



**ANNUAL STATEMENT**  
 FOR THE YEAR ENDED DECEMBER 31, 2010  
 OF THE CONDITION AND AFFAIRS OF THE  
**Optima Insurance Company**

NAIC Group Code 0000, 000 NAIC Company Code 10140 Employer's ID Number 660648224  
(Current Period) (Prior Period)

Organized under the Laws of Puerto Rico, State of Domicile or Port of Entry Puerto Rico

Country of Domicile US

Incorporated/Organized December 14, 2004 Commenced Business July 1, 2005

Statutory Home Office 1101 Munoz Rivera Ave., San Juan, Puerto Rico 00925  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1101 Munoz Rivera Ave., San Juan, Puerto Rico 00925 (787) 765-2100-2292  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address PO BOX 195500, SAN JUAN, Puerto Rico 00919  
(Street and Number or P. O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 1101 Munoz Rivera Ave., San Juan, Puerto Rico 00925  
(Street and Number, City or Town, State and Zip Code)  
(787) 765-2100-2292  
(Area Code) (Telephone Number)

Internet Website Address www.optimapr.com

Statutory Statement Contact CESAR R VEGA, CPA (787) 765-2100-2283  
(Name) (Area Code) (Telephone Number) (Extension)  
CVEGA@OPTIMAPR.COM (787) 765-2114  
(E-Mail Address) (Fax Number)

**OFFICERS**

ANTONIO J ORTIZ (PRESIDENT)  
 CARLOS A BRUNO (SECRETARY)  
 PEDRO BENITEZ (TREASURER)

**OTHER OFFICERS**

MANUEL A LEBRON (VICE PRESIDENT FINANCE)  
 CARLOS A BRUNO (VICE PRESIDENT UNDERWRITING)  
 JOSE C SOTO (VICE PRESIDENT CLAIMS)  
 RICARDO BERRIOS (VICE PRESIDENT INFORMATION SYSTEMS)  
 RAFAEL PADIAL (VICE PRESIDENT UNDERWRITING)

**DIRECTORS OR TRUSTEES**

ANTONIO J ORTIZ  
 GLORIA I BENITEZ  
 CARLOS A BRUNO  
 PEDRO BENITEZ  
 JOSE M MALLEN  
 MANUEL A LEBRON  
 JOSE R CESTERO

State of Puerto Rico }  
 County of \_\_\_\_\_ } SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

\_\_\_\_\_  
 ANTONIO J ORTIZ  
 PRESIDENT  
 Subscribed and sworn to before me this \_\_\_\_\_  
 day of \_\_\_\_\_ 2011

\_\_\_\_\_  
 CARLOS A BRUNO  
 SECRETARY

\_\_\_\_\_  
 PEDRO BENITEZ  
 TREASURER

- 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 \_\_\_\_\_

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	27,673,080		27,673,080	26,527,109
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	2,489,143		2,489,143	144,640
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....	3,757,638		3,757,638	2,380,373
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 7,562,370 , Schedule E - Part 1) , cash equivalents (\$ ..... , Schedule E - Part 2) and short-term investments (\$ ..... , Schedule DA) .....	7,562,370		7,562,370	4,574,043
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Line 1 through Line 11) .....	41,482,231		41,482,231	33,626,165
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	275,645		275,645	278,382
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	3,097,524	38,182	3,059,342	4,170,440
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	604,654		604,654	365,518
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	8,792		8,792	25,993
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	134,071		134,071	24,233
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	10,428	10,428		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	572,796		572,796	864,335
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	47,480	47,480		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	46,233,621	96,090	46,137,531	39,355,066
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Line 26 and Line 27) .....	46,233,621	96,090	46,137,531	39,355,066
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) .....				
2501. Prepaid Expenses .....	47,480	47,480		
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	47,480	47,480		

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Optima Insurance Company

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	2,663,406	1,714,135
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	175,943	451,381
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	423,133	234,764
4. Commissions payable, contingent commissions and other similar charges .....	68,399	75,327
5. Other expenses (excluding taxes, licenses and fees) .....	338,235	257,450
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	17,939	17,469
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 7,473,271 and including warranty reserves of \$ .....)	14,369,532	13,268,758
10. Advance premium .....	13,480,218	11,947,294
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	2,346,086	1,461,904
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....	30,773	31,715
15. Remittances and items not allocated .....		
16. Provision for reinsurance (Schedule F, Part 7) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....		
20. Derivatives .....		
21. Payable for securities .....	1,457,903	506,656
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	215,939	(1,117,640)
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25) .....	35,587,506	28,849,213
27. Protected cell liabilities .....		
28. Total liabilities (Line 26 and Line 27) .....	35,587,506	28,849,213
29. Aggregate write-ins for special surplus funds .....		
30. Common capital stock .....	3,000,000	3,000,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	7,000,000	7,000,000
35. Unassigned funds (surplus) .....	550,025	505,852
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)		
36.2 ..... shares preferred (value included in Line 31 \$ .....)		
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39) .....	10,550,025	10,505,852
38. Totals (Page 2, Line 28, Column 3) .....	46,137,531	39,355,065
<b>DETAILS OF WRITE-INS</b>		
2501. Surplus Adj. Sec. 5.04 PR Ins Code .....		(1,284,393)
2502. Catastrophic Reserve .....	215,939	166,753
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	215,939	(1,117,640)
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above) .....		

**STATEMENT OF INCOME**

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4) .....	17,676,884	12,973,854
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7) .....	9,598,700	6,893,519
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	1,356,132	885,636
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	6,910,543	5,489,012
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Line 2 through Line 5) .....	17,865,375	13,268,167
7. Net income of protected cells .....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(188,491)	(294,313)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	1,280,391	1,147,846
10. Net realized capital gains (losses) less capital gains tax of \$ .....	260,393	(75,967)
11. Net investment gain (loss) (Line 9 plus Line 10) .....	1,540,784	1,071,879
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ....., amount charged off \$ .....) .....		
13. Finance and service charges not included in premiums .....	17,282	
14. Aggregate write-ins for miscellaneous income .....		
15. Total other income (Line 12 through Line 14) .....	17,282	
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) .....	1,369,575	777,566
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	1,369,575	777,566
19. Federal and foreign income taxes incurred .....		
20. Net income (Line 18 minus Line 19) (to Line 22) .....	1,369,575	777,566
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	10,505,852	10,251,024
22. Net income (from Line 20) .....	1,369,575	777,566
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	33,025	52,405
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....	(17,201)	8,104
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) .....	(7,647)	(17,995)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes:		
32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments:		
33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....		
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....	(1,333,579)	(565,252)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37) .....	44,173	254,828
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	10,550,025	10,505,852
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....		
1401. ....		
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....		
3701. Surplus Adj Sec 5.04 PR Code .....	(1,284,393)	(517,936)
3702. Catastrophic Reserve .....	(49,186)	(47,316)
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) .....	(1,333,579)	(565,252)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	23,027,776	18,243,751
2. Net investment income	1,475,878	1,164,011
3. Miscellaneous income	17,282	
4. Total (Line 1 through Line 3)	24,520,936	19,407,762
5. Benefit and loss related payments	9,050,505	6,376,269
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	8,005,182	5,768,545
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	17,055,687	12,144,814
11. Net cash from operations (Line 4 minus Line 10)	7,465,249	7,262,948
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	13,544,323	11,055,828
12.2 Stocks	179,400	108,160
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(5,880)	
12.7 Miscellaneous proceeds	1,700	21,272
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	13,719,543	11,185,260
13. Cost of investments acquired (long-term only):		
13.1 Bonds	14,652,125	19,780,526
13.2 Stocks	2,419,638	108,160
13.3 Mortgage loans		
13.4 Real estate	1,416,213	2,401,645
13.5 Other invested assets		
13.6 Miscellaneous applications		637,959
13.7 Total investments acquired (Line 13.1 through Line 13.6)	18,487,976	22,928,290
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(4,768,433)	(11,743,030)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	291,511	(637,598)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	291,511	(637,598)
<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 Line 15 plus Line 17)	2,988,327	(5,117,680)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of period	4,574,043	9,691,723
19.2 End of year (Line 18 plus Line 19.1)	7,562,370	4,574,043

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire	27,387	29,390	23,813	32,964
2. Allied lines	71,501	37,478	57,839	51,140
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril	1,795,223	903,011	844,279	1,853,955
6. Mortgage guaranty				
8. Ocean marine	25,303		23,151	2,152
9. Inland marine	147,827	69,549	53,561	163,815
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	46,674	36,914	55,656	27,932
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	762,422	373,549	472,879	663,092
17.2 Other liability - claims-made	26,941	4,515	17,314	14,142
17.3 Excess Workers' Compensation				
18.1 Products liability - occurrence	69,514	40,622	45,792	64,344
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	889,452	411,321	548,879	751,894
19.3, 19.4 Commercial auto liability	1,560,379	750,522	951,122	1,359,779
21. Auto physical damage	12,860,915	10,323,615	11,014,730	12,169,800
22. Aircraft (all perils)				
23. Fidelity				
24. Surety	481,160	284,986	254,966	511,180
26. Burglary and theft	12,906	2,715	5,551	10,070
27. Boiler and machinery	54	571		625
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - Nonproportional Assumed Property				
32. Reinsurance - Nonproportional Assumed Liability				
33. Reinsurance - Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	18,777,658	13,268,758	14,369,532	17,676,884
<b>DETAILS OF WRITE-INS</b>				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)				

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	23,813				23,813
2. Allied lines	57,839				57,839
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril	844,279				844,279
6. Mortgage guaranty					
8. Ocean marine	23,151				23,151
9. Inland marine	53,561				53,561
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	55,656				55,656
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence	472,879				472,879
17.2 Other liability - claims-made	17,314				17,314
17.3 Excess Workers' Compensation					
18.1 Products liability - occurrence	45,792				45,792
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	548,879				548,879
19.3, 19.4 Commercial auto liability	951,122				951,122
21. Auto physical damage	5,226,537	5,788,193			11,014,730
22. Aircraft (all perils)					
23. Fidelity					
24. Surety	254,966				254,966
26. Burglary and theft	5,551				5,551
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance - Nonproportional Assumed Property					
32. Reinsurance - Nonproportional Assumed Liability					
33. Reinsurance - Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	8,581,339	5,788,193			14,369,532
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through Line 37)					14,369,532
<b>DETAILS OF WRITE-INS</b>					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)					

(a) State here basis of computation used in each case.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B-PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	208,395				181,008	27,387
2. Allied lines	579,448				507,947	71,501
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril	3,617,081				1,821,858	1,795,223
6. Mortgage guaranty						
8. Ocean marine	74,330				49,027	25,303
9. Inland marine	1,140,643				992,816	147,827
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	509,571				462,897	46,674
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	2,225,244				1,462,822	762,422
17.2 Other liability - claims-made	299,622				272,681	26,941
17.3 Excess Workers' Compensation						
18.1 Products liability - occurrence	79,006				9,492	69,514
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	990,317				100,865	889,452
19.3, 19.4 Commercial auto liability	1,667,569				107,190	1,560,379
21. Auto physical damage	14,504,642		798,805		2,442,532	12,860,915
22. Aircraft (all perils)						
23. Fidelity						
24. Surety	481,160					481,160
26. Burglary and theft	36,535				23,629	12,906
27. Boiler and machinery	4,359				4,305	54
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - Nonproportional Assumed Property	X X X					
32. Reinsurance - Nonproportional Assumed Liability	X X X					
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	26,417,922		798,805		8,439,069	18,777,658
<b>DETAILS OF WRITE-INS</b>						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes ( ) No (X)

If yes: 1. The amount of such installment premiums \$ .....  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ .....

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Optima Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire	17,811		15,139	2,672	1,571	832	3,411	10.3
2. Allied lines	18,218		10,898	7,320	3,102	5,000	5,422	10.6
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril	1,113,529		728,087	385,442	618,189	278,038	725,593	39.1
6. Mortgage guaranty								
8. Ocean marine					4,000		4,000	185.9
9. Inland marine	309,742		287,900	21,842	97,285	11,042	108,085	66.0
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake					300		300	1.1
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	82,211		6,459	75,752	89,984	168,194	(2,458)	(0.4)
17.2 Other liability - claims-made					80		80	0.6
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence					29,500	28,109	1,391	2.2
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	427,944			427,944	236,763	149,842	514,865	68.5
19.3, 19.4 Commercial auto liability	590,941			590,941	483,708	288,586	786,063	57.8
21. Auto physical damage	6,595,607	653,497	162,311	7,086,793	1,033,428	742,861	7,377,360	60.6
22. Aircraft (all perils)								
23. Fidelity								
24. Surety	50,723			50,723	65,496	41,631	74,588	14.6
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance- Nonproportional Assumed Property	X X X							
32. Reinsurance- Nonproportional Assumed Liability	X X X							
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	9,206,726	653,497	1,210,794	8,649,429	2,663,406	1,714,135	9,598,700	54.3
<b>DETAILS OF WRITE-INS</b>								
3401								
3402								
3403								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Optima Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	3,000		2,550	450	5,607		4,486	1,571	
2. Allied lines	19,572		16,470	3,102				3,102	
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril	616,906		145,410	471,496	309,893		163,200	618,189	103,576
6. Mortgage guaranty									
8. Ocean marine					9,000		5,000	4,000	
9. Inland marine	(54,150)		(59,160)	5,010	135,165		42,890	97,285	9,303
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake	3,000		2,700	300				300	
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence	101,500		58,500	43,000	440,984		394,000	89,984	120,706
17.2 Other liability - claims-made	80			80				80	
17.3 Excess Workers' Compensation									
18.1 Products liability - occurrence	8,500			8,500	21,000			29,500	
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	90,778			90,778	145,985			236,763	25,864
19.3, 19.4 Commercial auto liability	231,102			231,102	252,606			483,708	46,212
21. Auto physical damage	(44,596)	65,173	2,700	17,877	1,038,975		23,424	1,033,428	97,512
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	13,946			13,946	51,550			65,496	19,960
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance- Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance- Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	989,638	65,173	169,170	885,641	2,410,765		633,000	2,663,406	423,133
<b>DETAILS OF WRITE-INS</b>									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)									

(a) Including \$ ..... for present value of life indemnity claims.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	887,807			887,807
1.2 Reinsurance assumed	43,440			43,440
1.3 Reinsurance ceded	254,397			254,397
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	676,850			676,850
2. Commission and brokerage:				
2.1 Direct excluding contingent		5,854,185		5,854,185
2.2 Reinsurance assumed excluding contingent		175,737		175,737
2.3 Reinsurance ceded excluding contingent		2,792,564		2,792,564
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded		73,168		73,168
2.7 Policy and membership fees				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		3,164,190		3,164,190
3. Allowances to manager and agents				
4. Advertising		266,764		266,764
5. Boards, bureaus and associations	108	163,982		164,090
6. Surveys and underwriting reports		7,777		7,777
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	379,277	1,651,166		2,030,443
8.2 Payroll taxes	31,001	115,189		146,190
9. Employee relations and welfare	39,540	161,646		201,186
10. Insurance	2,878	48,600		51,478
11. Directors' fees		9,000		9,000
12. Travel and travel items	30,823	366,277		397,100
13. Rent and rent items	54,642	71,485		126,127
14. Equipment	46,059	365,597		411,656
15. Cost or depreciation of EDP equipment and software	1,101	26,433		27,534
16. Printing and stationery	10,741	57,894		68,635
17. Postage, telephone and telegraph, exchange and express	15,783	63,146		78,929
18. Legal and auditing	54,665	346,924	32,931	434,520
19. Totals (Line 3 through Line 18)	666,618	3,721,880	32,931	4,421,429
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$				
20.2 Insurance department licenses and fees		53,510		53,510
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)		53,510		53,510
21. Real estate expenses			37,648	37,648
22. Real estate taxes			41,722	41,722
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	12,664	(29,037)		(16,373)
25. Total expenses incurred	1,356,132	6,910,543	112,301	8,378,976
26. Less unpaid expenses - current year	423,132	423,974	599	847,705
27. Add unpaid expenses - prior year	234,764	350,246		585,010
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	1,167,764	6,836,815	111,702	8,116,281
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous Expenses	12,664	(29,037)		(16,373)
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	12,664	(29,037)		(16,373)

(a) Includes management fees of \$ ..... to affiliates and \$ ..... to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a) 774,839	782,634
1.1 Bonds exempt from U. S. tax	(a) 376,462	375,305
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	662	662
3. Mortgage loans	(c)	
4. Real estate	(d) 178,320	178,320
5. Contract loans	(d)	
6. Cash, cash equivalents and short-term investments	(e) 46,440	35,238
7. Derivative instruments	(f)	
8. Other invested assets	(f) 20,533	20,533
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,397,256	1,392,692
11. Investment expenses		(g) 22,912
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 42,507
13. Interest expense		(h) 9,634
14. Depreciation on real estate and other invested assets		(i) 37,248
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		112,301
17. Net investment income (Line 10 minus Line 16)		1,280,391
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		
(a) Includes \$ 2,082 accrual of discount less \$ 158,265 amortization of premium and less \$ 83,090 paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ 37,248 depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U. S. Government bonds	188,017		188,017		
1.1 Bonds exempt from U. S. tax	7,015		7,015		
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	71,240		71,240	33,025	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(5,879)		(5,879)		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	260,393		260,393	33,025	
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivable for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	38,182	9,193	(28,989)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	10,428	9,266	(1,162)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivable from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	47,480	69,984	22,504
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	96,090	88,443	(7,647)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	96,090	88,443	(7,647)
<b>DETAILS OF WRITE-INS</b>			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. Prepaid expenses	47,480	69,984	22,504
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	47,480	69,984	22,504

**NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies****A. Accounting Practices**

The financial statements of Optima Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner).

The Commissioner of Insurance requires insurance companies domiciled in the Commonwealth of Puerto Rico to prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices Procedures Manual (NAIC SAP)*, subject to any deviation prescribed or permitted by the Insurance Code of Puerto Rico.

The Commissioner has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, section 5.06 of the Insurance Code of Puerto Rico establishes that a new domestic insurer may, during the first full five calendar years of its operations, maintain unearned premium reserves in the following percentages: 1<sup>st</sup> Year 50%, 2<sup>nd</sup> Year 60%, 3<sup>rd</sup> Year 70%, 4<sup>th</sup> Year 80%, and 5<sup>th</sup> Year 90%. The Company recorded this adjustment as a reduction of Aggregate write-ins for liabilities and an increase in policyholders' surplus up to December 31, 2009.

The monetary effect on statutory surplus of the adjustment according to Sec 5.04 and the deferred tax liability on the catastrophe reserve is as follows:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Statutory Surplus, PR state basis	\$10,550,025	\$10,505,852
Deferred tax liability on catastrophe reserve not recorded under accounting practices permitted by the Commissioner of PR	(32,391)	(25,013)
Effect of the Sec. 5.04 of the PR Insurance Code	<u>0</u>	<u>(1,284,393)</u>
Statutory Surplus, NAIC SAP	<u>\$10,517,634</u>	<u>\$9,196,446</u>

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

The preparation of statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance 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.

**C. Accounting Policies**

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by the sum-of-the-years-digits method for single interest business and the daily pro-rata method for other lines of business. Expenses incurred in connection with acquiring insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding commissions received or receivable.

Net investment income earned consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed of.

- 1) Short-term investments are stated at amortized value using interest method.
- 2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- 3) Common stocks are carried at market value.
- 4) Perpetual preferred stocks are stated at fair value.
- 5) Optima Insurance does not have mortgage loan on real estate.
- 6) Loan and backed securities are stated at amortized value.
- 7) Optima Insurance does not have interest in affiliated companies.
- 8) Optima Insurance does not have ownership interest in joint ventures.
- 9) Optima Insurance does not invest in derivative instruments.
- 10) Optima Insurance does not anticipate investment income as a factor in the premium deficiency calculation.
- 11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12) Optima Insurance has not modified its capitalization policy from the prior period.
- 13) Not applicable as the Company does not write major insurance with prescription drug coverage.

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 2 - Accounting Changes and Corrections**

A. Accounting Changes other than Codification and Correction of Errors

Not Applicable

**Note 3 - Business Combination and Goodwill**

Not Applicable

**Note 4 - Discontinued Operations**

Not Applicable

**Note 5 - Investments**

A. Mortgage Loans

Not Applicable

B. Troubled Debt Restructuring for Creditors

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

1. Not Applicable

2. Prepayment assumptions for loan-backed securities were obtained from broker dealer survey values.

3. The prospective adjustment method is used to value all securities.

E. Repurchase Agreements

Not Applicable

F. Write downs for impairments of Real Estate and Retail Land Sales

Not Applicable

G. Low Income Housing Tax Credits

Not Applicable

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

Not Applicable

**Note 7 - Investment Income**

A. Accrued Investment Income

Optima Insurance included all of its investment income due and accrued in the financial statements. The Company records as non-admitted assets investment income due and accrued if amounts are over 90 days past due.

B. Amounts Non-admitted

Not Applicable

**Note 8 - Derivative Instruments**

Not Applicable

**Note 9 - Income taxes**

A. Components of Deferred Income Taxes:

**NOTES TO FINANCIAL STATEMENTS**

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
1. Total gross deferred tax assets	\$19,218	\$31,465
2. Total gross deferred tax liabilities	10,426	5,472
3. Net deferred tax assets	<u>8,792</u>	<u>25,993</u>
4. Nonadmitted tax assets	<u>0</u>	<u>0</u>
5. Net admitted deferred tax asset	<u>\$8,792</u>	<u>\$25,993</u>
6. (Increase) decrease in nonadmitted deferred tax assets	<u>\$0</u>	<u>(\$3,543)</u>

## B. Unrecognized Deferred Tax Liabilities

Not Applicable

## C. Current Tax and Change in Deferred Tax

Optima Insurance is only subject to Puerto Rico income taxes that are determined on the basis of statutory rates up to a maximum of 39%. No provision for Puerto Rico income tax was recorded for the current period.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets are as follows:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Non admitted assets	\$19,218	\$17,688
Realized Capital Loss	0	13,777
Unrealized Capital Gains	<u>(10,426)</u>	<u>(5,472)</u>
Admitted deferred tax assets	<u>\$8,792</u>	<u>\$25,993</u>

The change in net deferred income taxes is comprised of the following:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Gross deferred tax assets	(\$12,247)	\$13,576
Gross deferred tax liabilities	<u>4,954</u>	<u>5,472</u>
	<u>(\$17,201)</u>	<u>\$8,104</u>

## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Not Applicable

## E. Operating Loss and Tax Credit Carry Forward

Not Applicable

## F. Consolidated Federal Income Tax Return

Not Applicable

**Note 10 - Information Concerning Parent, Subsidiaries and Affiliates**

## A. Nature of Relationship

100% of the outstanding shares of Optima Insurance Company are owned by Optima Insurance Group, a holding company domiciled in San Juan, Puerto Rico.

## B. Detail of Transactions Greater than ½% of Admitted Assets

During the year ended December 31, 2010, the Company purchased from Colonial Insurance Agency, an affiliated company, a parcel of land adjacent to the building the Company owns for \$1,277,000. The Company believes that the purchase price was at fair value, based on an independent appraisal received by management.

## C. Change in Terms of Inter-Company Arrangements

Not Applicable

## D. Amounts due to or from Related Parties

As of December 31, 2010, Optima Insurance Company reported \$572,795 as amounts due from Parent Company, Optima Insurance Group, and other affiliated companies. The amounts due from affiliates are as

**NOTES TO FINANCIAL STATEMENTS**

follows:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Receivable from Optima Ins Group	\$156,597	\$651,622
Receivable from Colonial Ins Agency	413,858	212,713
Receivable from New Century Finance	720	0
Receivable from Premier Warranty	<u>1,620</u>	<u>0</u>
	<u>\$572,795</u>	<u>\$864,335</u>

## E. Guarantees or Contingencies for Related Parties

Not Applicable

## F. Management, Service Contracts, Cost Sharing Arrangements

The Company is in a Cost Sharing Arrangement for certain office expenses and management services with the affiliated General Agency, Colonial Insurance Agency, Inc,

## G. Nature of Relationships that Could Affect Operations

Not Applicable

## H. Amount Deducted for Investment in Upstream Company

Not Applicable

## I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not Applicable

## J. Write-down for impairments of Investments in Subsidiary, Controlled or Affiliated Companies

Not Applicable

## K. Foreign subsidiary value using CARVM

Not Applicable

## L. Downstream Holding Company Valued Using Look – Through Method

Not Applicable

**Note 11 - Debt**

Not Applicable

**Note 12 - Retirement Plans, Deferred Compensation , Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

## A. Defined Benefit Plans

Not Applicable

## B. Defined Contribution Plans

The Parent sponsors a defined contribution savings plan covering substantially all employees of the Company.

## C. Multiemployer Plans

Not Applicable

## D. Consolidated/Holding Company Plans

Not Applicable

## E. Post employment Benefits and Compensated Absences

Not Applicable

## F. Impact of Medicare Modernization Act on Postretirement Benefits

**NOTES TO FINANCIAL STATEMENTS**

---

Not Applicable

**Note 13 - Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations**

A. Outstanding Shares

Optima Insurance has 1,000,000 shares of \$10 par value common stock authorized and 300,000 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not Applicable

C,D and E Dividend Restrictions

Dividends to common stock are paid as and if declared by the Board of Directors of the Company. Under the insurance regulations of the Commonwealth of Puerto Rico, the maximum amount of dividends which the Company may pay to shareholders without approval of the Commissioner of Insurance is restricted to statutory surplus limitations.

F. Mutual Surplus Advance

Not Applicable

G. Company Stock Held for Special Surplus

Not Applicable

H. Changes in Special Funds

Not Applicable

I. The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$59,079 after deducting applicable deferred taxes of \$10,426.

J. Surplus Notes

Not Applicable

K. and L. Quasi Reorganizations

Not Applicable

J. Surplus Notes

Not Applicable

**Note 14 - Contingencies**

A. Contingent Commitments

Pursuant to Chapter 25 of Puerto Rico Insurance Code, Optima Insurance Company is required to create a trust fund exclusively to pay catastrophe losses covered under policies written in Puerto Rico. In order to comply with this Law, as of December 31, 2010, the balance in the Catastrophe reserve fund was \$215,939. This amount was accounted for as a reduction of unassigned surplus and presented as aggregate write-ins for liabilities.

Also, pursuant to Chapter 41 of the Puerto Rico Insurance Code and Rule No. 56 of the insurance regulations of the Commonwealth of Puerto Rico, property and liability insurance companies are members of the Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad de Profesional Médico-Hospitalaria "SIMED". This syndicate was created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event that this syndicate cannot meet its obligations.

B. Guaranty Fund and Other Assessments

Property and liability insurance companies are members of the Puerto Rico Property and Casualty Insurance Guaranty Association (PRPCIGA). Members are obligated to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies. No assessments were made to the Company by PRPCIGA during the year ended December 31, 2010.

C. Gain Contingencies

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

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

Not applicable.

## E. Other Contingencies and Writedowns for Impairment

Not applicable.

**Note 15 - Leases**

Not Applicable

**Note 16 - Information about Financial Instruments with off-Balance Sheet Risk and with Concentration of Credit Risk**

Not Applicable

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not Applicable

**Note 18 - Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans**

Not Applicable

**Note 19 - Direct Premiums Written/Produced by Manager General Agents/Third Party Administrators**

The Company uses general agencies to write and administer all property and casualty lines of business. As reported in the following chart, one general agency (an affiliated company) produced direct premiums greater than 5% of policyholders' surplus. The terms of the general agency contract gives the agency authority to premium collection (P) and underwriting authority (B) for all policies issued under these agreements.

<u>Name of General Agency</u>	<u>FEIN Number</u>	<u>Exclusive Contract</u>	<u>Types of Business Written</u>	<u>Type of Authority Granted</u>	<u>Total Direct Premiums Written</u>
Colonial Insurance Agency	661156038	No	All Lines	B,P	\$23,458,197
Other					<u>2,959,725</u>
Grandtotals					<u>\$26,417,922</u>

B - Binding Authority

P - Premium Collection

**Note 20 - Other Items**

## A. Extraordinary Items

Not Applicable

## B. Trouble Debt Restructuring for Debtors

Not Applicable

## C. Other Disclosures

Not Applicable

## D. Uncollectible Premium Receivable

At the end of the current period and prior year, the Company had admitted assets of \$3,059,342 and \$4,170,440, respectively in premiums receivable. The Company routinely assesses the collectability of these receivables. The potential for any additional loss is not believed to be material to the Company's financial position.

## E. Business Interruption Insurance Recoveries

Not Applicable

## F. Hybrid Securities

## NOTES TO FINANCIAL STATEMENTS

Not Applicable

G. State Transferable Credits

Not Applicable

H. Impact of Medicare Modernization Act

Not Applicable

I. Sub Prime Mortgages

Not Applicable

**Note 21 - Other Items**

T

Not Applicable

**Note 22 - Events Subsequent**

There were no events occurring subsequent to the end of the current year through the date of this filing which require adjustment or disclosures in the accompanying statutory basis financial statements.

**Note 23 - Reinsurance**

A. Unsecured Reinsurance Recoverable

Individual reinsurers having unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premiums in excess of 3% of the Company's policyholders' surplus at December 31, 2010 are the following:

NAIC Code	Federal ID#	Name of Reinsurer	Amount
40827	36-3186541	VIRGINIA SURETY CO INC	3,558,312
19453	13-5616275	TRANSATLANTIC REIN CO	1,490,287
	AA-1340165	MUNCHENER RUCKVERSICHERUNGS GESELLSCHAFT	813,014
30058	75-1444207	SCOR REINS CO	482,741
23680	47-0698507	ODYSSEY AMERICA REINSURANCE CORP	443,478
23680	47-0698507	ODYSSEY AMER REINS CO	443,478
19453	13-5616275	LLOYDS SYNDICATE NUMBER 2488	349,179
	AA-1126005	LLOYDS SYNDICATE NUMBER 4000	349,179
44776	51-0335732	TORUS INS (UK) LTD	349,179

B. Reinsurance Recoverable in Dispute

The Company does not have reinsurance recoverable in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

C. Reinsurance Assumed and Ceded

The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year.

	Assumed Reinsurance		Ceded Reinsurance		Net (\$)	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$0	\$0	\$0	\$0	\$0	\$0
b. All Other	336,245	73,974	7,622,332	3,011,101	(7,286,087)	(2,937,127)
c. TOTAL	<u>\$336,245</u>	<u>\$73,974</u>	<u>\$7,622,332</u>	<u>\$3,011,101</u>	<u>(\$7,286,087)</u>	<u>(\$2,937,127)</u>
d. Direct Unearned Premium Reserve				<u>\$21,655,619</u>		

D. Uncollectible reinsurance

Not Applicable

E. Commutation of ceded reinsurance

**NOTES TO FINANCIAL STATEMENTS**

---

Not Applicable

F. Retroactive Reinsurance

Not Applicable

G. Reinsurance Accounted for as Deposit

Not Applicable

**Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not Applicable

**Note 25 - Changes in Incurred Losses and Loss adjustment Expense**

There are no significant events attributable to prior years that affected the incurred loss and loss adjustment expenses.

**Note 26 - Inter-Company Pooling Arrangements**

Not Applicable

**Note 27 - Structured settlements**

A. Reserves Released due to Purchase of Annuities

Not Applicable

B. Annuity Insurers with Balances due greater than 1% of Policyholder's Surplus

Not Applicable

**Note 28 - Health Care Receivables**

Not Applicable

**Note 29 - Participant Policies**

Not Applicable

**Note 30 - Premium Deficiencies Reserves**

Not Applicable

**Note 31 - High Deductibles**

Not Applicable

**Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustments Expenses**

Not Applicable

**Note 33 - Asbestos/Environmental Reserves**

Not Applicable

**Note 34 - Subscriber-Savings Account**

Not Applicable

**Note 35 - Multi Peril Crop Insurance**

Not Applicable

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes ( ) No (X)
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes ( ) No ( ) N/A (X)
- 1.3 State Regulating? .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 3.2 State the as of date of 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. .....
- 3.3 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). .....
- 3.4 By what department or departments?  
Office of the Insurance Commissioner of Puerto Rico
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes ( ) No ( ) N/A (X)
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes ( ) No ( ) N/A (X)
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes (X) No ( )
- 4.12 renewals? Yes (X) No ( )
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes (X) No ( )
- 4.22 renewals? Yes (X) No ( )
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 5.2 If yes, provide 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
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ( ) No (X)
- 6.2 If yes, give full information:  
.....  
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No (X)
- 7.2 If yes, ..... %
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g. individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....
.....	.....

**GENERAL INTERROGATORIES**

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No (X)

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
 .....  
 .....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No (X)

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Deloitte & Touche, LLP  
 Torre Chardon Ave. Suite 700, San Juan, Puerto Rico 00918

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes ( ) No (X)

10.2 If the response to 10.1 is yes, provide information related to this exemption:  
 .....  
 .....

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Model Regulation, or substantially similar state law or regulation? Yes ( ) No (X)

10.4 If the response to 10.3 is yes, provide information related to this exemption:  
 .....  
 .....

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes ( ) No (X)

10.6 If the response to 10.5 is yes, provide information related to this exemption:  
 .....  
 .....

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes ( ) No (X)

10.8 If the response to 10.7 is no, please explain  
 Requirement to establish an Audit Committee is effective in 2011 per Puerto Rico regulation.  
 .....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 Martha A. Winslow, FCAS, MAAA, Senior Consultant  
 Towers Watson, 7650 Edinborough Way Suite 500, Minneapolis, MN 55435-5978

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)

12.11 Name of real estate holding company  
 .....  
 .....

12.12 Number of parcels involved  
 .....

12.13 Total book/adjusted carrying value \$ .....

12.2 If yes, provide explanation  
 .....  
 .....

**13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 .....  
 .....

13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes ( ) No ( )

13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No ( )

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:  
 .....  
 .....

14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)

14.21 If the response to 14.2 is Yes, provide information related to amendment(s).  
 .....  
 .....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)

14.31 If the response to 14.3 is Yes, provide the nature of any waiver(s).  
 .....  
 .....

**GENERAL INTERROGATORIES**

**BOARD OF DIRECTORS**

- 15. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes (X) No ( )
- 16. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes (X) No ( )
- 17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes (X) No ( )

**FINANCIAL**

- 18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ( ) No (X)
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
  - 19.11 To directors or other officers \$ .....
  - 19.12 To stockholders not officers \$ .....
  - 19.13 Trustees, supreme or grand (Fraternal only) \$ .....
- 19.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
  - 19.21 To directors or other officers \$ .....
  - 19.22 To stockholders not officers \$ .....
  - 19.23 Trustees, supreme or grand (Fraternal only) \$ .....
- 20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ( ) No (X)
- 20.2 If yes, state the amount thereof at December 31 of the current year:
  - 20.21 Rented from others \$ .....
  - 20.22 Borrowed from others \$ .....
  - 20.23 Leased from others \$ .....
  - 20.24 Other \$ .....
- 21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ( ) No (X)
- 21.2 If answer is yes:
  - 21.21 Amount paid as losses or risk adjustment \$ .....
  - 21.22 Amount paid as expenses \$ .....
  - 21.23 Other amounts paid \$ .....
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes (X) No ( )
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 156,597

**INVESTMENT**

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes (X) No ( )
- 23.2 If no, give full and complete information relating thereto:  
 .....  
 .....
- 23.3 For the security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)  
 .....  
 .....
- 23.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)
- 23.5 If answer to 23.4 is YES, report amount of collateral for conforming programs. \$ .....
- 23.6 If answer to 23.4 is NO, report amount of collateral for other programs. \$ .....
- 23.7 Does your security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ( ) No ( ) N/A (X)
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ( ) No ( ) N/A (X)
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes ( ) No ( ) N/A (X)

**GENERAL INTERROGATORIES**

**INVESTMENT**

- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes ( ) No (X)
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- |  |  |                    |
|--|--|--------------------|
|  | 24.21 Subject to repurchase agreements                 | \$ .....           |
|  | 24.22 Subject to reverse repurchase agreements         | \$ .....           |
|  | 24.23 Subject to dollar repurchase agreements          | \$ .....           |
|  | 24.24 Subject to reverse dollar repurchase agreements  | \$ .....           |
|  | 24.25 Pledged as collateral                            | \$ .....           |
|  | 24.26 Placed under option agreements                   | \$ .....           |
|  | 24.27 Letter stock or securities restricted as to sale | \$ .....           |
|  | 24.28 On deposit with state or other regulatory body   | \$ ..... 1,602,890 |
|  | 24.29 Other  | \$ .....           |

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ( ) No (X)
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes ( ) No ( ) N/A (X)
- 26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes ( ) No (X)
- 26.2 If yes, state the amount thereof at December 31 of the current year. \$ .....
27. 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 (X) No ( )
- 27.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
CITIBANK N.A. ....	PO Box 70301 San Juan, Puerto Rico 00936-8301 .....
POPULAR SECURITIES .....	Banco Popular Center San Juan, Puerto Rico 00918 .....
UBS FINANCIAL SERVICES INC. OF PUERTO RICO .....	250 Munoz Rivera Ave., PH FL San Juan, Puerto Rico 00918-9998 .....

27.02 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)
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 27.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes ( ) No (X)
- 27.04 If yes, give full and complete information relating thereto:

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

27.05 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 Number(s)	2 Name	3 Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

**GENERAL INTERROGATORIES**

28.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes ( ) No (X)

28.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
Line 28. 2998 from Overflow page	.....	.....
Line 28. 2999 TOTAL (9999999)	.....	.....

28.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

29. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	\$ 27,673,080	\$ 27,764,692	\$ 91,612
29.2 Preferred stocks	\$ .....	\$ .....	\$ .....
29.3 Totals	\$ 27,637,080	\$ 27,764,692	\$ 91,612

29.4 Describe the sources or methods utilized in determining the fair values:  
.....

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes (X) No ( )

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes (X) No ( )

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:  
.....

31.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

31.2 If no, list exceptions:  
.....

**GENERAL INTERROGATORIES**

OTHER

32.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ ..... 164,091

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Service Office .....	\$ ..... 143,880
.....	\$ .....
.....	\$ .....
.....	\$ .....

33.1 Amount of payments for legal expenses, if any? \$ ..... 26,270

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Ledesma, Vargas & Villarubia .....	\$ ..... 10,407
.....	\$ .....
.....	\$ .....
.....	\$ .....

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)

1.2 If yes, indicate premium earned on U.S. business only. \$ .....

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....

1.31 Reason for excluding:  
 .....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$ .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ .....

1.62 Total incurred claims \$ .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned \$ .....

1.65 Total incurred claims \$ .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ .....

1.72 Total incurred claims \$ .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned \$ .....

1.75 Total incurred claims \$ .....

1.76 Number of covered lives .....

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ .....	\$ .....
2.2 Premium Denominator	\$ .....	\$ .....
2.3 Premium Ratio (Line 2.1/Line 2.2)	.....	.....
2.4 Reserve Numerator	\$ .....	\$ .....
2.5 Reserve Denominator	\$ .....	\$ .....
2.6 Reserve Ratio (Line 2.4/Line 2.5)	.....	.....

3.1 Does the reporting entity issue both participating and non-participating policies? Yes ( ) No (X)

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies \$ .....

3.22 Non-participating policies \$ .....

4. For Mutual reporting entities and Reciprocal Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes ( ) No (X)

4.2 Does the reporting entity issue non-assessable policies? Yes ( ) No (X)

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ .....

5. For Reciprocal Exchanges only:

5.1 Does the exchange appoint local agents? Yes ( ) No (X)

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes ( ) No ( ) N/A (X)

5.22 As a direct expense of the exchange Yes ( ) No ( ) N/A (X)

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
 .....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes ( ) No (X)

5.5 If yes, give full information.  
 .....

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
 Not applicable
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
 The Company has evaluated its PML using the latest version of RMS modeling software for both earthquake and windstorm. The analysis include among others, policy limits, location, deductibles and construction types.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
 The Company buys a comprehensive reinsurance program including catastrophe excess of loss protection, commercial and personal property quota-share, property per risk XL, marine quota share, marine XL.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes (X) No ( )
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
 .....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes ( ) No (X)
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes ( ) No (X)
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes ( ) No (X)
- 8.2 If yes, give full information.  
 .....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes ( ) No (X)
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of the prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes ( ) No (X)
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes ( ) No (X)
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or, Yes ( ) No (X)  
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or, Yes ( ) No (X)  
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes ( ) No (X)

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original reporting entity would have been required to charge had it retained the risks. Has this been done? Yes (X) No ( ) N/A ( )
- 11.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes ( ) No (X)
- 11.2 If yes, give full information.  
 .....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |  |          |
|---|--|----------|
| 12.11 Unpaid losses   |  | \$ ..... |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) |  | \$ ..... |
- 12.2 Of the amount on Line 15.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$ .....
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes ( ) No ( ) N/A (X)
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- |            |  |        |
|------------|--|--------|
| 12.41 From |  | .....% |
| 12.42 To   |  | .....% |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes ( ) No (X)
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- |                                  |  |          |
|----------------------------------|--|----------|
| 12.61 Letters of credit          |  | \$ ..... |
| 12.62 Collateral and other funds |  | \$ ..... |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 100,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes ( ) No (X)
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. .....
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes ( ) No (X)
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
 .....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes ( ) No (X)
- 14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes ( ) No (X)
- 14.5 If the answer to 14.4 is no, please explain:  
 .....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes ( ) No (X)
- 15.2 If yes, give full information.  
 .....

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

16.1 Does the reporting entity write any warranty business? Yes ( ) No (X)

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.12 Products	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.13 Automobile	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.14 Other*	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

\* Disclose type of coverage:  
 .....  
 .....

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes ( ) No (X)

Included but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5.  
 Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ .....
17.12 Unfunded portion of Interrogatory 17.11	\$ .....
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ .....
17.14 Case reserves portion of Interrogatory 17.11	\$ .....
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ .....
17.16 Unearned premium portion of Interrogatory 17.11	\$ .....
17.17 Contingent commission portion of Interrogatory 17.11	\$ .....

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ .....
17.19 Unfunded portion of Interrogatory 17.18	\$ .....
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ .....
17.21 Case reserves portion of Interrogatory 17.18	\$ .....
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ .....
17.23 Unearned premium portion of Interrogatory 17.18	\$ .....
17.24 Contingent commission portion of Interrogatory 17.18	\$ .....

18.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ .....

18.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)

18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ .....

## FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i. e. 17.6.

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	5,261,758	4,997,270	2,923,853	2,195,829	1,603,360
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	17,778,039	16,314,285	14,891,785	7,768,731	3,661,135
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	3,695,770	3,149,631	2,750,420	2,049,659	826,711
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	481,160	487,674	425,442	305,282	121,015
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	27,216,727	24,948,860	20,991,500	12,319,501	6,212,221
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	3,308,708	2,595,846	2,323,347	1,161,633	635,754
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	13,167,210	12,876,813	9,826,348	5,305,058	3,097,858
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	1,820,580	949,752	924,547	881,560	317,968
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	481,160	487,674	425,442	305,282	121,015
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	18,777,658	16,910,085	13,499,684	7,653,533	4,172,595
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(188,491)	(294,313)	(245,265)	(730,820)	(1,050,651)
14. Net investment gain (loss) (Line 11)	1,540,784	1,071,879	664,932	453,886	213,092
15. Total other income (Line 15)	17,282				
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	1,369,575	777,566	419,667	(276,934)	(837,559)
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	46,137,531	39,355,066	31,515,791	16,274,848	9,262,292
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	3,059,342	4,170,440	3,148,960	1,480,110	854,563
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	35,587,506	28,849,213	21,264,767	13,571,049	6,441,966
22. Losses (Page 3, Line 1)	2,663,406	1,714,135	1,317,212	685,060	275,903
23. Loss adjustment expenses (Page 3, Line 3)	423,133	234,764	123,505	57,623	30,132
24. Unearned premiums (Page 3, Line 9)	14,369,532	13,268,758	9,332,527	5,451,678	3,423,825
25. Capital paid up (Page 3, Line 30 and Line 31)	3,000,000	3,000,000	3,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	10,550,025	10,505,852	10,251,023	2,703,799	2,820,326
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	7,465,249	7,262,948	6,045,720	5,678,054	4,560,185
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	10,550,025	10,505,852	10,251,023	2,703,799	2,820,326
29. Authorized control level risk-based capital	2,084,997	1,868,423	1,488,244	962,941	560,599
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	66.7	78.9	64.4	61.4	59.5
31. Stocks (Line 2.1 and Line 2.2)	6.0	0.4	0.7		
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)	9.1	7.1			
34. Cash, cash equivalents and short-term investments (Line 5)	18.2	13.6	34.9	38.6	40.5
35. Contact loans (Line 6)					
36. Derivatives (Line 7)		X X X	X X X	X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)		X X X	X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)					
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 through Line 47					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)					

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains (losses) (Line 24) .....	33,025	52,405	(15,925)		
51. Dividends to stockholders (Line 35) .....					
52. Change in surplus as regards policyholders for the year (Line 38) .....	44,173	254,828	7,547,224	(116,527)	(157,696)
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....	1,101,096	599,198	380,431	426,727	67,870
54. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....	7,594,875	6,242,720	3,854,842	2,397,242	1,073,829
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....	1,113,529	513,582	426,042	536,783	52,147
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34) .....	50,723	83,290	47,302	1,544	
57. Nonproportional reinsurance lines (Lines 31, 32, and 33) .....					
58. Total (Line 35) .....	9,860,223	7,438,790	4,708,617	3,362,296	1,193,846
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....	1,094,637	598,498	380,431	273,034	67,870
60. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....	7,118,627	5,598,835	3,814,947	2,395,650	1,073,829
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....	385,442	215,973	90,443	109,085	4,399
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34) .....	50,723	83,290	47,302	1,544	
63. Nonproportional reinsurance lines (Lines 31, 32, and 33) .....					
64. Total (Line 35) .....	8,649,429	6,496,596	4,333,123	2,779,313	1,146,098
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2) .....	54.3	53.1	51.6	56.7	66.2
67. Loss expenses incurred (Line 3) .....	7.7	6.8	4.9	7.1	9.1
68. Other underwriting expenses incurred (Line 4) .....	39.1	42.3	46.0	49.2	75.0
69. Net underwriting gain (loss) (Line 8) .....	(1.1)	(2.3)	(2.6)	(13.0)	(50.4)
<b>Other Percentages</b>					
70. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	36.7	32.5	32.8	36.1	37.5
71. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0) .....	62.0	60.0	56.6	63.8	75.3
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	178.0	161.0	131.7	283.1	147.9
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	141	(14)	(4)	(55)	5
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Column 1 x 100.0) .....	1.3	(0.1)	(0.2)	(2.0)	0.2
<b>Two Year Loss Development (000 omitted)</b>					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	81	63	(45)	7	
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Column 2 x 100.0) .....	0.8	2.3	(1.6)	0.2	

Note: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?  
If no, please explain:

Yes ( ) No ( )

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X									X X X
2. 2001												X X X
3. 2002												X X X
4. 2003												X X X
5. 2004												X X X
6. 2005	109	39	70	61		1		2		16	64	X X X
7. 2006	2,753	670	2,083	1,584	242	13		81	5	183	1,431	X X X
8. 2007	9,899	4,273	5,626	3,696	419	27		189	21	406	3,472	X X X
9. 2008	16,525	6,906	9,619	5,422	696	110		374	91	561	5,119	X X X
10. 2009	18,784	5,812	12,972	7,293	746	159	122	1,453	97	899	7,940	X X X
11. 2010	23,241	5,564	17,677	8,526	1,054	17		901	108	699	8,282	X X X
12. Totals	X X X	X X X	X X X	26,582	3,157	327	122	3,000	322	2,764	26,308	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.													X X X
2.													X X X
3.													X X X
4.													X X X
5.													X X X
6.													X X X
7.								1			1		X X X
8.	1							5			6		X X X
9.	175		75	62				16		17	204		X X X
10.	332	11	270	148			16	64		125	523		X X X
11.	546	158	2,067	422			81	239		656	2,353		X X X
12.	1,054	169	2,412	632			97	325		798	3,087		X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2.											
3.											
4.											
5.											
6.	64		64	58.7		91.4					
7.	1,679	247	1,432	61.0	36.9	68.7					1
8.	3,918	440	3,478	39.6	10.3	61.8					5
9.	6,172	849	5,323	37.3	12.3	55.3					16
10.	9,587	1,124	8,463	51.0	19.3	65.2					80
11.	12,377	1,742	10,635	53.3	31.3	60.2					320
12.	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,665	422

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 One Year	12 Two Year	
1. Prior													
2. 2001													
3. 2002	XXX												
4. 2003	XXX	XXX											
5. 2004	XXX	XXX	XXX										
6. 2005	XXX	XXX	XXX	XXX	57	60	62	63	63	62	(1)	(1)	
7. 2006	XXX	XXX	XXX	XXX	XXX	1,393	1,338	1,348	1,349	1,355	6	7	
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	3,232	3,217	3,283	3,305	22	88	
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,037	4,956	5,024	68	(13)	
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,997	7,043	46	XXX	
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,603	XXX	XXX	
											12. Totals	141	81

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0										XXX	XXX
2. 2001											XXX	XXX
3. 2002	XXX										XXX	XXX
4. 2003	XXX	XXX									XXX	XXX
5. 2004	XXX	XXX	XXX								XXX	XXX
6. 2005	XXX	XXX	XXX	XXX	15	62	62	63	63	62	XXX	XXX
7. 2006	XXX	XXX	XXX	XXX	XXX	1,099	1,316	1,348	1,346	1,355	XXX	XXX
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	2,569	3,113	3,175	3,304	XXX	XXX
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,804	4,670	4,836	XXX	XXX
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,622	6,584	XXX	XXX
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,489	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010
1. Prior										
2. 2001										
3. 2002	XXX									
4. 2003	XXX	XXX								
5. 2004	XXX	XXX	XXX							
6. 2005	XXX	XXX	XXX	XXX	2					
7. 2006	XXX	XXX	XXX	XXX	XXX	11				3
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	451	151		6
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	933	129	13
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,159	138
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,726

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

**Allocated by States and Territories**

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. Dist. Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	L	26,417,922	22,354,138	9,206,726	10,009,602	3,400,403	17,282	
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate other alien	OT	X X X							
59. Totals	(a) 1		26,417,922	22,354,138	9,206,726	10,009,602	3,400,403	17,282	
<b>DETAILS OF WRITE-INS</b>									
5801.		X X X							
5802.		X X X							
5803.		X X X							
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X							
5899. Totals (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		X X X							

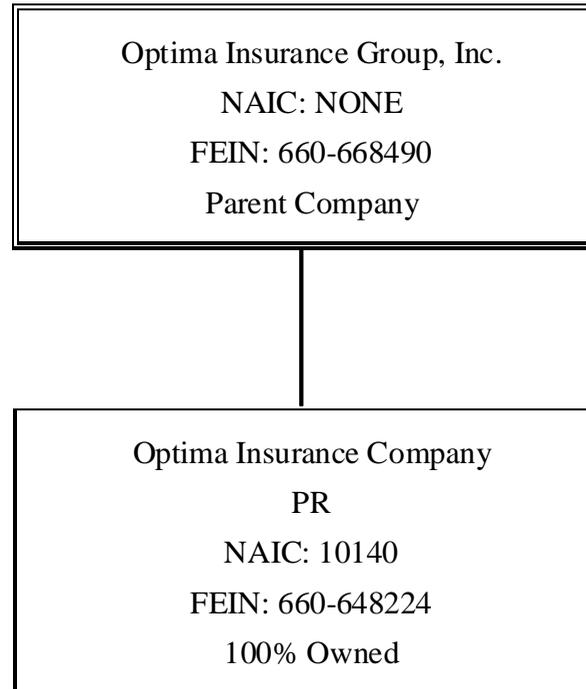
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

**Explanation of basis of allocation of premiums by states, etc.**

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Optima Insurance Company  
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

---



# Property and Casualty

## Annual Statement Blank Alphabetical Index

Assets .....	2	Schedule P - Part 1 - Summary .....	31
Cash Flow .....	5	Schedule P - Parts 2, 3, and 4 - Summary .....	32
Exhibit of Capital Gains (Losses) .....	12	Schedule P - Part 1A - Homeowners/Farmowners .....	33
Exhibit of Net Investment Income .....	12	Schedule P - Part 1B - Private Passenger Auto Liability/Medical .....	34
Exhibit of Nonadmitted Assets .....	13	Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical .....	35
Exhibit of Premiums and Losses (State Page) .....	19	Schedule P - Part 1D - Workers' Compensation .....	36
Five-Year Historical Data .....	17	Schedule P - Part 1E - Commercial Multiple Peril .....	37
General Interrogatories .....	15	Schedule P - Part 1F - Section 1 - Medical Professional Liability - Occurrence .....	38
Jurat Page .....	1	Schedule P - Part 1F - Section 2 - Medical Professional Liability - Claims-Made .....	39
Liabilities, Surplus and Other Funds .....	3	Schedule P - Part 1G - Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery) .....	40
Notes To Financial Statements .....	14	Schedule P - Part 1H - Section 1 - Other Liability - Occurrence .....	41
Overflow Page For Write-ins .....	97	Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made .....	42
Schedule A - Part 1 .....	E01	Schedule P - Part 1I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) .....	43
Schedule A - Part 2 .....	E02	Schedule P - Part 1J - Auto Physical Damage .....	44
Schedule A - Part 3 .....	E03	Schedule P - Part 1K - Fidelity/Surety .....	45
Schedule A - Verification Between Years .....	SI02	Schedule P - Part 1L - Other (Including Credit, Accident and Health) .....	46
Schedule B - Part 1 .....	E04	Schedule P - Part 1M - International .....	47
Schedule B - Part 2 .....	E05	Schedule P - Part 1N - Reinsurance .....	48
Schedule B - Part 3 .....	E06	Schedule P - Part 1O - Reinsurance .....	49
Schedule B - Verification Between Years .....	SI02	Schedule P - Part 1P - Reinsurance .....	50
Schedule BA - Part 1 .....	E07	Schedule P - Part 1R - Section 1 - Products Liability - Occurrence .....	51
Schedule BA - Part 2 .....	E08	Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made .....	52
Schedule BA - Part 3 .....	E09	Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty .....	53
Schedule BA - Verification Between Years .....	SI03	Schedule P - Part 1T - Warranty .....	54
Schedule D - Part 1 .....	E10	Schedule P - Part 2A - Homeowners/Farmowners .....	55
Schedule D - Part 1A - Section 1 .....	SI05	Schedule P - Part 2B - Private Passenger Auto Liability/Medical .....	55
Schedule D - Part 1A - Section 2 .....	SI08	Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical .....	55
Schedule D - Part 2 - Section 1 .....	E11	Schedule P - Part 2D - Workers' Compensation .....	55
Schedule D - Part 2 - Section 2 .....	E12	Schedule P - Part 2E - Commercial Multiple Peril .....	55
Schedule D - Part 3 .....	E13	Schedule P - Part 2F - Section 1 - Medical Professional Liability - Occurrence .....	56
Schedule D - Part 4 .....	E14	Schedule P - Part 2F - Section 2 - Medical Professional Liability - Claims-Made .....	56
Schedule D - Part 5 .....	E15	Schedule P - Part 2G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	56
Schedule D - Part 6 - Section 1 .....	E16	Schedule P - Part 2H - Section 1 - Other Liability - Occurrence .....	56
Schedule D - Part 6 - Section 2 .....	E16	Schedule P - Part 2H - Section 2 - Other Liability - Claims-Made .....	56
Schedule D - Summary By Country .....	SI04	Schedule P - Part 2I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) .....	57
Schedule D - Verification Between Years .....	SI03	Schedule P - Part 2J - Auto Physical Damage .....	57
Schedule DA - Part 1 .....	E17	Schedule P - Part 2K - Fidelity/Surety .....	57
Schedule DA - Verification Between Years .....	SI11	Schedule P - Part 2L - Other (Including Credit, Accident and Health) .....	57
Schedule DB - Part A - Section 1 .....	E18	Schedule P - Part 2M - International .....	57
Schedule DB - Part A - Section 2 .....	E19	Schedule P - Part 2N - Reinsurance .....	58
Schedule DB - Part A - Verification Between Years .....	SI12	Schedule P - Part 2O - Reinsurance .....	58
Schedule DB - Part B - Section 1 .....	E20	Schedule P - Part 2P - Reinsurance .....	58
Schedule DB - Part B - Section 2 .....	E21	Schedule P - Part 2R - Section 1 - Products Liability - Occurrence .....	59
Schedule DB - Part B - Verification Between Years .....	SI12	Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made .....	59
Schedule DB - Part C - Section 1 .....	SI13	Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty .....	59
Schedule DB - Part C - Section 2 .....	SI14	Schedule P - Part 2T - Warranty .....	59
Schedule DB - Part D .....	E22	Schedule P - Part 3A - Homeowners/Farmowners .....	60
Schedule DB - Verification .....	SI15	Schedule P - Part 3B - Private Passenger Auto Liability/Medical .....	60
Schedule DL - Part 1 .....	E23	Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical .....	60
Schedule DL - Part 2 .....	E24	Schedule P - Part 3D - Workers' Compensation .....	60
Schedule E - Part 1 - Cash .....	E25	Schedule P - Part 3E - Commercial Multiple Peril .....	60
Schedule E - Part 2 - Cash Equivalents .....	E26	Schedule P - Part 3F - Section 1 - Medical Professional Liability - Occurrence .....	61
Schedule E - Part 3 - Special Deposits .....	E27	Schedule P - Part 3F - Section 2 - Medical Professional Liability - Claims-Made .....	61
Schedule E - Verification Between Years .....	SI16	Schedule P - Part 3G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	61
Schedule F - Part 1 .....	20	Schedule P - Part 3H - Section 1 - Other Liability - Occurrence .....	61
Schedule F - Part 2 .....	21	Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made .....	61
Schedule F - Part 3 .....	22	Schedule P - Part 3I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) .....	62
Schedule F - Part 4 .....	23	Schedule P - Part 3J - Auto Physical Damage .....	62
Schedule F - Part 5 .....	24	Schedule P - Part 3K - Fidelity/Surety .....	62
Schedule F - Part 6 .....	25	Schedule P - Part 3L - Other (Including Credit, Accident and Health) .....	62
Schedule F - Part 7 .....	26	Schedule P - Part 3M - International .....	62
Schedule F - Part 8 .....	27		
Schedule H - Accident and Health Exhibit - Part 1 .....	28		
Schedule H - Parts 2, 3, and 4 .....	29		
Schedule H - Part 5 - Health Claims .....	30		

# Property and Casualty

## Annual Statement Blank Alphabetical Index (cont.)

Schedule P - Part 3N - Reinsurance .....	63	Underwriting and Investment Exhibit Part 1B .....	8
Schedule P - Part 3O - Reinsurance .....	63	Underwriting and Investment Exhibit Part 2 .....	9
Schedule P - Part 3P - Reinsurance .....	63	Underwriting and Investment Exhibit Part 2A .....	10
Schedule P - Part 3R - Section 1 - Products Liability - Occurrence .....	64	Underwriting and Investment Exhibit Part 3 .....	11
Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made .....	64		
Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty .....	64		
Schedule P - Part 3T - Warranty .....	64		
Schedule P - Part 4A - Homeowners/Farmowners .....	65		
Schedule P - Part 4B - Private Passenger Auto Liability/Medical .....	65		
Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical .....	65		
Schedule P - Part 4D - Workers' Compensation .....	65		
Schedule P - Part 4E - Commercial Multiple Peril .....	65		
Schedule P - Part 4F - Section 1 - Medical Professional Liability - Occurrence .....	66		
Schedule P - Part 4F - Section 2 - Medical Professional Liability - Claims-Made .....	66		
Schedule P - Part 4G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	66		
Schedule P - Part 4H - Section 1 - Other Liability - Occurrence .....	66		
Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made .....	66		
Schedule P - Part 4I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) .....	67		
Schedule P - Part 4J - Auto Physical Damage .....	67		
Schedule P - Part 4K - Fidelity/Surety .....	67		
Schedule P - Part 4L - Other (Including Credit, Accident and Health) .....	67		
Schedule P - Part 4M - International .....	67		
Schedule P - Part 4N - Reinsurance .....	68		
Schedule P - Part 4O - Reinsurance .....	68		
Schedule P - Part 4P - Reinsurance .....	68		
Schedule P - Part 4R - Section 1 - Products Liability - Occurrence .....	69		
Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made .....	69		
Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty .....	69		
Schedule P - Part 4T - Warranty .....	69		
Schedule P - Part 5A - Homeowners/Farmowners .....	70		
Schedule P - Part 5B - Private Passenger Auto Liability/Medical .....	71		
Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical .....	72		
Schedule P - Part 5D - Workers' Compensation .....	73		
Schedule P - Part 5E - Commercial Multiple Peril .....	74		
Schedule P - Part 5F - Medical Professional Liability - Claims-Made .....	76		
Schedule P - Part 5F - Medical Professional Liability - Occurrence .....	75		
Schedule P - Part 5H - Other Liability - Claims-Made .....	78		
Schedule P - Part 5H - Other Liability - Occurrence .....	77		
Schedule P - Part 5R - Products Liability - Claims-Made .....	80		
Schedule P - Part 5R - Products Liability - Occurrence .....	79		
Schedule P - Part 5T - Warranty .....	81		
Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical .....	82		
Schedule P - Part 6D - Workers' Compensation .....	82		
Schedule P - Part 6E - Commercial Multiple Peril .....	83		
Schedule P - Part 6H - Other Liability - Claims-Made .....	84		
Schedule P - Part 6H - Other Liability - Occurrence .....	83		
Schedule P - Part 6M - International .....	84		
Schedule P - Part 6N - Reinsurance .....	85		
Schedule P - Part 6O - Reinsurance .....	85		
Schedule P - Part 6R - Products Liability - Claims-Made .....	86		
Schedule P - Part 6R - Products Liability - Occurrence .....	86		
Schedule P - Part 7A - Primary Loss Sensitive Contracts .....	87		
Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts .....	89		
Schedule P Interrogatories .....	91		
Schedule T - Exhibit of Premiums Written .....	92		
Schedule T - Part 2 - Interstate Compact .....	93		
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group .....	94		
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	95		
Statement of Income .....	4		
Summary Investment Schedule .....	SI01		
Supplemental Exhibits and Schedules Interrogatories .....	96		
Underwriting and Investment Exhibit Part 1 .....	6		
Underwriting and Investment Exhibit Part 1A .....	7		