



ANNUAL STATEMENT FOR THE YEAR 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

## Statement of Actuarial Opinion

### TABLE of KEY INDICATORS

This Opinion is:  Unqualified     Qualified     Adverse     Inconclusive

### IDENTIFICATION SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording  
 Revised Wording

### SCOPE SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording  
 Revised Wording

### RELIANCE SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording  
 Revised Wording

### OPINION SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording  
 Revised Wording

### RELEVANT COMMENTS

Revised Wording

The Actuarial Memorandum includes "Deviation from Standard" wording regarding conformity with an Actuarial Standard of Practice

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ANNUAL STATEMENT FOR THE YEAR 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

## Statement of Actuarial Opinion

### IDENTIFICATION SECTION

I, Frank M. Amrine, Actuarial Director and Appointed Actuary, am an employee of Preferred Health Partnership of Tennessee, Inc. and a member of the American Academy of Actuaries. I was appointed on October 31, 2008 in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.

### SCOPE SECTION

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials, as of December 31, 2009.

A. Claims unpaid (Page 3, Line 1)	\$	0
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2)	\$	0
C. Unpaid claims adjustment expenses (Page 3, Line 3)	\$	0
D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves and additional policy reserves from the Underwriting and Investment Exhibit – Part 2D	\$	0
E. Aggregate life policy reserves (Page 3, Line 5)	\$	0
F. Property / casualty unearned premium reserves (Page 3, Line 6)	\$	0
G. Aggregate health claim reserves (Page 3, Line 7)	\$	0
H. Any actuarial reserves or liabilities not included in the items above.	\$	0

### RELIANCE SECTION

The company has no asset or liability records or data that were relied upon in determining reserve liabilities. There are no entries, other than \$0, in the Underwriting and Investment Exhibit Part - 2B of the company's current annual statement.



## Statement of Actuarial Opinion

### OPINION SECTION

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- C. Meet the requirements of the laws of the State of Tennessee, and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed,
- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements,
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,
- F. Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit -- Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

This opinion was prepared for, and is to be relied upon only by Preferred Health Partnership of Tennessee, Inc., Humana Inc., and the Insurance Division of the Tennessee Department of Commerce and Insurance.

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Frank M. Amrine, FSA, MAAA  
Preferred Health Partnership of Tennessee, Inc.  
500 W. Main Street, 8<sup>th</sup> Floor  
Louisville, KY 40202  
(502) 580-2270

Date: February 22, 2010



**SUPPLEMENT FOR THE YEAR 2009 OF THE Preferred Health Partnership of Tennessee, Inc.**

**SUPPLEMENTAL COMPENSATION EXHIBIT**

For the Year Ended December 31, 2009

(To Be Filed by March 1)

**PART 1 - INTERROGATORIES**

1. The reporting insurer is a member of a group of insurers or other holding company system: Yes  No  If yes, do the amounts below represent  
 1) total gross compensation paid to each individual by or on behalf of all companies that are part of the group: Yes  or 2) allocation to each insurer: Yes .
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes  No
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commission whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes  No

**PART 2 - OFFICERS AND EMPLOYEES COMPENSATION**

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
Michael Benedict McCallister President & CEO	2009	1,025,000		11,085,304	12,110,304
	2008	2,967,308		821,785	3,789,093
	2007	2,525,977		16,461,473	18,987,450
1. James Elmer Murray Officer	2009	670,000		4,375,282	5,045,282
	2008	1,608,846		26,440	1,635,286
	2007	1,479,315		5,200,972	6,680,287
2. William J. Tait Vice President	2009	364,985		439,985	804,970
	2008	634,217		141,300	775,517
	2007	537,403		4,043,885	4,581,288
3. James H. Bloem Sr. VP, CFO & Treasurer	2009	545,000		8,467	553,467
	2008	1,304,665		8,353	1,313,018
	2007	1,184,689		4,240,910	5,425,599
4. Thomas J. Liston Sr. Vice President - Sr. Prod.	2009	350,000		144,105	494,105
	2008	675,063		2,126,537	2,801,600
	2007	629,552		1,394,939	2,024,491
5. Frank M. Amrine Appointed Actuary	2009	170,287		294,405	464,692
	2008	165,235		186,889	352,124
	2007	200,942		173,325	374,267
6. George Renaudin VP & Div. Leader - Southern Div.	2009	240,388		209,051	449,439
	2008	230,000		182,880	412,880
	2007				0
7. Larry D. Savage Regional CEO	2009	307,407		114,302	421,709
	2008	521,209		71,701	592,910
	2007	494,030		8,099	502,129
8. Kathleen S. Pellegrino Vice President & Asst. Secretary	2009	280,998		140,305	421,303
	2008	487,817		149,958	637,775
	2007	466,384		1,712,693	2,179,077
9. George B. Bauernfeind Vice President	2009	228,116		150,288	378,404
	2008	395,597		93,650	489,247
	2007	382,326		1,036,556	1,418,882

**PART 3 - DIRECTOR COMPENSATION**

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals