



# ANNUAL STATEMENT

## For the Year Ended December 31, 2010

### OF THE CONDITION AND AFFAIRS OF THE

# SIMED

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	11078	Employer's ID Number	66-0438697
Organized under the Laws of	Puerto Rico		State of Domicile or Port of Entry	Puerto Rico		
Country of Domicile	United States of America					
Incorporated/Organized	12/30/1986		Commenced Business	07/07/1987		
Statutory Home Office	1492 Ponce de Leon Suite 501 <small>(Street and Number)</small>		San Juan, PR 00907-4024 <small>(City or Town, State and Zip Code)</small>			
Main Administrative Office	1492 Ponce de Leon Suite 501 <small>(Street and Number)</small>					
	San Juan, PR 00907-4024 <small>(City or Town, State and Zip Code)</small>		(787)641-2550 <small>(Area Code) (Telephone Number)</small>			
Mail Address	PO Box 9023875 <small>(Street and Number or P.O. Box)</small>		San Juan, PR 00902-3875 <small>(City or Town, State and Zip Code)</small>			
Primary Location of Books and Records	1492 Ponce de Leon Suite 501 <small>(Street and Number)</small>					
	San Juan, PR 00907-4024 <small>(City or Town, State and Zip Code)</small>		(787)641-2550 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address	www.simedpr.com					
Statutory Statement Contact	Brunilda Rodriguez <small>(Name)</small>		(787)641-1403 <small>(Area Code)(Telephone Number)(Extension)</small>			
	rodriguezbr@simedpr.com <small>(E-Mail Address)</small>		(787)625-1403 <small>(Fax Number)</small>			

### OFFICERS

Name	Title
Jaime Gonzalez	President - Board of Directors
Luis Berrios	Vice-President - Board of Directors
Raul Costilla	Secretary - Board of Directors
Heriberto Ramon Colon Kilgore	President

### OTHERS

### DIRECTORS OR TRUSTEES

Antilles Insurance Company Junta de Licenciamiento y Disciplina Medica Real Legacy Assurance Company, Inc. United Surety & Indemnity Company Luis Ignacio Echenique Gastambide MD	Colegio de Medicos - Cirujanos de PR Mapfre - Praico Secretario de Salud de Puerto Rico Universal Insurance Company
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State of Puerto Rico  
 County of \_\_\_\_\_ ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

_____ (Signature) Jaime Gonzalez _____ (Printed Name) 1. President - Board of Director _____ (Title)	_____ (Signature) Raul Costilla _____ (Printed Name) 2. Secretary _____ (Title)	_____ (Signature) Heriberto R. Colon Kilgore _____ (Printed Name) 3. President _____ (Title)
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Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2011

- a. Is this an original filing?  
 b. If no, 1. State the amendment number  
 2. Date filed  
 3. Number of pages attached

Yes[X] No[ ]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 (Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	131,365,010		131,365,010	111,962,606
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....	15,802,894		15,802,894	22,733,964
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....424,425 Schedule E Part 1), cash equivalents (\$.....30,005 Schedule E Part 2) and short-term investments (\$.....1,685,813 Schedule DA) .....	2,140,243		2,140,243	3,355,562
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	149,308,147		149,308,147	138,052,132
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	1,070,869		1,070,869	1,072,879
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	4,506,236	668,572	3,837,664	3,856,139
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	67,502		67,502	326,583
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	64,068		64,068	34,536
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	35,170	35,170		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				56,968
24. Health care (\$.....0) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	948,393	755,614	192,779	1,094,100
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	156,000,384	1,459,356	154,541,028	144,493,337
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	156,000,384	1,459,356	154,541,028	144,493,337
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. PREPAID EXPENSES .....	308,268	308,268		
2502. LEASEHOLD IMPROVEMENTS .....	187,273	187,273		
2503. AUTO & OTHER .....	260,073	260,073		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	192,779		192,779	1,094,100
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	948,393	755,614	192,779	1,094,100

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	55,915,939	56,576,499
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	17,135,018	17,480,679
4. Commissions payable, contingent commissions and other similar charges .....	81,024	75,973
5. Other expenses (excluding taxes, licenses and fees) .....	614,139	549,690
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	16,034	23,520
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		
8. Borrowed money \$.....0 and interest thereon \$.....0 .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0) .....	15,732,834	15,597,181
10. Advance premiums .....	591,582	547,582
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	6,281	153,463
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....	46,330	34,809
15. Remittances and items not allocated .....		
16. Provision for reinsurance (Schedule F, Part 7) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....		
20. Derivatives .....		
21. Payable for securities .....	30,024	413,178
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$.....0 and interest thereon \$.....0 .....		
25. Aggregate write-ins for liabilities .....	8,212	53,656
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	90,177,417	91,506,230
27. Protected cell liabilities .....		
28. TOTAL Liabilities (Lines 26 and 27) .....	90,177,417	91,506,230
29. Aggregate write-ins for special surplus funds .....		
30. Common capital stock .....		
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....	1,005,800	1,005,800
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....		
35. Unassigned funds (surplus) .....	63,357,811	51,981,307
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$.....0) .....		
36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....		
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	64,363,611	52,987,107
38. TOTALS (Page 2, Line 28, Column 3) .....	154,541,028	144,493,337
<b>DETAILS OF WRITE-INS</b>		
2501. UNCASHED CHECKS .....	8,212	53,656
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	8,212	53,656
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....		
3201. MEMBER'S CONTRIBUTION .....	5,800	5,800
3202. REFUNDABLE GOVERNMENT CONTRIBUTION .....	1,000,000	1,000,000
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....	1,005,800	1,005,800

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	29,305,621	29,404,271
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7) .....	13,032,186	2,589,361
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	8,779,079	7,648,359
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	5,296,429	5,452,035
5. Aggregate write-ins for underwriting deductions .....		
6. TOTAL Underwriting Deductions (Lines 2 through 5) .....	27,107,694	15,689,755
7. Net income of protected cells .....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....	2,197,927	13,714,516
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	5,593,314	4,910,535
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)) .....	2,208,831	(1,376,307)
11. Net investment gain or (loss) (Lines 9 + 10) .....	7,802,145	3,534,228
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0) .....		
13. Finance and service charges not included in premiums .....	321,603	1,273,314
14. Aggregate write-ins for miscellaneous income .....	226,514	
15. TOTAL Other Income (Lines 12 through 14) .....	548,117	1,273,314
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	10,548,189	18,522,058
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	10,548,189	18,522,058
19. Federal and foreign income taxes incurred .....		
20. Net income (Line 18 minus Line 19) (to Line 22) .....	10,548,189	18,522,058
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	52,987,107	33,537,648
22. Net income (from Line 20) .....	10,548,189	18,522,058
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0 .....	826,771	914,780
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3) .....	1,546	12,621
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes:		
32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments:		
33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....		
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	11,376,506	19,449,459
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	64,363,613	52,987,107
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....		
1401. OTHER ITEMS .....	226,514	
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	226,514	
3701. 0 .....		
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....		
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above) .....		

## CASH FLOW

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	29,309,911	29,089,294
2.	Net investment income .....	6,340,261	5,585,680
3.	Miscellaneous income .....	548,117	1,273,314
4.	Total (Lines 1 through 3) .....	36,198,289	35,948,288
5.	Benefit and loss related payments .....	13,433,665	14,829,596
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	14,358,726	14,496,925
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) .....	27,792,391	29,326,521
11.	Net cash from operations (Line 4 minus Line 10) .....	8,405,898	6,621,767
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	68,553,134	69,186,700
12.2	Stocks .....	9,511,940	4,392,210
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 .....	13,025	1,618,093
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	78,078,099	75,197,003
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	86,629,709	74,898,409
13.2	Stocks .....	1,616,465	2,286,431
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....	396,177	2,899,804
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	88,642,351	80,084,644
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(10,564,252)	(4,887,641)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	943,035	(838,785)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	943,035	(838,785)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,215,319)	895,341
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	3,355,562	2,460,221
19.2	End of year (Line 18 plus Line 19.1) .....	2,140,243	3,355,562

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001	.....		
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written Per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....				
2. Allied lines .....				
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....				
5. Commercial multiple peril .....				
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....				
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....	216,903			216,903
11.2 Medical professional liability - claims-made .....	29,224,371	15,597,181	15,732,834	29,088,718
12. Earthquake .....				
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....				
17.1 Other liability - occurrence .....				
17.2 Other liability - claims-made .....				
17.3 Excess Workers' Compensation .....				
18.1 Products liability - occurrence .....				
18.2 Products liability - claims-made .....				
19.1 19.2 Private passenger auto liability .....				
19.3 19.4 Commercial auto liability .....				
21. Auto physical damage .....				
22. Aircraft (all perils) .....				
23. Fidelity .....				
24. Surety .....				
26. Burglary and theft .....				
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance-Nonproportional Assumed Property .....				
32. Reinsurance-Nonproportional Assumed Liability .....				
33. Reinsurance-Nonproportional Assumed Financial Lines .....				
34. Aggregate write-ins for other lines of business .....				
35. TOTALS .....	29,441,274	15,597,181	15,732,834	29,305,621
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....				

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3  Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
Line of Business					
1. Fire .....					
2. Allied lines .....					
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....					
5. Commercial multiple peril .....					
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....					
10. Financial guaranty .....					
11.1 Medical professional liability - occurrence .....					
11.2 Medical professional liability - claims-made .....	15,732,834				15,732,834
12. Earthquake .....					
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....					
17.1 Other liability - occurrence .....					
17.2 Other liability - claims-made .....					
17.3 Excess Workers' Compensation .....					
18.1 Products liability - occurrence .....					
18.2 Products liability - claims-made .....					
19.1 19.2 Private passenger auto liability .....					
19.3 19.4 Commercial auto liability .....					
21. Auto physical damage .....					
22. Aircraft (all perils) .....					
23. Fidelity .....					
24. Surety .....					
26. Burglary and theft .....					
27. Boiler and machinery .....					
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance-Nonproportional Assumed Property .....					
32. Reinsurance-Nonproportional Assumed Liability .....					
33. Reinsurance-Nonproportional Assumed Financial Lines .....					
34. Aggregate write-ins for other lines of business .....					
35. TOTALS .....	15,732,834				15,732,834
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Line 35 through Line 37) .....					15,732,834
<b>DETAILS OF WRITE-INS</b>					
3401. ....					
3402. ....					
3403. ....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....					

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3+4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....						
2. Allied lines .....						
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....						
5. Commercial multiple peril .....						
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....						
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....	216,903					216,903
11.2 Medical professional liability - claims-made .....	30,193,151				968,780	29,224,371
12. Earthquake .....						
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....						
17.1 Other liability - occurrence .....						
17.2 Other liability - claims-made .....						
17.3 Excess Workers' Compensation .....						
18.1 Products liability - occurrence .....						
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....						
19.3 19.4 Commercial auto liability .....						
21. Auto physical damage .....						
22. Aircraft (all perils) .....						
23. Fidelity .....						
24. Surety .....						
26. Burglary and theft .....						
27. Boiler and machinery .....						
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance-Nonproportional Assumed Property .....	X X X					
32. Reinsurance-Nonproportional Assumed Liability .....	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X					
34. Aggregate write-ins for other lines of business .....						
35. TOTALS .....	30,410,054				968,780	29,441,274
<b>DETAILS OF WRITE-INS</b>						
3401. ....						
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes  No   
 If yes, (1) The amount of such installment premiums \$.....0.  
 (2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability - occurrence	130,500			130,500	1,249,437	1,450,437	(70,500)	(32.50)
11.2 Medical professional liability - claims-made	14,107,246		545,000	13,562,246	54,666,502	55,126,062	13,102,686	45.04
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims-made								
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence								
18.2 Products liability - claims made								
19.1 19.2 Private passenger auto liability								
19.3 19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	14,237,746		545,000	13,692,746	55,915,939	56,576,499	13,032,186	44.47
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)								

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....									
2. Allied Lines .....									
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....									
5. Commercial multiple peril .....									
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....									
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....	300,000			300,000	949,437			1,249,437	94,285
11.2 Medical professional liability - claims-made .....	64,439,995		735,000	63,704,995	(9,038,493)			54,666,502	17,040,733
12. Earthquake .....									
13. Group accident & health .....								(a)	
14. Credit accident & health (group & individual) .....								(a)	
15. Other accident & health .....									
16. Workers' compensation .....									
17.1 Other liability - occurrence .....									
17.2 Other liability - claims-made .....									
17.3 Excess Workers' Compensation .....									
18.1 Products liability - occurrence .....									
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....									
19.3 19.4 Commercial auto liability .....									
21. Auto physical damage .....									
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
34. Aggregate write-ins for other lines of business .....									
35. TOTALS .....	64,739,995		735,000	64,004,995	(8,089,056)			55,915,939	17,135,018
<b>DETAILS OF WRITE-INS</b>									
3401. ....									
3402. ....									
3403. ....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....									

(a) Including \$.....0 for present value of life indemnity claims.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	5,975,069			5,975,069
1.2 Reinsurance assumed .....				
1.3 Reinsurance ceded .....	(64,054)			(64,054)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	6,039,123			6,039,123
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		923,676		923,676
2.2 Reinsurance assumed, excluding contingent .....				
2.3 Reinsurance ceded, excluding contingent .....				
2.4 Contingent - direct .....				
2.5 Contingent - reinsurance assumed .....				
2.6 Contingent - reinsurance ceded .....				
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		923,676		923,676
3. Allowances to manager and agents .....				
4. Advertising .....	73,860	99,526		173,386
5. Boards, bureaus and associations .....	6,400	44,770		51,170
6. Surveys and underwriting reports .....				
7. Audit of assureds' records .....				
8. Salary and related items:				
8.1 Salaries .....	1,154,405	1,919,195		3,073,600
8.2 Payroll taxes .....	98,966	147,522		246,488
9. Employee relations and welfare .....	263,726	355,964		619,690
10. Insurance .....	88,319	141,961		230,280
11. Directors' fees .....		3,600		3,600
12. Travel and travel items .....	35,051	125,176		160,227
13. Rent and rent items .....	324,230	483,656		807,886
14. Equipment .....	44,242	54,551		98,793
15. Cost or depreciation of EDP equipment and software .....	27,989	23,439		51,428
16. Printing and stationery .....	41,372	50,273		91,645
17. Postage, telephone and telegraph, exchange and express .....	94,002	430,143	433	524,578
18. Legal and auditing .....	47,273	128,935		176,208
19. TOTALS (Lines 3 to 18) .....	2,299,835	4,008,711	433	6,308,979
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....		15,000	7,290	22,290
20.2 Insurance department licenses and fees .....				
20.3 Gross guaranty association assessments .....				
20.4 All other (excluding federal and foreign income and real estate) .....				
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....		15,000	7,290	22,290
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	440,121	349,042	432,885	1,222,048
25. TOTAL expenses incurred .....	8,779,079	5,296,429	440,608	(a) 14,516,116
26. Less unpaid expenses - current year .....	17,135,018	600,943	110,254	17,846,215
27. Add unpaid expenses - prior year .....	17,480,679	493,500	110,683	18,084,862
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	9,124,740	5,188,986	441,037	14,754,763
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous Expense .....	81,680	107,130		188,810
2402. Consulting Expense .....		10,310	310,433	320,743
2403. Outsourcing Expense .....	110,465	172,308	122,452	405,225
2498. Summary of remaining write-ins for Line 24 from overflow page .....	247,976	59,294		307,270
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	440,121	349,042	432,885	1,222,048

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

## EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 1,185,357	1,186,741
1.1	Bonds exempt from U.S. tax	(a) 851,810	881,128
1.2	Other bonds (unaffiliated)	(a) 2,180,740	2,148,040
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	1,318,597	1,318,575
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) 499,428	499,440
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	6,035,933	6,033,923
11.	Investment expenses		(g) 440,609
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		440,609
17.	Net Investment income (Line 10 minus Line 16)		5,593,314

## DETAILS OF WRITE-INS

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

- (a) Includes \$.....127,974 accrual of discount less \$.....(834,655) amortization of premium and less \$.....407,841 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 \$.....(5,000) amortization of premium and less \$.....4,231 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 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	636,596		636,596		
1.1	Bonds exempt from U.S. tax	9,262	(13,023)	(3,761)		
1.2	Other bonds (unaffiliated)	1,438,380		1,438,380		
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	137,616		137,616	826,769	
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	2,221,854	(13,023)	2,208,831	826,769	

## DETAILS OF WRITE-INS

0901.					
0902.					
0903.					
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)				

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....			
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	668,572	621,917	(46,655)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....			
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....	35,170	78,509	43,339
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....			
25. Aggregate write-ins for other than invested assets .....	755,614	760,476	4,862
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,459,356	1,460,902	1,546
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	1,459,356	1,460,902	1,546
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. PREPAID EXPENSES .....	308,268	308,602	334
2502. LEASEHOLD IMPROVEMENTS .....	187,273	270,473	83,200
2503. AUTO & OTHER .....	260,073	181,401	(78,672)
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	755,614	760,476	4,862

# Notes to Financial Statements

## **Note 1 – Summary of Significant Accounting Policies**

### A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the "Commissioner").

### B. Uses of Estimates in the Preparation of the Financial Statements

The Preparation of the statutory-basis financial statements requires management to make estimates and assumptions that affect the reported amount 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. Such estimates and assumptions could change in the future, as more information becomes known which could impact the amounts reported and disclosed herein.

### C. Accounting Policies

Premiums are earned over the terms of the policies. Unearned Premiums are established to cover unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business.

In addition, the company uses the following accounting policies:

1. Investments in debt securities and short-term investments are carried at amortized cost. Investment transactions are recorded on the basis of trade date. Realized gains or losses on sale of investments are recorded on the basis of the specific cost of securities sold.
2. Mortgage-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.
3. Common Stocks are reported at market value.
4. Net investment income earned consists primarily of interest and dividends. Interest and dividends are recognized on an accrual basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.
5. Loss and loss adjustment expenses reserve is provided on the basis of individual case estimates for reported losses and estimates of expenses of expenses for investigating and setting claims. Management also provides for bulk reserves on losses based on experience modified by current trends. The estimated reserves are periodically evaluated and resulting adjustments, if any, are reflected in the current period operations. Simed also provides an incurred but not reported loss reserve for extended coverage base on the medical malpractice industry experience.

Management has estimated reserves and loss adjustment expenses that it believes are reasonable and reflective of anticipate experience. Simed has historical experience data as result of which, the net amount that will ultimately be paid to settle the liability, may vary significantly from estimated amounts provide for in the statutory-basis financial statements.

## **Note 2 – Accounting Changes and Corrections of Errors**

### A. Accounting changes other than Codification and corrections of errors

Not applicable

## **Note 3 – Business Combinations and Goodwill**

Not applicable

## **Note 4 – Discontinued Operations**

Not applicable

## **Note 5 – Investments**

### A. Mortgage Loans, including Mezzanine Real Estate Loans

Not Applicable

### B. Debt Restructuring

Not Applicable

### C. Reverse Mortgage

Not Applicable

### D. Loan Backed Securities

1. Prepayment assumptions for single class and multiclass mortgage backed/asset securities were obtained from broker dealers survey value.

2. The Company uses the fair value provided by the broker to determine the fair value of its loan backed securities.

### E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

### F. Real Estate

Not Applicable

### G. Low Income Housing Tax Credits (LIHTC)

Not Applicable

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

Not applicable

## **Note 7- Investment Income**

### A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 day past due.

### B. Amounts Excluded

# Notes to Financial Statements

Not applicable

## **Note 8 – Derivative Instruments**

Not applicable

## **Note 9 – Income Taxes**

Not applicable

## **Note 10 – Information Concerning Parent, Subsidiaries, and Affiliates**

For the year ended on December 31, 2010 SIMED charged PR Fire & Allied Lines approximately \$65,901 as an allocation of administrative expenses. This balance was write-off of our records at year end as instruction of the Board of Directors.

## **Note 11 – Debt**

Not applicable

## **Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefits Plans**

### A. Defined Benefit Plans

Not applicable

### B. Defined Contribution Plans

The company sponsors a Defined Contribution Plan covering substantially all employees of the company. Employees may contribute up to 10% of base salary to the plan, up to \$10,000.00, which is subject to a 100% company distribution up to 6% of the employee salary. The company expense for this plan was \$119,149 and \$145,815 for the year 2010 and 2009 respectively.

### C. Multiemployer Plans

Not applicable.

### D. Consolidated / Holding Company Plans

Not applicable.

### E. Post Employment Benefits and Compensated Absences

The company has no obligations to current or former employees for benefits after their employment but before the retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

### F. Impact of Medicare Modernization Act on postretirement benefits

Not applicable

## **Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

Not applicable

## **Note 14 – Contingencies**

Not applicable

## **Note 15- Leases**

SIMED conduct operations in leased facilities under an operating lease expiring in 2013. The lease provides annual rentals of approximately \$358,891 plus maintenance expenses.

## **Note 16 Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

Not applicable

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

Not applicable

## **Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable

## **Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not applicable

## **Note 20 – Fair Value Measurement**

The following methods and assumptions were used in estimating the fair value disclosures for financial instruments:

*Cash, Short-Term Investments, Net Agent's Balances and Accrued Interest Receivable* – The carrying amounts for these instruments approximate their fair values given their short maturity period.

*Bonds, Common Stock and Mutual Funds* – The fair value of a security is determined in accordance with the NAIC *Purposes and Procedures of the Securities Valuation Office*, and the designation assigned in the NAIC *Valuation of Securities* product prepared by the NAIC Securities Valuation Office ("NAIC Values"). If NAIC Values are not available, fair value is determined based on quoted-market prices as provided by independent brokers. If quoted market prices are not available, fair value is determined based on quoted prices of similar instruments.

## **Note 21 – Other Items**

Refundable Government Contribution – Under the provisions of Act. No. 4 enacted on December 30, 1986, the Government of the Commonwealth of Puerto Rico (the "Government") assigned to SIMED \$1,000,000. An initial capital for its organization and administrative

## Notes to Financial Statements

expenses, of which \$500,000 were received during 1987 and \$500,000 during 1995. These funds shall be returned to the government when the Commissioner determines that SIMED's financial position is such that it no longer needs the funds to continue its future operations. In such case, the Board of Directors and the Commissioner will determine how and when these funds shall be returned. For Annual Statement presentation purposes, the total Contribution of \$ 1,000,000 is showed as a component of surplus.

### **Note 22 – Events Subsequents**

Not applicable

### **Note 23 – Reinsurance**

A. Unsecured Reinsurance Recoverable

Not applicable

B. Reinsurance Recoverable in Dispute

Not applicable

C. Reinsurance Assumed and Ceded

Not applicable

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not applicable

### **Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not applicable

### **Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

Not applicable

### **Note 26 – Intercompany Pooling Arrangements**

Not applicable

### **Note 27 – Structured Settlements**

Not applicable

### **Note 28 – Health Care Receivables**

Not applicable

### **Note 29 – Participating Policies**

Not applicable

### **Note 30 – Premium Deficiency Reserves**

Not applicable

### **Note 31 – High Deductibles**

Not applicable

### **Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Not applicable

### **Note 33 – Asbestos and Environmental Reserves**

Not applicable

### **Note 34 – Subscriber Savings Accounts**

Not applicable

### **Note 35 – Multiple Peril Crop Insurance**

Not applicable

### **Note 36 – Financial Guaranty Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ ] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ ] No [ ] N/A[X]
- 1.3 State Regulating? .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No[X]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/2009
- 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. ..... 12/31/2006
- 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). ..... 12/08/2009
- 3.4 By what department or departments?  
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[X] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No [ ] N/A [ ]
- 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 [ ] No[X]
- 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 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No[X]
- 7.2 If yes, ..... 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

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

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	... Yes [ ] No[X] ...				

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP; Torre Chardon, 350 Chardon Avenue Suite 700, San Juan, PR 00918-2140
- 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 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 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 response to 10.5 is "yes," provide information related to this exemption:
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [ ] No [ ] N/A[X]
- 10.8 If the answer to 10.7 is "NO" or "N/A" please explain:

**GENERAL INTERROGATORIES (Continued)**

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Martha A. Winslow, FCAS, MAAA Towers Watson 8400 Normandale Lake Boulevard Suite 1700 Minneapolis, MN 55437-3837
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes  No
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 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  N/A
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes  No  N/A
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes  No  N/A
- 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  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
- 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
- 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  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  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  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
- 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 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
- 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
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others \$ 0
- 20.22 Borrowed from others \$ 0
- 20.23 Leased from others \$ 0
- 20.24 Other \$ 0
- 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
- 21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment \$ 0
- 21.22 Amount paid as expenses \$ 0
- 21.23 Other amounts paid \$ 0
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes  No
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

**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  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
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$ 0
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$ 0
- 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
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  N/A
- 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
- 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
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- 24.21 Subject to repurchase agreements \$ 0
- 24.22 Subject to reverse repurchase agreements \$ 0
- 24.23 Subject to dollar repurchase agreements \$ 0
- 24.24 Subject to reverse dollar repurchase agreements \$ 0
- 24.25 Pledged as collateral \$ 0
- 24.26 Placed under option agreements \$ 0

## GENERAL INTERROGATORIES (Continued)

24.27 Letter stock or securities restricted as to sale	\$	0
24.28 On deposit with state or other regulatory body	\$	0
24.29 Other	\$	0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No   
 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
 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   
 26.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes  No

27.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
The Northern Trust Company .....	801 South Canal, Chicago 60675 Illinois, USA .....
UBS Financial Services .....	American International Plaza 250 Muñoz Rivera Ave. .... San Juan, PR 00918-9998 .....
Popular Securities .....	Popular Center Plaza Level 209 Muñoz Rivera Ave. .... San Juan, PR 00918 .....

27.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes  No   
 27.04 If yes, give full and complete information relating thereto:

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

27.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
The Northern Trust Company .....	Eagle Asset Management .....	PO Box 10520 St. Petersburg, FL 33733-0520 .....
The Northern Trust Company .....	Eaton Vance Management .....	Eaton Vance Bldg. 255 State Str, Boston MA 02109 .....
The Northern Trust Company .....	Pacific Income Adviser .....	1299 Ocean Avenue Santa Monica, California 90401 .....
The Northern Trust Company .....	Standish, Ayer & Wood .....	One Financial Center, Boston MA 02111-2662 .....
UBS Financial Service .....	UBS Financial Service .....	American International Plaza 250 Muñoz Rivera Ave .....
		San Juan, PR 00918-9998 .....
Popular Securities .....	Popular Securities .....	209 Muñoz Rivera Avenue Popular Center Plaza Level .....
		San Juan, PR 00918 .....

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   
 28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 Total .....		

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

## GENERAL INTERROGATORIES (Continued)

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

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

		1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1	Bonds .....	131,365,010	133,142,996	1,777,986
29.2	Preferred stocks .....			
29.3	Totals .....	131,365,010	133,142,996	1,777,986

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

SVO unit prices were used to determine fair value, if the prices were available. For bonds that the prices were not available, the fair values were obtained from published sources such as Wall Street Journal or from securities dealers, when available.

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  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  No  N/A

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  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? \$ ..... 39,747

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
INSURANCE SERVICE OFFICE, INC. ....	39,747

33.1 Amount of payments for legal expenses, if any? \$ ..... 29,316

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

1 Name	2 Amount Paid
GONZALEZ CASTANER MORALES & GUZMAN .....	28,189

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 61,656

34.2 List the name of 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid
PINTO-LUGO, OLIVERAS & ORTIZ, PSC .....	61,656

# GENERAL INTERROGATORIES (Continued)

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes  No
- 1.2 If yes, indicate premium earned on U.S. business only. \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 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. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
- 1.6 Individual policies
- Most current three years:
- 1.61 Total premium earned \$ ..... 0
- 1.62 Total incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 0
- 1.65 Total incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies
- Most current three years:
- 1.71 Total premium earned \$ ..... 0
- 1.72 Total incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ ..... 0
- 1.75 Total incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	.....	.....
2.2 Premium Denominator .....	29,305,621	29,404,271
2.3 Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4 Reserve Numerator .....	.....	.....
2.5 Reserve Denominator .....	88,783,791	89,654,359
2.6 Reserve Ratio (2.4 / 2.5) .....	.....	.....

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes  No
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies \$ ..... 0
- 3.22 Non-participating policies \$ ..... 0
4. For Mutual Reporting Entities and Reciprocal Exchange only:
- 4.1 Does the reporting entity issue assessable policies? Yes  No  N/A
- 4.2 Does the reporting entity issue non-assessable policies? Yes  No  N/A
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... 0%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ ..... 0
5. For Reciprocal Exchanges Only:
- 5.1 Does the exchange appoint local agents? Yes  No  N/A
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation Yes  No  N/A
- 5.22 As a direct expense of the exchange Yes  No  N/A
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? Yes  No  N/A
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes  No  N/A
- 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss:
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes  No
- 6.5 If no, describe arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes  No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ..... 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes  No  N/A
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes  No
- 8.2 If yes, give full information.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;

## GENERAL INTERROGATORIES (Continued)

- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes[ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes[ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principals ("SAP") and as a deposit under generally accepted accounting principals ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes[ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes[ ] No[X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes[ ] No[X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes[ ] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes[ ] No[ ] N/A[X]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes[ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ ..... 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes[ ] No[ ] N/A[X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... 0.000%
- 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes[ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ ..... 0
- 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 500,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes[ ] No[X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes[ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes[ ] No[ ] N/A[X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes[ ] No[ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes[ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes[ ] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes[ ] No[X]
- Included but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption.
- 17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 \$ ..... 0
- 17.12 Unfunded portion of Interrogatory 17.11 \$ ..... 0
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$ ..... 0
- 17.14 Case reserves portion of Interrogatory 17.11 \$ ..... 0
- 17.15 Incurred but not reported portion of Interrogatory 17.11 \$ ..... 0

## GENERAL INTERROGATORIES (Continued)

17.16 Unearned premium portion of Interrogatory 17.11	\$ .....	0
17.17 Contingent commission portion of Interrogatory 17.11	\$ .....	0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.		
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ .....	0
17.19 Unfunded portion of Interrogatory 17.18	\$ .....	0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ .....	0
17.21 Case reserves portion of Interrogatory 17.18	\$ .....	0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ .....	0
17.23 Unearned premium portion of Interrogatory 17.18	\$ .....	0
17.24 Contingent commission portion of Interrogatory 17.18	\$ .....	0
18.1 Do you act as a custodian for health savings accounts?		Yes[ ] No[X]
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:		\$ ..... 0
18.3 Do you act as an administrator for health savings accounts?		Yes[ ] No[X]
18.4 If yes, please provide the balance of the funds administered as of the reporting date:		\$ ..... 0

## FIVE - YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4) .....	30,410,054	30,160,050	30,336,737	30,021,793	31,173,508
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....					
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....					
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....					
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....					
6. TOTAL (Line 35) .....	30,410,054	30,160,050	30,336,737	30,021,793	31,173,508
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	29,441,274	29,101,512	29,131,926	28,877,305	29,859,060
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....					
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....					
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....					
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....					
12. TOTAL (Line 35) .....	29,441,274	29,101,512	29,131,926	28,877,305	29,859,060
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8) .....	2,197,927	13,714,516	6,769,787	1,146,221	3,958,792
14. Net investment gain or (loss) (Line 11) .....	7,802,145	3,534,228	3,638,529	5,654,825	4,690,305
15. TOTAL other income (Line 15) .....	548,117	1,273,314	291,237	328,377	293,129
16. Dividends to policyholders (Line 17) .....					
17. Federal and foreign income taxes incurred (Line 19) .....					
18. Net income (Line 20) .....	10,548,189	18,522,058	10,699,553	7,129,423	8,942,226
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3) .....	154,541,028	144,493,337	140,392,297	133,806,911	136,005,754
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1) .....	3,837,664	3,856,139	3,836,250	3,901,805	3,940,300
20.2 Deferred and not yet due (Line 15.2) .....					
20.3 Accrued retrospective premiums (Line 15.3) .....					
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	90,177,417	91,506,230	106,854,649	111,422,031	117,813,791
22. Losses (Page 3, Line 1) .....	55,915,939	56,576,499	68,907,834	77,300,695	75,077,754
23. Loss adjustment expenses (Page 3, Line 3) .....	17,135,018	17,480,679	18,984,615	16,718,232	16,983,012
24. Unearned premiums (Page 3, Line 9) .....	15,732,834	15,597,181	15,899,940	15,757,016	15,904,708
25. Capital paid up (Page 3, Lines 30 & 31) .....					
26. Surplus as regards policyholders (Page 3, Line 37) .....	64,363,611	52,987,107	33,537,648	22,384,880	18,191,963
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	8,405,898	6,621,767	6,859,502	9,221,654	9,945,284
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital .....	64,363,611	52,987,106	33,537,647	22,384,880	18,191,963
29. Authorized control level risk-based capital .....	5,367,852	5,675,207	6,278,408	5,819,911	5,557,678
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
(Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1) .....	88.0	81.1	78.9	71.6	64.6
31. Stocks (Lines 2.1 & 2.2) .....	10.6	16.5	19.3	21.7	19.5
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....					
33. Real estate (Lines 4.1, 4.2 & 4.3) .....					
34. Cash, cash equivalents and short-term investments (Line 5) .....	1.4	2.4	1.8	6.7	15.9
35. Contract loans (Line 6) .....					
36. Derivatives (Line 7) .....		X X X	X X X	X X X	X X X
37. Other invested assets (Line 8) .....					
38. Receivables for securities (Line 9) .....				0.0	
39. Securities lending reinvested collateral assets (Line 10) .....		X X X	X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11) .....					
41. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1) .....					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10) .....					
46. Affiliated mortgage loans on real estate .....					
47. All other affiliated .....					
48. TOTAL of above Lines 42 to 47 .....					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0) .....					

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains or (Losses) (Line 24) .....	826,771	914,780	758,802	164,732	(814,631)
51. Dividends to stockholders (Line 35) .....					
52. Change in surplus as regards policyholders for the year (Line 38) .....	11,376,506	19,449,459	11,152,768	4,192,917	8,178,999
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	14,237,746	15,368,196	13,890,296	11,402,406	10,936,429
54. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....					
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....					
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....					
57. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
58. TOTAL (Line 35) .....	14,237,746	15,368,196	13,890,296	11,402,406	10,936,429
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	13,692,746	14,920,696	13,428,796	11,384,406	10,441,429
60. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....					
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....					
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....					
63. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
64. TOTAL (Line 35) .....	13,692,746	14,920,696	13,428,796	11,384,406	10,441,429
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
65. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2) .....	44.5	8.8	17.4	46.9	32.8
67. Loss expenses incurred (Line 3) .....	30.0	26.0	42.5	32.3	37.7
68. Other underwriting expenses incurred (Line 4) .....	18.1	18.5	17.5	16.2	16.4
69. Net underwriting gain (loss) (Line 8) .....	7.5	46.6	23.4	3.9	13.1
<b>Other Percentages</b>					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	16.1	14.4	15.7	15.8	15.6
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	74.4	34.8	59.8	79.2	70.4
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	45.7	54.9	86.9	129.0	164.1
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	(2,143)	(12,039)	(8,586)	(5,751)	(10,034)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Column 1 x 100.0) .....	(4.0)	(35.9)	(38.4)	(31.6)	(100.2)
<b>Two Year Loss Development (000 omitted)</b>					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(13,423)	(17,519)	(10,186)	(13,006)	(10,393)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(40.0)	(78.3)	(56.0)	(129.9)	(298.8)

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[ ] N/A[X]

If no, please explain::

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	1,424		278		48			1,750	X X X
2. 2001	18,115	1,499	16,616	12,974	500	6,681	42	1,937			21,050	X X X
3. 2002	29,771	2,212	27,559	18,048	1,050	6,996	119	2,329			26,204	X X X
4. 2003	33,130	3,048	30,082	12,410	175	6,464	185	2,332			20,846	X X X
5. 2004	32,927	1,877	31,050	8,988	784	5,744	523	2,114			15,539	X X X
6. 2005	31,637	1,330	30,307	11,111	95	6,109	301	2,442			19,266	X X X
7. 2006	31,468	1,314	30,154	10,861	368	5,975	113	2,719			19,074	X X X
8. 2007	30,169	1,144	29,025	9,090		4,537	58	2,257			15,826	X X X
9. 2008	30,194	1,205	28,989	5,853	698	3,490	101	1,984			10,528	X X X
10. 2009	30,463	1,059	29,404	1,720		2,095		1,558			5,373	X X X
11. 2010	30,274	968	29,306	13		541		923			1,477	X X X
12. Totals	X X X	X X X	X X X	92,492	3,670	48,910	1,442	20,643			156,933	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Expenses Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	1,775		30		113				138			2,056	X X X
2. 2001	753		(165)		106				57			751	X X X
3. 2002	1,283		(327)		94				75			1,125	X X X
4. 2003	1,840	50	(406)		177	86			120			1,595	X X X
5. 2004	1,722		(151)		266	83			134			1,888	X X X
6. 2005	3,565	45	(968)		497	163			230			3,116	X X X
7. 2006	4,993	145	(662)		693	368			357			4,868	X X X
8. 2007	6,601		(881)		969	177			510			7,022	X X X
9. 2008	10,831	495	(622)		1,582	455			821			11,662	X X X
10. 2009	13,934		(1,890)		3,565	193			1,170			16,586	X X X
11. 2010	17,442		(2,047)		5,457				1,529			22,381	X X X
12. Totals	64,739	735	(8,089)		13,519	1,525			5,141			73,050	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,805	251
2. 2001	22,343	542	21,801	123.3	36.2	131.2				588	163
3. 2002	28,498	1,169	27,329	95.7	52.8	99.2				956	169
4. 2003	22,937	496	22,441	69.2	16.3	74.6				1,384	211
5. 2004	18,817	1,390	17,427	57.1	74.1	56.1				1,571	317
6. 2005	22,986	604	22,382	72.7	45.4	73.9				2,552	564
7. 2006	24,936	994	23,942	79.2	75.6	79.4				4,186	682
8. 2007	23,083	235	22,848	76.5	20.5	78.7				5,720	1,302
9. 2008	23,939	1,749	22,190	79.3	145.1	76.5				9,714	1,948
10. 2009	22,152	193	21,959	72.7	18.2	74.7				12,044	4,542
11. 2010	23,858		23,858	78.8		81.4				15,395	6,986
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	55,915	17,135

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	One Year	Two Year
1. Prior	49,400	47,118	41,286	42,136	40,971	39,606	38,788	38,171	37,508	37,774	266	(397)
2. 2001	28,311	25,429	25,171	23,045	21,830	20,953	20,732	20,107	19,713	19,807	94	(300)
3. 2002	X X X	28,524	29,088	26,849	27,203	26,502	26,075	25,223	24,830	24,925	95	(298)
4. 2003	X X X	X X X	26,835	24,537	24,188	22,654	22,404	21,445	20,229	19,989	(240)	(1,456)
5. 2004	X X X	X X X	X X X	22,524	20,724	18,983	17,373	16,511	15,157	15,179	22	(1,332)
6. 2005	X X X	X X X	X X X	X X X	24,403	20,587	20,941	20,938	19,840	19,710	(130)	(1,228)
7. 2006	X X X	X X X	X X X	X X X	X X X	27,528	24,749	24,232	21,580	20,866	(714)	(3,366)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	25,925	21,774	20,611	20,081	(530)	(1,693)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	22,738	19,632	19,385	(247)	(3,353)
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	19,990	19,231	(759)	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	21,406	X X X	X X X
12. TOTALS											(2,143)	(13,423)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1. Prior	000	11,056	17,911	23,933	29,126	30,934	32,571	33,442	34,154	35,856	X X X	X X X
2. 2001	1,401	5,275	9,436	11,748	14,184	15,796	17,293	18,106	18,702	19,113	X X X	X X X
3. 2002	X X X	1,500	5,824	12,119	16,600	19,224	20,742	22,081	23,177	23,875	X X X	X X X
4. 2003	X X X	X X X	1,169	5,255	9,473	12,320	15,047	16,931	17,867	18,514	X X X	X X X
5. 2004	X X X	X X X	X X X	835	3,615	7,173	9,794	11,150	12,226	13,425	X X X	X X X
6. 2005	X X X	X X X	X X X	X X X	945	4,156	8,342	12,247	15,567	16,824	X X X	X X X
7. 2006	X X X	X X X	X X X	X X X	X X X	937	4,293	9,986	13,873	16,355	X X X	X X X
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	851	4,685	9,541	13,569	X X X	X X X
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	687	4,629	8,544	X X X	X X X
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	631	3,815	X X X	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	554	X X X	X X X

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Prior	1,249	1,894	(1,295)	(2,110)	478	322	248	(438)	(333)	30
2. 2001	2,013	(1,096)	292	(663)	(609)	(869)	(292)	(425)	(361)	(165)
3. 2002	X X X	(1,659)	(470)	(995)	228	76	40	(466)	(747)	(327)
4. 2003	X X X	X X X	612	(538)	1,335	(505)	(383)	(862)	(607)	(406)
5. 2004	X X X	X X X	X X X	1,764	24	(672)	(348)	(48)	(847)	(151)
6. 2005	X X X	X X X	X X X	X X X	(1,711)	(4,017)	(2,255)	(1,517)	(1,394)	(968)
7. 2006	X X X	X X X	X X X	X X X	X X X	(2,845)	(2,285)	(832)	(966)	(662)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	1,826	(1,463)	(1,493)	(881)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	659	(1,361)	(622)
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	(1,882)	(1,890)
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	(2,047)

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

		Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
		1 Active Status	States, Etc.						
1.	Alabama (AL)	N							
2.	Alaska (AK)	N							
3.	Arizona (AZ)	N							
4.	Arkansas (AR)	N							
5.	California (CA)	N							
6.	Colorado (CO)	N							
7.	Connecticut (CT)	N							
8.	Delaware (DE)	N							
9.	District of Columbia (DC)	N							
10.	Florida (FL)	N							
11.	Georgia (GA)	N							
12.	Hawaii (HI)	N							
13.	Idaho (ID)	N							
14.	Illinois (IL)	N							
15.	Indiana (IN)	N							
16.	Iowa (IA)	N							
17.	Kansas (KS)	N							
18.	Kentucky (KY)	N							
19.	Louisiana (LA)	N							
20.	Maine (ME)	N							
21.	Maryland (MD)	N							
22.	Massachusetts (MA)	N							
23.	Michigan (MI)	N							
24.	Minnesota (MN)	N							
25.	Mississippi (MS)	N							
26.	Missouri (MO)	N							
27.	Montana (MT)	N							
28.	Nebraska (NE)	N							
29.	Nevada (NV)	N							
30.	New Hampshire (NH)	N							
31.	New Jersey (NJ)	N							
32.	New Mexico (NM)	N							
33.	New York (NY)	N							
34.	North Carolina (NC)	N							
35.	North Dakota (ND)	N							
36.	Ohio (OH)	N							
37.	Oklahoma (OK)	N							
38.	Oregon (OR)	N							
39.	Pennsylvania (PA)	N							
40.	Rhode Island (RI)	N							
41.	South Carolina (SC)	N							
42.	South Dakota (SD)	N							
43.	Tennessee (TN)	N							
44.	Texas (TX)	N							
45.	Utah (UT)	N							
46.	Vermont (VT)	N							
47.	Virginia (VA)	N							
48.	Washington (WA)	N							
49.	West Virginia (WV)	N							
50.	Wisconsin (WI)	N							
51.	Wyoming (WY)	N							
52.	American Samoa (AS)	N							
53.	Guam (GU)	N							
54.	Puerto Rico (PR)	L	30,410,054	30,274,401	14,237,746	12,957,186	56,650,939	321,603	
55.	U.S. Virgin Islands (VI)	N							
56.	Northern Mariana Islands (MP)	N							
57.	Canada (CN)	N							
58.	Aggregate other alien (OT)	X X X							
59.	TOTALS	(a) 1	30,410,054	30,274,401	14,237,746	12,957,186	56,650,939	321,603	

**DETAILS OF WRITE-INS**

5801.		X X X							
5802.		X X X							
5803.		X X X							
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X							

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

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

Explanation of basis of allocation of premiums by states, etc.: Premiums are allocated to those states where the insured risks are located

93 Schedule T - Pt 2 - Interstate Compact Products ..... NONE

94 Schedule Y - Part 1 ..... NONE

95 Schedule Y - Part 2 ..... NONE

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