SECURITIES AND EXCHANGE COMMISSION

FORM 8-K/A

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FILER

INSPIRE INSURANCE SOLUTIONS INC

CIK:**1042051**| IRS No.: **752595937** | State of Incorp.:**TX** | Fiscal Year End: **1231**
Type: **8-K/A** | Act: **34** | File No.: **000-23005** | Film No.: **99574148**
SIC: **6411** INSURANCE AGENTS, BROKERS & SERVICE

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UNITED STATES OF AMERICA

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
Amendment No. 2

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT December 1, 1998
(Date of Earliest Event Reported)

INSpire Insurance Solutions, Inc.
(Exact name of registrant as specified in its charter)

Commission File No. 000-23005

Texas	75-2595937
(State of Incorporation)	(I.R.S. Employer Identification No.)

300 Burnett Street, Fort Worth, Texas	76102-2799
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (817) 348-3900

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Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

<TABLE>

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Ended December 31, 1997. F-15

Unaudited Notes to Pro Forma Financial Statements. F-16
</TABLE>

(c) Exhibits.

*2.1 Stock Purchase Agreement, dated as of October 29, 1998, by and among INSpire Insurance Solutions, Inc. ("INSpire") and Arrow Claims Management, Inc. and the Shareholders signatory thereto. A list identifying the contents of the Schedules to the Stock Purchase Agreement is attached.

*2.2 Asset Purchase Agreement, dated as of October 29, 1998, by and between INSpire and Arrowhead General Insurance Agency, Inc. ("AGIA"). A list identifying the contents of the Schedules to the Asset Purchase Agreement is attached.

*10.1 Option Agreement, dated as of December 1, 1998, between INSpire and AGIA.

*10.2 Registration Rights Agreement, dated as of December 1, 1998, between the Company and AGIA.

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* Incorporated by reference. Previously filed as an Exhibit to INSpire's report on Form 8-K, dated December 1, 1998 and filed on December 14, 1998.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Arrow Claims Management, Inc.

We have audited the accompanying balance sheets of Arrow Claims Management, Inc. as of December 31, 1996 and 1997, and the related statements of operations, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Arrow Claims Management, Inc. as of December 31, 1996 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

January 29, 1999
Fort Worth, Texas

ARROW CLAIMS MANAGEMENT, INC.

BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS	DECEMBER 31, 1996	DECEMBER 31, 1997	SEPTEMBER 30, 1998 (UNAUDITED)
<S>	<C>	<C>	<C>
Current assets:			

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Cash and cash equivalents	$ 27,870	$ 49,396	$ 61,157
Accounts receivable - net	1,198,878	1,024,604	1,177,856
Prepaid expenses and other current assets	16,305	30,893	38,965
Total current assets	1,243,053	1,104,893	1,277,978
Property, plant and equipment - net	881,208	706,653	756,576
Other assets	17,224	18,418	13,953
TOTAL	$ 2,141,485	$ 1,829,964	$ 2,048,507
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 629,388	$ 871,638	$ 519,863
Accrued expenses	204,289	223,898	233,034
Income taxes payable			80,000
Notes payable	42,880		11,362
Loan payable to affiliate	1,374,898	1,006,802	1,129,152
Current portion of long-term obligations	63,636	62,965	
Total current liabilities	2,315,091	2,165,303	1,973,411
Long-term obligations	65,360	2,395	
Deferred income taxes payable			28,000
Commitments and contingencies (Note 8)			
Shareholders' equity:			
Common stock, $.01 par value; 3,000 shares authorized; 1,000 shares issued and 730 outstanding at December 31, 1996, 1997 and September 30, 1998, respectively	10	10	10
Additional paid-in capital	181,940	181,940	181,940
Accumulated deficit	(371,789)	(470,557)	(85,727)
Treasury stock, 270 shares at cost	(49,127)	(49,127)	(49,127)
Total shareholders' equity (deficit)	(238,966)	(337,734)	47,096
TOTAL	$ 2,141,485	$ 1,829,964	$ 2,048,507

</TABLE>

See notes to financial statements.

ARROW CLAIMS MANAGEMENT, INC.

STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

<S>	YEARS ENDED DECEMBER 31,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1997	1998 (UNAUDITED)
	<C>	<C>	<C>	<C>
Revenues - Claims management fee income	$ 13,814,895	$ 13,829,989	$ 10,057,595	$ 12,165,536
Operating costs and expenses:				
Cost of claims management services	9,281,344	8,962,875	6,592,989	7,943,378
Selling, general and administrative	3,004,786	2,942,187	2,199,811	2,054,968
Depreciation and amortization	228,947	272,644	203,047	211,950
Management fee	1,242,654	1,649,704	1,162,998	1,381,064
Total operating costs and expenses	13,757,731	13,827,410	10,158,845	11,591,360
Operating income (loss)	57,164	2,579	(101,253)	574,176
Other income (expense):				

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Interest expense	(146,088)	(109,558)	(87,777)	(58,526)
Other income (expense)	8,234	8,211	2,145	(22,820)
Total other income (expense)	(137,854)	(101,347)	(85,632)	(81,346)
Income (loss) before income taxes	(80,690)	(98,768)	(186,885)	492,830
Income taxes	--	--	--	108,000
Net income (loss)	$ (80,690)	$ (98,768)	$ (186,885)	$ 384,830

</TABLE>

See notes to financial statements.

ARROW CLAIMS MANAGEMENT, INC.

STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY (DEFICIT)
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE, JANUARY 1, 1996	$ 10	$ 181,940	$ --	$ (291,099)	$ (109,149)
Purchase of treasury stock, 270 shares			(49,127)		(49,127)
Net loss				(80,690)	(80,690)
BALANCE, DECEMBER 31, 1996	10	181,940	(49,127)	(371,789)	(238,966)
Net loss				(98,768)	(98,768)
BALANCE, DECEMBER 31, 1997	10	181,940	(49,127)	(470,557)	(337,734)
Net income (unaudited)				384,830	384,830
BALANCE, SEPTEMBER 30, 1998 (unaudited)	$ 10	$ 181,940	$ (49,127)	$ (85,727)	$ 47,096

</TABLE>

See notes to financial statements.

ARROW CLAIMS MANAGEMENT, INC.

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1997	1998
			(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES:				
Net income (loss)	$ (80,690)	$ (98,768)	$ (186,885)	$ 384,830
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				

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Depreciation and amortization	228,947	272,644	203,047	211,950
Deferred income taxes				28,000
Changes in operating assets and liabilities:				
Accounts receivable	(699,629)	174,274	420,109	(153,252)
Prepaid expenses and other current assets	(8,729)	(15,782)	(56,907)	(3,607)
Accounts payable	315,132	242,250	68,111	(351,775)
Accrued expenses	83,336	19,609	8,960	9,136
Income taxes payable				80,000
Net cash provided by (used in) operating activities	(161,633)	594,227	456,435	205,282
INVESTING ACTIVITIES:				
Purchases of property and equipment	(674,432)	(98,089)	(76,780)	(261,873)
Proceeds from sale of property and equipment	15,103			
Net cash used in investing activities	(659,329)	(98,089)	(76,780)	(261,873)
FINANCING ACTIVITIES:				
Net short-term borrowings	(102,545)	(106,516)		
Net borrowings from (repayments to) affiliate	949,455	(368,096)	(256,066)	122,350
Principal payments on long-term obligations			(89,755)	(53,998)
Purchase of treasury stock	(49,127)			
Net cash provided by (used in) financing activities	797,783	(474,612)	(345,821)	68,352
Increase (decrease) in cash and cash equivalents	(23,179)	21,526	33,834	11,761
Cash and cash equivalents at beginning of period	51,049	27,870	27,870	49,396
Cash and cash equivalents at end of period	$ 27,870	$ 49,396	$ 61,704	$ 61,157
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	$ 146,088	$ 127,720	$ 103,100	$ 63,399
Income taxes	$ --	$ --	$ --	$ --

</TABLE>

See notes to financial statements.

ARROW CLAIMS MANAGEMENT, INC

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996

1. BACKGROUND AND ORGANIZATION

Arrow Claims Management, Inc. ("ACM") is a provider of claims administration services to the property and casualty insurance industry. The Company is a member of a group of various affiliated companies with the ultimate controlling interest held by a majority individual shareholder, Mr. Patrick J. Kilkenny.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

CASH AND CASH EQUIVALENTS - All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

PROPERTY AND EQUIPMENT - Property and equipment are recorded at cost.

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Depreciation is computed on the straight-line method over the estimated useful lives of the various classes of assets (generally five years). Repairs and maintenance are charged to expense as incurred.

IMPAIRMENT OF LONG-LIVED ASSETS - ACM assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. If management concludes that the carrying value will not be recovered, an impairment write-down is recorded to reduce the asset to its estimated fair value.

INCOME TAXES - Deferred tax assets and liabilities are recognized based upon temporary differences between financial statement and tax bases of assets and liabilities using presently enacted tax rates.

INTERIM FINANCIAL STATEMENTS (UNAUDITED) - The interim financial statements as of September 30, 1998 and for the nine month periods ended September 30, 1997 and 1998, are unaudited and reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, operating results and cash flows for the interim periods. The results of operations for the nine-month period ended September 30, 1997 and 1998, are not necessarily indicative of the results to be achieved for any future period.

REVENUE RECOGNITION - Revenues are recognized as services are rendered.

DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS - The recorded amounts of ACM's financial instruments, consisting of cash and cash equivalents, trade receivables, accounts payable, and borrowings under various debt agreements approximate their fair values due to the short-term maturities of these instruments.

CONCENTRATION OF CREDIT RISK - ACM's principal customers are insurance companies. For 1996 and 1997 and the unaudited nine months ended September 30, 1998, one customer accounted for approximately 67%, 89% and 78% of revenue, respectively.

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment:

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	DECEMBER 31, 1997	SEPTEMBER 30, 1998 (UNAUDITED)
Computer equipment	$ 689,496	$ 751,014	$ 893,550
Furniture and office equipment	652,919	689,489	750,952
Leasehold improvements	17,709	17,709	31,718
	1,360,124	1,458,212	1,676,220
Accumulated depreciation	(478,915)	(751,559)	(919,644)
Total	$ 881,209	$ 706,653	$ 756,576

</TABLE>

Included in the above categories are assets recorded under capital leases with original costs totaling $58,725 at December 31, 1996 and December 31, 1997.

4. DEBT OBLIGATIONS

Debt obligations consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	DECEMBER 31, 1997	SEPTEMBER 30, 1998 (UNAUDITED)
Loan payable to affiliate, 8% interest rate, principal and interest payable in full upon demand	$ 1,374,898	$ 1,006,802	$ 1,129,152
Capital lease obligations, interest at rates ranging from 11.76% to 18.90%, principal and interest payments due monthly monthly through January 1999	128,996	65,360	
Other	42,880		11,362

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	1,546,774	1,072,162	1,140,514
Less current portion	1,481,414	1,069,767	1,140,514
Long-term obligations	$ 65,360	$ 2,395	$ --

</TABLE>

5. RELATED PARTY TRANSACTIONS

ACM is provided a variety of services by affiliated entities including human resources, facilities management, corporate accounting, risk management, and overall corporate leadership. Fees related to these services are based upon a percentage of ACM's operating expenses to the operating expenses of the affiliated group as a whole. Total fees charged for the above activities were $1,242,653, $1,649,704, $1,162,998 and $1,381,064 for the years ended December 31, 1996 and 1997 and the unaudited nine months ended September 30, 1997 and 1998, respectively.

Additionally, ACM has amounts due to an affiliate on December 31, 1996 and 1997 and September 30, 1998 of $1,374,898, $1,006,802 and $1,129,152, respectively. The amounts due to the affiliate primarily represent working capital advances. Total interest incurred on these advances was $146,088, $109,558, $87,768 and $58,626 during the years ended December 31, 1996 and 1997 and the unaudited nine months ended September 30, 1997 and 1998, respectively.

6. INCOME TAXES

The tax benefit (expense) is allocated as follows:

<TABLE>
<CAPTION>

	DECEMBER 31,		SEPTEMBER 30,	
	1996	1997	1997	1998
			(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>
Current:				
Federal	$ --	$ --	$ --	$ (45,000)
State				(35,000)
				(80,000)
Deferred				(28,000)
	$ --	$ --	$ --	$ (108,000)

</TABLE>

Following is a reconciliation of the income tax benefit (expense) expected (based on the statutory federal income tax rate) to the actual income tax benefit (provision) recorded:

<TABLE>
<CAPTION>

	DECEMBER 31,		SEPTEMBER 30,	
	1996	1997	1997	1998
			(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>
Federal income tax benefit (expense) computed at the statutory federal rate of 34%	$ 27,000	$ 33,000	$ 64,000	$ (168,000)
State income tax benefit (expense), net of federal income tax effect	4,000	(2,000)	(6,000)	(41,000)
Expenses not deductible for income tax purposes	(6,000)	(5,000)	(3,000)	(2,000)
Change in valuation allowance for deferred income tax assets	(25,000)	(26,000)	(55,000)	103,000
Provision for income taxes	$ --	$ --	$ --	$ (108,000)

</TABLE>

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred tax assets (liabilities) are as follows:

<TABLE>
<CAPTION>

	DECEMBER 31,		SEPTEMBER 30,	
	1996	1997	1997	1998
			(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>
Net operating loss carryforwards and alternative minimum tax credits	$ 51,000	$ 107,000	$ 135,000	$ 15,000
Other reserves not deductible	53,000	35,000	35,000	
Fixed assets	(28,000)	(39,000)	(39,000)	(43,000)
Net deferred tax assets	76,000	103,000	131,000	(28,000)
Valuation allowance for net deferred tax assets	(76,000)	(103,000)	(131,000)	
Total	$ --	$ --	$ --	$ (28,000)

</TABLE>

At December 31, 1996 and 1997, ACM has net operating loss carryforwards for federal income tax purposes of approximately $147,000 and $313,000, respectively, available to offset future federal taxable income which expire during the years 2011 and 2012. In the event of certain ownership changes, the Tax Reform Act of 1986 imposes certain restrictions on the amount of net operating loss carryforwards which may be used in any year by ACM.

ACM has recorded a valuation allowance equal to the net deferred tax assets as of December 31, 1996 and 1997. The realization of these net deferred tax assets is dependent upon the timing and amount of future earnings. A valuation allowance is established when management determines that it is more likely than not that some portion or all of the tax assets will not be realized.

7. COMMITMENTS AND CONTINGENCIES

ACM leases office buildings under operating leases and certain equipment under capital leases, which expire at various dates through July, 2008. Future minimum lease commitments are as follows:

<TABLE>
<CAPTION>

Year ended December 31,	CAPITAL LEASES	OPERATING LEASES
<S>	<C>	<C>
1998	$ 68,117	$ 367,660
1999	2,433	308,088
2000		315,379
2001		315,379
2002		330,153
Thereafter		1,498,552
Total	70,550	$ 3,135,211
Less portion representing interest	5,190	
Net present value of capital lease obligation	$ 65,360	

</TABLE>

Lease expense under operating leases amounted to approximately $317,000, $425,000, $309,000 and $343,000 for the years ended December 31, 1996 and 1997 and the unaudited nine months ended September 30, 1997 and 1998, respectively.

9. SUBSEQUENT EVENT

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On December 1, 1998, ACM was acquired by INSpire Insurance Solutions, Inc. for $13.5 million in cash.

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UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 1998

<TABLE>
<CAPTION>

	INSpire Insurance Solutions, Inc.	Arrow Claims Management, Inc.	Pro Forma Adjustments	Pro Forma
<S>	<C>	<C>	<C>	<C>
	(restated)			(restated)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 58,647,587	$ 61,157	$(21,513,558) a	$ 37,195,186
Short-term investments	15,603,278	-		15,603,278
Accounts receivable, net	13,986,096	1,177,856	(1,173,897) a	13,990,055
Income taxes receivable	121,076	-		121,076
Deferred income taxes	721,997	-		721,997
Prepaid expenses and other current assets	7,629,213	38,965	(36,385) a	7,631,793
Total current assets	96,709,247	1,277,978		75,263,385
Accounts receivable, excluding current portion				
Property and equipment, net	9,856,114	756,576	350,733 a	10,963,423
Intangibles and other assets:	21,566,820	13,953	20,604,923 b	42,185,696
Total	$ 128,132,181	$ 2,048,507		$128,412,504
LIABILITIES and SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 654,580	$ 519,863	$ (519,863) a	$ 654,580
Accrued payroll and compensation	837,774	-	280,323 a	1,118,097
Other accrued expenses	2,075,131	233,034	(233,034) a	2,075,131
Unearned revenue	2,030,323	-	-	2,030,323
Deferred compensation	2,201,296	-	-	2,201,296
Income taxes payable	2,106,657	80,000	(80,000) a	2,106,657
Current portion of long-term debt	565,214	11,362	(11,362) a	565,214
Due to shareholder		1,129,152	(1,129,152) a	-
Total current liabilities	10,470,975	1,973,411		10,751,298
Deferred compensation	406,846	-	-	406,846
Long-term debt	-		-	-
Deferred income taxes	3,087,030	28,000	(28,000) a	3,087,030
Total liabilities	13,964,851	2,001,411		14,245,174
Shareholders' equity:				
Common stock	184,330	10	(10) j	184,330
Additional paid-in capital	105,976,535	181,940	(181,940) j	105,976,535
Retained earnings	8,006,465	(85,727)	85,727 j	8,006,465
Treasury Stock		(49,127)	49,127 j	-
Total shareholders' equity	114,167,330	47,096		114,167,330
Total	$ 128,132,181	$ 2,048,507		$128,412,504

</TABLE>

UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 1998

<TABLE>
<CAPTION>

	INSpire Insurance Solutions, Inc.	Arrow Claims Management, Inc.	Pro Forma Adjustments	Pro Forma
	(restated)			(restated)
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Outsourcing services	$ 34,846,030	$ 12,165,536	$10,263,362 c	$ 57,274,928
Software and software services	24,863,884	-		24,863,884
Other	1,690,662	-		1,690,662

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Total revenues	61,400,576	12,165,536		83,829,474
EXPENSES:				
Cost of outsourcing services	17,206,778	7,943,378	8,878,295 d	34,028,451
Cost of software and software services	14,379,706	-		14,379,706
Cost of other revenues	1,150,078	-		1,150,078
Selling, general and administrative	11,094,537	2,054,968	(1,966,918) e	11,182,587
Research and development	1,895,486	-		1,895,486
Depreciation and amortization	4,270,524	211,950	1,075,508 f	5,557,982
In-process R&D	500,000	-		500,000
Deferred compensation	-	-		-
Management fee to shareholder	-	1,381,064	(1,381,064) g	-
Total expenses	50,497,109	11,591,360		68,694,290
OPERATING INCOME	$ 10,903,467	$ 574,176		$ 15,135,184
OTHER INCOME (EXPENSE):				-
Interest income	2,127,437	-	(948,750) h	1,178,687
Interest expense	(48,750)	(58,526)	58,526 h	(48,750)
Other	-	(22,820)	22,820 g	-
Total other income (expense)	2,078,687	(81,346)		1,129,937
INCOME BEFORE INCOME TAXES	12,982,154	492,830		16,265,121
INCOME TAXES	(4,853,510)	-	(1,181,868) i	(6,035,378)
NET INCOME	$ 8,128,644	$ 492,830		$ 10,229,743
Weighted average shares outstanding (basic)	17,370,488		299,466	17,669,954
NET INCOME PER COMMON SHARE (BASIC)	$ 0.47			$ 0.58
Weighted average shares outstanding (diluted)	19,372,827		299,466	19,672,293
NET INCOME PER COMMON SHARE (DILUTED)	$ 0.42			$ 0.52

</TABLE>

UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997

<TABLE>
<CAPTION>

	INSpire Insurance Solutions, Inc.	Arrow Claims Management, Inc.	Pro Forma Adjustments	Pro Forma
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Outsourcing services	$ 32,458,600	$ 13,829,989	$ 13,028,522 c	$ 59,317,111
Software and software services	21,100,899	-		21,100,899
Other	3,009,960	-		3,009,960
Total revenues	56,569,459	13,829,989		83,427,970
EXPENSES:				
Cost of outsourcing services	20,797,969	8,962,875	10,811,396 d	40,572,240
Cost of software and software services	10,680,787	-		10,680,787
Cost of other revenues	2,413,170	-		2,413,170
Selling, general and administrative	8,714,192	2,942,187	(2,814,831) e	8,841,548
Research and development	1,190,114	-		1,190,114
Depreciation and amortization	4,001,260	272,644	1,434,010 f	5,707,914
In-process R&D	3,000,000	-		3,000,000
Deferred compensation	3,949,000	-		3,949,000
Management fee to shareholder	1,290,000	1,649,704	(1,649,704) g	1,290,000
Total expenses	56,036,492	13,827,410		77,644,773
OPERATING INCOME	532,967	2,579		5,783,197
OTHER INCOME (EXPENSE):				
Interest income	680,508	-	(421,667) h	258,841
Interest expense	(348,007)	(109,558)	(1,423,775) h	(1,881,340)
Other	1,651,830	8,211	(8,211) g	1,651,830
Total other income (expense)	1,984,331	(101,347)		29,331
INCOME BEFORE INCOME TAXES	2,517,298	(98,768)		5,812,528
INCOME TAXES	(801,218)	-	(1,292,918) i	(2,094,136)
NET INCOME	$ 1,716,080	$ (98,768)		$ 3,718,392
Weighted average shares outstanding (basic)	16,274,740		299,466	16,574,206

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NET INCOME PER COMMON SHARE (BASIC)	$ 0.11		$ 0.22
	============		============
Weighted average shares outstanding (diluted)	17,564,994	299,466	17,864,460
NET INCOME PER COMMON SHARE (DILUTED)	$ 0.10		$ 0.21
	------------		------------

</TABLE>

NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. PRO FORMA FINANCIAL STATEMENTS

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the consolidated financial position or results of operations for future periods or the results that actually would have been realized had Arrow Claims Management, Inc. ("ACM") and INSpire Insurance Solutions, Inc. ("INSpire") been a combined company during the specified periods. The unaudited pro forma condensed consolidated financial statements, including the notes thereto, should be read in conjunction with the audited and unaudited historical financial statements of INSpire, including the notes thereto, which have been previously filed, and the audited and unaudited historical financial statements of ACM, including the notes thereto, included herein.

The unaudited pro forma condensed consolidated financial statements give effect to the acquisition of ACM using the purchase method of accounting. The unaudited pro forma condensed consolidated financial statements are based on the respective historical audited and unaudited financial statements and the notes thereto of INSpire, which have been previously filed, and the audited and unaudited financial statements of ACM, including the notes thereto, included herein. The purchase price was allocated to the estimated fair value of assets acquired and liabilities assumed.

The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 1997 and for the nine months ended September 30, 1998 reflect the acquisition of ACM, which occurred on December 1, 1998, as if the business combination took place on January 1, 1997. The unaudited pro forma condensed consolidated balance sheet gives effect to the acquisition of ACM as if the transaction was consummated on September 30, 1998.

The accompanying unaudited proforma condensed financial statements as of and for the nine months ended September 30, 1998 have been restated to reflect adjustments to revise the purchase price allocation in connection with INSpire's acquisition of Paragon Interface, Inc. on April 20, 1998. The adjustments and their related impact are described in the Amendment No. 1 to Form 10-Q for the quarterly period ended September 30, 1998.

NOTE 2. PRO FORMA ADJUSTMENTS

(a) Adjustments to record the components of the purchase price of ACM of $13.5 million in cash and the fair value of assets acquired and liabilities assumed pursuant to the Stock Purchase Agreement filed as an exhibit herein.

Adjustments to record the components of the purchase price of certain assets from Arrowhead General Insurance Agency, Inc. ("AGIA") consisting of cash of $6.5 million and INSpire common stock options valued at $7 million on October 29, 1998. Such options are subject to vesting based upon obtaining certain performance criteria set forth in the Option Agreement, dated as of December 1, 1998, between INSpire and AGIA and incorporated herein by reference.

(b) Estimated intangible assets calculated based on the fair value of assets acquired and liabilities assumed. The purchase price exceeds the net assets acquired by approximately $18.5 million plus certain additional acquisition costs totaling $2.1 million. The impact of the fees and expenses has been reflected in the pro forma combined balance sheet and statement of income as an increase in the purchase price of the transaction and is allocated to the assets acquired and liabilities assumed, based upon their estimated fair values.

(c) Adjustments relating to outsourcing services revenues to reflect the revenue that would have been realized if the AGIA service agreements had been in effect beginning January 1, 1997.

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(d) The estimated cost of outsourcing associated with the AGIA service agreements as if service agreements were effective January 1, 1997. Additionally, adjustments were made to reclassify ACM expenses consistent with INSpire's historical classification.

(e) Adjustment to eliminate selling, general, and administrative expenses of ACM because such costs were absorbed by INSpire.

(f) The estimated annual amortization charge to income related to intangible assets of $20.6 million and depreciation expense resulting from the fair market valuation of property and equipment of approximately $400,000.

(g) Adjustments to eliminate management fees incurred for services provided by AGIA that ceased due to the acquisition of ACM by INSpire.

(h) Adjustment to reflect interest expense for debt that would have been required to consummate the transaction on December 1, 1997 and the reversal of interest income and related tax effect on the pro forma adjustment to cash resulting from the acquisition. The assumed cost of debt was 10% and the assumed rate of return on the cash balance was 5%.

(i) Adjustment to income tax expense to record project tax expense that would have been recorded if INSpire and Arrow had filed consolidated tax returns during the pro forma periods. Income tax is calculated at an incremental rate of 42%. The pro forma combined provision for income taxes may not represent the amounts that would have resulted had INSpire and ACM filed consolidated income tax returns during the period presented.

(j) Adjustment to eliminate the shareholders' equity of ACM.

NOTE 2. PRO FORMA EARNINGS PER COMMON SHARE

Basic pro forma earnings per common share for the periods presented were calculated based on inclusion of 299,466 equivalent INSpire common shares attributable to AGIA stock options. Diluted pro forma earnings per common share on December 31, 1997 and September 30 1998 included 299,466 equivalent INSpire common shares attributable to AGIA stock options.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 25, 1999

INSPIRE INSURANCE SOLUTIONS, INC.

By: /s/ WILLIAM J. SMITH, III

William J. Smith, III
President and Chief Operating Officer

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No.	Description
<S>	<C>
*2.1	Stock Purchase Agreement, dated as of October 29, 1998, by and among INSpire, ACM and the Shareholders signatory thereto. A list identifying the contents of the Schedules to the Stock Purchase Agreement is attached.
*2.2	Asset Purchase Agreement, dated as of October 29, 1998, by and

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	between INSpire and AGIA. A list identifying the contents of the Schedules to the Asset Purchase Agreement is attached.
*10.1	Option Agreement, dated as of December 1, 1998, between INSpire and AGIA.
*10.2	Registration Rights Agreement, dated as of December 1, 1998, between INSpire and AGIA.

</TABLE>

* Incorporated by reference. Previously filed as an Exhibit to INSpire's report on Form 8-K, dated December 1, 1998 and filed on December 14, 1998.

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