



# ANNUAL STATEMENT

For the Year Ended December 31, 2010  
of the Condition and Affairs of the

## PUERTO RICO HEALTH PLAN, INC.

|   |  |  |
|---|--|--|
| NAIC Group Code.....936, 936<br>(Current Period) (Prior Period) | NAIC Company Code..... 53546   | Employer's ID Number..... 660195325  |
| Organized under the Laws of PUERTO RICO                         | State of Domicile or Port of Entry PUERTO RICO   | Country of Domicile US   |
| Incorporated/Organized..... October 21, 1998                    | Commenced Business..... December 19, 1998  |  |
| Statutory Home Office   | STATE ROAD #1 KM 17.3..... SAN JUAN ..... PR ..... 000927<br><i>(Street and Number) (City or Town, State and Zip Code)</i>     |  |
| Main Administrative Office                                      | STATE ROAD #1 KM 17.3..... SAN JUAN ..... PR ..... 00927<br><i>(Street and Number) (City or Town, State and Zip Code)</i>      | 787-272-9898<br><i>(Area Code) (Telephone Number)</i>  |
| Mail Address  | PO BOX 366068..... SAN JUAN ..... PR ..... 00936<br><i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i> |  |
| Primary Location of Books and Records                           | STATE ROAD #1 KM 17.3..... SAN JUAN ..... PR ..... 00927<br><i>(Street and Number) (City or Town, State and Zip Code)</i>      | 787-272-9898<br><i>(Area Code) (Telephone Number)</i>  |
| Internet Web Site Address                                       | www.prhealthplan.com   |  |
| Statutory Statement Contact                                     | LANCE R. ANDERMAN<br><i>(Name)</i><br>lance.anderman@prhealthplan.com<br><i>(E-Mail Address)</i>                               | 787-272-7879<br><i>(Area Code) (Telephone Number) (Extension)</i><br>787-272-7202<br><i>(Fax Number)</i> |

### OFFICERS

| Name                 | Title     | Name                 | Title               |
|----------------------|-----------|----------------------|---------------------|
| 1. LANCE R. ANDERMAN | TREASURER | 2. LIZZIE M. PORTELA | CORPORATE SECRETARY |
| 3.                   |           | 4.                   |                     |

### OTHER

|                |                       |              |                            |
|----------------|-----------------------|--------------|----------------------------|
| RICHARD NEESON | CHAIRMAN OF THE BOARD | HANK KEARNEY | VICE-CHAIRMAN OF THE BOARD |
|----------------|-----------------------|--------------|----------------------------|

### DIRECTORS OR TRUSTEES

|                 |               |                |              |
|-----------------|---------------|----------------|--------------|
| WILLIAM ZAPATA  | IVAN E. COLON | RICHARD NEESON | HANK KEARNEY |
| EVELYN M. ROMAN |               |                |              |

State of.....  
County of.....

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.

|  |  |  |
|--|--|--|
| _____<br>(Signature)<br>LANCE R. ANDERMAN<br>_____<br>1. (Printed Name)<br>TREASURER<br>_____<br>(Title) | _____<br>(Signature)<br>LIZZIE M. PORTELA<br>_____<br>2. (Printed Name)<br>CORPORATE SECRETARY<br>_____<br>(Title) | _____<br>(Signature)<br>_____<br>3. (Printed Name)<br>_____<br>(Title) |
|--|--|--|

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_ 2011

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<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....  | 10,860,207   |                            | 10,860,207                                   | 11,516,220                  |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks.....   |              |                            | 0  |                             |
| 2.2 Common stocks.....  | 106,500      |                            | 106,500                                      | 106,500                     |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens.....  |              |                            | 0  |                             |
| 3.2 Other than first liens.....   |              |                            | 0  |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0<br>encumbrances).....   |              |                            | 0  |                             |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....   |              |                            | 0  |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  |              |                            | 0  |                             |
| 5. Cash (\$.....3,164,153, Sch. E-Part 1), cash equivalents (\$.....2,042,<br>Sch. E-Part 2) and short-term investments (\$.....0, Sch. DA).....        | 3,166,195    |                            | 3,166,195                                    | 15,459,017                  |
| 6. Contract loans (including \$.....0 premium notes).....   |              |                            | 0  |                             |
| 7. Derivatives.....   |              |                            | 0  |                             |
| 8. Other invested assets (Schedule BA).....   |              |                            | 0  |                             |
| 9. Receivables for securities.....  |              |                            | 0  |                             |
| 10. Securities lending reinvested collateral assets.....  |              |                            | 0  |                             |
| 11. Aggregate write-ins for invested assets.....  | 0            | 0                          | 0  | 0                           |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | 14,132,902   | 0                          | 14,132,902                                   | 27,081,737                  |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |              |                            | 0  |                             |
| 14. Investment income due and accrued.....  | 178,393      |                            | 178,393                                      | 627,211                     |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in course of collection.....   |              |                            | 0  |                             |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....0 earned but unbilled premiums)..... |              |                            | 0  |                             |
| 15.3 Accrued retrospective premiums.....  |              |                            | 0  |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers.....   |              |                            | 0  | 3,209                       |
| 16.2 Funds held by or deposited with reinsured companies.....   |              |                            | 0  |                             |
| 16.3 Other amounts receivable under reinsurance contracts.....  |              |                            | 0  |                             |
| 17. Amounts receivable relating to uninsured plans.....   |              |                            | 0  | (82,786)                    |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |              |                            | 0  |                             |
| 18.2 Net deferred tax asset.....  |              |                            | 0  |                             |
| 19. Guaranty funds receivable or on deposit.....  |              |                            | 0  |                             |
| 20. Electronic data processing equipment and software.....  |              |                            | 0  |                             |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  |              |                            | 0  |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |              |                            | 0  |                             |
| 23. Receivables from parent, subsidiaries and affiliates.....   |              |                            | 0  |                             |
| 24. Health care (\$.....0) and other amounts receivable.....  |              |                            | 0  |                             |
| 25. Aggregate write-ins for other than invested assets.....   | 2,809,025    | 238,787                    | 2,570,238                                    | 4,095,220                   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 to 25).....                                  | 17,120,320   | 238,787                    | 16,881,532                                   | 31,724,591                  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |              |                            | 0  |                             |
| 28. TOTALS (Lines 26 and 27).....   | 17,120,320   | 238,787                    | 16,881,532                                   | 31,724,591                  |

### DETAILS OF WRITE-INS

|  |           |         |           |           |
|--|-----------|---------|-----------|-----------|
| 1101.....  |           |         | 0         |           |
| 1102.....  |           |         | 0         |           |
| 1103.....  |           |         | 0         |           |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0         | 0       | 0         | 0         |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 0         | 0       | 0         | 0         |
| 2501. TRIPLE-S MEMBERSHIP PROCEEDS.....                                  | 2,570,238 |         | 2,570,238 | 4,072,525 |
| 2502. OTHERS RECEIVABLE.....   | 157,787   | 157,787 | 0         | 22,695    |
| 2503. PREPA AND UPR WITHHOLDING.....                                     |           |         | 0         |           |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 81,000    | 81,000  | 0         | 0         |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 2,809,025 | 238,787 | 2,570,238 | 4,095,220 |

## LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$.....0 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....   |                   |                 |
| 2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$.....0 Modco Reserve).....   |                   |                 |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....  |                   |                 |
| 4. Contract claims:   |                   |                 |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....  |                   |                 |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....   | 750,000           | 2,500,000       |
| 5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....  |                   |                 |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:   |                   |                 |
| 6.1 Dividends apportioned for payment (including \$.....0 Modco).....   |                   |                 |
| 6.2 Dividends not yet apportioned (including \$.....0 Modco).....   |                   |                 |
| 6.3 Coupons and similar benefits (including \$.....0 Modco).....  |                   |                 |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6.....   |                   |                 |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)..... |                   | 514,244         |
| 9. Contract liabilities not included elsewhere:   |                   |                 |
| 9.1 Surrender values on canceled contracts.....   |                   |                 |
| 9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds.....  |                   |                 |
| 9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....  |                   |                 |
| 9.4 Interest Maintenance Reserve (IMR, Line 6).....   | 160,495           | 71,996          |
| 10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....  | 11,734            | 14,083          |
| 11. Commissions and expense allowances payable on reinsurance assumed.....  |                   |                 |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....   | 12,475,517        | 20,791,338      |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....  |                   |                 |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....  | 47,216            | 47,256          |
| 15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....   |                   |                 |
| 15.2 Net deferred tax liability.....  |                   |                 |
| 16. Unearned investment income.....   |                   |                 |
| 17. Amounts withheld or retained by company as agent or trustee.....  |                   |                 |
| 18. Amounts held for agents' account, including \$.....0 agents' credit balances.....   |                   |                 |
| 19. Remittances and items not allocated.....  |                   |                 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates.....   |                   |                 |
| 21. Liability for benefits for employees and agents if not included above.....  |                   |                 |
| 22. Borrowed money \$.....0 and interest thereon \$.....0.....  |                   |                 |
| 23. Dividends to stockholders declared and unpaid.....  |                   |                 |
| 24. Miscellaneous liabilities:  |                   |                 |
| 24.01 Asset valuation reserve (AVR Line 16, Col. 7).....  | 649,590           | 270,168         |
| 24.02 Reinsurance in unauthorized companies.....  |                   |                 |
| 24.03 Funds held under reinsurance treaties with unauthorized reinsurers.....   |                   |                 |
| 24.04 Payable to parent, subsidiaries and affiliates.....   | 880,963           | 1,884,560       |
| 24.05 Drafts outstanding.....   |                   |                 |
| 24.06 Liability for amounts held under uninsured plans.....   |                   | 341,382         |
| 24.07 Funds held under coinsurance.....   |                   |                 |
| 24.08 Derivatives.....  |                   |                 |
| 24.09 Payable for securities.....   |                   |                 |
| 24.10 Payable for securities lending.....   |                   |                 |
| 24.11 Capital notes \$.....0 and interest thereon \$.....0.....   |                   |                 |
| 25. Aggregate write-ins for liabilities.....  | 16,036,577        | 22,755,992      |
| 26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....   | 31,012,091        | 49,191,019      |
| 27. From Separate Accounts Statement.....   |                   |                 |
| 28. Total liabilities (Line 26 and 27).....   | 31,012,091        | 49,191,019      |
| 29. Common capital stock.....   | 2,182,890         | 2,182,890       |
| 30. Preferred capital stock.....  |                   |                 |
| 31. Aggregate write-ins for other than special surplus funds.....   | 0                 | 0               |
| 32. Surplus notes.....  |                   |                 |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....   | 149,016,885       | 149,016,885     |
| 34. Aggregate write-ins for special surplus funds.....  | 0                 | 0               |
| 35. Unassigned funds (surplus).....   | (165,330,334)     | (168,666,203)   |
| 36. Less treasury stock, at cost:   |                   |                 |
| 36.1 .....0.000 shares common (value included in Line 29 \$.....0).....   |                   |                 |
| 36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....  |                   |                 |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....  | (16,313,449)      | (19,649,318)    |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....  | (14,130,559)      | (17,466,428)    |
| 39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....  | 16,881,532        | 31,724,591      |

### DETAILS OF WRITE-INS

|  |            |            |
|--|------------|------------|
| 2501. OBLIGATION UNDER CAPITAL LEASES.....                               |            |            |
| 2502. OTHER ACCOUNTS PAYABLE.....  | 2,822,325  | 5,587,282  |
| 2503. COST PLUS REVENUE DEFICIENCY LIABILITY.....                        |            |            |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 13,214,251 | 17,168,710 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 16,036,577 | 22,755,992 |
| 3101. ....   |            |            |
| 3102. ....   |            |            |
| 3103. ....   |            |            |
| 3198. Summary of remaining write-ins for Line 31 from overflow page..... | 0          | 0          |
| 3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....       | 0          | 0          |
| 3401. ....   |            |            |
| 3402. ....   |            |            |
| 3403. ....   |            |            |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | 0          | 0          |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 0          | 0          |

## SUMMARY OF OPERATIONS

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11).....  |                   | 34,994,362      |
| 2. Considerations for supplementary contracts with life contingencies.....   |                   |                 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17).....  | 1,202,398         | 1,022,405       |
| 4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....  | 67,495            | 30,242          |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses.....  |                   |                 |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....   |                   |                 |
| 7. Reserve adjustments on reinsurance ceded.....   |                   |                 |
| 8. Miscellaneous Income:   |                   |                 |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....   |                   |                 |
| 8.2 Charges and fees for deposit-type contracts.....   |                   |                 |
| 8.3 Aggregate write-ins for miscellaneous income.....  | 2,695,556         | 1,743           |
| 9. Totals (Lines 1 to 8.3).....  | 3,965,449         | 36,048,752      |
| 10. Death benefits.....  |                   |                 |
| 11. Matured endowments (excluding guaranteed annual pure endowments).....  |                   |                 |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....   |                   |                 |
| 13. Disability benefits and benefits under accident and health contracts.....  | (888,023)         | 30,947,799      |
| 14. Coupons, guaranteed annual pure endowments and similar benefits.....   |                   |                 |
| 15. Surrender benefits and withdrawals for life contracts.....   |                   |                 |
| 16. Group conversions.....   |                   |                 |
| 17. Interest and adjustments on contract or deposit-type contract funds.....   |                   |                 |
| 18. Payments on supplementary contracts with life contingencies.....   |                   |                 |
| 19. Increase in aggregate reserves for life and accident and health contracts.....   |                   |                 |
| 20. Totals (Lines 10 to 19).....   | (888,023)         | 30,947,799      |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....                                   | 2,990             | 2,471,145       |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....  |                   |                 |
| 23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....  | 2,042,874         | 25,748,208      |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....   | 183,997           | 922,177         |
| 25. Increase in loading on deferred and uncollected premiums.....  |                   |                 |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance.....   |                   |                 |
| 27. Aggregate write-ins for deductions.....  | 2,623,611         | 6,197,361       |
| 28. Totals (Lines 20 to 27).....   | 3,965,449         | 66,286,690      |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....  | 0                 | (30,237,938)    |
| 30. Dividends to policyholders.....  |                   |                 |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....   | 0                 | (30,237,938)    |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains).....  |                   |                 |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....                      | 0                 | (30,237,938)    |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR)..... |                   | (39,064)        |
| 35. Net income (Line 33 plus Line 34).....   | 0                 | (30,277,002)    |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>   |                   |                 |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....  | (17,466,429)      | (8,802,262)     |
| 37. Net income (Line 35).....  | 0                 | (30,277,002)    |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....  | 478,645           | 2,093,415       |
| 39. Change in net unrealized foreign exchange capital gain (loss).....   |                   |                 |
| 40. Change in net deferred income tax.....   |                   |                 |
| 41. Change in nonadmitted assets.....  | 246,610           | 4,619,929       |
| 42. Change in liability for reinsurance in unauthorized companies.....   |                   | (71,996)        |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....  |                   |                 |
| 44. Change in asset valuation reserve.....   | (379,421)         | (267,399)       |
| 45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....   |                   |                 |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period.....   |                   |                 |
| 47. Other changes in surplus in Separate Accounts Statement.....   |                   |                 |
| 48. Change in surplus notes.....   |                   |                 |
| 49. Cumulative effect of changes in accounting principles.....   |                   |                 |
| 50. Capital changes:   |                   |                 |
| 50.1 Paid in.....  |                   | 197,368         |
| 50.2 Transferred from surplus (Stock Dividend).....  |                   |                 |
| 50.3 Transferred to surplus.....   |                   |                 |
| 51. Surplus adjustment:  |                   |                 |
| 51.1 Paid in.....  | (0)               | 14,802,632      |
| 51.2 Transferred to capital (Stock Dividend).....  |                   |                 |
| 51.3 Transferred from capital.....   |                   |                 |
| 51.4 Change in surplus as a result of reinsurance.....   |                   |                 |
| 52. Dividends to stockholders.....   |                   |                 |
| 53. Aggregate write-ins for gains and losses in surplus.....   | 2,990,036         | 238,885         |
| 54. Net change in capital and surplus for the year (Lines 37 through 53).....  | 3,335,870         | (8,664,168)     |
| 55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....  | (14,130,559)      | (17,466,429)    |

## DETAILS OF WRITE-INS

|   |           |           |
|---|-----------|-----------|
| 08.301. OTHER INCOME.....   |           | 260       |
| 08.302. GAIN ON DISPOSITION OF BUILDING.....                                |           | 1,483     |
| 08.303. ACCRUED EXPENSE REVERSAL.....                                       | 2,695,556 |           |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page..... | 0         | 0         |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)..... | 2,695,556 | 1,743     |
| 2701. LOSS ON SALE.....   | 2,624,547 | 6,197,361 |
| 2702. OTHER.....  | (936)     |           |
| 2703. ....  |           |           |
| 2798. Summary of remaining write-ins for Line 27 from overflow page.....    | 0         | 0         |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....          | 2,623,611 | 6,197,361 |
| 5301. PENSION ADJUSTMENT.....   | 3,467,154 | 449,597   |
| 5302. CHANGE IN INVESTMENT NON ADMITTED.....                                | (388,619) | (210,712) |
| 5303. CHANGE IN IMR.....  | (88,499)  |           |
| 5398. Summary of remaining write-ins for Line 53 from overflow page.....    | 0         | 0         |
| 5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....          | 2,990,036 | 238,885   |

## CASH FLOW

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>  |                   |                 |
| 1. Premiums collected net of reinsurance.....  | (514,244)         | 37,648,695      |
| 2. Net investment income.....  | 1,550,106         | 507,934         |
| 3. Miscellaneous income.....   | 2,695,556         | 1,743           |
| 4. Total (Lines 1 through 3).....  | 3,731,418         | 38,158,372      |
| 5. Benefit and loss related payments.....  | 858,768           | 38,443,212      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 16,848,919        | 5,068,476       |
| 8. Dividends paid to policyholders.....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....        |                   |                 |
| 10. Total (Lines 5 through 9).....   | 17,707,687        | 43,511,688      |
| 11. Net cash from operations (Line 4 minus Line 10).....   | (13,976,268)      | (5,353,316)     |
| <b>CASH FROM INVESTMENTS</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  | 4,629,275         | 2,962,210       |
| 12.2 Stocks.....   |                   |                 |
| 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.....                           |                   |                 |
| 12.7 Miscellaneous proceeds.....   |                   |                 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 4,629,275         | 2,962,210       |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 3,713,824         | 4,656,811       |
| 13.2 Stocks.....   |                   |                 |
| 13.3 Mortgage loans.....   |                   |                 |
| 13.4 Real estate.....  |                   |                 |
| 13.5 Other invested assets.....  |                   |                 |
| 13.6 Miscellaneous applications.....   |                   |                 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 3,713,824         | 4,656,811       |
| 14. Net increase (decrease) in contract loans and premium notes.....   |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                  | 915,451           | (1,694,601)     |
| <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.....   | (0)               | 15,000,000      |
| 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).....  | 767,995           | 4,161,427       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 767,995           | 19,161,427      |
| <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).....   | (12,292,822)      | 12,113,511      |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 15,459,017        | 3,345,507       |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 3,166,195         | 15,459,017      |

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

|         |  |  |
|---------|--|--|
| 20.0001 |  |  |
|---------|--|--|

**ANALYSIS OF OPERATION BY LINES OF BUSINESS**

|   | 1<br>Total | 2<br>Industrial Life | Ordinary            |                           |                              | 6<br>Credit Life (Group and Individual) | Group                  |                | Accident and Health |                                     |             | 12<br>Aggregate of All Other Lines of Business |
|---|------------|----------------------|---------------------|---------------------------|------------------------------|---|------------------------|----------------|---------------------|-------------------------------------|-------------|--|
|   |            |                      | 3<br>Life Insurance | 4<br>Individual Annuities | 5<br>Supplementary Contracts |   | 7<br>Life Insurance(a) | 8<br>Annuities | 9<br>Group          | 10<br>Credit (Group and Individual) | 11<br>Other |  |
| 1. Premiums and annuity considerations for life and accident and health contracts.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 2. Considerations for supplementary contracts with life contingencies.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 3. Net investment income.....   | 1,202,398  |                      |                     |                           |                              |   |                        |                | 1,202,398           |                                     |             |  |
| 4. Amortization of Interest Maintenance Reserve (IMR).....  | 67,495     |                      |                     |                           |                              |   |                        |                | 67,495              |                                     |             |  |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses.....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 6. Commissions and expense allowances on reinsurance ceded.....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 7. Reserve adjustments on reinsurance ceded.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 8. Miscellaneous Income:  |            |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 8.2 Charges and fees for deposit-type contracts.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 8.3 Aggregate write-ins for miscellaneous income.....   | 2,695,556  | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | 2,695,556           | 0                                   | 0           | 0  |
| 9. Totals (Lines 1 to 8.3).....   | 3,965,449  | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | 3,965,449           | 0                                   | 0           | 0  |
| 10. Death benefits.....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 11. Matured endowments (excluding guaranteed annual pure endowments).....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 12. Annuity benefits.....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 13. Disability benefits and benefits under accident and health contracts.....   | (888,023)  |                      |                     |                           |                              |   |                        |                | (888,023)           |                                     |             |  |
| 14. Coupons, guaranteed annual pure endowments and similar benefits.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 15. Surrender benefits and withdrawals for life contracts.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 16. Group conversions.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 17. Interest and adjustments on contract or deposit-type contract funds.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 18. Payments on supplementary contracts with life contingencies.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 19. Increase in aggregate reserves for life and accident and health contracts.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 20. Totals (Lines 10 to 19).....  | (888,023)  | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | (888,023)           | 0                                   | 0           | 0  |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....   | 2,990      |                      |                     |                           |                              |   |                        |                | 2,990               |                                     |             |  |
| 22. Commissions and expense allowances on reinsurance assumed.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 23. General insurance expenses.....   | 2,042,874  |                      |                     |                           |                              |   |                        |                | 2,042,874           |                                     |             |  |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes.....   | 183,997    |                      |                     |                           |                              |   |                        |                | 183,997             |                                     |             |  |
| 25. Increase in loading on deferred and uncollected premiums.....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance.....  | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 27. Aggregate write-ins for deductions.....   | 2,623,611  | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | 2,623,611           | 0                                   | 0           | 0  |
| 28. Totals (Lines 20 to 27).....  | 3,965,449  | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | 3,965,449           | 0                                   | 0           | 0  |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....   | 0          | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | 0                   | 0                                   | 0           | 0  |
| 30. Dividends to policyholders.....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....  | 0          | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | 0                   | 0                                   | 0           | 0  |
| 32. Federal income taxes incurred (excluding tax on capital gains).....   | 0          |                      |                     |                           |                              |   |                        |                |                     |                                     |             |  |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)..... | 0          | 0                    | 0                   | 0                         | 0                            | 0                                       | 0                      | 0              | 0                   | 0                                   | 0           | 0  |

**DETAILS OF WRITE-INS**

|   |           |   |   |   |   |   |   |   |           |   |   |   |
|---|-----------|---|---|---|---|---|---|---|-----------|---|---|---|
| 08.301. OTHER INCOME.....   | 0         |   |   |   |   |   |   |   |           |   |   |   |
| 08.302. GAIN ON DISPOSITION OF BUILDING.....                                | 0         |   |   |   |   |   |   |   |           |   |   |   |
| 08.303. ACCRUED EXPENSE REVERSAL.....                                       | 2,695,556 |   |   |   |   |   |   |   | 2,695,556 |   |   |   |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page..... | 0         | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0         | 0 | 0 | 0 |
| 08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....  | 2,695,556 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,695,556 | 0 | 0 | 0 |
| 2701. LOSS ON SALE.....   | 2,624,547 |   |   |   |   |   |   |   | 2,624,547 |   |   |   |
| 2702. OTHER.....  | (936)     |   |   |   |   |   |   |   | (936)     |   |   |   |
| 2703. ....  | 0         |   |   |   |   |   |   |   |           |   |   |   |
| 2798. Summary of remaining write-ins for Line 27 from overflow page.....    | 0         | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0         | 0 | 0 | 0 |
| 2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....           | 2,623,611 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,623,611 | 0 | 0 | 0 |

(a) Includes the following amounts for FEGLI/SGLI: Line 1.....0 Line 10.....0 Line 16.....0 Line 23.....0 Line 24.....0.

### ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

|  | 1<br>Total | 2<br>Industrial<br>Life | Ordinary            |                           |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group               |                |
|--|------------|-------------------------|---------------------|---------------------------|---------------------------------|---|---------------------|----------------|
|  |            |                         | 3<br>Life Insurance | 4<br>Individual Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life Insurance | 8<br>Annuities |
| <b>Involving Life or Disability Contingencies (Reserves)</b>                                   |            |                         |                     |                           |                                 |   |                     |                |
| (Net of Reinsurance Ceded)   |            |                         |                     |                           |                                 |   |                     |                |
| 1. Reserve December 31, prior year.....  | .0         |                         |                     |                           |                                 |   |                     |                |
| 2. Tabular net premiums or considerations.....   | .0         |                         |                     |                           |                                 |   |                     |                |
| 3. Present value of disability claims incurred.....  | .0         |                         |                     |                           | XXX                             |   |                     |                |
| 4. Tabular interest.....   | .0         |                         |                     |                           |                                 |   |                     |                |
| 5. Tabular less actual reserve released.....   | .0         |                         |                     |                           |                                 |   |                     |                |
| 6. Increase in reserve on account of change in valuation basis.....                            | .0         |                         |                     |                           |                                 |   |                     |                |
| 7. Other increases (net).....  | .0         |                         |                     |                           |                                 |   |                     |                |
| 8. Totals (Lines 1 to 7).....  | .0         | .0                      | .0                  | .0                        | .0                              | .0  | .0                  | .0             |
| 9. Tabular cost.....   | .0         |                         |                     |                           | XXX                             |   |                     |                |
| 10. Reserves released by death.....  | .0         |                         |                     | XXX                       | XXX                             |   |                     | XXX            |
| 11. Reserves released by other terminations (net).....   | .0         |                         |                     |                           |                                 |   |                     |                |
| 12. Annuity, supplementary contract, and disability payments involving life contingencies..... | .0         |                         |                     |                           |                                 |   |                     |                |
| 13. Net transfers to or (from) Separate Accounts.....  | .0         |                         |                     |                           |                                 |   |                     |                |
| 14. Total deductions (Lines 9 to 13).....  | .0         | .0                      | .0                  | .0                        | .0                              | .0  | .0                  | .0             |
| 15. Reserve December 31, current year.....   | .0         | .0                      | .0                  | .0                        | .0                              | .0  | .0                  | .0             |

NONE

### EXHIBIT OF NET INVESTMENT INCOME

|  | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds.....  | (a).....                      | .....                      |
| 1.1 Bonds exempt from U.S. tax.....  | (a).....                      | .....                      |
| 1.2 Other bonds (unaffiliated).....  | (a)..... 729,340              | ..... 1,173,240            |
| 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.....  | .....                         | .....                      |
| 3. Mortgage loans.....   | (c).....                      | .....                      |
| 4. Real estate.....  | (d).....                      | .....                      |
| 5. Contract loans.....   | .....                         | .....                      |
| 6. Cash, cash equivalents and short-term investments.....                    | (e)..... 7,413                | ..... 27,856               |
| 7. Derivative instruments.....   | (f).....                      | .....                      |
| 8. Other invested assets.....  | .....                         | .....                      |
| 9. Aggregate write-ins for investment income.....                            | ..... 0                       | ..... 0                    |
| 10. Total gross investment income.....                                       | 736,752                       | 1,201,096                  |
| 11. Investment expenses.....   | .....                         | (g).....                   |
| 12. Investment taxes, licenses and fees, excluding federal income taxes..... | .....                         | (g).....                   |
| 13. Interest expense.....  | .....                         | (h)..... (1,301)           |
| 14. Depreciation on real estate and other invested assets.....               | .....                         | (i)..... 0                 |
| 15. Aggregate write-ins for deductions from investment income.....           | .....                         | ..... 0                    |
| 16. Total deductions (Lines 11 through 15).....                              | .....                         | (1,301)                    |
| 17. Net investment income (Line 10 minus Line 16).....                       | .....                         | 1,202,397                  |

#### DETAILS OF WRITE-INS

|  |       |       |
|--|-------|-------|
| 0901. ....   | ..... | ..... |
| 0902. ....   | ..... | ..... |
| 0903. ....   | ..... | ..... |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.....  | .0    | .0    |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | .0    | .0    |
| 1501. ....   | ..... | ..... |
| 1502. ....   | ..... | ..... |
| 1503. ....   | ..... | ..... |
| 1598. Summary of remaining write-ins for Line 15 from overflow page..... | ..... | .0    |
| 1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....       | ..... | .0    |

- (a) Includes \$.....42,303 accrual of discount less \$.....31,599 amortization of premium and less \$.....27,016 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

### EXHIBIT OF CAPITAL GAINS (LOSSES)

|   | 1<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds.....                             | .....   | .....                                 | .0  | .....   | .....   |
| 1.1 Bonds exempt from U.S. tax.....                       | .....   | .....                                 | .0  | .....   | .....   |
| 1.2 Other bonds (unaffiliated).....                       | .....   | .....                                 | .0  | .....   | .....   |
| 1.3 Bonds of affiliates.....                              | 155,993   | .....                                 | 155,993   | 478,645   | .....   |
| 2.1 Preferred stocks (unaffiliated).....                  | .....   | .....                                 | .0  | .....   | .....   |
| 2.11 Preferred stocks of affiliates.....                  | .....   | .....                                 | .0  | .....   | .....   |
| 2.2 Common stocks (unaffiliated).....                     | .....   | .....                                 | .0  | .....   | .....   |
| 2.21 Common stocks of affiliates.....                     | .....   | .....                                 | .0  | .....   | .....   |
| 3. Mortgage loans.....                                    | .....   | .....                                 | .0  | .....   | .....   |
| 4. Real estate.....                                       | .....   | .....                                 | .0  | .....   | .....   |
| 5. Contract loans.....                                    | .....   | .....                                 | .0  | .....   | .....   |
| 6. Cash, cash equivalents and short-term investments..... | .....   | .....                                 | .0  | .....   | .....   |
| 7. Derivative instruments.....                            | .....   | .....                                 | .0  | .....   | .....   |
| 8. Other invested assets.....                             | .....   | .....                                 | .0  | .....   | .....   |
| 9. Aggregate write-ins for capital gains (losses).....    | .0  | .0                                    | .0  | .0  | .0  |
| 10. Total capital gains (losses).....                     | 155,993   | .0                                    | 155,993   | 478,645   | .0  |

#### DETAILS OF WRITE-INS

|   |       |       |    |       |       |
|---|-------|-------|----|-------|-------|
| 0901. ....  | ..... | ..... | .0 | ..... | ..... |
| 0902. ....  | ..... | ..... | .0 | ..... | ..... |
| 0903. ....  | ..... | ..... | .0 | ..... | ..... |
| 0998. Summary of remaining write-ins for Line 9 from overflow page..... | .0    | .0    | .0 | .0    | .0    |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....       | .0    | .0    | .0 | .0    | .0    |



## EXHIBIT 1 - PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

|  |            |                         | Ordinary            |                              | 5<br>Credit Life<br>(Group and<br>Individual) | Group               |                | Accident and Health |                                     |             | 11<br>Aggregate of<br>All Other Lines<br>of Business |
|--|------------|-------------------------|---------------------|------------------------------|---|---------------------|----------------|---------------------|-------------------------------------|-------------|--|
|  | 1<br>Total | 2<br>Industrial<br>Life | 3<br>Life Insurance | 4<br>Individual<br>Annuities |   | 6<br>Life Insurance | 7<br>Annuities | 8<br>Group          | 9<br>Credit<br>(Group & Individual) | 10<br>Other |  |
| <b>FIRST YEAR (other than single)</b>                              |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 1. Uncollected.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 2. Deferred and accrued.....                                       | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3. Deferred, accrued and uncollected:                              |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3.1 Direct.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3.2 Reinsurance assumed.....                                       | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3.3 Reinsurance ceded.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3.4 Net (Line 1 + Line 2).....                                     | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 4. Advance.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 5. Line 3.4 - Line 4.....  | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 6. Collected during year:  |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 6.1 Direct.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 6.2 Reinsurance assumed.....                                       | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 6.3 Reinsurance ceded.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 6.4 Net.....   | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 7. Line 5 + Line 6.4.....  | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 8. Prior year (uncollected + deferred and accrued - advance).....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9. First year premiums and considerations:                         |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9.1 Direct.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9.2 Reinsurance assumed.....                                       | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9.3 Reinsurance ceded.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9.4 Net (Line 7 - Line 8).....                                     | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| <b>SINGLE</b>  |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 10. Single premiums and considerations:                            |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 10.1 Direct.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 10.2 Reinsurance assumed.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 10.3 Reinsurance ceded.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 10.4 Net.....  | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| <b>RENEWAL</b>   |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 11. Uncollected.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 12. Deferred and accrued.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13. Deferred, accrued and uncollected:                             |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13.1 Direct.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13.2 Reinsurance assumed.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13.3 Reinsurance ceded.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13.4 Net (Line 11 + Line 12).....                                  | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 14. Advance.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 15. Line 13.4 - Line 14.....                                       | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 16. Collected during year:   |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 16.1 Direct.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 16.2 Reinsurance assumed.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 16.3 Reinsurance ceded.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 16.4 Net.....  | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 17. Line 15 + Line 16.4.....                                       | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 18. Prior year (uncollected + deferred and accrued - advance)..... | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 19. Renewal premiums and considerations:                           |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 19.1 Direct.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 19.2 Reinsurance assumed.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 19.3 Reinsurance ceded.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 19.4 Net (Line 17 - Line 18).....                                  | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| <b>TOTAL</b>   |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 20. Total premiums and annuity considerations:                     |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 20.1 Direct.....   | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 20.2 Reinsurance assumed.....                                      | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 20.3 Reinsurance ceded.....  | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |
| 20.4 Net (Lines 9.4 + 10.4 + 19.4).....                            | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0          | .0   |

NONE

**EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND  
EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (direct business only)**

|  | 1<br>Total | 2<br>Industrial<br>Life | Ordinary            |                              | 5<br>Credit Life<br>(Group and<br>Individual) | Group               |                | Accident and Health |                                     |             | 11<br>Aggregate of<br>All Other Lines<br>of Business |
|--|------------|-------------------------|---------------------|------------------------------|---|---------------------|----------------|---------------------|-------------------------------------|-------------|--|
|  |            |                         | 3<br>Life Insurance | 4<br>Individual<br>Annuities |   | 6<br>Life Insurance | 7<br>Annuities | 8<br>Group          | 9<br>Credit<br>(Group & Individual) | 10<br>Other |  |
| <b>DIVIDENDS AND COUPONS APPLIED<br/>(included in Part 1)</b>      |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 21. To pay renewal premiums.....                                   | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 22. All other.....   | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| <b>REINSURANCE COMMISSIONS AND<br/>EXPENSE ALLOWANCES INCURRED</b> |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 23. First year (other than single):                                |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 23.1 Reinsurance ceded.....  | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 23.2 Reinsurance assumed.....                                      | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 23.3 Net ceded less assumed.....                                   | 0          | 0                       | 0                   | 0                            | 0   | 0                   | 0              | 0                   | 0                                   | 0           | 0  |
| 24. Single:  |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 24.1 Reinsurance ceded.....  | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 24.2 Reinsurance assumed.....                                      | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 24.3 Net ceded less assumed.....                                   | 0          | 0                       | 0                   | 0                            | 0   | 0                   | 0              | 0                   | 0                                   | 0           | 0  |
| 25. Renewal:   |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 25.1 Reinsurance ceded.....  | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 25.2 Reinsurance assumed.....                                      | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 25.3 Net ceded less assumed.....                                   | 0          | 0                       | 0                   | 0                            | 0   | 0                   | 0              | 0                   | 0                                   | 0           | 0  |
| 26. Totals:  |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 26.1 Reinsurance ceded (Page 6, Line 6).....                       | 0          | 0                       | 0                   | 0                            | 0   | 0                   | 0              | 0                   | 0                                   | 0           | 0  |
| 26.2 Reinsurance assumed (Page 6, Line 22).....                    | 0          | 0                       | 0                   | 0                            | 0   | 0                   | 0              | 0                   | 0                                   | 0           | 0  |
| 26.3 Net ceded less assumed.....                                   | 0          | 0                       | 0                   | 0                            | 0   | 0                   | 0              | 0                   | 0                                   | 0           | 0  |
| <b>COMMISSIONS INCURRED<br/>(direct business only)</b>             |            |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 27. First year (other than single).....                            | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 28. Single.....  | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 29. Renewal.....   | 2,990      |                         |                     |                              |   |                     |                | 2,990               |                                     |             |  |
| 30. Deposit-type contract funds.....                               | 0          |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 31. Totals (to agree with Page 6, Line 21).....                    | 2,990      | 0                       | 0                   | 0                            | 0   | 0                   | 0              | 2,990               | 0                                   | 0           | 0  |

**EXHIBIT 2 - GENERAL EXPENSES**

|   | Insurance |                          |                |                                  | 5<br>Investment | 6<br>Total    |
|---|-----------|--------------------------|----------------|----------------------------------|-----------------|---------------|
|   | 1<br>Life | 2<br>Accident and Health |                | 4<br>All Other Lines of Business |                 |               |
|   |           | 3<br>Cost Containment    | 3<br>All Other |                                  |                 |               |
| 1. Rent.....  |           |                          | 1,149,412      |                                  |                 | 1,149,412     |
| 2. Salaries and wages.....  |           |                          | 1,528,132      |                                  |                 | 1,528,132     |
| 3.11 Contributions for benefit plans for employees.....                   |           |                          | 344,671        |                                  |                 | 344,671       |
| 3.12 Contributions for benefit plans for agents.....                      |           |                          |                |                                  |                 | 0             |
| 3.21 Payments to employees under non-funded benefit plans.....            |           |                          |                |                                  |                 | 0             |
| 3.22 Payments to agents under non-funded benefit plans.....               |           |                          |                |                                  |                 | 0             |
| 3.31 Other employee welfare.....  |           |                          |                |                                  |                 | 0             |
| 3.32 Other agent welfare.....   |           |                          |                |                                  |                 | 0             |
| 4.1 Legal fees and expenses.....  |           |                          | 20,494         |                                  |                 | 20,494        |
| 4.2 Medical examination fees.....   |           |                          |                |                                  |                 | 0             |
| 4.3 Inspection report fees.....   |           |                          |                |                                  |                 | 0             |
| 4.4 Fees of public accountants and consulting actuaries.....              |           |                          |                |                                  |                 | 0             |
| 4.5 Expense of investigation and settlement of policy claims.....         |           |                          |                |                                  |                 | 0             |
| 5.1 Traveling expenses.....   |           |                          | 58,875         |                                  |                 | 58,875        |
| 5.2 Advertising.....  |           |                          |                |                                  |                 | 0             |
| 5.3 Postage, express, telegraph and telephone.....                        |           |                          | 164,307        |                                  |                 | 164,307       |
| 5.4 Printing and stationery.....  |           |                          | 19,535         |                                  |                 | 19,535        |
| 5.5 Cost or depreciation of furniture and equipment.....                  |           |                          |                |                                  |                 | 0             |
| 5.6 Rental of equipment.....  |           |                          | 169,908        |                                  |                 | 169,908       |
| 5.7 Cost or depreciation of EDP equipment and software.....               |           |                          |                |                                  |                 | 0             |
| 6.1 Books and periodicals.....  |           |                          | 232            |                                  |                 | 232           |
| 6.2 Bureau and association fees.....                                      |           |                          | (79,478)       |                                  |                 | (79,478)      |
| 6.3 Insurance, except on real estate.....                                 |           |                          | 51,891         |                                  |                 | 51,891        |
| 6.4 Miscellaneous losses.....   |           |                          |                |                                  |                 | 0             |
| 6.5 Collection and bank service charges.....                              |           |                          | 28,233         |                                  |                 | 28,233        |
| 6.6 Sundry general expenses.....  |           |                          |                |                                  |                 | 0             |
| 6.7 Group service and administration fees.....                            |           |                          |                |                                  |                 | 0             |
| 6.8 Reimbursements by uninsured plans.....                                |           |                          | (41,060)       |                                  |                 | (41,060)      |
| 7.1 Agency expense allowance.....   |           |                          |                |                                  |                 | 0             |
| 7.2 Agents' balances charged off (less \$.....0 recovered).....           |           |                          |                |                                  |                 | 0             |
| 7.3 Agency conferences other than local meetings.....                     |           |                          |                |                                  |                 | 0             |
| 9.1 Real estate expenses.....   |           |                          |                |                                  |                 | 0             |
| 9.2 Investment expenses not included elsewhere.....                       |           |                          |                |                                  |                 | 0             |
| 9.3 Aggregate write-ins for expenses.....                                 | 0         | (52,500)                 | (1,320,715)    | 0                                | 0               | (1,373,215)   |
| 10. General expenses Incurred.....  | 0         | (52,500)                 | 2,094,438      | 0                                | 0               | (a) 2,041,938 |
| 11. General expenses unpaid December 31, prior year.....                  |           |                          | 20,791,338     |                                  |                 | 20,791,338    |
| 12. General expenses unpaid December 31, current year.....                |           |                          | 12,475,517     |                                  |                 | 12,475,517    |
| 13. Amounts receivable relating to uninsured plans, prior year.....       |           |                          | (82,786)       |                                  |                 | (82,786)      |
| 14. Amounts receivable relating to uninsured plans, current year.....     |           |                          |                |                                  |                 | 0             |
| 15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)..... | 0         | (52,500)                 | 10,493,045     | 0                                | 0               | 10,440,545    |

**DETAILS OF WRITE-INS**

|   |   |          |             |   |   |             |
|---|---|----------|-------------|---|---|-------------|
| 09.301. INVESTMENT EXPENSES.....  |   |          |             |   |   | 0           |
| 09.302. COST OF CLAIMS PROCESSING.....                                      |   | (52,500) |             |   |   | (52,500)    |
| 09.303. BAD DEBT EXPENSE.....   |   |          | (3,285,701) |   |   | (3,285,701) |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow page..... | 0 | 0        | 1,964,986   | 0 | 0 | 1,964,986   |
| 09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....  | 0 | (52,500) | (1,320,715) | 0 | 0 | (1,373,215) |

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

**EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)**

|  | Insurance |                                  |                                  | 4<br>Investment | 5<br>Total |
|--|-----------|----------------------------------|----------------------------------|-----------------|------------|
|  | 1<br>Life | 2<br>Accident and Health         |                                  |                 |            |
|  |           | 3<br>All Other Lines of Business | 3<br>All Other Lines of Business |                 |            |
| 1. Real estate taxes.....  |           |                                  |                                  |                 | 0          |
| 2. State insurance department licenses and fees.....                 |           |                                  |                                  |                 | 0          |
| 3. State taxes on premiums.....                                      |           |                                  |                                  |                 | 0          |
| 4. Other state taxes, including \$.....0 for employee benefits.....  |           |                                  | 90,816                           |                 | 90,816     |
| 5. U.S. Social Security taxes.....                                   |           |                                  | 89,999                           |                 | 89,999     |
| 6. All other taxes.....  |           |                                  | 3,182                            |                 | 3,182      |
| 7. Taxes, licenses and fees incurred.....                            | 0         | 183,997                          | 0                                | 0               | 183,997    |
| 8. Taxes, licenses and fees unpaid December 31, prior year.....      |           | 47,256                           |                                  |                 | 47,256     |
| 9. Taxes, licenses and fees unpaid December 31, current year.....    |           | 47,216                           |                                  |                 | 47,216     |
| 10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)..... | 0         | 184,036                          | 0                                | 0               | 184,036    |

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

|  | 1<br>Life                               | 2<br>Accident and Health |
|--|---|--------------------------|
|  | 1. Applied to pay renewal premiums..... |                          |
| 2. Applied to shorten the endowment or premium-paying period.....                          |   |                          |
| 3. Applied to provide paid-up additions.....   |   |                          |
| 4. Applied to provide paid-up annuities.....   |   |                          |
| 5. Total Lines 1 through 4.....  | 0                                       | 0                        |
| 6. Paid-in cash.....   |   |                          |
| 7. Left on deposit.....  |   |                          |
| 8. Aggregate write-ins for dividend or refund options.....                                 | 0                                       | 0                        |
| 9. Total Lines 5 through 8.....  | 0                                       | 0                        |
| 10. Amount due and unpaid.....   |   |                          |
| 11. Provision for dividends or refunds payable in the following calendar year.....         |   |                          |
| 12. Terminal dividends.....  |   |                          |
| 13. Provision for deferred dividend contracts.....   |   |                          |
| 14. Amount provisionally held for deferred dividend contracts not included in Line 13..... |   |                          |
| 15. Total Lines 10 through 14.....   | 0                                       | 0                        |
| 16. Total from prior year.....   |   |                          |
| 17. Total dividends or refunds (Lines 9 + 15 - 16).....                                    | 0                                       | 0                        |

**NONE**

**DETAILS OF WRITE-INS**

|   |   |   |
|---|---|---|
| 0801. ....  |   |   |
| 0802. ....  |   |   |
| 0803. ....  |   |   |
| 0898. Summary of remaining write-ins for Line 8 from overflow page..... | 0 | 0 |
| 0899. Totals (Line 0801 thru 0803 plus 0898) (Line 8 above).....        | 0 | 0 |

**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

| 1<br>Valuation Standard | 2<br>Total | 3<br>Industrial | 4<br>Ordinary | 5<br>Credit<br>(Group and<br>Individual) | 6<br>Group |
|-------------------------|------------|-----------------|---------------|--|------------|
|-------------------------|------------|-----------------|---------------|--|------------|

**NONE**

## EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes [ ]    No [ X ]  
 1.2 If not, state which kind is issued..... NON-PARTICIPATING  
 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes [ ]    No [ X ]  
 2.2 If not, state which kind is issued..... NON-PARTICIPATING  
 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [ ]    No [ X ]  
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.



4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes [ ]    No [ X ]  
 4.1 Amount of insurance: \$.....  
 4.2 Amount of reserve: \$.....  
 4.3 Basis of reserve:  
 4.4 Basis of regular assessments:  
 4.5 Basis of special assessments:  
 4.6 Assessments collected during year: \$.....  
 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.  
 6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes [ ]    No [ X ]  
 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$.....  
 6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$.....  
 Attach statement of methods employed in their valuation.  
 7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes [ ]    No [ X ]  
 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$.....  
 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:  
 7.3 State the amount of reserves established for this business: \$.....  
 7.4 Identify where the reserves are reported in the blank.

### EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

| 1<br>Description of Valuation Class | Valuation Basis   |                 | 4<br>Increase in Actuarial Reserve Due To Change |
|-------------------------------------|-------------------|-----------------|--|
|                                     | 2<br>Changed From | 3<br>Changed To |  |

NONE

## EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

|   | 1     | 2                               | 3  | 4                         | Other Individual Contracts |                         |   |                        |           |
|---|-------|---------------------------------|--|---------------------------|----------------------------|-------------------------|---|------------------------|-----------|
|   |       |                                 |  |                           | 5                          | 6                       | 7   | 8                      | 9         |
|   | Total | Group<br>Accident<br>and Health | Credit Accident<br>and Health<br>(Group and<br>Individual) | Collectively<br>Renewable | Non-<br>Cancelable         | Guaranteed<br>Renewable | Non-Renewable<br>for Stated<br>Reasons Only | Other Accident<br>Only | All Other |
| <b>ACTIVE LIFE RESERVE</b>  |       |                                 |  |                           |                            |                         |   |                        |           |
| 1. Unearned premium reserves.....                                 | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 2. Additional contract reserves (a).....                          | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 3. Additional actuarial reserves - Asset/Liability analysis.....  | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 4. Reserve for future contingent benefits.....                    | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 5. Reserve for rate credits.....                                  | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 6. Aggregate write-ins for reserves.....                          | .0    | .0                              | .0   | .0                        | .0                         | .0                      | .0  | .0                     | .0        |
| 7. Totals (Gross).....  | .0    | .0                              | .0   | .0                        | .0                         | .0                      | .0  | .0                     | .0        |
| 8. Reinsurance ceded.....   | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 9. Totals (Net).....  | .0    | .0                              | .0   | .0                        | .0                         | .0                      | .0  | .0                     | .0        |
| <b>CLAIM RESERVE</b>  |       |                                 |  |                           |                            |                         |   |                        |           |
| 10. Present value of amounts not yet due on claims.....           | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 11. Additional actuarial reserves - Asset/Liability analysis..... | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 12. Reserve for future contingent benefits.....                   | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 13. Aggregate write-ins for reserves.....                         | .0    | .0                              | <b>NONE</b>  | .0                        | .0                         | .0                      | .0  | .0                     | .0        |
| 14. Totals (Gross).....   | .0    | .0                              | .0   | .0                        | .0                         | .0                      | .0  | .0                     | .0        |
| 15. Reinsurance ceded.....  | .0    |                                 |  |                           |                            |                         |   |                        |           |
| 16. Totals (Net).....   | .0    | .0                              | .0   | .0                        | .0                         | .0                      | .0  | .0                     | .0        |
| 17. TOTALS (Net).....   | .0    | .0                              | .0   | .0                        | .0                         | .0                      | .0  | .0                     | .0        |
| 18. TABULAR FUND INTEREST.....                                    | .0    |                                 |  |                           |                            |                         |   |                        |           |

14

### DETAILS OF WRITE-INS

|  |    |    |    |    |    |    |    |    |    |
|--|----|----|----|----|----|----|----|----|----|
| 0601.....  |    |    |    |    |    |    |    |    |    |
| 0602.....  |    |    |    |    |    |    |    |    |    |
| 0603.....  |    |    |    |    |    |    |    |    |    |
| 0698. Summary of remaining write-ins for Line 6 from overflow page.....  | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....        | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 1301.....  |    |    |    |    |    |    |    |    |    |
| 1302.....  |    |    |    |    |    |    |    |    |    |
| 1303.....  |    |    |    |    |    |    |    |    |    |
| 1398. Summary of remaining write-ins for Line 13 from overflow page..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 1399. Totals (Lines 1301 thru 1303 + 1398) (Line 13 above).....          | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |

(a) Attach statement as to valuation standard used in calculating this reserve, specifying reserve bases, interest rates and methods.

**EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS**

|   | 1<br>Total | 2<br>Guaranteed<br>Interest<br>Contracts | 3<br>Annuities<br>Certain | 4<br>Supplemental<br>Contracts | 5<br>Dividend<br>Accumulations<br>or Refunds | 6<br>Premium and<br>Other Deposit<br>Funds |
|---|------------|--|---------------------------|--------------------------------|--|--|
| 1. Balance at the beginning of the year before reinsurance.....                                     | .0         |  |                           |                                |  |  |
| 2. Deposits received during the year.....   | .0         |  |                           |                                |  |  |
| 3. Investment earnings credited to the account.....   | .0         |  |                           |                                |  |  |
| 4. Other net change in reserves.....  | .0         |  |                           |                                |  |  |
| 5. Fees and other charges assessed.....   | .0         |  |                           |                                |  |  |
| 6. Surrender charges.....   | .0         |  |                           |                                |  |  |
| 7. Net surrender or withdrawal payments.....  | .0         |  |                           |                                |  |  |
| 8. Other net transfers to or (from) Separate Accounts.....  | .0         |  |                           |                                |  |  |
| 9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8)..... | .0         | .0                                       | .0                        | .0                             | .0   | .0   |
| 10. Reinsurance balance at the beginning of the year.....   | .0         |  |                           |                                |  |  |
| 11. Net change in reinsurance assumed.....  | .0         |  |                           |                                |  |  |
| 12. Net change in reinsurance ceded.....  | .0         |  |                           |                                |  |  |
| 13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....                            | .0         | .0                                       | .0                        | .0                             | .0   | .0   |
| 14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....                | .0         | .0                                       | .0                        | .0                             | .0   | .0   |

**NONE**

## EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

### PART 1 - Liability End of Current Year

|                               | 1<br>Total | 2<br>Industrial<br>Life | Ordinary               |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                  |                | Accident and Health |   |             |
|-------------------------------|------------|-------------------------|------------------------|------------------------------|---------------------------------|---|------------------------|----------------|---------------------|---|-------------|
|                               |            |                         | 3<br>Life<br>Insurance | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and<br>Individual) | 11<br>Other |
| 1. Due and unpaid:            |            |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 1.1 Direct.....               | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 1.2 Reinsurance assumed.....  | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 1.3 Reinsurance ceded.....    | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 1.4 Net.....                  | 0          | 0                       | 0                      | 0                            | 0                               | 0   | 0                      | 0              | 0                   | 0   | 0           |
| 2. In course of settlement:   |            |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.1 Resisted:                 |            |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.11 Direct.....              | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.12 Reinsurance assumed..... | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.13 Reinsurance ceded.....   | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.14 Net.....                 | 0          | 0                       | (b).....0              | (b).....0                    | 0                               | (b).....0                                     | (b).....0              | 0              | 0                   | 0   | 0           |
| 2.2 Other:                    |            |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.21 Direct.....              | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.22 Reinsurance assumed..... | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.23 Reinsurance ceded.....   | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 2.24 Net.....                 | 0          | 0                       | (b).....0              | (b).....0                    | 0                               | (b).....0                                     | (b).....0              | 0              | (b).....0           | (b).....0                                 | 0           |
| 3. Incurred but unreported:   |            |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 3.1 Direct.....               | 750,000    |                         |                        |                              |                                 |   |                        |                | 750,000             |   |             |
| 3.2 Reinsurance assumed.....  | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 3.3 Reinsurance ceded.....    | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 3.4 Net.....                  | 750,000    | 0                       | (b).....0              | (b).....0                    | 0                               | (b).....0                                     | (b).....0              | 0              | (b).....750,000     | (b).....0                                 | (b).....0   |
| 4. Totals:                    |            |                         |                        |                              |                                 |   |                        |                |                     |   |             |
| 4.1 Direct.....               | 750,000    | 0                       | 0                      | 0                            | 0                               | 0   | 0                      | 0              | 750,000             | 0   | 0           |
| 4.2 Reinsurance assumed.....  | 0          | 0                       | 0                      | 0                            | 0                               | 0   | 0                      | 0              | 0                   | 0   | 0           |
| 4.3 Reinsurance ceded.....    | 0          | 0                       | 0                      | 0                            | 0                               | 0   | 0                      | 0              | 0                   | 0   | 0           |
| 4.4 Net.....                  | 750,000    | (a).....0               | (a).....0              | 0                            | 0                               | 0   | (a).....0              | 0              | 750,000             | 0   | 0           |

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$.....0 in Column 2, \$.....0 in Column 3 and \$.....0 in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for

Ordinary Life Insurance \$.....0, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....0,

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....0, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....0

are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).



## EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

### PART 2 - Incurred During the Year

|   | 1<br>Total | 2<br>Industrial<br>Life<br>(a) | Ordinary                      |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                         |                | Accident and Health |   |             |
|---|------------|--------------------------------|-------------------------------|------------------------------|---------------------------------|---|-------------------------------|----------------|---------------------|---|-------------|
|   |            |                                | 3<br>Life<br>Insurance<br>(b) | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance<br>(c) | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and<br>Individual) | 11<br>Other |
| 1. Settlements during the year:                                       |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 1.1 Direct.....   | .861,977   |                                |                               |                              |                                 |   |                               |                | .861,977            |   |             |
| 1.2 Reinsurance assumed.....  | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 1.3 Reinsurance ceded.....  | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 1.4 Net..... (d)  | .861,977   | .0                             | .0                            | .0                           | .0                              | .0  | .0                            | .0             | .861,977            | .0  | .0          |
| 2. Liability December 31, current year from Part 1:                   |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 2.1 Direct.....   | .750,000   |                                |                               |                              |                                 |   |                               |                | .750,000            |   |             |
| 2.2 Reinsurance assumed.....  | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 2.3 Reinsurance ceded.....  | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 2.4 Net.....  | .750,000   | .0                             | .0                            | .0                           | .0                              | .0  | .0                            | .0             | .750,000            | .0  | .0          |
| 3. Amounts recoverable from reinsurers December 31, current year..... | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 4. Liability December 31, prior year:                                 |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 4.1 Direct.....   | .2,500,000 |                                |                               |                              |                                 |   |                               |                | .2,500,000          |   |             |
| 4.2 Reinsurance assumed.....  | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 4.3 Reinsurance ceded.....  | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 4.4 Net.....  | .2,500,000 | .0                             | .0                            | .0                           | .0                              | .0  | .0                            | .0             | .2,500,000          | .0  | .0          |
| 5. Amounts recoverable from reinsurers December 31, prior year.....   | .0         |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 6. Incurred benefits:   |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 6.1 Direct.....   | (888,023)  | .0                             | .0                            | .0                           | .0                              | .0  | .0                            | .0             | (888,023)           | .0  | .0          |
| 6.2 Reinsurance assumed.....  | .0         | .0                             | .0                            | .0                           | .0                              | .0  | .0                            | .0             | .0                  | .0  | .0          |
| 6.3 Reinsurance ceded.....  | .0         | .0                             | .0                            | .0                           | .0                              | .0  | .0                            | .0             | .0                  | .0  | .0          |
| 6.4 Net.....  | (888,023)  | .0                             | .0                            | .0                           | .0                              | .0  | .0                            | .0             | (888,023)           | .0  | .0          |

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(d) Includes \$.....0 premiums waived under total and permanent disability benefits.

**EXHIBIT OF NONADMITTED ASSETS**

|   | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---|--|--|---|
| 1. Bonds (Schedule D).....  |  |  | .0  |
| 2. Stocks (Schedule D):   |  |  |   |
| 2.1 Preferred stocks.....   |  |  | .0  |
| 2.2 Common stocks.....  |  |  | .0  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |   |
| 3.1 First liens.....  |  |  | .0  |
| 3.2 Other than first liens.....   |  |  | .0  |
| 4. Real estate (Schedule A):  |  |  |   |
| 4.1 Properties occupied by the company.....   |  |  | .0  |
| 4.2 Properties held for the production of income.....   |  |  | .0  |
| 4.3 Properties held for sale.....   |  |  | .0  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2)<br>and short-term investments (Schedule DA).....          |  |  | .0  |
| 6. Contract loans.....  |  |  | .0  |
| 7. Derivatives.....   |  |  | .0  |
| 8. Other invested assets (Schedule BA).....   |  |  | .0  |
| 9. Receivables for securities.....  |  |  | .0  |
| 10. Securities lending reinvested collateral assets.....  |  |  | .0  |
| 11. Aggregate write-ins for invested assets.....  | .0   | .0   | .0  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | .0   | .0   | .0  |
| 13. Title plants (for Title insurers only).....   |  |  | .0  |
| 14. Investment income due and accrued.....  |  |  | .0  |
| 15. Premiums and considerations:  |  |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   |  |  | .0  |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due.....                       |  |  | .0  |
| 15.3 Accrued retrospective premiums.....  |  |  | .0  |
| 16. Reinsurance:  |  |  |   |
| 16.1 Amounts recoverable from reinsurers.....   |  |  | .0  |
| 16.2 Funds held by or deposited with reinsured companies.....   |  |  | .0  |
| 16.3 Other amounts receivable under reinsurance contracts.....  |  |  | .0  |
| 17. Amounts receivable relating to uninsured plans.....   |  |  | .0  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |  |  | .0  |
| 18.2 Net deferred tax asset.....  |  |  | .0  |
| 19. Guaranty funds receivable or on deposit.....  |  |  | .0  |
| 20. Electronic data processing equipment and software.....  |  |  | .0  |
| 21. Furniture and equipment, including health care delivery assets.....   |  |  | .0  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |  |  | .0  |
| 23. Receivables from parent, subsidiaries and affiliates.....   |  |  | .0  |
| 24. Health care and other amounts receivable.....   |  |  | .0  |
| 25. Aggregate write-ins for other than invested assets.....   | .238,787   | .485,398                                       | .246,610  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 through 25)..... | .238,787   | .485,398                                       | .246,610  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |  |  | .0  |
| 28. TOTALS (Lines 26 and 27).....   | .238,787   | .485,398                                       | .246,610  |

**DETAILS OF WRITE-INS**

|  |          |          |          |
|--|----------|----------|----------|
| 1101.....  |          |          | .0       |
| 1102.....  |          |          | .0       |
| 1103.....  |          |          | .0       |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0       | .0       | .0       |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | .0       | .0       | .0       |
| 2501. OTHERS RECEIVABLE.....   | .157,787 | .165,014 | .7,227   |
| 2502. OTHER ASSETS.....  | .81,000  | .236,455 | .155,455 |
| 2503. MEDCO-INCENTIVES.....  |          | .83,928  | .83,928  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0       | .0       | .0       |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | .238,787 | .485,398 | .246,610 |

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## NOTES TO FINANCIAL STATEMENTS

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### 1) Summary of Significant Accounting Policies:

- A) The accompanying statutory financial statements have been prepared in accordance with insurance accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner of Insurance), which is a comprehensive basis of accounting other than accounting principles generally accepted (GAAP) in the United States of America.

The Company follows the National Association of Insurance Commissioners' Statements of Statutory Accounting Principles (NAIC SSAP) as the basis of its statutory accounting principles, as long as they do not contradict the provisions of the Puerto Rico Insurance Code or the Circular Letters issued by the Commissioner of Insurance.

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC) including its codification initiative contained in its accounting practices and procedures manual, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Accordingly, the Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SSAP. However, differences adopted by the Commissioner of Insurance do not have a significant effect on the net income/loss and statutory capital and surplus of the Company as compared to NAIC practices.

- B) The preparation of financial statements in conformity with the 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) The accounting policies followed by the Company conform to predominant industry practices and are in accordance with the accounting practices prescribed or permitted by the Commissioner of Insurance.

#### Revenue recognition:

- a) Premiums earned - Are recognized on a monthly basis, net of a historical cancellation provision.
- b) Cost-plus insurance program - Revenue from this program is represented by a negotiated service fee applied to paid and incurred unpaid reported claims considering an estimate to cover unreported claims.

Claims - The Company's unpaid reported and unreported claims have been determined as follows:

- a) Claims submitted to the Company as of December 31, 2010.
- b) An estimate using the Company's experience and historical data to cover claims incurred but not reported as of June 30, 2009.
- c) Processing expenses related to claims are accrued currently based on an estimate of expenses necessary to process such claims.

Claims payable amounts are subject to continuing review by management and changes in claims payable are reflected in current operations. As of December 31, 2010, the estimate for unpaid reported and unreported claims has been reviewed by an independent actuary who considers as reasonable a balance of approximately \$750,000.

Investments - The investments in bonds, notes and mortgage-backed securities, are presented at amortized cost, net of unamortized premiums or unaccreted discounts except for those with NAIC designations of 3 to 6, which are reported at the lower of amortized cost or fair value. Common stocks are stated at fair value. The unrealized capital gain or loss in common stock is accounted for as a direct increase or decrease in unassigned surplus (deficit). Non-traded common stocks are stated at cost. Investment transactions are recorded on the basis of settlement date. Realized gains and losses on sale of investments are recorded on the basis of the specific cost of securities sold.

Fair value of financial instruments-The fair value information of financial instruments in the accompanying statutory financial statements was determined as follows:

- a) Cash and short-term investments-The carrying value approximates the estimated fair value amount because of the short-term nature of these instruments.
- b) Investments in bonds and notes and common stocks - The estimated fair values are based on values designated by NAIC or quoted market prices provided by investment brokerage companies for those or similar investments.

Pension plan valuation - The valuation for Company's employees' pension plan was computed in accordance with Manual, which requires the use of the guidelines provided by the Compensation-Retirement Benefits Topic of the FASB Accounting Standards Codification, except for the exclusion of employees with non-vested benefits. This standard requires the employer to recognize the overfunded or unfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur. As of December 31, 2010, NAIC SSAP has not yet adopted this standard.

Accrued cost of liquidation - On May 21, 2009, the Company, entered into an Asset Purchase Agreement (the Agreement) with a non-related party (the Buyer) to sell certain assets of the Company, effective July 1, 2009. These assets include all of the Company's underwritten contracts and cost-plus contracts.

The Company's Board of Directors concluded on May 1, 2009 and ratified on a meeting held on June 26, 2009, that it was in the best interest of the Company to withdraw from doing business in Puerto Rico and to voluntarily liquidate and dissolve, and in furtherance of said liquidation, to sell substantially all of its assets. The Board approved and authorized the Liquidation and Dissolution of the Company, the Agreement and Plan of Dissolution and Liquidation (the Plan), the execution by the Company of a Plan with the shareholders to effect and consummate the liquidation and dissolution as contemplated in the Plan, the Agreement, and related transaction documents.

**NOTES TO FINANCIAL STATEMENTS**

As a result of the adoption of the Plan, PRHP activities are now limited to: collection of all receivables, payment of the incurred obligations, selling its remaining assets, making tax and other regulatory filings, continue the proposed plan for the wind-down of operations and the compliance with the terms and conditions of the Agreement.

As a result of the dissolution, the Company is required to make significant estimates and exercise judgment in determining accrued liquidation costs. The Company reviewed all operating expenses and contractual commitments such as audit settlements, payroll and related expenses, lease termination costs, professional fees, other outside services and guarantee costs related to the Agreement to determine the estimated costs to be incurred during the liquidation period. These expenses are principally expected to occur through May 31, 2011.

2) **Accounting Changes and Corrections Errors:** None

3) **Business Combinations and Goodwill:** None

4) **Discontinued Operations:** None

5) **Investments:**

- a) Mortgage Loans-The company has no investment in mortgage loans.
- b) Debt Restructuring- The Company has no invested assets that are restructured debt.
- c) Reverse Mortgages- The Company has no investment in reverse mortgages.
- d) Loan-Backed Securities- The Company has no investment in loan-backed securities
- e) Repurchase Agreements- The Company does not has repurchase agreements.
- f) Real Estate- The Company has no investment in real estate.

6) **Joint Ventures, Partnerships and Limited Liability Companies:** Not applicable

7) **Investment Income:**

The total amount of investment income due and accrued is admitted.

8) **Derivative Instruments:** Not Applicable

9) **Income Taxes:**

The Company has not recorded a tax benefit or any deferred tax asset for the year 2010 and 2009.

10) **Information Concerning Parent, Subsidiaries and Affiliates:**

As of December 31, 2010, the Company had certain related party transactions with its affiliate, Independence Holdings, Inc. resulting in a net balance due of approximately \$881,000.

11) **Debt:** None

12) **Retirement Plans, Deferred Compensation, Post-employment Benefit and Compensated Absences and Other Post-retirement Benefit Plans:**

Pension

The Company provides a trusted, non-contributory pension plan covering substantially all of its employees. Employees are eligible for participation in the plan upon satisfying the minimum age requirement of twenty-one (21) years and the minimum service requirement of one (1) year. Pension expense is determined and funded based on the "projected unit credit method", which attributes an equal portion of total projected benefits to each year of employee service. Operating expenses for the years ended December 31, 2010 and 2009, include approximately \$253,00 and \$956,578, of net pension plan expense.

As of December 31, 2010 and 2009, the following components were used to develop the net pension plan expense:

| Description                                   | 2010              | 2009              |
|---|-------------------|-------------------|
| Service cost                                  | \$ -              | \$ 347,524        |
| Interest cost on projected benefit obligation | 993,166           | 1,295,824         |
| Expected return on plan assets                | (928,364 )        | (959,804 )        |
| Amortization of transition obligation         | -                 | 10,342            |
| Amortization of prior years service costs     | -                 | (109,432 )        |
| Amortization of actuarial loss                | 122,553           | 235,428           |
| Curtailment loss/(gain)                       | -                 | (668,679 )        |
| Settlement loss/(gain)                        | -                 | 586,511           |
|   | <u>\$ 187,355</u> | <u>\$ 956,578</u> |

As of December 31, 2010 and 2009, the change in benefit obligation and plan assets and reconciliation of funded status are as follows:

| Description                                       | 2010          | 2009          |
|---|---------------|---------------|
| Change in benefit obligation:                     |               |               |
| Projected benefit obligation at beginning of year | \$ 16,600,009 | \$ 20,684,046 |
| Service cost                                      | -             | 347,524       |
| Interest cost                                     | 993,166       | 1,295,824     |

**NOTES TO FINANCIAL STATEMENTS**

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| Participant contributions                      | -                           | -                           |
| Benefit payments                               | (1,217,133 )                | (385,753 )                  |
| Actuarial gains (losses)                       | 1,739,002                   | (294,077 )                  |
| Plan amendments                                | -                           | 154,090                     |
| Curtailments                                   | -                           | (3,060,232 )                |
| Settlement                                     | -                           | (2,729,566 )                |
|  | <u>                    </u> | <u>                    </u> |
| Projected benefit obligation at end of year    | <b>\$ 18,115,044</b>        | <b>\$ 16,600,009</b>        |
|  |                             |                             |
| Changes in plan assets:                        |                             |                             |
| Fair value of plan assets at beginning of year | <b>\$ 12,136,853</b>        | <b>\$ 11,450,842</b>        |
| Actual return on assets                        | 1,877,585                   | 1,938,488                   |
| Employer contributions                         | 3,100,00                    | 1,862,842                   |
| Benefit payments                               | (1,217,133 )                | (385,753 )                  |
| Settlements                                    | -                           | (2,729,566 )                |
|  | <u>                    </u> | <u>                    </u> |
| Fair value of plan assets at end of year       | <b>\$ 15,897,305</b>        | <b>\$ 12,136,853</b>        |
|  |                             |                             |
| Reconciliation of funded status:               |                             |                             |
| Funded status                                  | <b>\$ (2,217,739 )</b>      | <b>\$ (4,463,156 )</b>      |
| Unrecognized actuarial loss                    | 4,234,125                   | 3,566,897                   |
|  | <u>                    </u> | <u>                    </u> |
| Net amount of accrued liability recognized     | <b>\$ 2,016,386</b>         | <b>\$ (896,259 )</b>        |

As of December 31, 2010 and 2009, amount recognized in statements of admitted assets, liabilities and capital and surplus consist of:

| Description                                | 2010                | 2009                        |
|--|---------------------|-----------------------------|
| Prepaid benefit cost                       | <b>\$ 2,016,386</b> | \$ -                        |
| Accrued benefit liability                  | (4,234,125 )        | (4,463,156 )                |
| Accumulated other comprehensive income     | 4,234,125           | 3,556,897                   |
| Net amount of accrued liability recognized | <b>\$ 2,016,386</b> | <b>\$ (896,259 )</b>        |
|  |                     |                             |
| Weighted average assumptions:              |                     |                             |
| Discount rate                              | <u>6.50%</u>        | <u>6.50%</u>                |
| Expected return on assets                  | <u>7.50%</u>        | <u>8.00%</u>                |
| Rate of compensation increase              | <u>N/A</u>          | <u>                    </u> |

**Nonqualified Pension Benefits**

In addition, the Company provides supplemental non-qualified pension benefits for certain retired employees. The cost of such benefits is accounted under the accrual method. As of December 31, 2010 and 2009, the following components were used to develop the net periodic benefit cost:

| Description                                   | 2010                        | 2009                        |
|---|-----------------------------|-----------------------------|
| Service cost                                  | <b>\$ -</b>                 | \$ -                        |
| Interest cost on projected benefit obligation | 31,701                      | 35,313                      |
| Amortization of transition obligation         | -                           | 3,173                       |
| Amortization of actuarial loss                | 8,817                       | 7,393                       |
| Curtailment loss/(gain)                       | -                           | 75,974                      |
|   | <u>                    </u> | <u>                    </u> |
|   | <b>\$ 40,518</b>            | <b>\$ 121,853</b>           |

The change in benefit obligation and plan assets and reconciliation of funded status are as follows:

| Description                                       | 2010                        | 2009                        |
|---|-----------------------------|-----------------------------|
| Change in benefit obligation:                     |                             |                             |
| Projected benefit obligation at beginning of year | <b>\$ 579,194</b>           | <b>\$ 384,029</b>           |
| Interest cost                                     | 31,701                      | 35,313                      |
| Benefit payments                                  | (53,435 )                   | (53,435 )                   |
| Actuarial losses/(gains)                          | 9,901                       | 210,301                     |
| Curtailments                                      | -                           | 2,986                       |
|   | <u>                    </u> | <u>                    </u> |
| Projected benefit obligation at end of year       | <b>\$ 567,361</b>           | <b>\$ 579,194</b>           |
|   |                             |                             |
| Reconciliation of funded status:                  |                             |                             |
| Funded status                                     | <b>\$ (567,361 )</b>        | <b>\$ (579,194 )</b>        |
| Unrecognized actuarial gain                       | 197,668                     | 196,584                     |
|   | <u>                    </u> | <u>                    </u> |
| Net amount of accrued liability recognized        | <b>\$ (369,693 )</b>        | <b>\$ (382,610 )</b>        |

**NOTES TO FINANCIAL STATEMENTS**

As of December 31, 2010 and 2009, amount recognized in statements of financial position consist of:

| Description                                | 2010          | 2009          |
|--|---------------|---------------|
| Prepaid benefit cost                       | \$ -          | \$ -          |
| Accrued benefit liability                  | (197,668 )    | (579,194 )    |
| Accumulated other comprehensive income     | 196,584       | 196,584       |
| Accrued benefit cost                       | (369,693 )    | -             |
| Net amount of accrued liability recognized | \$ (369,693 ) | \$ (382,610 ) |
| Weighted average assumptions:              |               |               |
| Discount rate                              | 5.75%         | 5.75%         |
| Rate of compensation increase              | N/A           |               |

Postretirement benefits other than pension

The Company provides certain health care and life insurance benefits for retired employees. Substantially, all of the Company's employees may become eligible for those benefits if they reach normal retirement age while working for the Company. The cost of such benefits is accounted for following the accrual method.

As of December 31, 2010 and 2009, the following components were used to develop the net periodic benefit cost:

| Description                                   | 2010       | 2009         |
|---|------------|--------------|
| Eligibility cost                              | \$ -       | \$ 350,553   |
| Interest cost on projected benefit obligation | 452,309    | 868,728      |
| Amortization of transition obligation         | -          | 9,084        |
| Amortization of prior service cost            | (546,342 ) | (307,765 )   |
| Amortization of actuarial loss                | 185,146    | 182,017      |
| Curtailment loss/(gain)                       | -          | -            |
|   | \$ 91,113  | \$ 1,752,507 |

As of December 31, 2010 and 2009, the change in benefit obligation and plan assets of funded status is as follows:

| Description                                      | 2010             | 2009             |
|--|------------------|------------------|
| Change in benefit obligation:                    |                  |                  |
| Benefit obligation at beginning of year          | \$ 9,289,557     | \$ 18,428,090    |
| Eligibility cost                                 | -                | 350,553          |
| Interest cost                                    | 452,309          | 868,728          |
| Benefits paid                                    | (861,784 )       | (1,144,594 )     |
| Actuarial gains                                  | (684,359 )       | (222,659 )       |
| Plan amendments                                  | -                | (9,395,182 )     |
| Curtailements                                    | -                | 404,621          |
| Benefit obligation at end of year                | \$ 8,195,723     | \$ 9,289,557     |
| Reconciliation of funded status:                 |                  |                  |
| Funded status                                    | \$ (8,195,723 )  | \$ (9,289,557 )  |
| Unrecognized prior service cost                  | (9,762,317 )     | (10,308,658 )    |
| Unrecognized actuarial loss                      | 4,196,003        | 5,065,507        |
| Net amount recognized in statutory statement     | \$ (13,762,037 ) | \$ (14,532,708 ) |
| Description                                      | 2010             | 2009             |
| Weighted average assumptions:                    |                  |                  |
| Discount rate                                    | 5.50%            | 5.50%            |
| Expected long-term rate of return on plan assets | N/A              | N/A              |
| Health care costs trend rate for next year       | 8.00-5.00%       | 8.00%            |

The annual assumed rate of increase of covered benefits (health care cost trend rate) is assumed to be 5.00% in 2010 up to 2017. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point would increase the accumulated postretirement benefit obligation and the service and interest cost components of net periodic postretirement benefit cost for 2010 by approximately \$135,600. Decreasing the assumed health care cost trend rates by one percentage point would decrease the accumulated postretirement benefit obligation and the service and interest cost components of net periodic postretirement benefit costs for 2010 by approximately \$113,600. The plan is unfunded.

**1) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations:**

The Corporation has an authorized capital of 2,500,000 shares of common stock, \$2 par value, and 50,000 shares of Series A Preferred Stock,

**NOTES TO FINANCIAL STATEMENTS**

\$1,000 par value. At December 31, 2010, the Company has 1,091,445 issued and outstanding.

The Company has no preferred stocks outstanding.

Dividends on Company stock are paid as declared by its Board of Directors. There is no commitment of the Board of Directors related to declaration of dividends.

Unassigned surplus is restricted as to payment of dividends by statutory limitations applicable to insurance companies. Such limitations restrict the payment of dividends by insurance companies generally to unassigned surplus funds reported for statutory purposes.

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

|  |    |            |
|--|----|------------|
| a. Unrealized gains and losses:            | \$ | 478,645    |
| b. Non-admitted assets values:             |    | 246,610    |
| c. Change in minimum pension liability:    |    | (539,694 ) |
| d. Change in Interest Maintenance Reserve  |    | (88,499 )  |
| e. Change in pension liability adjustment: |    | 4,006,848  |
| f. Change in investments non admitted      |    | (388,619 ) |
| g. Change in Asset Valuation Reserve       |    | (379,422 ) |

**14) Contingencies:**

A) Legal proceedings-The Company is a party with a lawsuit filed against the Company for violations of federal antitrust laws, Puerto Rican antitrust and unfair competition law seeking compensation for economic damages, plus litigation costs and attorneys' fees. Legal counsel is of the opinion that the Company has strong arguments to dismiss the antitrust claim on the grounds of state action immunity and thus there is a good probability of success at the summary judgment stage.

The Company is a party to other legal claims in its ordinary course of business. Management, after consulting with legal counsel, is of the opinion that the ultimate outcome of these claims will not have a material effect on the Company's financial position or results of operations.

B) Commissioner of Insurance audits-In accordance with the Insurance Code of Puerto Rico, the Company is subject to audits performed by the Commissioner of Insurance. As of December 31, 2010, the last period audited by the Commissioner of Insurance was from January 1, 2002 to December 31, 2005. The audits for the two periods, from January 1, 2006 to December 31, 2007 are still in process, as of December 31, 2010.

**15) Leases:**

During the year ended December 31, 2003, the Company entered into an agreement for the sale and leaseback of the home office building (including certain office furniture and equipment). The lease has a term of 24 months with a renewal option for a period of additional 36 months under the same terms and conditions. The lease requires monthly renewal payments of approximately \$106,000. During the year ended December 31, 2005 the Company exercised the renewal option under the lease agreement. During the year ended December 31, 2008, this contract was amended in order to extend its effective date until June 30, 2009, and to increase the monthly rental fee to approximately \$114,000. During the year ended December 31, 2010, this contract was renewed in order to extend its effective date until June 30, 2011, on a month-to-month basis. The renewal contemplated agreements for office and parking space that call for monthly rental payments of approximately \$18,800.

Rent expense under the above agreements for the year ended December 31, 2010 was approximately \$749,000.

**16) Financial Instruments with Concentrations of Credit Risk:**

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, investments in securities and accounts receivable.

As of December 31, 2010 and 2009, the Company had its cash and certificates of deposits principally in various high credit financial institutions, exceeding the Federal Deposit Insurance Corporation (FDIC) guaranty of \$250,000. As of December 31, 2010 and 2009, investments in debt securities are placed in low risk liquid instruments, which are subject to market trends and conditions.

Concentration of credit risk with respect to accounts receivable is limited due to the number of accounts comprising the Company's customer base. Loss experience associated with accounts receivable falls within the estimated loss allowances.

**17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:** Not applicable**18) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans:**

The gain from operations from Administrative Services Only (ASO) of insured plans and the uninsured portion of partially insured plans was as follows:

a. Net gain for administrative expenses - \$41,060

**19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators:** Not applicable

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## NOTES TO FINANCIAL STATEMENTS

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**20) Other Items:**

Investments in Securities in the amount of \$245,000 (par value) at December 31, 2010, were on deposit with The Office of the Commissioner of Insurance of Commonwealth of Puerto Rico.

**21) Events Subsequent:** None.

**22) Reinsurance:** None

**23) Retrospectively Rated Contracts & Contracts Subject to Redetermination:** Not applicable

**24) Change in Incurred Losses and Loss Adjustment Expenses:** Not applicable

**25) Intercompany Pooling Arrangements:** Not applicable

**26) Structured Settlements:** Not applicable

**27) Health Care Receivables:** Not applicable

**28) Participating Policies:** Not applicable

**29) Premium Deficiency Reserves:** Not applicable

**30) Reserves for Life Contracts and Deposit-Type Contracts:** Not applicable

**31) Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics:** Not applicable

**32) Premiums and Annuity Considerations Deferred and Uncollected:** Not applicable

**33) Separate Accounts:** Not applicable

**34) Loss/Claim Adjustment Expenses:** 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 [ X ] No [ ]
- 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 [ X ] No [ ] N/A [ ]
- 1.3 State regulating? Pennsylvania

- 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. 12/31/2005
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005
- 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). 10/27/2006

- 3.4 By what department or departments? The Office of the Commissioner of Insurance 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 [ ] No [ X ]
- 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 [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]

- 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 the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Co. Code | 3<br>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(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
|                  |                     |

- 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 locations (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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
|                     |                             |          |          |          |           |          |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
RSM ROC & Company PO BOX 10528 San Juan PR 00922-0528

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 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 Reporting 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 Reporting 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 [ X ] No [ ]
- 10.8 If the answer to 10.7 is no or n/a, please explain.  
\_\_\_\_\_  
\_\_\_\_\_
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?  
John Douglas, Inc.
- 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 [ X ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ X ]
- 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?  
 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. Yes [ X ] No [ ]
- 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).  
\_\_\_\_\_  
\_\_\_\_\_

### 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 \$.....0
- 19.12 To stockholders not officers \$.....0
- 19.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.21 To directors or other officers \$.....0
- 19.22 To stockholders not officers \$.....0
- 19.23 Trustees, supreme or grand (Fraternal only) \$.....0

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

- 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 [ ] No [ X ]
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. ....

### 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 23.3)? Yes [ X ] No [ ]
- 23.2 If no, give full and complete information relating thereto. ....

23.3 For 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 17 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 the 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 securities 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 ]

- 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 \$.....530,380
- 24.29 Other .....

24.3 For category (24.27) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>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? Yes [ ] No [ ] N/A [ X ]  
If no, attach a description with this statement.

- 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<br>Name of Custodian(s)    | 2<br>Custodian's Address              |
|------------------------------|---------------------------------------|
| Banco Popular Trust Division | PO Box 362708 San Juan, PR 00936-2708 |

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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |

- 27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ X ] No [ ]

27.04 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Central Registration Depository Number(s) | 2<br>Name             | 3<br>Address                     |
|--|-----------------------|----------------------------------|
| 106595   | Wellington Management | 75 State Street Boston, MA 02109 |

## GENERAL INTERROGATORIES

### PART 1 - COMMON 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              | 2                   | 3                        |
|----------------|---------------------|--------------------------|
| CUSIP #        | Name of Mutual Fund | Book/Adj. Carrying Value |
| 28.2999. TOTAL |                     | 0                        |

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

| 1   | 2   | 3   | 4                 |
|---|---|---|-------------------|
| Name of Mutual Fund<br>(from the above table) | Name of Significant Holding<br>of the Mutual Fund | Amount of Mutual<br>Fund's Book/Adjusted<br>Carrying Value<br>Attributable to 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                                | 2             | 3  |
|----------------------------|----------------------------------|---------------|--|
|                            | Statement<br>(Admitted)<br>Value | Fair<br>Value | Excess of Statement<br>over Fair Value (-),<br>or Fair Value over<br>Statement (+) |
| 29.1 Bonds.....            | 10,860,207                       | 11,487,137    | 626,930  |
| 29.2 Preferred stocks..... |                                  |               | 0  |
| 29.3 Totals.....           | 10,860,207                       | 11,487,137    | 626,930  |

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

Account Statement

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:

### OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....0

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    | 2           |
|------|-------------|
| Name | Amount Paid |
|      |             |

33.1 Amount of payments for legal expenses, if any? \$.....0

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    | 2           |
|------|-------------|
| Name | Amount Paid |
|      |             |

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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    | 2           |
|------|-------------|
| Name | Amount Paid |
|      |             |

## GENERAL INTERROGATORIES

### PART 2 - LIFE 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 Item (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<br>Current Year | 2<br>Prior Year |
|----------------------------------|-------------------|-----------------|
| 2.1 Premium Numerator.....       | 0                 | 34,994,362      |
| 2.2 Premium Denominator.....     | 0                 | 34,994,362      |
| 2.3 Premium Ratio (2.1/2.2)..... | 0.0               | 100.0           |
| 2.4 Reserve Numerator.....       | 750,000           | 2,500,000       |
| 2.5 Reserve Denominator.....     | 750,000           | 2,500,000       |
| 2.6 Reserve Ratio (2.4/2.5)..... | 100.0             | 100.0           |

- 3.1 Does this reporting entity have Separate Accounts? Yes [ ] No [X]
- 3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes [ ] No [ ] N/A [X]
- 3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? .....
- 3.4 State the authority under which Separate Accounts are maintained:

- 3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [ ] No [X]
- 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [ ] No [X]
- 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?" .....

- 4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes [ ] No [X]

- 4.2 Net reimbursement of such expenses between reporting entities:
- 4.21 Paid .....
- 4.22 Received .....

- 5.1 Does the reporting entity write any guaranteed interest contracts? Yes [ ] No [X]
- 5.2 If yes, what amount pertaining to these items is included in:
- 5.21 Page 3, Line 1 .....
- 5.22 Page 4, Line 1 .....

6. For stock reporting entities only:
- 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$.....0

7. Total dividends paid stockholders since organization of the reporting entity:
- 7.11 Cash \$.....0
- 7.12 Stock \$.....0

## GENERAL INTERROGATORIES

### PART 2 - LIFE INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes [ ] No [X]  
 Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? Yes [ ] No [X]

8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

|   | 1<br>Reinsurance<br>Assumed | 2<br>Reinsurance<br>Ceded | 3<br>Net<br>Retained |
|---|-----------------------------|---------------------------|----------------------|
| 8.31 Earned premium.....                                  | .....                       | .....                     | .....                |
| 8.32 Paid claims.....                                     | .....                       | .....                     | .....                |
| 8.33 Claim liability and reserve (beginning of year)..... | .....                       | .....                     | .....                |
| 8.34 Claim liability and reserve (end of year).....       | .....                       | .....                     | .....                |
| 8.35 Incurred claims.....                                 | .....                       | .....                     | .....                |

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column (1) are:

| Attachment Point               | 1<br>Earned<br>Premium | 2<br>Claim Liability<br>and Reserve |
|--------------------------------|------------------------|-------------------------------------|
| 8.41 < \$25,000.....           | .....                  | .....                               |
| 8.42 \$25,000 -- 99,999.....   | .....                  | .....                               |
| 8.43 \$100,000 -- 249,999..... | .....                  | .....                               |
| 8.44 \$250,000 -- 999,999..... | .....                  | .....                               |
| 8.45 \$1,000,000 or more.....  | .....                  | .....                               |

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? .....

9.1 Does the company have variable annuities with guaranteed benefits? Yes [ ] No [X]

9.2 If 9.1 is yes, complete the following table for each type of guaranteed benefit.

| Type                             |                                   | 3<br>Waiting<br>Period<br>Remaining | 4<br>Account Value<br>Related<br>to Col. 3 | 5<br>Total<br>Related<br>Account Values | 6<br>Gross Amount<br>of Reserve | 7<br>Location<br>of Reserve | 8<br>Portion<br>Reinsured | 9<br>Reinsurance<br>Reserve Credit |
|----------------------------------|-----------------------------------|-------------------------------------|--|---|---------------------------------|-----------------------------|---------------------------|------------------------------------|
| 1<br>Guaranteed<br>Death Benefit | 2<br>Guaranteed<br>Living Benefit |                                     |  |   |                                 |                             |                           |                                    |
|                                  |                                   |                                     |  |   |                                 |                             |                           |                                    |

10. For reporting entities having sold annuities to another insurer when the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:

10.1 Amount of loss reserves established by these annuities during the current year? \$.....0

10.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

| 1<br>P&C Insurance Company<br>and<br>Location | 2<br>Statement Value on Purchase<br>Date of Annuities<br>(i.e., Present Value) |
|---|--|
| P&C Insurance Company<br>and<br>Location      | \$   |

11.1 Do you act as a custodian for health savings account? Yes [ ] No [X]

11.2 If yes, please provide the amount of custodial funds held as of the reporting date. .....

11.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

11.4 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.

Show amounts of life insurance in this exhibit in thousands (omit \$000)

|   | 1<br>2010    | 2<br>2009    | 3<br>2008    | 4<br>2007    | 5<br>2006    |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Life Insurance in Force (Exhibit of Life Insurance)</b>  |              |              |              |              |              |
| 1. Ordinary - whole life and endowment (Line 34, Col. 4).....   |              |              |              |              |              |
| 2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....   |              |              |              |              |              |
| 3. Credit life (Line 21, Col. 6).....   |              |              |              |              |              |
| 4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....  |              |              |              |              |              |
| 5. Industrial (Line 21, Col. 2).....  |              |              |              |              |              |
| 6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....  |              |              |              |              |              |
| 7. Total (Line 21, Col. 10).....  | 0            | 0            | 0            | 0            | 0            |
| <b>New Business Issued (Exhibit of Life Insurance)</b>  |              |              |              |              |              |
| 8. Ordinary - whole life and endowment (Line 34, Col. 2).....   |              |              |              |              |              |
| 9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....  |              |              |              |              |              |
| 10. Credit life (Line 2, Col. 6).....   |              |              |              |              |              |
| 11. Group (Line 2, Col. 9).....   |              |              |              |              |              |
| 12. Industrial (Line 2, Col. 2).....  |              |              |              |              |              |
| 13. Total (Line 2, Col. 10).....  | 0            | 0            | 0            | 0            | 0            |
| <b>Premium Income - Lines of Business (Exhibit 1-Part 1)</b>  |              |              |              |              |              |
| 14. Industrial life (Line 20.4, Col. 2).....  |              |              |              |              |              |
| 15.1 Ordinary life insurance (Line 20.4, Col. 3).....   |              |              |              |              |              |
| 15.2 Ordinary individual annuities (Line 20.4, Col. 4).....   |              |              |              |              |              |
| 16. Credit life (group and individual) (Line 20.4, Col. 5).....   |              |              |              |              |              |
| 17.1 Group life insurance (Line 20.4, Col. 6).....  |              |              |              |              |              |
| 17.2 Group annuities (Line 20.4, Col. 7).....   |              |              |              |              |              |
| 18.1 A&H - group (Line 20.4, Col. 8).....   |              | 34,994,362   | 73,968,380   | 87,938,149   | 122,474,020  |
| 18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....   |              |              |              |              |              |
| 18.3 A&H - other (Line 20.4, Col. 10).....  |              |              |              |              |              |
| 19. Aggregate of all other lines of business (Line 20.4, Col. 11).....  |              |              |              |              |              |
| 20. Total.....  | 0            | 34,994,362   | 73,968,380   | 87,938,149   | 122,474,020  |
| <b>Balance Sheet (Pages 2 and 3)</b>  |              |              |              |              |              |
| 21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....  | 16,881,532   | 31,724,591   | 38,079,247   | 44,958,363   | 46,030,705   |
| 22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....   | 31,012,091   | 49,191,019   | 46,881,508   | 44,585,539   | 41,296,188   |
| 23. Aggregate life reserves (Page 3, Line 1).....   |              |              |              |              |              |
| 24. Aggregate A&H reserves (Page 3, Line 2).....  |              |              | 1,600,000    |              |              |
| 25. Deposit-type contract funds (Page 3, Line 3).....   |              |              |              |              |              |
| 26. Asset valuation reserve (Page 3, Line 24.01).....   | 649,590      | 270,168      | 2,769        |              |              |
| 27. Capital (Page 3, Lines 29 & 30).....  | 2,182,890    | 2,182,890    | 1,985,522    | 1,853,944    | 1,643,419    |
| 28. Surplus (Page 3, Line 37).....  | (16,313,449) | (19,649,318) | (10,787,783) | (1,481,120)  | 3,091,098    |
| <b>Cash Flow (Page 5)</b>   |              |              |              |              |              |
| 29. Net Cash from operations (Line 11).....   | (13,976,268) | (5,353,316)  | (18,780,899) | (11,882,689) | (24,421,258) |
| <b>Risk-Based Capital Analysis</b>  |              |              |              |              |              |
| 30. Total adjusted capital.....   | (13,480,969) | (17,196,260) | (8,799,492)  | 372,824      | 4,734,517    |
| 31. Authorized control level risk-based capital.....  | 632,132      | 2,263,147    | 3,545,520    | 3,821,539    | 5,642,818    |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets<br/>(Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0</b> |              |              |              |              |              |
| 32. Bonds (Line 1).....   | 76.8         | 42.5         | 69.7         | 43.5         | 81.2         |
| 33. Stocks (Lines 2.1 and 2.2).....   | 0.8          | 0.4          | 0.9          | 0.5          | 0.7          |
| 34. Mortgage loans on real estate (Lines 3.1 and 3.2).....  |              |              |              |              |              |
| 35. Real estate (Line 4.1, 4.2 and 4.3).....  |              |              |              |              |              |
| 36. Cash, cash equivalents and short-term investments (Line 5).....   | 22.4         | 57.1         | 29.4         | 56.0         | 18.1         |
| 37. Contract loans (Line 6).....  |              |              |              |              |              |
| 38. Derivatives (Line 7).....   |              | XXX          | XXX          | XXX          | XXX          |
| 39. Other invested assets (Line 8).....   |              |              |              |              |              |
| 40. Receivables for securities (Line 9).....  |              |              |              |              |              |
| 41. Securities lending reinvested collateral assets (Line 10).....  |              | XXX          | XXX          | XXX          | XXX          |
| 42. Aggregate write-ins for invested assets (Line 11).....  |              |              |              |              |              |
| 43. Cash, cash equivalents and invested assets (Line 12).....   | 100.0        | 100.0        | 100.0        | 100.0        | 100.0        |

**FIVE-YEAR HISTORICAL DATA**

(continued)

|   | 1<br>2010  | 2<br>2009    | 3<br>2008    | 4<br>2007    | 5<br>2006    |
|---|------------|--------------|--------------|--------------|--------------|
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |            |              |              |              |              |
| 44. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....  |            |              |              |              |              |
| 45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....   |            |              |              |              |              |
| 46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....  |            |              |              |              |              |
| 47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....   |            |              |              |              |              |
| 48. Affiliated mortgage loans on real estate .....  |            |              |              |              |              |
| 49. All other affiliated.....   |            |              |              |              |              |
| 50. Total of above Lines 44 to 49.....  | 0          | 0            | 0            | 0            | 0            |
| <b>Total Nonadmitted and Admitted Assets</b>  |            |              |              |              |              |
| 51. Total nonadmitted assets (Page 2, Line 28, Col. 2).....   | 238,787    | 485,398      | 5,105,327    | 5,446,393    | 7,179,169    |
| 52. Total admitted assets (Page 2, Line 28, Col. 3).....  | 16,881,532 | 31,724,591   | 38,079,247   | 44,958,363   | 46,030,705   |
| <b>Investment Data</b>  |            |              |              |              |              |
| 53. Net investment income (Exhibit of Net Investment Income).....   | 1,202,397  | 1,022,405    | 597,864      | 1,080,200    | 1,253,646    |
| 54. Realized capital gains (losses).....  | 155,993    | 63,174       | (599,093)    | (32,368)     |              |
| 55. Unrealized capital gains (losses).....  | 478,645    | 2,093,415    | (1,599,258)  | (290,686)    |              |
| 56. Total of above Lines 53, 54 and 55.....   | 1,837,036  | 3,178,994    | (1,600,487)  | 757,146      | 1,253,646    |
| <b>Benefits and Reserve Increase (Page 6)</b>   |            |              |              |              |              |
| 57. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15<br>Col. 1 less Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....                      |            |              |              |              |              |
| 58. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....  | (888,023)  | 30,947,799   | 64,270,203   | 75,619,344   | 122,856,004  |
| 59. Increase in life reserves - other than group and annuities<br>(Line 19, Cols. 2 & 3).....   |            |              |              |              |              |
| 60. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....   |            |              |              |              |              |
| 61. Dividends to policyholders (Line 30, Col 1).....  |            |              |              |              |              |
| <b>Operating Percentages</b>  |            |              |              |              |              |
| 62. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line<br>6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....          |            | 80.6         | 30.6         | 38.6         | 27.2         |
| 63. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15)<br>/ 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00..... |            |              |              |              |              |
| 64. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....   |            | 88.4         | 86.9         | 86.0         | 100.3        |
| 65. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....  |            |              |              |              |              |
| 66. A&H expense percent excluding cost containment expenses<br>(Schedule H, Part 1, Line 10, Col. 2).....   |            | 83.3         | 32.1         | 40.1         | 28.4         |
| <b>A&amp;H Claim Reserve Adequacy</b>   |            |              |              |              |              |
| 67. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....   | 1,611,977  | 11,570,398   | 13,677,719   | 16,311,222   | 16,168,633   |
| 68. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....   | 2,500,000  | 10,700,000   | 12,749,981   | 18,596,890   | 14,621,694   |
| 69. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3,<br>Line 3.1, Col. 1 less Col. 2).....                                     |            |              |              |              |              |
| 70. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3,<br>Line 3.2, Col. 1 less Col. 2).....                                   |            |              |              |              |              |
| <b>Net Gains From Operations After Federal Income Taxes by Lines of Business<br/>(Page 6, Line 33)</b>  |            |              |              |              |              |
| 71. Industrial life (Col. 2).....   |            |              |              |              |              |
| 72. Ordinary - life (Col. 3).....   |            |              |              |              |              |
| 73. Ordinary - individual annuities (Col. 4).....   |            |              |              |              |              |
| 74. Ordinary - supplementary contracts (Col. 5).....  |            |              |              |              |              |
| 75. Credit life (Col. 6).....   |            |              |              |              |              |
| 76. Group life (Col. 7).....  |            |              |              |              |              |
| 77. Group annuities (Col. 8).....   |            |              |              |              |              |
| 78. A&H - group (Col. 9).....   | 0          | (30,237,938) | (13,343,703) | (21,717,296) | (33,771,211) |
| 79. A&H - credit (Col. 10).....   |            |              |              |              |              |
| 80. A&H - other (Col. 11).....  |            |              |              |              |              |
| 81. Aggregate of all other lines of business (Col. 12).....   |            |              |              |              |              |
| 82. Total (Col. 1).....   | 0          | (30,237,938) | (13,343,703) | (21,717,296) | (33,771,211) |

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?

Yes [ ] No [ ]

If no, please explain:



## EXHIBIT OF LIFE INSURANCE

|  | Industrial                    |                                    | Ordinary                      |                                    | Credit Life (Group and Individual)                              |                                    | Group         |                   |                                    | 10<br>Total<br>Amount<br>of<br>Insurance (a) |
|--|-------------------------------|------------------------------------|-------------------------------|------------------------------------|---|------------------------------------|---------------|-------------------|------------------------------------|--|
|  | 1<br>Number<br>of<br>Policies | 2<br>Amount<br>of<br>Insurance (a) | 3<br>Number<br>of<br>Policies | 4<br>Amount<br>of<br>Insurance (a) | 5<br>Number of<br>Individual Policies and<br>Group Certificates | 6<br>Amount<br>of<br>Insurance (a) | Number of     |                   | 9<br>Amount<br>of<br>Insurance (a) |  |
|  |                               |                                    |                               |                                    |   |                                    | 7<br>Policies | 8<br>Certificates |                                    |  |
| 1. In force end of prior year.....                   |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 2. Issued during year.....                           |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 3. Reinsurance assumed.....                          |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 4. Revived during year.....                          |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 5. Increased during year (net).....                  |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 6. Subtotals, Lines 2 to 5.....                      | .0                            | .0                                 | .0                            | .0                                 | .0  | .0                                 | .0            | .0                | .0                                 | 0  |
| 7. Additions by dividends during year.....           | XXX                           |                                    | XXX                           |                                    | XXX   |                                    | XXX           | XXX               |                                    | 0  |
| 8. Aggregate write-ins for increases.....            | .0                            | .0                                 | .0                            | .0                                 | .0  | .0                                 | .0            | .0                | .0                                 | 0  |
| 9. Totals (Lines 1 and 6 to 8).....                  | .0                            | .0                                 | .0                            | .0                                 | .0  | .0                                 | .0            | .0                | .0                                 | 0  |
| <b>Deductions during year:</b>                       |                               |                                    |                               |                                    |   |                                    |               |                   |                                    |  |
| 10. Death.....                                       |                               |                                    |                               |                                    |   |                                    | XXX           |                   |                                    | 0  |
| 11. Maturity.....                                    |                               |                                    |                               |                                    |   |                                    | XXX           |                   |                                    | 0  |
| 12. Disability.....                                  |                               |                                    |                               |                                    |   |                                    | XXX           |                   |                                    | 0  |
| 13. Expiry.....                                      |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 14. Surrender.....                                   |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 15. Lapse.....                                       |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 16. Conversion.....                                  |                               |                                    |                               |                                    |   |                                    | XXX           | XXX               | XXX                                | 0  |
| 17. Decreased (net).....                             |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 18. Reinsurance.....                                 |                               |                                    |                               |                                    |   |                                    |               |                   |                                    | 0  |
| 19. Aggregate write-ins for decreases.....           | .0                            | .0                                 | .0                            | .0                                 | .0  | .0                                 | .0            | .0                | .0                                 | 0  |
| 20. Totals (Lines 10 to 19).....                     | .0                            | .0                                 | .0                            | .0                                 | .0  | .0                                 | .0            | .0                | .0                                 | 0  |
| 21. In force end of year (Line 9 minus Line 20)..... | .0                            | .0                                 | .0                            | .0                                 | .0  | .0                                 | .0            | .0                | .0                                 | 0  |
| 22. Reinsurance ceded end of year.....               | XXX                           |                                    | XXX                           |                                    | XXX   |                                    | XXX           | XXX               |                                    | 0  |
| 23. Line 21 minus Line 22.....                       | XXX                           |                                    | XXX                           |                                    | XXX   | (b)                                | XXX           | XXX               |                                    | 0  |

NONE

### DETAILS OF WRITE-INS

|  |    |    |    |    |    |    |    |    |    |   |
|--|----|----|----|----|----|----|----|----|----|---|
| 0801. ....   |    |    |    |    |    |    |    |    |    | 0 |
| 0802. ....   |    |    |    |    |    |    |    |    |    | 0 |
| 0803. ....   |    |    |    |    |    |    |    |    |    | 0 |
| 0898. Summary of remaining write-ins for Line 8 from overflow page.....  | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | 0 |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....        | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | 0 |
| 1901. ....   |    |    |    |    |    |    |    |    |    | 0 |
| 1902. ....   |    |    |    |    |    |    |    |    |    | 0 |
| 1903. ....   |    |    |    |    |    |    |    |    |    | 0 |
| 1998. Summary of remaining write-ins for Line 19 from overflow page..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | 0 |
| 1999. Totals (Lines 1901 thru 1903 plus 1998) (Line 19 above).....       | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | 0 |

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).

(b) Group \$.....0; Individual \$.....0.

**EXHIBIT OF LIFE INSURANCE (continued)**  
**ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR**

|                                   | Industrial              |                              | Ordinary                |                              |
|-----------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
|                                   | 1<br>Number of Policies | 2<br>Amount of Insurance (a) | 3<br>Number of Policies | 4<br>Amount of Insurance (a) |
| 24. Additions by dividends.....   | XXX                     |                              | XXX                     |                              |
| 25. Other paid-up insurance.....  |                         |                              |                         |                              |
| 26. Debit ordinary insurance..... | XXX                     | XXX                          |                         |                              |

**ADDITIONAL INFORMATION ON ORDINARY INSURANCE**

| Term Insurance Excluding Extended Term Insurance | Issued During Year (Included in Line 2) |                              | In Force End of Year (Included in Line 21) |                              |
|--|---|------------------------------|--|------------------------------|
|  | 1<br>Number of Policies                 | 2<br>Amount of Insurance (a) | 3<br>Number of Policies                    | 4<br>Amount of Insurance (a) |
| 27. Term policies-decreasing.....                |   |                              |  |                              |
| 28. Term policies-other.....                     |   |                              |  |                              |
| 29. Other term insurance-decreasing.....         | XXX                                     |                              | XXX  |                              |
| 30. Other term insurance.....                    | XXX                                     |                              | XXX  |                              |
| 31. Totals (Lines 27 to 30).....                 | .0                                      | .0                           | .0   | .0                           |
| Reconciliation to Lines 2 and 21:                |   |                              |  |                              |
| 32. Term additions.....                          | XXX                                     |                              | XXX  |                              |
| 33. Totals, extended term insurance.....         | XXX                                     | XXX                          |  |                              |
| 34. Totals, whole life and endowment.....        |   |                              |  |                              |
| 35. Totals (Lines 31 to 34).....                 | .0                                      | .0                           | .0   | .0                           |

**CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS**

|   | Issued During Year (Included in Line 2) |                    | In Force End of Year (Included in Line 21) |                    |
|---|---|--------------------|--|--------------------|
|   | 1<br>Non-Participating                  | 2<br>Participating | 3<br>Non-Participating                     | 4<br>Participating |
| 36. Industrial.....                         |   |                    |  |                    |
| 37. Ordinary.....                           |   |                    |  |                    |
| 38. Credit Life (Group and Individual)..... |   |                    |  |                    |
| 39. Group.....                              |   |                    |  |                    |
| 40. Totals (Lines 36 to 39).....            | .0                                      | .0                 | .0   | .0                 |

**ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE**

|   | Credit Life   |                              | Group                       |                              |
|---|---|------------------------------|-----------------------------|------------------------------|
|   | 1<br>Number of Individual Policies and Group Certificates | 2<br>Amount of Insurance (a) | 3<br>Number of Certificates | 4<br>Amount of Insurance (a) |
| 41. Amount of insurance included in Line 2 ceded to other companies.....                              | XXX   |                              | XXX                         |                              |
| 42. Number in force end of year if the number under shared groups is counted on a pro-rata basis..... |   | XXX                          |                             | XXX                          |
| 43. Federal Employees' Group Life Insurance included in Line 21.....                                  |   |                              |                             |                              |
| 44. Servicemen's Group Life Insurance included in Line 21.....  |   |                              |                             |                              |
| 45. Group Permanent Insurance included in Line 21.....  |   |                              |                             |                              |

**ADDITIONAL ACCIDENTAL DEATH BENEFITS**

|  |  |
|--|--|
| 46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)..... |  |
|--|--|

**BASIS OF CALCULATION OF ORDINARY TERM INSURANCE**

|  |      |
|--|------|
| 47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above..... | NONE |
| 47.1.....  |      |
| 47.2.....  |      |

**POLICIES WITH DISABILITY PROVISIONS**

| Disability Provision       | Industrial              |                              | Ordinary                |                              | Credit                  |                              | Group                       |                              |
|----------------------------|-------------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|-----------------------------|------------------------------|
|                            | 1<br>Number of Policies | 2<br>Amount of Insurance (a) | 3<br>Number of Policies | 4<br>Amount of Insurance (a) | 5<br>Number of Policies | 6<br>Amount of Insurance (a) | 7<br>Number of Certificates | 8<br>Amount of Insurance (a) |
| 48. Waiver of Premium..... |                         |                              |                         |                              |                         |                              |                             |                              |
| 49. Disability Income..... |                         |                              |                         |                              |                         |                              |                             |                              |
| 50. Extended Benefits..... |                         |                              | XXX                     | XXX                          |                         |                              |                             |                              |
| 51. Other.....             |                         |                              |                         |                              |                         |                              |                             |                              |
| 52. Total.....             | .0                      | (b) .0                       | .0                      | (b) .0                       | .0                      | (b) .0                       | .0                          | (b) .0                       |

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).

(b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the Annual Statement Instructions.

**EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT & HEALTH AND OTHER POLICIES**

**SUPPLEMENTARY CONTRACTS**

|                                     | Ordinary                          |                                       | Group                             |                                       |
|-------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|
|                                     | 1<br>Involving Life Contingencies | 2<br>Not Involving Life Contingencies | 3<br>Involving Life Contingencies | 4<br>Not Involving Life Contingencies |
| 1. In force end of prior year.....  | <b>NONE</b>                       |                                       |                                   |                                       |
| 2. Issued during year.....          |                                   |                                       |                                   |                                       |
| 3. Reinsurance assumed.....         |                                   |                                       |                                   |                                       |
| 4. Increased during year (net)..... |                                   |                                       |                                   |                                       |
| 5. Total (Lines 1 to 4).....        |                                   |                                       |                                   |                                       |
| Deductions during year:             |                                   |                                       |                                   |                                       |
| 6. Decreased (net).....             |                                   |                                       |                                   |                                       |
| 7. Reinsurance ceded.....           |                                   |                                       |                                   |                                       |
| 8. Totals (Lines 6 and 7).....      | .0                                | .0                                    | .0                                | .0                                    |
| 9. In force end of year.....        | .0                                | .0                                    | .0                                | .0                                    |
| 10. Amount on deposit.....          | (a)                               |                                       |                                   | (a)                                   |
| 11. Income now payable.....         |                                   |                                       |                                   |                                       |
| 12. Amount of income payable.....   | (a)                               | (a)                                   | (a)                               | (a)                                   |

**ANNUITIES**

|                                     | Ordinary       |               | Group          |                   |
|-------------------------------------|----------------|---------------|----------------|-------------------|
|                                     | 1<br>Immediate | 2<br>Deferred | 3<br>Contracts | 4<br>Certificates |
| 1. In force end of prior year.....  | <b>NONE</b>    |               |                |                   |
| 2. Issued during year.....          |                |               |                |                   |
| 3. Reinsurance assumed.....         |                |               |                |                   |
| 4. Increased during year (net)..... |                |               |                |                   |
| 5. Total (Lines 1 to 4).....        |                |               |                |                   |
| Deductions during year:             |                |               |                |                   |
| 6. Decreased (net).....             |                |               |                |                   |
| 7. Reinsurance ceded.....           |                |               |                |                   |
| 8. Totals (Lines 6 and 7).....      | .0             | .0            | .0             | .0                |
| 9. In force end of year.....        | .0             | .0            | .0             | .0                |
| Income now payable:                 |                |               |                |                   |
| 10. Amount of income payable.....   | (a)            | XXX           | XXX            | (a)               |
| Deferred fully paid:                |                |               |                |                   |
| 11. Account balance.....            | XXX            | (a)           | XXX            | (a)               |
| Deferred not fully paid:            |                |               |                |                   |
| 12. Account balance.....            | XXX            | (a)           | XXX            | (a)               |

**ACCIDENT AND HEALTH INSURANCE**

|                                     | Group             |                        | Credit        |                        | Other         |                        |
|-------------------------------------|-------------------|------------------------|---------------|------------------------|---------------|------------------------|
|                                     | 1<br>Certificates | 2<br>Premiums in force | 3<br>Policies | 4<br>Premiums in force | 5<br>Policies | 6<br>Premiums in force |
| 1. In force end of prior year.....  | 41,116            | 5,895,393              |               |                        |               |                        |
| 2. Issued during year.....          |                   |                        |               |                        |               |                        |
| 3. Reinsurance assumed.....         |                   |                        |               |                        |               |                        |
| 4. Increased during year (net)..... |                   | XXX                    |               | XXX                    |               | XXX                    |
| 5. Total (Lines 1 to 4).....        | 41,116            | XXX                    | .0            | XXX                    | .0            | XXX                    |
| Deductions during year:             |                   |                        |               |                        |               |                        |
| 6. Conversions.....                 |                   | XXX                    | XXX           | XXX                    | XXX           | XXX                    |
| 7. Decreased (net).....             |                   | XXX                    |               | XXX                    |               | XXX                    |
| 8. Reinsurance ceded.....           |                   | XXX                    |               | XXX                    |               | XXX                    |
| 9. Totals (Lines 6 to 8).....       | .0                | XXX                    | .0            | XXX                    | .0            | XXX                    |
| 10. In force end of year.....       | 41,116            | (a)                    | .0            | (a)                    | .0            | (a)                    |

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

|                                     | 1                          | 2                                   |
|-------------------------------------|----------------------------|-------------------------------------|
|                                     | Deposit Funds<br>Contracts | Dividend Accumulations<br>Contracts |
| 1. In force end of prior year.....  | <b>NONE</b>                |                                     |
| 2. Issued during year.....          |                            |                                     |
| 3. Reinsurance assumed.....         |                            |                                     |
| 4. Increased during year (net)..... |                            |                                     |
| 5. Total (Lines 1 to 4).....        |                            |                                     |
| Deductions during year:             |                            |                                     |
| 6. Decreased (net).....             |                            |                                     |
| 7. Reinsurance ceded.....           |                            |                                     |
| 8. Totals (Lines 6 and 7).....      | .0                         | .0                                  |
| 9. In force end of year.....        | .0                         | .0                                  |
| 10. Amount of account balance.....  | (a)                        | (a)                                 |

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the Annual Statement Instructions.

## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

| 1   | States, Etc.  | 1   | Direct Business Only            |                                |   |                              |                                      |                                |   |
|-----|---|-----|---------------------------------|--------------------------------|---|------------------------------|--------------------------------------|--------------------------------|---|
|     |   |     | Life Contracts                  |                                | 4<br>Accident and Health<br>Insurance Premiums,<br>Including Policy, Mem-<br>bership and Other Fees | 5<br>Other<br>Considerations | 6<br>Total<br>Columns<br>2 through 5 | 7<br>Deposit-Type<br>Contracts |   |
|     |   |     | 2<br>Life Insurance<br>Premiums | 3<br>Annuity<br>Considerations |   |                              |                                      |                                |   |
| 1.  | Alabama.....  | AL  | N                               |                                |   |                              |                                      | 0                              |   |
| 2.  | Alaska.....   | AK  | N                               |                                |   |                              |                                      | 0                              |   |
| 3.  | Arizona.....  | AZ  | N                               |                                |   |                              |                                      | 0                              |   |
| 4.  | Arkansas.....   | AR  | N                               |                                |   |                              |                                      | 0                              |   |
| 5.  | California.....   | CA  | N                               |                                |   |                              |                                      | 0                              |   |
| 6.  | Colorado.....   | CO  | N                               |                                |   |                              |                                      | 0                              |   |
| 7.  | Connecticut.....  | CT  | N                               |                                |   |                              |                                      | 0                              |   |
| 8.  | Delaware.....   | DE  | N                               |                                |   |                              |                                      | 0                              |   |
| 9.  | District of Columbia.....   | DC  | N                               |                                |   |                              |                                      | 0                              |   |
| 10. | Florida.....  | FL  | N                               |                                |   |                              |                                      | 0                              |   |
| 11. | Georgia.....  | GA  | N                               |                                |   |                              |                                      | 0                              |   |
| 12. | Hawaii.....   | HI  | N                               |                                |   |                              |                                      | 0                              |   |
| 13. | Idaho.....  | ID  | N                               |                                |   |                              |                                      | 0                              |   |
| 14. | Illinois.....   | IL  | N                               |                                |   |                              |                                      | 0                              |   |
| 15. | Indiana.....  | IN  | N                               |                                |   |                              |                                      | 0                              |   |
| 16. | Iowa.....   | IA  | N                               |                                |   |                              |                                      | 0                              |   |
| 17. | Kansas.....   | KS  | N                               |                                |   |                              |                                      | 0                              |   |
| 18. | Kentucky.....   | KY  | N                               |                                |   |                              |                                      | 0                              |   |
| 19. | Louisiana.....  | LA  | N                               |                                |   |                              |                                      | 0                              |   |
| 20. | Maine.....  | ME  | N                               |                                |   |                              |                                      | 0                              |   |
| 21. | Maryland.....   | MD  | N                               |                                |   |                              |                                      | 0                              |   |
| 22. | Massachusetts.....  | MA  | N                               |                                |   |                              |                                      | 0                              |   |
| 23. | Michigan.....   | MI  | N                               |                                |   |                              |                                      | 0                              |   |
| 24. | Minnesota.....  | MN  | N                               |                                |   |                              |                                      | 0                              |   |
| 25. | Mississippi.....  | MS  | N                               |                                |   |                              |                                      | 0                              |   |
| 26. | Missouri.....   | MO  | N                               |                                |   |                              |                                      | 0                              |   |
| 27. | Montana.....  | MT  | N                               |                                |   |                              |                                      | 0                              |   |
| 28. | Nebraska.....   | NE  | N                               |                                |   |                              |                                      | 0                              |   |
| 29. | Nevada.....   | NV  | N                               |                                |   |                              |                                      | 0                              |   |
| 30. | New Hampshire.....  | NH  | N                               |                                |   |                              |                                      | 0                              |   |
| 31. | New Jersey.....   | NJ  | N                               |                                |   |                              |                                      | 0                              |   |
| 32. | New Mexico.....   | NM  | N                               |                                |   |                              |                                      | 0                              |   |
| 33. | New York.....   | NY  | N                               |                                |   |                              |                                      | 0                              |   |
| 34. | North Carolina.....   | NC  | N                               |                                |   |                              |                                      | 0                              |   |
| 35. | North Dakota.....   | ND  | N                               |                                |   |                              |                                      | 0                              |   |
| 36. | Ohio.....   | OH  | N                               |                                |   |                              |                                      | 0                              |   |
| 37. | Oklahoma.....   | OK  | N                               |                                |   |                              |                                      | 0                              |   |
| 38. | Oregon.....   | OR  | N                               |                                |   |                              |                                      | 0                              |   |
| 39. | Pennsylvania.....   | PA  | N                               |                                |   |                              |                                      | 0                              |   |
| 40. | Rhode Island.....   | RI  | N                               |                                |   |                              |                                      | 0                              |   |
| 41. | South Carolina.....   | SC  | N                               |                                |   |                              |                                      | 0                              |   |
| 42. | South Dakota.....   | SD  | N                               |                                |   |                              |                                      | 0                              |   |
| 43. | Tennessee.....  | TN  | N                               |                                |   |                              |                                      | 0                              |   |
| 44. | Texas.....  | TX  | N                               |                                |   |                              |                                      | 0                              |   |
| 45. | Utah.....   | UT  | N                               |                                |   |                              |                                      | 0                              |   |
| 46. | Vermont.....  | VT  | N                               |                                |   |                              |                                      | 0                              |   |
| 47. | Virginia.....   | VA  | N                               |                                |   |                              |                                      | 0                              |   |
| 48. | Washington.....   | WA  | N                               |                                |   |                              |                                      | 0                              |   |
| 49. | West Virginia.....  | WV  | N                               |                                |   |                              |                                      | 0                              |   |
| 50. | Wisconsin.....  | WI  | N                               |                                |   |                              |                                      | 0                              |   |
| 51. | Wyoming.....  | WY  | N                               |                                |   |                              |                                      | 0                              |   |
| 52. | American Samoa.....   | AS  | N                               |                                |   |                              |                                      | 0                              |   |
| 53. | Guam.....   | GU  | N                               |                                |   |                              |                                      | 0                              |   |
| 54. | Puerto Rico.....  | PR  | L                               |                                |   |                              |                                      | 0                              |   |
| 55. | US Virgin Islands.....  | VI  | N                               |                                |   |                              |                                      | 0                              |   |
| 56. | Northern Mariana Islands.....   | MP  | N                               |                                |   |                              |                                      | 0                              |   |
| 57. | Canada.....   | CN  | N                               |                                |   |                              |                                      | 0                              |   |
| 58. | Aggregate Other Alien.....  | OT  | XXX                             | 0                              | 0   | 0                            | 0                                    | 0                              | 0 |
| 59. | Subtotal.....   | (a) | 1                               | 0                              | 0   | 0                            | 0                                    | 0                              | 0 |
| 90. | Reporting entity contributions for employee benefit plans.....                              | XXX |                                 |                                |   |                              |                                      | 0                              |   |
| 91. | Dividends or refunds applied to purchase paid-up additions and annuities.....               | XXX |                                 |                                |   |                              |                                      | 0                              |   |
| 92. | Dividends or refunds applied to shorten endowment or premium paying period.....             | XXX |                                 |                                |   |                              |                                      | 0                              |   |
| 93. | Premium or annuity considerations waived under disability or other contract provisions..... | XXX |                                 |                                |   |                              |                                      | 0                              |   |
| 94. | Aggregate other amounts not allocable by State.....   | XXX |                                 | 0                              | 0   | 0                            | 0                                    | 0                              | 0 |
| 95. | Totals (Direct Business).....   | XXX |                                 | 0                              | 0   | 0                            | 0                                    | 0                              | 0 |
| 96. | Plus reinsurance assumed.....   | XXX |                                 |                                |   |                              |                                      | 0                              |   |
| 97. | Totals (All Business).....  | XXX |                                 | 0                              | 0   | 0                            | 0                                    | 0                              | 0 |
| 98. | Less reinsurance ceded.....   | XXX |                                 |                                |   |                              |                                      | 0                              |   |
| 99. | Totals (All Business) less reinsurance ceded.....   | XXX |                                 | 0                              | 0   | (b)                          | 0                                    | 0                              | 0 |

**DETAILS OF WRITE-INS**

|       |  |     |  |   |   |   |   |   |   |
|-------|--|-----|--|---|---|---|---|---|---|
| 5801. | .....  | XXX |  |   |   |   |   | 0 |   |
| 5802. | .....  | XXX |  |   |   |   |   | 0 |   |
| 5803. | .....  | XXX |  |   |   |   |   | 0 |   |
| 5898. | Summ. of remaining write-ins for line 58 from overflow page..... | XXX |  | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. | Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....      | XXX |  | 0 | 0 | 0 | 0 | 0 | 0 |
| 9401. | .....  | XXX |  |   |   |   |   | 0 |   |
| 9402. | .....  | XXX |  |   |   |   |   | 0 |   |
| 9403. | .....  | XXX |  |   |   |   |   | 0 |   |
| 9498. | Summ. of remaining write-ins for line 94 from overflow page..... | XXX |  | 0 | 0 | 0 | 0 | 0 | 0 |
| 9499. | Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....      | XXX |  | 0 | 0 | 0 | 0 | 0 | 0 |

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

**Explanation of basis of allocation by states, etc., of premiums and annuity considerations.**

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

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9, and 10, or with Schedule H, Part 1, Column 1, Line 1. Indicate which:

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

## PART 1 - ORGANIZATIONAL CHART

| <b>Organizational Structure</b> |   | <b>State of Incorporation</b> | <b>Employer ID</b> | <b>NAIC Code</b> |
|---------------------------------|---|-------------------------------|--------------------|------------------|
| 1                               | Independence Blue Cross                                       | PA                            | 23-0370270         | 54704            |
| 2                               | IBC/HBS Caring Foundation For Children (50%)                  | PA                            | 22-2724721         |                  |
| 3                               | Inter-County Hospitalization Plan, Inc. (50%)                 | PA                            | 23-0724427         | 54763            |
| 4                               | Inter-County Health Plan, Inc. (50%)                          | PA                            | 23-2063810         | 53252            |
| 5                               | AmeriHealth, Inc.   | PA                            | 23-2425461         |                  |
| 6                               | AmeriHealth Insurance Company of New Jersey                   | NJ                            | 22-3338404         | 60061            |
| 7                               | Healthcare Delaware, Inc.                                     | DE                            | 51-0296135         | 95794            |
| 8                               | AmeriHealth Integrated Workers Compensation Management, Inc.  | PA                            | 23-2723299         |                  |
| 9                               | Independence Healthcare Management, Inc.                      | PA                            | 23-2671650         |                  |
| 10                              | The AmeriHealth Agency, Inc.                                  | PA                            | 23-2800586         |                  |
| 11                              | AmeriHealth Administrators, Inc.                              | PA                            | 23-2521508         |                  |
| 12                              | QCC Insurance Company   | PA                            | 23-2184623         | 93688            |
| 13                              | Veridign Health Solutions, LLC                                | PA                            | 81-0681081         |                  |
| 14                              | FutureScripts, LLC*   | PA                            | 03-0592263         |                  |
| 15                              | FutureScripts Secure, LLC*                                    | PA                            | 16-1767416         |                  |
| 16                              | International Plan Solutions, LLC (40%)                       | DE                            | 27-0204996         |                  |
| 17                              | Highway to Health, Inc.                                       | DE                            | 23-2903313         |                  |
| 18                              | Worldwide Insurance Services, Inc.                            | VA                            | 54-1867679         |                  |
| 19                              | HTH Re, Ltd.  | BM                            | 98-0408753         |                  |
| 20                              | AmeriHealth Casualty Insurance Company                        | DE                            | 06-1505051         | 10975            |
| 21                              | Independence Insurance, Inc.                                  | DE                            | 23-2865349         | 60254            |
| 22                              | AmeriHealth Services, Inc.                                    | PA                            | 23-2795357         |                  |
| 23                              | NS Assisted Living Communities, Inc.                          | PA                            | 23-2824200         |                  |
| 24                              | CompServices, Inc.  | PA                            | 25-1686685         |                  |
| 25                              | CSI Services, Inc.  | PA                            | 25-1765486         |                  |
| 26                              | AmeriHealth Integrated Benefits, Inc.                         | DE                            | 23-2317715         |                  |
| 27                              | AmeriHealth HMO, Inc.   | PA                            | 23-2314460         | 95044            |
| 28                              | AmeriHealth Integrated Case Management, Inc.                  | PA                            | 23-2754696         |                  |
| 29                              | AmeriHealth Mercy Health Plan (50%)                           | PA                            | 23-2859523         |                  |
| 30                              | Select Health of South Carolina, Inc.                         | SC                            | 57-1032456         | 95458            |
| 31                              | Select Health of Georgia, Inc.                                | GA                            | 20-2467931         |                  |
| 32                              | Shore Points AmeriHealth Mercy of Louisiana, LLC              | LA                            | 77-0632420         |                  |
| 33                              | AmeriHealth Mercy of Indiana, LLC                             | IN                            | 20-4948091         |                  |
| 34                              | AmeriHealth Mercy Perform RX IPA of NY, LLC                   | NY                            | 26-1809217         |                  |
| 35                              | AMHP Holdings Corp.   | PA                            | 26-1144363         |                  |
| 36                              | Community Behavioral Healthcare Network of Pennsylvania, Inc. | PA                            | 25-1765391         |                  |
| 37                              | CBHNP Services, Inc.  | PA                            | 26-0885397         | 13630            |
| 38                              | Vista Health Plan, Inc.                                       | PA                            | 23-2408039         | 96660            |

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

PART 1 - ORGANIZATIONAL CHART

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| 39 | Keystone Health Plan East, Inc.                                | PA | 23-2405376 | 95056 |
| 40 | Keystone Health Systems, Inc.                                  | PA | 23-2773183 |       |
| 41 | Keystone Benefits, Inc.  | PA | 23-2864737 |       |
| 42 | Keystone Mercy Health Plan (50%)                               | PA | 23-2842344 |       |
| 43 | Independence Holdings, Inc.                                    | PA | 23-2982367 |       |
| 44 | PRHP, Inc.   | PR | 66-0195325 | 53546 |
| 45 | AmeriHealth Assurance, Ltd.                                    | BM | 98-0426648 |       |
| 46 | Region 6 Rx Corp.  | PA | 30-0326654 | 12812 |
| 47 | InsPro Technologies Corp. (f/k/a Health Benefits Direct Corp.) | DE | 98-0438502 |       |
| 48 | Independence Blue Cross Foundation                             | PA | 36-4685801 |       |

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