU LNG 10 7-10YR		06/25/2013	PRINCIPAL RECEIPT		39,408	39,408	41,985	41,956	.0	(2,548)	.0	(2,548)	.0	39,408	.0	.0	.0	881	05/01/2038	1
31385X-HZ-3	FNMA PASS-THRU MEGA MULTI 7		06/25/2013	PRINCIPAL RECEIPT		305,001	305,001	296,253	302,776	.0	2,225	.0	2,225	.0	305,001	.0	.0	.0	5,302	06/01/2013	1
31402C-SS-7	FNMA PASS-THRU MEGA MULTI 7		06/25/2013	PRINCIPAL RECEIPT		1,841	1,841	1,777	1,817	.0	24	.0	24	.0	1,841	.0	.0	.0	33	04/01/2014	1
31403D-GP-8	FNMA PASS-THRU MEGA MULTI 7		06/25/2013	PRINCIPAL RECEIPT		4,036	4,036	4,201	4,138	.0	(102)	.0	(102)	.0	4,036	.0	.0	.0	89	02/01/2016	1
31416X-2J-8	FNMA PASS-THRU SHRT 10 YEAR		06/25/2013	PRINCIPAL RECEIPT		87,088	87,088	92,313	91,989	.0	(4,901)	.0	(4,901)	.0	87,088	.0	.0	.0	1,205	05/01/2021	1
31416Y-UL-0	FNMA PASS-THRU SHRT 10 YEAR		06/25/2013	PRINCIPAL RECEIPT		109,487	109,487	114,961	114,835	.0	(5,148)	.0	(5,148)	.0	109,487	.0	.0	.0	1,338	07/01/2021	1
3138MR-LL-3	FNMA PASS-THRU LNG 30 YEAR		06/25/2013	PRINCIPAL RECEIPT		32,124	32,124	33,926	.0	.0	(1,802)	.0	(1,802)	.0	32,124	.0	.0	.0	275	01/01/2043	1
31387D-30-0	FNMA POOL #581407		06/25/2013	PRINCIPAL RECEIPT		83	83	84	84	.0	(1)	.0	(1)	.0	83	.0	.0	.0	2	06/01/2031	1
31387H-3I-8	FNMA POOL #585013		06/25/2013	PRINCIPAL RECEIPT		1,468	1,468	1,528	1,470	.0	(1)	.0	(1)	.0	1,468	.0	.0	.0	38	06/01/2014	1
31410F-UC-7	FNMA POOL #888079 6.500%		06/25/2013	PRINCIPAL RECEIPT		75,707	75,707	77,425	77,214	.0	(1,507)	.0	(1,507)	.0	75,707	.0	.0	.0	2,047	10/01/2026	1
31410K-LK-8	FNMA POOL #889886 7.000%		06/25/2013	PRINCIPAL RECEIPT		42,223	42,223	44,203	44,165	.0	(1,941)	.0	(1,941)	.0	42,223	.0	.0	.0	1,267	12/01/2037	1
31418M-G3-0	FNMA POOL #A00217		06/25/2013	PRINCIPAL RECEIPT		209,882	209,882	222,621	206,769	.0	(12,511)	.0	(12,511)	.0	209,882	.0	.0	.0	4,984	08/01/2037	1
31392E-S8-4	FNMA REMIC TRUST 2002-W10		06/25/2013	PRINCIPAL RECEIPT		25,483	25,483	25,451	25,449	.0	34	.0	34	.0	25,483	.0	.0	.0	546	08/25/2042	1
31392D-H7-0	FNMA REMIC TRUST 2002-W6		06/25/2013	PRINCIPAL RECEIPT		16,274	16,274	17,850	16,555	.0	(281)	.0	(281)	.0	16,274	.0	.0	.0	429	06/25/2042	1
31392D-P9-7	FNMA REMIC TRUST 2002-W8		06/25/2013	PRINCIPAL RECEIPT		8,262	8,262	8,668	8,279	.0	(16)	.0	(16)	.0	8,262	.0	.0	.0	211	06/25/2042	1
3136A3-7D-7	FNMA REMIC TRUST 2012-39		06/25/2013	PRINCIPAL RECEIPT		206,038	206,038	218,400	217,188	.0	(11,150)	.0	(11,150)	.0	206,038	.0	.0	.0	3,217	03/25/2042	1
92813T-EE-6	VIRGINIA ST HSG DEV AUTH HOME		06/27/2013	VARIOUS		10,177	10,177	10,177	.0	.0	.0	.0	.0	10,177	.0	.0	.0	73	08/25/2042	1FE	
3199999	Subtotal - Bonds - U.S. Special Revenues					17,711,137	17,609,656	18,855,916	16,379,004	.0	(1,102,527)	.0	(1,102,527)	.0	17,756,803	.0	(45,667)	(45,667)	319,540	XXX	XXX
013817-AP-6	ALCOA INC		06/05/2013	UBS FINANCIAL SERVICES IN RAYMOND JAMES & ASSOCIATE		1,052,040	1,000,000	985,940	991,230	.0	514	.0	514	.0	991,744	.0	60,296	60,296	45,601	02/23/2019	2FE
026874-AX-5	AMERICAN INTL GROUP INC		06/05/2013	MERRILL LYNCH PROFESSIONL		1,086,250	1,000,000	979,250	993,142	.0	1,003	.0	1,003	.0	994,144	.0	92,106	92,106	34,929	10/01/2015	2FE
026874-CA-3	AMERICAN INTL GROUP INC		05/06/2013	SALOMON SMITH BARNEY		497,035	475,000	472,378	473,475	.0	301	.0	301	.0	473,776	.0	23,259	23,259	13,122	09/15/2014	2FE
03076C-AD-8	AMERIPRISE FINL INC		05/02/2013	INC/		13,134	10,000	12,569	12,434	.0	(114)	.0	(114)	.0	12,320	.0	814	814	262	06/28/2019	1FE
00206R-AW-2	AT&T INC		04/30/2013	GOLDMAN, SACHS & CO.		323,309	305,000	323,697	320,620	.0	(1,500)	.0	(1,500)	.0	319,120	.0	4,189	4,189	4,199	05/15/2016	1FE
05531F-AF-0	BB&T CORPORATION		04/08/2013	LINSCO/PRIVATE LEDGER COR		1,090,000	1,000,000	998,780	999,288	.0	54	.0	54	.0	999,342	.0	90,658	90,658	17,775	04/29/2016	1FE
084664-BL-4	BERKSHIRE HATHAWAY 5.750%		04/08/2013	COR		1,232,000	1,000,000	1,075,290	1,072,731	.0	(333)	.0	(333)	.0	1,072,398	.0	159,602	159,602	42,486	01/15/2040	1FE
05568Y-AA-6	BNSF RAILWAY CO 2007-1		04/01/2013	PRINCIPAL RECEIPT		24,409	24,409	24,409	24,409	.0	.0	.0	.0	.0	24,409	.0	.0	.0	732	04/01/2024	1FE
116663-AC-9	BRUCE MANSFIELD UNIT 2007-1		06/01/2013	PRINCIPAL RECEIPT		2,706	2,706	2,706	2,706	.0	.0	.0	.0	.0	2,706	.0	.0	.0	.0	06/01/2034	5AM
118230-AH-4	BUCKEYE PARTNERS L P		05/06/2013	WACHOVIA SECURITIES		97,634	85,000	93,160	92,470	.0	(345)	.0	(345)	.0	92,125	.0	5,509	5,509	3,428	08/15/2019	2FE
14040H-AR-6	CAPITAL ONE FINL CORP		06/06/2013	EXCHANGE		1,630,018	1,350,000	1,352,828	1,351,556	.0	(126)	.0	(126)	.0	1,351,430	.0	278,589	278,589	66,066	09/15/2017	2FE
14912L-SJ-6	CATERPILLAR FINL SVCS MTNS BE		05/06/2013	BOSTO		120,702	120,000	119,838	119,843	.0	11	.0	11	.0	119,854	.0	848	848	763	11/06/2017	1FE
161571-FR-0	CHASE ISSUANCE TR 2012-8A		04/10/2013	CHASE SECURITIES, INC.		499,688	500,000	500,083	500,081	.0	(8)	.0	(8)	.0	500,073	.0	(385)	(385)	675	10/16/2017	1FE
172967-ES-6	CITIGROUP INC		05/06/2013	INC/		408,626	340,000	382,197	379,035	.0	(2,298)	.0	(2,298)	.0	376,736	.0	31,890	31,890	10,065	05/15/2018	1FE
191219-BV-5	COCA COLA ENTERPRISES INC		04/05/2013	CALL/REDEMPTION		1,602,270	1,500,000	1,637,550	1,589,864	.0	(10,686)	.0	(10,686)	.0	1,579,178	.0	23,092	23,092	37,896	03/01/2015	1FE

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STATEMENT AS OF JUNE 30, 2013 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	For- eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor- tization)/ Accretion	Current Year's Other Than Temporary Impairment Recogn- ized	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 Con- tractual Maturity Date	NAIC Desig- nation or Market In- dicator (a)
12624N-AA-8 25755T-AC-4	COMM MTG TR 2012-LTRT 144A DOMINOS PIZZA MSTR 2012-1 144A		06/07/2013 04/25/2013	PRINCIPAL RECEIPT PRINCIPAL RECEIPT		29,659 1,406	29,659 1,406	30,637 1,465	.0 1,462	.0 .0	(979) (55)	.0 .0	(979) (55)	.0 .0	29,659 1,406	.0 .0	.0 .0	.0 .0	197 .37	10/07/2030 01/25/2042	1FM 4AM
26441C-AH-8	DUKE ENERGY CORP NEW		06/05/2013	BOSTO MORGAN STANLEY & CO. INC		99,512	100,000	99,671	99,695	.0	.27	.0	.27	.0	99,722	.0	(210)	(210)	1,314	08/15/2017	2FE
30219G-AF-5	EXPRESS SCRIPTS HLDG CO		06/05/2013	LINSCO/PRIVATE LEDGER		10,553	10,000	10,302	.0	.0	(12)	.0	(12)	.0	10,291	.0	.262	.262	.320	02/15/2022	2FE
33582V-AB-4	FIRST NIAGARA FINL GP INC		04/16/2013	U. S. BANCORP PIPER COR		1,216,300	1,000,000	1,109,950	1,102,005	.0	(3,459)	.0	(3,459)	.0	1,098,546	.0	117,754	117,754	39,375	03/19/2020	2FE
38143U-AV-3	GOLDMAN SACHS GROUP INC		04/17/2013	JAFFRA RAYMOND JAMES & ASSOCIATE		1,501,185	1,500,000	1,417,500	1,468,412	.0	5,220	.0	5,220	.0	1,473,632	.0	27,553	27,553	4,223	09/29/2014	1FE
421946-AG-9	HEALTHCARE RLTY TR		05/07/2013	JEFFERIES & CO BONDS DIR		215,847	185,000	193,073	192,544	.0	(268)	.0	(268)	.0	192,276	.0	23,571	23,571	8,717	01/15/2021	2FE
42809H-AB-3	HESS CORP		04/04/2013	MORGAN STANLEY & CO. INC		260,368	200,000	260,842	256,916	.0	(2,197)	.0	(2,197)	.0	254,719	.0	5,649	5,649	10,563	02/15/2019	2FE
448579-AE-2	HYATT HOTELS CORP		05/20/2013	CREDIT SUISSE FIRST BOSTO		39,864	40,000	39,799	.0	.0	.0	.0	.0	39,800	.0	.64	.64	.44	07/15/2023	1FE	
459200-HK-0	INTERNATIONAL BUSINESS MACHS		05/06/2013	BANC AMERICA SECURITIES L		266,624	265,000	263,786	.0	.59	.0	.59	.0	263,846	.0	2,779	2,779	.837	02/08/2018	1FE	
472319-AJ-1	JEFFERIES GROUP INC NEW		05/06/2013	WACHOVIA SECURITIES CAPIT		131,561	125,000	122,813	123,190	.0	.209	.0	.209	.0	123,399	.0	8,163	8,163	.0	11/09/2015	2FE
48126E-AA-5	JP MORGAN CHASE & CO		05/07/2013	DEUTSCHE BANK SECURITIES		133,293	130,000	129,767	129,784	.0	.16	.0	.16	.0	129,800	.0	3,493	3,493	1,878	08/15/2017	1FE
46625H-HQ-6	JPMORGAN CHASE & CO		04/24/2013	CHASE SECURITIES, INC.		522,923	450,000	512,370	509,765	.0	(2,346)	.0	(2,346)	.0	507,419	.0	15,504	15,504	13,241	03/25/2020	1FE
46625H-JC-5	JPMORGAN CHASE & CO		05/07/2013	VARIOUS		782,649	700,000	729,503	727,774	.0	(967)	.0	(967)	.0	726,807	.0	55,842	55,842	22,415	08/15/2021	1FE
502413-AZ-0	L-3 COMMUNICATIONS CORP		05/01/2013	LINSCO/PRIVATE LEDGER		216,583	195,000	207,310	206,427	.0	(394)	.0	(394)	.0	206,033	.0	10,550	10,550	7,163	07/15/2020	2FE
548661-CH-8	LOWES COS INC		05/07/2013	COR BNP PARIBAS SECURITIES		1,104,460	1,000,000	1,130,650	1,070,918	.0	(8,655)	.0	(8,655)	.0	1,062,263	.0	42,198	42,198	28,472	10/15/2015	1FE
61747Y-CT-0	MORGAN STANLEY		04/22/2013	BO		711,008	680,000	662,041	665,415	.0	1,506	.0	1,506	.0	666,921	.0	44,087	44,087	11,274	11/02/2015	1FE
61915R-AA-4	MORTGAGE IT TR 2005-2		06/04/2013	VARIOUS		270,551	285,595	240,078	244,602	.0	2,878	.0	2,878	.0	247,480	.0	23,071	23,071	464	05/25/2035	1FM
65473Q-BB-8	NISOURCE FIN CORP		04/09/2013	BARCLAYS CAPITAL INC MERRILL LYNCH PROFESSNL		69,257	65,000	64,912	64,912	.0	.0	.0	.0	.0	64,913	.0	4,345	4,345	2,804	02/15/2043	2FE
72447X-AD-9	PITNEY BOWES INC GLBL MTN		04/08/2013	C		1,729,428	1,583,000	1,660,314	1,647,726	.0	(2,987)	.0	(2,987)	.0	1,644,739	.0	84,689	84,689	50,726	03/15/2018	2FE
693476-BH-5	PNC FUNDING CORP		04/04/2013	HSBC SECURITIES, INC. RAYMOND JAMES & ASSOCIATE		126,305	120,000	128,368	126,326	.0	(769)	.0	(769)	.0	125,557	.0	748	748	2,912	02/08/2015	1FE
74153W-BY-4	PRICOA GLBL FDG I MTN 144A		04/18/2013	ASSOCIATE		2,110,380	2,000,000	2,184,640	2,102,798	.0	(20,911)	.0	(20,911)	.0	2,081,886	.0	28,494	28,494	39,967	06/11/2014	1FE
74432Q-BM-6	PRUDENTIAL FINL INC MTNS BOOK		06/24/2013	VARIOUS DEUTSCHE BANK SECURITIES		327,459	285,000	323,892	193,548	.0	(1,054)	.0	(1,054)	.0	321,623	.0	5,836	5,836	7,323	06/21/2020	2FE
760759-AN-0	REPUBLIC SVCS INC		05/06/2013	BANC AMERICA SECURITIES L		130,633	110,000	129,735	129,492	.0	(122)	.0	(122)	.0	129,369	.0	1,263	1,263	3,031	05/15/2041	2FE
776696-AD-8	ROPER INDS INC NEW		04/16/2013	PRINCIPAL RECEIPT		35,426	35,000	34,969	34,969	.0	.2	.0	.2	.0	34,971	.0	455	455	266	11/15/2017	2FE
81745B-AA-3	SEQUOIA MTG TR 2013-6		06/25/2013	PRINCIPAL RECEIPT		1,084	1,084	1,079	.0	.0	.6	.0	.6	.0	1,084	.0	.0	.0	.3	05/25/2043	1FE
81745C-AB-9	SEQUOIA MTG TR 2013-7		06/25/2013	PRINCIPAL RECEIPT		207	207	208	.0	.0	(1)	.0	(1)	.0	207	.0	.0	.0	.1	06/25/2043	1FE
82651Y-AA-3	SIERRA RECEIVABLES FDG 144A		06/20/2013	PRINCIPAL RECEIPT		24,762	24,762	24,757	.0	.0	.5	.0	.5	.0	24,762	.0	.0	.0	.72	11/20/2029	1FE
85590A-AP-9	STARWOOD HOTELS&RESORTS WRLDWD		06/13/2013	INC LINSCO/PRIVATE LEDGER		75,989	80,000	79,677	79,679	.0	.12	.0	.12	.0	79,691	.0	(3,702)	(3,702)	1,300	02/15/2023	2FE
87151Q-AA-4	SYMETRA FINL CORP		06/25/2013	COR		1,086,850	1,000,000	1,052,160	1,041,546	.0	(5,783)	.0	(5,783)	.0	1,035,763	.0	51,087	51,087	45,427	04/01/2016	2FE
881561-KJ-8	TERWIN MTG TR 2005-14HE		06/25/2013	PRINCIPAL RECEIPT		3,368	3,368	3,332	3,336	.0	.32	.0	.32	.0	3,368	.0	.0	.0	.70	08/25/2036	1FM
88732J-BB-3	TIME WARNER CABLE INC		04/08/2013	MORGAN STANLEY & CO. INC		152,661	145,000	154,321	154,217	.0	(93)	.0	(93)	.0	154,178	.0	(1,517)	(1,517)	4,830	09/01/2041	2FE
887315-AY-5	TIME WARNER COS INC		05/02/2013	STERNE, AGEE & LEACH, INC		168,820	135,000	166,899	163,493	.0	(1,636)	.0	(1,636)	.0	161,857	.0	6,963	6,963	3,661	06/15/2018	2FE
89417E-AC-3	TRAVELERS COMPANIES INC		06/14/2013	VARIOUS LINSCO/PRIVATE LEDGER		984,372	825,000	1,012,102	1,003,564	.0	(12,650)	.0	(12,650)	.0	990,914	.0	(6,542)	(6,542)	8,401	12/15/2017	1FE
911312-AL-0	UNITED PARCEL SERVICE INC		05/06/2013	COR		1,030,780	1,000,000	1,075,980	1,039,029	.0	(10,806)	.0	(10,806)	.0	1,028,223	.0	2,557	2,557	23,465	04/01/2014	1FE

E05.4

STATEMENT AS OF JUNE 30, 2013 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)
91324P-BP-6	UNITEDHEALTH GROUP INC		06/07/2013	GREENWICH CAPITAL MKTS, I	89,845	80,000	91,683	90,849	0	(516)	0	(516)	0	90,333	0	(488)	(488)	3,071	02/15/2021	1FE	
92276M-BA-2	VENTAS RLTY LTD PARTNERSHIP		05/01/2013	WACHOVIA SECURITIES CAPIT	65,804	65,000	64,830	64,832	0	10	0	10	0	64,843	0	961	961	516	02/15/2018	2FE	
92979F-AD-2	WACHOVIA CMB 2007-C34		06/26/2013	GREENWICH CAPITAL MKTS, I	386,009	345,000	393,516	386,751	0	(4,776)	0	(4,776)	0	381,975	0	4,034	4,034	11,264	05/17/2046	1FM	
942683-AF-0	WATSON PHARMACEUTICALS INC		04/29/2013	DEUTSCHE BANK SECURITIES	264,338	265,000	264,862	0	0	3	0	3	0	264,865	0	(528)	(528)	5,024	10/01/2022	2FE	
94973V-BA-4	WELLPOINT INC		05/07/2013	BNY/SUNTRUST CAPITAL MARK	66,726	65,000	64,781	64,787	0	6	0	6	0	64,793	0	1,934	1,934	1,430	01/15/2023	2FE	
949746-QU-8	WELLS FARGO & CO NEW		04/18/2013	LINSCO/PRIVATE LEDGER COR	1,080,300	1,000,000	1,076,360	1,062,031	0	(5,186)	0	(5,186)	0	1,056,845	0	23,455	23,455	22,260	06/15/2016	1FE	
78008S-VD-5	ROYAL BK OF CDA BD CDS	I	05/07/2013	RBC CAPITAL MARKETS CORP	207,230	205,000	204,744	0	0	16	0	16	0	204,760	0	2,470	2,470	991	01/16/2018	1FE	
20272B-AJ-3	COMMONWEALTH BK AUSTRALIA 144A	R	04/17/2013	RBC CAPITAL MARKETS CORP	832,392	800,000	848,576	824,255	0	(4,369)	0	(4,369)	0	819,886	0	12,506	12,506	19,322	08/13/2014	1FE	
36160B-AB-1	GDF SUEZ SR NT 144A 17	R	06/25/2013	BARCLAYS CAPITAL INC	93,573	95,000	94,384	94,413	0	54	0	54	0	94,468	0	(894)	(894)	1,064	10/10/2017	1FE	
404280-AK-5	HSBC HLDGS PLC	R	06/13/2013	HSBC SECURITIES, INC.	309,620	275,000	299,145	297,532	0	(1,050)	0	(1,050)	0	296,482	0	13,138	13,138	9,856	04/05/2021	1FE	
65120F-AA-2	NEWCREST FINANCE PTY LTD 144A	R	06/04/2013	VARIOUS	172,579	165,000	173,456	173,139	0	(231)	0	(231)	0	172,908	0	(329)	(329)	3,205	11/15/2021	2FE	
65504L-AK-3	NOBLE HOLD INT LTD	R	05/17/2013	VARIOUS	393,630	390,000	391,170	391,158	0	(6)	0	(6)	0	391,152	0	2,478	2,478	13,312	03/15/2042	2FE	
71645W-AP-6	PETROBRAS INTL FIN CO	R	06/25/2013	BARCLAYS CAPITAL INC	147,975	145,000	160,878	159,625	0	(874)	0	(874)	0	158,751	0	(10,776)	(10,776)	7,828	01/20/2020	2FE	
83173K-AD-4	SMART US TRUST 2012-1 144A	R	05/15/2013	DEUTSCHE BANK SECURITIES	196,980	195,000	194,771	194,824	0	34	0	34	0	194,858	0	2,123	2,123	1,268	05/14/2016	1FE	
87927V-AW-8	TELECOM ITALIA CAP	R	05/09/2013	HSBC SECURITIES, INC.	262,723	250,000	258,383	255,737	0	(1,356)	0	(1,356)	0	254,380	0	8,342	8,342	6,261	06/18/2014	2FE	
87927V-AQ-1	TELECOM ITALIA CAP S.A.	R	05/29/2013	VARIOUS	1,181,922	1,090,000	1,054,863	1,065,327	0	3,378	0	3,378	0	1,068,705	0	113,217	113,217	38,288	10/01/2015	2FE	
91915W-AB-8	VALIDUS HOLDINGS LTD	R	04/08/2013	RAYMOND JAMES & ASSOCIATE	847,763	611,000	737,783	737,239	0	(422)	0	(422)	0	736,817	0	110,946	110,946	38,410	01/26/2040	2FE	
947075-AF-4	WEATHERFORD INTL LTD	R	06/26/2013	WACHOVIA SECURITIES CAPIT	182,900	145,000	193,313	188,926	0	(3,083)	0	(3,083)	0	185,843	0	(2,943)	(2,943)	11,514	03/01/2019	2FE	
9612EM-AK-5	WESTPAC BK CORP SR MTN 144A	R	04/19/2013	LINSCO/PRIVATE LEDGER COR	1,036,000	1,000,000	1,047,805	1,031,018	0	(4,755)	0	(4,755)	0	1,026,263	0	9,737	9,737	9,975	12/09/2014	1FE	
961214-BZ-5	WESTPAC BKG CORP	R	05/06/2013	RBC CAPITAL MARKETS CORP	203,818	200,000	199,942	0	0	4	0	4	0	199,946	0	3,872	3,872	1,022	01/12/2018	1FE	
899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				33,274,075	30,407,197	32,034,822	30,588,871	0	(102,764)	0	(102,764)	0	31,655,352	0	1,618,728	1,618,728	828,673	XXX	XXX	
839997	Total - Bonds - Part 4				214,274,116	214,625,224	217,147,863	55,844,616	0	(1,431,681)	0	(1,431,681)	0	215,433,921	0	(1,159,800)	(1,159,800)	2,135,721	XXX	XXX	
839998	Total - Bonds - Part 5				XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
839999	Total - Bonds				214,274,116	214,625,224	217,147,863	55,844,616	0	(1,431,681)	0	(1,431,681)	0	215,433,921	0	(1,159,800)	(1,159,800)	2,135,721	XXX	XXX	
899997	Total - Preferred Stocks - Part 4				0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
899998	Total - Preferred Stocks - Part 5				XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
899999	Total - Preferred Stocks				0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
921909-B2-6	VANGUARD DEVELOPED MKTS INDEX INST		06/12/2013	VANGUARD GROUP	3,614,389.473	37,598,939	33,822,836	15,336,542	(1,513,706)	0	0	(1,513,706)	0	33,822,836	0	3,776,103	3,776,103	0			
922908-88-4	VANGUARD EXTENDED MKT INDEX INSTL		06/12/2013	VANGUARD GROUP	507,140.523	26,254,226	21,061,976	13,670,055	(2,625,362)	0	0	(2,625,362)	0	21,061,976	0	5,192,250	5,192,250	9,122			
922040-10-0	VANGUARD INSTITUTIONAL INDEX FUND		06/24/2013	VANGUARD GROUP	73,480.052	10,718,003	8,119,135	9,463,903	(1,483,694)	0	0	(1,483,694)	0	9,119,135	0	2,598,868	2,598,868	48,654			
929999	Subtotal - Common Stocks - Mutual Funds				74,571,168	XXX	63,003,947	38,470,500	(5,622,762)	0	0	(5,622,762)	0	63,003,947	0	11,567,221	11,567,221	57,776	XXX	XXX	
979997	Total - Common Stocks - Part 4				74,571,168	XXX	63,003,947	38,470,500	(5,622,762)	0	0	(5,622,762)	0	63,003,947	0	11,567,221	11,567,221	57,776	XXX	XXX	
979998	Total - Common Stocks - Part 5				XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
979999	Total - Common Stocks				74,571,168	XXX	63,003,947	38,470,500	(5,622,762)	0	0	(5,622,762)	0	63,003,947	0	11,567,221	11,567,221	57,776	XXX	XXX	
999999	Total - Preferred and Common Stocks				74,571,168	XXX	63,003,947	38,470,500	(5,622,762)	0	0	(5,622,762)	0	63,003,947	0	11,567,221	11,567,221	57,776	XXX	XXX	
999999	Totals				288,845,284	XXX	280,151,810	94,315,116	(5,622,762)	(1,431,681)	0	(7,054,443)	0	278,437,868	0	10,407,421	10,407,421	2,193,497	XXX	XXX	

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

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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 - Section 1 - Counterparty Exposure for Derivative Instruments Open  
**N O N E**

Schedule DB - Part D - Section 2 - Collateral for Derivative Instruments Open  
**N O N E**

Schedule DB - Part D - Section 2 - Collateral 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**



**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
<b>NONE</b>							
8699999 - Total Cash Equivalents							



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2013 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 .....	3,341,083	XXX	0	XXX	3,341,083
2. Earned Premiums .....	3,341,083	XXX	0	XXX	XXX
3. Claims Paid .....	2,930,326	XXX	0	XXX	2,930,326
4. Claims Incurred .....	2,939,670	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 .....	719,892	XXX	0	XXX	719,892
8. Expenses Incurred .....	719,892	XXX	0	XXX	XXX
9. Underwriting Gain or Loss .....	(318,479)	XXX	0	XXX	XXX
10. Cash Flow Result .....	XXX	XXX	XXX	XXX	(309,135)

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