* 1 1 1 5 7 2 0 1 1 2 0 1 0 0 1 0 0 *

ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

MMM Healthcare, Inc.

NAIC Group Code..... , (Current Period) (Prior Period)	NAIC Company Code..... 11157	Employer's ID Number..... 660588600
Organized under the Laws of PR	State of Domicile or Port of Entry PR	Country of Domicile US
Licensed as Business Type.....	Is HMO Federally Qualified? Yes [X] No [ ]	
Incorporated/Organized..... September 25, 2000	Commenced Business..... January 1, 2001	

Statutory Home Office	350 CHARDON AVE. STE. 500….. SAN JUAN .... 918 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	350 CHARDON AVE. STE. 500….. SAN JUAN ..... PR ..... 918 *(Street and Number) (City or Town, State and Zip Code)*	787-622-3000 *(Area Code) (Telephone Number)*
Mail Address	350 CHARDON AVE. STE. 500….. SAN JUAN ..... PR ..... 918 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	350 CHARDON AVE. STE. 500….. SAN JUAN ..... PR ..... 918 *(Street and Number) (City or Town, State and Zip Code)*	787-622-3000 *(Area Code) (Telephone Number)*
Internet Web Site Address	WWW.MEDICAREYMUCHOMAS.COM	
Statutory Statement Contact	SONIA I NIEVES *(Name)*	787-620-2399 *(Area Code) (Telephone Number) (Extension)*
	sonia.nieves@mmmhc.com *(E-Mail Address)*	787-620-2399 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. ORLANDO GONZALEZ	PRESIDENT	2. JOSE MERCADO	VP OF FINANCE
3.		4.	

OTHER

RICHARD SHINTO	CEO	CARLOS VIVALDI	TREASURER / CFO
MYRA PLUMEY	COMPLIANCE OFFICER	MANUEL SANCHEZ SIERRA	COO
SOLANGE DE LOHONGRAIS	SECRETARY	ALBA MUÑOZ	VICE PRESIDENT
ARNALDO RODRIGUEZ YUMET	VICE PRESIDENT	WILSON QUIROGA	VICE PRESIDENT
VIVIAM ARTHUR TORRES	VICE PRESIDENT	LUIS GARCIA PADILLA	VICE PRESIDENT
VILMARIE GARCIA	VICE PRESIDENT	JUAN ARILL	VICE PRESIDENT

DIRECTORS OR TRUSTEES

RICHARD SHINTO	ORLANDO GONZALEZ	DOUG MALTON	CLAUDE CHEVANCE
ROBERT TORRICELLI			

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

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

(Signature)	(Signature)	(Signature)
ORLANDO GONZALEZ	JOSE MERCADO	
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
PRESIDENT	VP OF FINANCE	
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This ________ day of ________ 2012

a. Is this an original filing? Yes [X] No [ ]
b. If no
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	179,720,179		179,720,179	212,986,962
2. Stocks (Schedule D):				
2.1 Preferred stocks	250,000		250,000	250,000
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)			0	
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	
5. Cash ($.....1,626,309, Sch. E-Part 1), cash equivalents ($..........0, Sch. E-Part 2) and short-term investments ($.....1,133,422, Sch. DA)	2,759,731		2,759,731	
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities	374,955		374,955	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	600,000	0	600,000	600,000
12. Subtotals, cash and invested assets (Lines 1 to 11)	183,704,865	0	183,704,865	213,836,962
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	1,000,784		1,000,784	1,237,953
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection	110,698,417	112,534	110,585,883	47,249,304
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset	2,118,995	720,894	1,398,101	783,604
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($..........0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	1,750,446		1,750,446	35,718
24. Health care ($.....9,934,563) and other amounts receivable	12,057,558	2,122,995	9,934,563	6,822,700
25. Aggregate write-ins for other than invested assets	28,496,384	3,553,950	24,942,434	541,943
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	339,827,449	6,510,373	333,317,076	270,508,184
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	339,827,449	6,510,373	333,317,076	270,508,184

DETAILS OF WRITE-INS

1101. Certificate of Deposit (P.R. Insurance Commissioner's Statutory Deposit	600,000		600,000	600,000
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	600,000	0	600,000	600,000
2501. Prepaid Expense	24,372	24,372	0	
2502. Rent Deposit	504,413	504,413	0	
2503. Other Receivable			0	437,040
2598. Summary of remaining write-ins for Line 25 from overflow page	27,967,599	3,025,165	24,942,434	104,903
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	28,496,384	3,553,950	24,942,434	541,943

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $..........0 reinsurance ceded)	126,214,972		126,214,972	117,312,521
2. Accrued medical incentive pool and bonus amounts	57,360,388		57,360,388	51,189,788
3. Unpaid claims adjustment expenses	1,058,603		1,058,603	1,017,188
4. Aggregate health policy reserves, including the liability of $..........0 for medical loss ratio rebate per the Public Health Service Act	12,350,000		12,350,000	13,150,000
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance			0	
9. General expenses due or accrued	3,448,102		3,448,102	2,406,593
10.1 Current federal and foreign income tax payable and interest thereon (including $..........0 on realized capital gains (losses))	10,617,237		10,617,237	3,339,424
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	2,027,522		2,027,522	1,329,466
13. Remittances and items not allocated			0	
14. Borrowed money (including $..........0 current) and interest thereon $..........0 (including $..........0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	15,890,090		15,890,090	17,025,015
16. Derivatives			0	
17. Payable for securities	311,602		311,602	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($..........0 authorized reinsurers and $..........0 unauthorized reinsurers)			0	
20. Reinsurance in unauthorized companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	16,958,045		16,958,045	251,511
23. Aggregate write-ins for other liabilities (including $..........0 current)	17,600,000	0	17,600,000	25,600,000
24. Total liabilities (Lines 1 to 23)	263,836,561	0	263,836,561	232,621,506
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,000	2,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	1,999,000	1,999,000
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	67,479,515	57,508,987
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 $..........0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $..........0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	69,480,515	59,509,987
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	333,317,076	292,131,493

DETAILS OF WRITE-INS

	1 Covered	2 Uncovered	3 Total	4 Total
2301. Statutory Liabilities	600,000		600,000	600,000
2302.			0	
2303. Dividend Payable	17,000,000		17,000,000	25,000,000
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	17,600,000	0	17,600,000	25,600,000
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	1,836,197	1,595,451
2. Net premium income (including $..........0 non-health premium income)	XXX	1,531,826,371	1,328,295,559
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $..........0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,531,826,371	1,328,295,559
Hospital and Medical:			
9. Hospital/medical benefits		896,414,472	723,190,960
10. Other professional services		9,071,886	12,607,340
11. Outside referrals			
12. Emergency room and out-of-area		23,041,288	12,283,530
13. Prescription drugs		205,720,896	205,720,896
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		116,371,921	118,829,536
16. Subtotal (Lines 9 to 15)	0	1,250,620,463	1,072,632,262
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)	0	1,250,620,463	1,072,632,262
19. Non-health claims (net)			
20. Claims adjustment expenses, including $..........0 cost containment expenses			
21. General administrative expenses		151,801,321	150,286,776
22. Increase in reserves for life and accident and health contracts including $..........0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	1,402,421,784	1,222,919,038
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	129,404,587	105,376,521
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		4,507,423	4,953,827
26. Net realized capital gains or (losses) less capital gains tax of $..........0		678,334	243,555
27. Net investment gains or (losses) (Lines 25 plus 26)	0	5,185,757	5,197,382
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $..........0) (amount charged off $..........0)]			
29. Aggregate write-ins for other income or expenses	0	0	4,615,259
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	134,590,344	115,189,162
31. Federal and foreign income taxes incurred	XXX	30,322,780	35,409,773
32. Net income (loss) (Lines 30 minus 31)	XXX	104,267,564	79,779,389

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Other Income			4,526,825
2902. Other Income			88,434
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	4,615,259

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	59,509,987	53,422,725
34. Net income or (loss) from Line 32	104,267,564	79,779,389
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.........0		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	255,926	(2,726,057)
39. Change in nonadmitted assets	(2,551,282)	3,322,040
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(92,000,000)	(74,260,000)
47. Aggregate write-ins for gains or (losses) in surplus	(1,680)	(28,110)
48. Net change in capital and surplus (Lines 34 to 47)	9,970,528	6,087,262
49. Capital and surplus end of reporting period (Line 33 plus 48)	69,480,515	59,509,987

DETAILS OF WRITE-INS

4701. Net Change Unrealized deppreciation of equity securities		
4702. Increase in not Admitted assets		
4703. Other Surplus Adjustment	(1,680)	(28,110)
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(1,680)	(28,110)

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	1,469,597,775	1,317,356,841
2.	Net investment income	6,271,789	7,481,128
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	1,475,869,564	1,324,837,969
5.	Benefit and loss related payments	1,253,876,675	1,087,628,987
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	153,904,339	137,237,151
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $..........0 tax on capital gains (losses)	36,495,755	76,063,175
10.	Total (Lines 5 through 9)	1,444,276,769	1,300,929,313
11.	Net cash from operations (Line 4 minus Line 10)	31,592,795	23,908,656
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	103,241,000	67,248,604
	12.2 Stocks		7,226,451
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	103,241,000	74,475,055
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	70,406,908	73,938,312
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	70,406,908	73,938,312
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	32,834,092	536,743
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		(1,692,659)
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	100,000,000	49,260,000
	16.6 Other cash provided (applied)	16,706,992	
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(83,293,008)	(50,952,659)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(18,866,121)	(26,507,260)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	21,625,852	48,133,112
	19.2 End of year (Line 18 plus Line 19.1)	2,759,731	21,625,852

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

20.0001			

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	1,531,826,371						1,531,826,371			
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $..........0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	1,531,826,371	0	0	0	0	0	1,531,826,371	0	0	0
8. Hospital/medical benefits	896,414,472						896,414,472			XXX
9. Other professional services	9,071,886						9,071,886			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	23,041,288						23,041,288			XXX
12. Prescription drugs	205,720,896						205,720,896			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	116,371,921						116,371,921			XXX
15. Subtotal (Lines 8 to 14)	1,250,620,463	0	0	0	0	0	1,250,620,463	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	1,250,620,463	0	0	0	0	0	1,250,620,463	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $..........0 cost containment expenses	0									
20. General administrative expenses	151,801,321						151,801,321			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,402,421,784	0	0	0	0	0	1,402,421,784	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	129,404,587	0	0	0	0	0	129,404,587	0	0	0

DETAILS OF WRITE-INS

	1	2	3	4	5	6	7	8	9	10
0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare	1,531,826,371			1,531,826,371
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	1,531,826,371	0	0	1,531,826,371
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	1,531,826,371	0	0	1,531,826,371

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	1,125,346,091						1,125,346,091			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	1,125,346,091	0	0	0	0	0	1,125,346,091	0	0	0
2. Paid medical incentive pools and bonuses	228,580,392						228,580,392			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	126,214,972						126,214,972			
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	126,214,972	0	0	0	0	0	126,214,972	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	57,360,388						57,360,388			
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	117,312,521						117,312,521			
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	117,312,521	0	0	0	0	0	117,312,521	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	51,189,788						51,189,788			
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	1,134,248,542	0	0	0	0	0	1,134,248,542	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	1,134,248,542	0	0	0	0	0	1,134,248,542	0	0	0
13. Incurred medical incentive pools and bonuses	234,750,992	0	0	0	0	0	234,750,992	0	0	0

(a) Excludes $..........0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	126,214,971							126,214,971		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	126,214,971	0	0	0	0	0	0	126,214,971	0	0
2. Incurred but unreported:										
2.1 Direct	0									
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	0	0	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	126,214,971	0	0	0	0	0	0	126,214,971	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	126,214,971	0	0	0	0	0	0	126,214,971	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
Line of Business	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare	106,599,524	900,367,497	3,647,180	122,567,791	110,246,704	117,312,520
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	106,599,524	900,367,497	3,647,180	122,567,791	110,246,704	117,312,520
10. Healthcare receivables (a)					0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	53,135,270	175,445,122	6,311,336	51,049,053	59,446,606	51,189,788
13. Totals (Lines 9 - 10 + 11 + 12)	159,734,794	1,075,812,619	9,958,516	173,616,844	169,693,310	168,502,308

(a) Excludes $..........0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	1,702,771	1,702,771	1,702,771	1,702,771	1,702,771
2. 2007	784,561	894,919	894,919	894,919	894,919
3. 2008	XXX	768,335	884,163	884,163	884,163
4. 2009	XXX	XXX	880,606	1,047,228	1,047,228
5. 2010	XXX	XXX	XXX	921,006	159,735
6. 2011	XXX	XXX	XXX	XXX	1,094,141

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	1,707,182	1,707,182	1,707,182	1,707,182	1,707,182
2. 2007	893,438	893,438	893,438	893,438	893,438
3. 2008	XXX	900,641	900,641	900,641	900,641
4. 2009	XXX	XXX		1,039,700	1,039,700
5. 2010	XXX	XXX	XXX	1,072,632	1,072,632
6. 2011	XXX	XXX	XXX	XXX	1,250,620

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2007	1,074,489	894,919		0.0	894,919	83.3			894,919	83.3
2. 2008	1,091,304	884,163		0.0	884,163	81.0			884,163	81.0
3. 2009	1,319,188	1,047,228		0.0	1,047,228	79.4			1,047,228	79.4
4. 2010	1,328,296	1,080,741		0.0	1,080,741	81.4			1,080,741	81.4
5. 2011	1,531,826	1,094,141		0.0	1,094,141	71.4	183,575	1,059	1,278,775	83.5

U & I Ex.-Pt.2C-Sn A-Paid Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicaid
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicaid
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicaid
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Other
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Other
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Other
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
POLICY RESERVE									
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $..........0) for investment income	0								
5. Aggregate write-ins for other policy reserves	12,350,000	0	0	0	0	0	12,350,000	0	0
6. Totals (gross)	12,350,000	0	0	0	0	0	12,350,000	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	12,350,000	0	0	0	0	0	12,350,000	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. Risk Sharing	12,350,000						12,350,000		
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	12,350,000	0	0	0	0	0	12,350,000	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $..........0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses 1 Cost Containment Expenses	Claim Adjustment Expenses 2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
1. Rent ($..........0 for occupancy of own building)			3,284,956		3,284,956
2. Salaries, wages and other benefits			83,667,648		83,667,648
3. Commissions (less $..........0 ceded plus $..........0 assumed)			5,129,570		5,129,570
4. Legal fees and expenses	.		2,542,494		2,542,494
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			6,214,011		6,214,011
7. Traveling expenses			1,004,093		1,004,093
8. Marketing and advertising			8,235,555		8,235,555
9. Postage, express and telephone					0
10. Printing and office supplies			7,163,710		7,163,710
11. Occupancy, depreciation and amortization					0
12. Equipment			22,647		22,647
13. Cost or depreciation of EDP equipment and software			5,295,835		5,295,835
14. Outsourced services including EDP, claims, and other services			7,408,327		7,408,327
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate			227,304		227,304
17. Collection and bank service charges					0
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes					0
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	21,605,168	0	21,605,168
26. Total expenses incurred (Lines 1 to 25)	0	0	151,801,318	0	(a)....151,801,318
27. Less expenses unpaid December 31, current year			3,448,102		3,448,102
28. Add expenses unpaid December 31, prior year			2,406,593		2,406,593
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	0	150,759,809	0	150,759,809

DETAILS OF WRITE-INS

	1	2	3	4	5
2501. Telephone			1,252,814		1,252,814
2502. Training			361,936		361,936
2503. Repair & Maintenance			1,502,160		1,502,160
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	18,488,258	0	18,488,258
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	0	21,605,168	0	21,605,168

(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)	4,507,423
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)	
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	0	4,507,423
11.	Investment expenses		(g)
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) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		0
17.	Net investment income (Line 10 minus Line 16)		4,507,423

DETAILS OF WRITE-INS

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

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 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	152,383		152,383		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	525,951		525,951		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	678,334	0	678,334	0	0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	720,894	1,080,028	359,134
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets		48,875	48,875
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other than invested assets	5,789,479	2,830,754	(2,958,725)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	6,510,373	3,959,657	(2,550,716)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	6,510,373	3,959,657	(2,550,716)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expense	24,372	63,416	39,044
2502. Rent Deposit	504,413	504,413	0
2503. Other Receivable	75,160	63,627	(11,533)
2598. Summary of remaining write-ins for Line 25 from overflow page	5,185,534	2,199,298	(2,986,236)
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	5,789,479	2,830,754	(2,958,725)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Total Members at End of					6
Source of Enrollment	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations						
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service	135,649	147,946	152,224	157,436	162,577	1,836,197
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	135,649	147,946	152,224	157,436	162,577	1,836,197

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

MMM Healthcare, Inc. (the Company or MMM) was organized under the laws of the Commonwealth of Puerto Rico during September 2000 and is a wholly owned subsidiary of MMM Holdings, Inc. (Holdings), a corporation organized under the laws of the Commonwealth of Puerto Rico and wholly owned by Aveta, Inc. (Aveta).

The Company was organized to develop and provide Medicare Advantage Plan (MA Plan) coverage to residents of Puerto Rico who are eligible for Medicare benefits. The MA Plan offered by the Company provides plan members with full Medicare Part A and Plan B benefits plus coverage of Medicare deductibles and copayment amounts and additional benefits that Medicare does not provide. Since January 2006, the MA Plan has also offered Medicare Part D drug coverage (MA-PD plan). The MA Plan operates as a health services organization (HSO) whereby members are covered for care provided by physicians, hospitals, and other healthcare providers.

The Company offers its Medicare Advantage Plan pursuant to a contract with the United States Centers for Medicare and Medicaid Services (CMS), a federal agency within the U.S. Department of Health and Human Services. Under the terms of this contract, CMS pays the Company a fixed amount for each member of the Company's coordinated care plan and the Company provides the coverage to that member for the health services provided. The contract is for a period of one year commencing January 1 and ending on December 31, and can be renewed for periods of one year, as defined in the contract. The contract was renewed effective January 1, 2012 for a period of one year. The Company also provides supplemental health coverage to Medicare and Medicaid dual eligible members enrolled in a specified MA-PD plan.

(b) Basis of Presentation

The accompanying statutory financial statements of the Company have been prepared in accordance with accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner of Insurance), which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The Company adopted the National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP), as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code) or the Circular Letters issued by the Commissioner of Insurance.

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

As more fully described in note 11, the Company entered into a transaction with Holdings that resulted in the recognition at December 31, 2011 of a deferred tax charge (other asset) and an increase in the statutory capital and surplus of approximately $13,041,000 in the accompanying statutory statement of admitted assets, liabilities and capital and surplus. Upon letter dated June 29, 2011, the Commissioner of Insurance permitted the Company to consider this deferred tax charge as an admitted asset.

(c) Nonadmitted Assets

Certain assets designated as nonadmitted assets have been excluded from the statutory statements of admitted assets, liabilities, and capital and surplus by a charge to unassigned surplus.

The nonadmitted assets charged to unassigned surplus during 2011 and 2010 are as follows:

		2011	2010
Furniture and equipment	$	—	48,875
Prepaid expenses and rent security deposits		528,785	567,829
Receivables and advance to providers		5,260,694	2,262,925
Deferred tax assets		720,894	1,079,462
	$	6,510,373	3,959,091

Depreciation expense on the related furniture and equipment designated as nonadmitted assets amounted to $48,875 and $209,821 for the years ended December 31, 2011 and 2010, respectively, and was charged against operations and is presented as part of general and administrative expenses in the accompanying statutory statements of revenue and expenses. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

(d) Use of Estimates

The preparation of the statutory financial statements requires management of the Company to make estimates and assumptions relating to the reported amounts included in the statutory financial statements and accompanying notes. The most significant items subject to estimates and assumptions are the actuarial determination for liabilities related to medical costs, the Company's estimated risk adjustment payments receivable from CMS, the valuation of securities carried at fair value, and certain amounts recorded related to the Part D program. Actual results could differ from these estimates.

(e) Recognition of Premium Revenue

Premium revenue is recognized as revenue over the period in which service or benefits are obligated to be provided. The Company recognizes premium revenue for the Part D payments received from CMS for which it assumes risk. The Company does not record revenue related to Part D payments from CMS that represent payments for claims for which it assumes no risk (see note 4).

Substantially all revenues recognized by the Company are received from CMS and from the Commonwealth of Puerto Rico Health Insurance Administration (ASES by its Spanish acronym). Revenues are recognized ratably over the period of coverage based on anticipated CMS and ASES reimbursement rates, number of enrollees, and expected Medicare and Medicaid eligibility. Actual amounts received from CMS and ASES are subject to adjustment based on subsequent review of members' eligibility or retroactive adjustments of reimbursement rates. An estimate is made of such retroactive adjustments based on historical trends, premiums billed, number of members, expected eligibility, and other information. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by CMS. Changes in revenues from CMS resulting from the periodic changes in risk adjustment scores for the Company's membership are recognized when the amounts become determinable, and the collectibility is reasonably assured. Such estimates are regularly reviewed and updated, and any resulting adjustments are included in the current year's results.

(f) Cash, Cash Equivalents, and Short-Term Investments

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents (none at December 31, 2011 and 2010). Short-term investments are defined as short-term highly liquid investments with remaining maturities of one year or less (excluding those investments classified as cash equivalents). Short-term investments having an original maturity of less than one year are stated at cost. At December 31, 2011 and 2010, cash and short-term investments consisted of cash deposited in financial institutions and money market funds amounting to approximately $2,760,000 and $21,600,000, respectively, of which approximately $1,133,000 and $4,406,000, respectively, represent short-term investments.

(g) Investment Securities

Bonds and other debt securities, and equity securities are valued in accordance with rules promulgated by NAIC. Bonds and other debt securities eligible for amortization under such rules and nonredeemable preferred stocks are stated at amortized cost. Equity securities comprised by common stocks, including bonds and municipal securities held in mutual funds, are carried at estimated fair value. Adjustments reflecting the unrealized appreciation or depreciation of equity securities are shown as a component of surplus, net of tax and are not included in the determination of the net gain from operations.

Realized gains or losses on the sale of investments are included in operations and are derived using the specific-identification method for determining the cost of securities sold. Interest and dividend income is recognized when earned.

A decline in the fair value of any security below cost that is deemed to be other-than-temporary impairment (OTTI) results in a reduction in carrying amount to fair value. The impairment is charged to operations and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, the Company considers all available information relevant to the recoverability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing estimate of cash flows expected to be collected.

Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the investee.

Premiums and discounts on bonds and other debt securities are amortized or accreted over the life of the related security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in the investment income line item in the accompanying statutory statements of revenue and expenses. Dividend and interest income are recognized when earned.

The Company's investments are exposed to three primary sources of risk: credit, interest rate, and liquidity risk. The financial statement risks, stemming from such investment risks, are those associated with the determination of estimated fair values, the diminished ability to sell certain investments in times of strained market conditions, the recognition of impairments and the recognition of income on certain investments. These financial statement risks may have a material effect on the amounts presented within the statutory financial statements.

(h) Fair Value Measurements

The Company follows the guidance in the provisions of SAP No. 100, *Fair Value Measurements* (SAP 100), for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the statutory financial statements on a recurring basis. SAP 100 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The adoption of this standard resulted in additional disclosures included in note 5 and did not have any impact on the Company's financial position, results of operations or cash flows.

The carrying amounts of cash and cash equivalents, short-term investments, receivables, accounts payable, and accrued liabilities approximate fair value because of the short-term nature of these instruments and should be collected or paid within 12 months after year-end.

Additional information on the fair value of investments is included in note 5.

(i) Medical Claim Liabilities and Medical Costs and Claims

Medical claim liabilities are accrued as services are rendered, including claims in process and other medical liabilities and an estimate for claims incurred but not yet reported (IBNR). The IBNR is determined based upon an actuarial analysis of the Company's historical claim payment patterns, management estimates, and other statistics. In addition, the Company contracts with various service providers, which are compensated based on a capitation basis. Expenses related to these providers, which are based in part on estimates, are recorded in the period in which the related services are rendered.

The medical claim liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statutory statements of revenue and expenses of the current period. Other medical claims liabilities include medical costs disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. The actual results could differ materially from the amount recorded in the statutory financial statements of the Company.

Medical costs and claims consist of claim payments, capitation payments, risk-sharing payments, compensation to doctors and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to the end of the reporting period. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Risk-sharing payments represent amounts paid under risk- sharing arrangements with providers, including independent physician associations. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors. Premiums the Company pays to reinsurer are reported as an off-set to premiums, and related reinsurance recoveries are reported as reductions from medical expenses.

(j) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SAP, the amount permitted to be recognized is more restrictive and, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in the accompanying statutory statements of changes in capital and surplus in the period that includes the enactment date.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company is subject to Puerto Rico income taxes as an other-than-life insurance entity. Other-than-life insurance entities are taxed essentially the same as other corporations with taxable income determined on the prescribed statutory accounting practices. Also, operations are subject to an alternative minimum income tax, which is calculated based on a formula established by the existing tax laws. Any alternative minimum income tax paid may be used as a credit against the excess, if any, of regular income tax over the alternative minimum income tax in future years.

Tax credits purchased are initially recorded at cost. Gains on tax credits are deferred until the value of the tax credits utilized exceeds its cost. Losses on tax credits are recognized when known. Gains and losses on tax credits are reflected in other income in the accompanying statutory statements of revenue and expenses.

Deferred tax charges are amortized to income tax expense in proportion to the realization of the tax benefits that gave rise to the deferred tax charge.

NOTES TO FINANCIAL STATEMENTS

The Company accounts for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes interest and penalties relating to uncertain tax positions in income tax expense.

(2) Accounting Changes and Corrections of Errors N/A

(3) Bussiness Combinations and Goodwill N/A

(4) Discontinued Operation N/A

(2) Investment Securities

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of investment securities at December 31, 2011 and 2010 are as follows:

	2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. Treasury securities and obligations of U.S. government agencies, state and authorities	$ 43,361,492	657,465	—	44,018,957
Mortgage-backed securities	26,287,023	570,200	2,433	26,854,790
Asset-backed securities	12,908,387	42,402	40,341	12,910,448
Collateralized mortgage obligations	18,989,424	532,982	—	19,522,406
Corporate bonds	70,662,478	1,069,253	272,931	71,458,800
Foreign securities	7,511,375	224,383	—	7,735,758
Bonds and other debt securities	179,720,179	3,096,685	315,705	182,501,159
Equity securities	250,000	—	—	250,000
	$ 179,970,179	3,096,685	315,705	182,751,159

	2010			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. Treasury securities and obligations of U.S. government agencies, state and authorities	$ 60,437,126	869,902	8,301	61,298,727
Mortgage-backed securities	19,723,033	191,518	137,875	19,776,676
Asset-backed securities	10,525,995	83,788	25,806	10,583,977
Collateralized mortgage obligations	19,004,651	597,737	—	19,602,388
Corporate bonds	97,279,774	1,358,446	313,178	98,325,042
Foreign securities	6,016,202	92,338	—	6,108,540
Bonds and other debt securities	212,986,781	3,193,729	485,160	215,695,350
Equity securities	250,000	—	—	250,000
	$ 213,236,781	3,193,729	485,160	215,945,350

Proceeds from sales and maturities of investments in debt securities and bonds and municipal securities held in mutual funds during 2011 and 2010 amounted to approximately $103,241,000 and $67,248,000, respectively. Proceeds from sales of investments in equity securities during 2010 were approximately $7,226,000 (none in 2011).

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2011 and 2010 are as follows:

2011

	Less than 12 months		12 months or longer		Total	
	Estimated fair value	**Gross unrealized losses**	**Estimated fair value**	**Gross unrealized losses**	**Estimated fair value**	**Gross unrealized losses**
Mortgage-backed securities	$ 1,021,541	2,433	—	—	1,021,541	2,433
Asset-backed securities	6,583,662	37,004	1,102,136	3,337	7,685,798	40,341
Corporate bonds	14,639,678	259,018	985,360	13,913	15,625,038	272,931
Total	$ 22,244,881	298,455	2,087,496	17,250	24,332,377	315,705

2010

	Less than 12 months		12 months or longer		Total	
	Estimated fair value	**Gross unrealized losses**	**Estimated fair value**	**Gross unrealized losses**	**Estimated fair value**	**Gross unrealized losses**
U.S. Treasury securities and obligations of U.S. government instrumentalities	$ 3,256,900	8,301	—	—	3,256,900	8,301
Mortgage-backed securities	5,732,308	137,875	—	—	5,732,308	137,875
Asset-backed securities	1,736,722	25,806	—	—	1,736,722	25,806
Corporate bonds	16,758,161	313,178	—	—	16,758,161	313,178
Total	$ 27,484,091	485,160	—	—	27,484,091	485,160

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company's intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and further requires consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its fair value solely due to changes in interest rates, impairment may not be appropriate. If after monitoring and analyzing, the Company determines that a decline in the estimated fair value of any fixed income or equity security below cost is other than temporary, the carrying amount of the security is reduced to its fair value. The impairment is charged to operations and a new cost basis for the security is established. During 2010 (none during 2011), an OTTI loss of approximately $154,000, respectively was recognized in earnings on equity securities where the primary reason for the impairment was the severity and duration of the unrealized loss position.

The unrealized losses on investment securities as of December 31, 2011 were caused principally by concerns over European sovereign debt crisis. Because the Company has the ability and intent to hold these securities until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. The Company has assessed each position for credit impairment.

The amortized cost and estimated fair value of debt securities at December 31, 2011 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized cost	**Estimated fair value**
Due in one year or less	$ 20,284,135	20,585,918
Due after one year through five years	100,626,980	101,999,372
Due after five years through ten years	2,030,992	2,058,829
Due after ten years	17,582,662	18,091,802
Mortgage and asset backed securities	39,195,410	39,765,238
	$ 179,720,179	182,501,159

(6) Joint Venture, Partnerships and Limited Companies N/A

(7) Investment Income

Components of investment income, including net realized gains and losses on sales of securities, for the years ended December 31, 2011 and 2010 were as follows:

		2011	2010
Cash and short-term investments	$	229,027	287,305
Bonds and other debt securities		4,934,719	4,363,512
Common stocks		—	610,919
Preferred stocks		22,011	24,080
Total	$	5,185,757	5,285,816

For the year ended December 31, 2011, net realized gains of approximately $678,000 are included as component of investment income. For the year ended December 31, 2010, net realized gains of approximately $487,000 and OTTI loss of approximately $154,000 are included as component of investment income.

(8) Derivative Instruments N/A

(9) Income Taxes

The income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate of 30% in 2011 and 38.2% in 2010 to income before income taxes as a result of the following:

		2011	2010
Computed “expected” tax expense	$	40,377,103	44,002,260
Increase (reduction) in income taxes resulting from:			
Exempt interest income		(105,728)	(993,563)
Benefits on the purchase of tax credits		—	(1,692,719)
OTTI tax rate differential		—	35,770
Intangibles and deferred tax charge amortization tax rate differential		(8,663,457)	—
Change in nonadmitted deferred income tax asset		358,568	972,518
Other disallowances and nondeductible expenses, net		(1,387,777)	(4,188,436)
Total	$	30,578,709	38,135,830
Income tax expense	$	30,322,780	35,409,773
Change in deferred income taxes		255,929	2,726,057
Total statutory income tax expense	$	30,578,709	38,135,830

On November 15, 2010, the Commonwealth of Puerto Rico passed Law No. 171. This law gives corporations that complied with Christmas bonus requirements, a seven percent (7%) tax credit (only available in 2010) based on the regular tax, surtax and recaptured amounts but, will not be allowed against the alternative minimum tax. For the year ended December 31, 2011, the effect of this tax credit was a decrease to the Company’s statutory income tax rate by approximately 270 basis points.

On March 9, 2009, the Government of Puerto Rico signed into law Act No. 7, *Special Act Declaring State of Fiscal Emergency and Establishing an Integrated Fiscal Stabilizing Plan to Save the Credit of Puerto Rico*. The plan is organized with revenue generating measures, permanent and temporary, cost reducing, and financial measures. Among the tax-related measures, the law affects corporations operating in Puerto Rico by requiring a five percent (5%) surtax over the determined tax liability. These measures are effective for tax years commenced after December 31, 2008 and through December 31, 2011. For the year ended December 31, 2010, the effect of this surcharge was an increase to the Company’s statutory income tax rate by approximately 195 basis points.

On January 31, 2011, the Governor of Puerto Rico signed into laws the Internal Revenue Code for a New Puerto Rico (the New Code). This law replaces the Puerto Rico Internal Revenue Code of 1994, as amended (1994 Code), and as the latter one it covers the Puerto Rico income tax, gift and estate tax, sales and use tax, excise tax, liquor tax and their administrative provisions. The New Code retains the twenty percent (20%) regular income tax rate but establishes significant lower surtax rates and eliminates the five percent (5%) additional surtax described above established by Act No. 7. Under the New Code, the maximum rate will be 30% unless the Company makes a decision to apply the provisions of the 1994 Code for a period of 5 years, in which case the 30% would be applicable after the 5 year period. The Company elected to apply the tax rate of the New Code.

Deferred income taxes reflect the tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Deferred tax assets and deferred tax liabilities at December 31, 2011 and 2010 of the Company are composed of the following:

		2011	2010
Gross deferred tax assets:			
Accrued expenses	$	359,044	660,751
Nonadmitted assets		1,736,844	1,179,208
OTTI on investment securities		23,107	23,107
Total gross deferred tax assets		2,118,995	1,863,066
Nonadmitted deferred tax assets		(720,894)	(1,079,462)
Admitted deferred tax assets	$	1,398,101	783,604

Under SAP, gross deferred tax assets generally are admitted to the extent the Company's income taxes paid in prior years that can be recovered through loss carrybacks; plus the lesser of (a) the amount of gross deferred tax assets expected to be realized within one year after year-end, or (b) 10% of statutory capital and surplus as of year-end; plus any remaining deferred tax assets that can be offset against existing gross deferred tax liabilities. Companies subject to RBC can elect to admit a higher amount of deferred taxes (a) the amount of gross deferred tax assets expected to be realized within three years after yea-end, or (b) 15% of statutory capital and surplus as of year-end. As further explained in note 10, the Company is in a phased transition period to achieve the minimum RBC requirements. Once the Company achieves the minimum RBC requirements it could elect to admit higher deferred taxes.

The change in deferred income tax expense during 2011 and 2010 amounted to $255,929 and $2,726,057, respectively, and was credited and charged directly to unassigned surplus, respectively.

In 2011, MMM entered into a transaction with Holdings where MMM distributed to Holdings, at an estimated fair value of approximately $145,514,000 certain intangibles associated with the 2004 acquisition of MMM. Immediately after, MMM Holdings transferred the same intangibles to MMM at the same estimated fair value of $145,514,000. MMM paid approximately $21,827,000 to the Puerto Rico Treasury Department on the resulting taxable gain which was recorded as a deferred tax charge in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus at December 31, 2011 amounting to approximately $13,041,000, net of accumulated amortization. Beginning January 1, 2011, the deferred tax charge and the intangibles new tax basis will be amortized over a four year period ending 2014. The amortization of the deferred tax charge of approximately $8,786,000 is included as part of the current income tax expense. Amortization of the intangibles, for tax purposes only, for the year ended December 31, 2011 was approximately $58,576,000.

The Company is in the process of amending its tax returns for years ranging from 2006 through 2010 in order to reallocate certain retroactive management fees charges to their corresponding years. The amendment of these tax returns resulted in a current income tax expense of approximately $877,000 for the year ended December 31, 2011.

During 2010, the Company purchased and used tax credits amounting to approximately $30,179,000, respectively, to reduce the income tax payable. The Company realized approximately $4,489,000 in benefits on the purchase of these tax credits which were recorded as other income in the accompanying statutory statement of revenue and expenses for the year ended December 31, 2010.

In May 2006, the Commonwealth of Puerto Rico enacted Act No. 98, which imposed an extraordinary income tax of 5% on corporations with gross income in excess of $10 million. Pursuant to this law, the Company is entitled to use 100% of the extraordinary tax paid as a tax credit in four equal installments to offset prospective income tax liabilities for taxable years commencing after July 31, 2006. The Company paid approximately $3,724,000 of extraordinary tax in 2006 and used approximately $931,000 per year to offset taxable income from 2007 until 2010 using the full tax credit.

The Company files its income tax return with a statute of limitation. In the normal course of the business, the Company is subject to examination by various taxing authorities. As of December 31, 2010, the Company may be subject to income tax examinations for the fiscal tax years ended in 2007 through 2011.

(10) Information Concerning Parent, Subsidiaries and Affilates and Other Related Parties

Holdings provides certain management, infrastructure support, and consulting services in the operations of the Company and other subsidiaries of Holdings. For these services, which Holdings charges a management fee based on 120% of Holdings monthly operating expenses, Holdings charged the Company approximately $87,286,000 and $96,149,000 during the years ended December 31, 2011 and 2010, respectively. Such service charges are presented within the general and administrative expenses in the accompanying statutory statements of revenues and expenses.

On August 1, 2009, the Company entered into a delegation agreement with MSO of Puerto Rico, Inc. (MSO), an affiliate, to provide management and administrative services with respect to the network of physicians and other healthcare providers contracted by the Company in exchange for a management fee. The delegation agreement terms include a fixed and variable component. The fixed component is determined based on a fixed percentage (4%) of the total premiums earned by the Company. The variable component is the 25% of the Surplus as contractually defined in the delegation agreements. During 2011 and 2010, MSO charged the Company approximately $89,708,000 and $80,925,000, respectively, of which $61,236,000 and $53,132,000, respectively, (fixed component) and $28,472,000 and $27,793,000, respectively, (variable component) are included in general and administrative expenses and medical costs and claims, respectively, in the accompanying statements of revenue and expenses.

The amounts due to and due from parent company and affiliates at December 31, 2011 and 2010 are noninterest-bearing.

(11) Debt N/A

(12) Retirement Plans, Compensations, Postemployment Benefits and Compensated absences and Other Postretirement Benefits Plan N/A

(13) Regulatory Requirements

Surplus is restricted as to payment of dividends by statutory limitations applicable to insurance companies. Such limitations restrict the payment of dividends by the insurance companies generally to unassigned surplus funds reported for statutory purposes. Extraordinary dividends, those which exceed 10% of the capital and surplus at the beginning of the year, require the approval from the Commissioner of Insurance.

Common stock reported as a component of capital and surplus has a par value of $10 per share and consists of 100,000 shares authorized at December 31, 2011 and 2010. At December 31, 2011 and 2010, stocks issued and outstanding amounted to 200 shares, respectively.

As a health service organization, the Company is required to maintain a minimum capital as defined by the Insurance Code. At December 31, 2011 and 2010, the Company was in compliance with this requirement. Failure to meet minimum capital requirements exposes the Company to regulatory sanctions that may include restrictions on operations and growth, mandatory asset dispositions, and placing the Company under regulatory control.

In order for the Company to participate in the Platino program, which allows the Company to provide a comprehensive wrap around benefit care to dual eligible Reforma (Medicaid eligible) members, the Company is required under its contract with ASES to maintain a level of capital based on 100% of the RBC requirements. As of December 31, 2011 and 2010, the minimum statutory capital and surplus requirements for the Company under its contract with ASES was approximately $51,160,000 and $44,273,000, respectively. At December 31, 2011 and 2010, the Company was in compliance with these requirements as the statutory capital and surplus at such dates amounted to approximately $69,481,000 and $59,510,000, respectively.

On March 18, 2008, the Commonwealth of Puerto Rico enacted Law No. 32 (the Law) to add a new Chapter 45, Risk-Based Capital (RBC), to the Insurance Code of Puerto Rico. The Law requires, among other things, that all insurance companies, including all health insurance organizations, authorized to conduct business in Puerto Rico comply with the RBC requirements as adopted by the NAIC, to file each year an RBC report with the NAIC and the Commissioner of Insurance on or before March 31 and maintain an RBC requirement of 200%. The Law states that the Commissioner of Insurance will provide a ruling whereby a compliance transition period of five years will be established. On January 5, 2010, a ruling (Rule 92 or the Rule) was approved by the Commissioner of Insurance to establish the requirements to implement Law. Rule 92 establishes a phased transition period of five years to comply with the minimum 200% RBC requirements depending on the RBC of the Company at the Rule's effective date. At December 31, 2011, the Company was in compliance with Rule 92.

(14) Contingencies

(a) Legal Matters

The College of Dental Surgeons of Puerto Rico, on its own behalf and in representation of its members, v. Triple S Management Inc. The College of Dental Surgeons of Puerto Rico filed a putative class action complaint before the Court of First Instance in San Juan, Puerto Rico, on its own behalf and on behalf of its members in the Commonwealth of Puerto Rico, against 24 payors licensed in the Commonwealth of Puerto Rico, including the Company. The complaint alleges that the Company, among other payors, in violation of various state laws and statutes engaged in the following actions: (a) imposing unilateral cancellation clauses in their provider contracts, which were then used against the dentists in the event that the dentist contested the payors' payment schedules; (b) denial of payments for services rendered that allegedly were medically necessary; and (c) unilateral downcoding of claims to underpay the dentists. The plaintiffs allege that the named payors, including the Company, engaged in conduct violating the Racketeer Influenced and Corrupt Organization Act (RICO) constituting a pattern of organized crime with the intent to illegally appropriate funds that belong to the dentists in violation of the state RICO statute. The parties have been engaged in motion practice over whether the action should proceed in federal district court or Puerto Rico Commonwealth court. That motion practice is ongoing and the parties have not yet engaged in any discovery concerning the merits. In March 2011, the Company filed a Motion to Dismiss and/or for Judgment on the Pleadings, and Plaintiffs filed their Motion In Position to same on June 10, 2011. The complaint alleges damages of $150 million against the entire group of defendants but it is not now possible to determine what the Company's share of such amount could be. Although it is too early to make a judgment as to the probability of a favorable or unfavorable outcome, the Company believes that it has valid defenses against these claims, that they are without merit and is vigorously defending itself against them.

MMM v. Cardio Services, Inc., Diagnostic Nuclear Medicine, Inc., Dr. Orlando Marini and Dr. Ricardo Santiago. In 2009, the Company terminated the provider agreements of Dr. Orlando Marini and his affiliated cardiology provider entities (the "Marini Entities") after an internal clinical review indicated the Marini Entities had submitted materially false billing documentation. Following that termination, the Company commenced an action in the First Instance Court of the Commonwealth of Puerto Rico to recover provider reimbursements related to such billings. The Marini Entities have denied all wrongdoing and have asserted counterclaims against the Company related to the terminations, including claims for lost profits and reputational damage. The case is in the early stages and the parties are currently engaged in discovery. Although the Company believes they have valid claims and valid defenses to the Marini Entities counterclaims, there can be no assurance that the Company will prevail against the Marini Entities. Notwithstanding the foregoing, in the event of an adverse ruling against the Company such a determination is not expected to have a material impact on the Company.

Miscellaneous. At December 31, 2011, the Company is a defendant in various other lawsuits and other claims arising in the ordinary course of business. In addition, current and past business practices of the Company are subject to review or investigation by, or subpoenas or other requests for information from, various state, commonwealth or federal health care regulatory authorities, state or commonwealth attorneys general, the U.S. Department of Justice, U.S. Attorneys, the Office of the Inspector General, and other state, commonwealth or federal authorities or bodies. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial position and results of operations of the Company.

From time to time in the ordinary course of business, the Company (1) denies payments for service based on factors such as medical necessity and failure to meet preauthorization requirements, and (2) determines payments for service based on contractual provisions. Certain providers have notified the Company that they disagree with its determinations and have threatened legal action. The Company has included in its medical cost liabilities a provision for the potential payments to these providers.

From time to time in the ordinary course of business, the Company denies payments for service based on factors such as medical necessity and failure to meet preauthorization requirements. Certain providers have notified the Company that they disagree with its determinations and have threatened legal action. The Company has included in its medical cost liabilities a provision for the potential payments to these providers.

(b) Audits from CMS and from the Commissioner of Insurance

Under the terms of the agreement with CMS, the Company is subject to audits of compliance with federal regulations. During 2011 and 2010, the Company was subject to CMS audits. The results of these audits did not have a material adverse effect on the Company's statutory financial statements. Future audits could result in claims against the Company that could have a material adverse effect on the financial position and results of operations of the Company.

In connection with CMS's continuing statutory obligation to review risk score coding practices by Medicare Advantage plans, CMS is conducting regular audits of Medicare Advantage plans for compliance by the plans and their providers with proper coding practices (sometimes referred to as "Risk Adjustment Data Validation Audits" or "RADV Audits"). The Company has not been subject to a RADV Audit to date. In December 2010, CMS published for public comment its proposed methodology for payment adjustments determined as a result of its various RADV Audits, including its methods for sampling, payment error calculation, and extrapolation of the error rate across the relevant plan population. Numerous comments challenging CMS's methodologies were submitted to CMS by participants in the Medicare Advantage program. It is unclear when and how CMS will respond to these comments and what form the RADV Audit methodologies, including extrapolation and payment error calculations, will ultimately take. Should the Company be subject to a RADV audit in the future, it could have a material impact on the Company's financial position and results of operations depending the final audit methodology that is implemented by CMS.

The Company is also subject to examinations from the Commissioner of Insurance. Future examinations could result in claims against the Company that could have a material adverse effect on the financial position and results of operations of the Company.

(15) Lease N/A

(16) Information About Financial Investment With Off Balance Sheet risk and Financial Intruments With Concentration of Credit Risk N/A

(17) Sale, Tranfer and Servicing of Financial Asset Extinguishments of Liabilities N/A

(18) Gain or Loss to the Reporting Entity from Uninsuranced Plans and Uninsured N/A

(19) Direct premium Written / Produced by managing general Agents / Third Party Administrators N/A

(20) Fair Value Measurment

The Company follows SAP No. 100, *Fair Value Measurements* (SAP 100) for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. SAP 100 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2011 and 2010:

		Fair value measurements at reporting date using		
	As reflected on the statutory statement of admitted assets liabilities, capital and surplus as of December 31, 2011	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	$ 1,133,422	1,133,422	—	—
U.S. Treasury securities and obligations of U.S. government agencies, state, and authorities	43,361,492	—	44,018,957	—
Mortgage-backed securities	26,287,023	—	26,854,790	—
Asset-backed securities	12,908,387	—	12,910,448	—
Corporate bonds	70,662,478	—	71,382,493	76,307
Collateralized mortgage obligations	18,989,424	—	19,522,406	—
Foreign securities	7,511,375	—	7,735,758	—
Equity securities	250,000	—	—	250,000
Restricted certificates of deposit	600,000	600,000	—	—
Total	$ 181,703,601	1,733,422	182,424,852	326,307

	As reflected on the statutory statement of admitted assets liabilities, capital and surplus as of December 31, 2010	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	$ 4,406,268	4,406,268	—	—
U.S. Treasury securities and obligations of U.S. government agencies, state, and authorities	60,437,126	—	61,298,727	—
Mortgage-backed securities	19,723,033	—	19,776,676	—
Asset-backed securities	10,525,995	—	10,583,977	—
Corporate bonds	97,279,774	—	98,200,656	124,386
Collateralized mortgage obligations	19,004,651	—	19,602,388	—
Foreign securities	6,016,202	—	6,108,540	—
Equity securities	250,000	—	—	250,000
Restricted certificates of deposit	600,000	600,000	—	—
Total	$ 218,243,049	5,006,268	215,570,964	374,386

(21) Other Items

Deposit with the Commissioner of Insurance

The Insurance Code requires health service organizations authorized to do business in Puerto Rico to make an initial deposit of $600,000 as a guarantee to the healthcare plan members and healthcare service providers. This amount cannot be used in the Company's operations unless previously approved by the Commissioner of Insurance.

Certificates of deposit of $600,000 as of December 31, 2011 and 2010 were deposited with the Commissioner of Insurance to comply with the deposit requirements of the Insurance Code. Such deposits are included as part of the Company's admitted assets and liabilities in the accompanying statutory financial statements.

Medicare Payment System

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) made numerous changes to the Medicare payment system. Under the Medicare risk adjustment formula, Medicare Advantage plans are paid by CMS based on a member's health condition.

As of December 31, 2011 and 2010, the Company has receivables from CMS of approximately $104,501,000 and $45,462,000, respectively, for estimated risk adjustment revenue, which are reflected as components of premium receivables in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus. These amounts are determined based on an analysis of the health status of the Company's members. The amount of Medicare risk adjustment revenue recorded is subject to future adjustment based on the final determinations by CMS of the amounts actually due to the Company.

The Company recorded changes in estimates of the amounts due from CMS for estimated risk adjustments and Medicaid eligibility amounts as additional premiums earned of approximately $6,831,000 and $5,817,000 for the years ended December 31, 2011 and 2010, respectively.

Significant Risks and Uncertainties Including Business and Credit Concentration

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents, and investments in securities. The Company invests its excess cash primarily in money market funds. Although a majority of its cash accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by financial institutions and reviews the financial viability of these institutions on a periodic basis. The Company attempts to limit its risk in investment securities by maintaining a diversified portfolio. The components of investment securities are shown in note 5.

The healthcare industry is impacted by health trends as well as being significantly impacted by government regulations. Changes in government regulations may significantly affect medical claims costs and the Company's performance.

The Company provides its health plan to residents of Puerto Rico eligible for Medicare benefits under current Puerto Rico and federal laws and regulations and the premium for the health services provided is generated from contracts with CMS as described in note 1. Changes in such laws and regulations could affect the premiums to be received by the Company under such contracts and the population eligible to participate in the plan. Earned premium revenue relating to premiums received from CMS amounted to approximately $1,511,000,000 and $1,294,000,000 for the years ended December 31, 2011 and 2010, respectively.

The Company provides enhanced benefit coverage to Medicaid-eligible members under the Medicare Platino Program sponsored by ASES. Changes in laws and regulations could affect the premiums to be received by the Company under such contracts and the population eligible to participate in the plan. Earned premium revenue relating to premium received from ASES, amounted to approximately to $7,402,000 and $24,395,000 for the years ended December 31, 2011 and 2010, respectively.

(22) Subsequent events

The Company has evaluated subsequent events from the statutory statements of admitted assets, liabilities, and capital and surplus date through March 1, 2012, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

(23) Accounting for Prescription Drugs Benefit under Medicare Part D

Medicare prescription drug coverage is available to eligible members with Medicare. As a result, the Company renewed their contracts with CMS to offer MA-PD insurance coverage for medical and prescription drug benefits. The contract was renewed effective January 1, 2012 for a one year period.

In general, pharmacy benefits under Part D plans may vary in terms of coverage levels and out-of-pocket costs for beneficiary premiums, deductibles, and coinsurance. However, all Part D plans must offer either "standard coverage" or its actuarial equivalent (with the Company's out-of-pocket threshold and deductible amounts that do not exceed those of standard coverage). These "defined standard" benefits represent the minimum level of benefits mandated by Congress.

The payment the Company receives monthly from CMS generally represents the Company's bid amount for providing insurance coverage. The Company recognizes premium revenue for providing this insurance coverage ratably over the term of the annual contract. However, the CMS payment is subject to 1) risk sharing through the risk corridor provisions and 2) reinsurance subsidy in order for the Company and CMS to share the risk associated with financing the ultimate costs of the Part D benefit and (3) CMS coverage gap discount program (CGDP) subsidy (since January 2011).

The amount of revenue payable to a plan by CMS is subject to adjustment, positive or negative, based upon the application of risk corridors that compare a plan's revenues targeted in their bids (target amount) to actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company (risk sharing receivable) or require the Company to refund to CMS (risk sharing payable) a portion of the payments the Company received. Actual prescription drug costs subject to risk sharing with CMS are limited to the costs that are, or would have been, incurred under the CMS "defined standard" benefit plan (allowable risk corridor costs). The Company recognizes any changes in the risk sharing receivable from or payable to CMS as an adjustment to premium revenue.

Reinsurance subsidies represent payments from CMS for claims the Company paid for which the Company assumed no risk. Claims paid above the out-of-pocket or catastrophic threshold for which the Company is not at risk are all reimbursed by CMS through the reinsurance subsidy for Part D plans offering the standard coverage. The Company accounts for these subsidies, net of withdrawals, as a liability for amounts held under uninsured plans in the statutory statements of admitted assets, liabilities, and capital and surplus and as a financing activity in the statutory statements of cash flows. The Company does not recognize premium revenue or claims expense for these CMS subsidies.

Effective January 1, 2011, Part D sponsors must provide the discounts for applicable drugs in the Medicare Part D coverage gap (difference between the initial coverage limit and the catastrophic coverage threshold) at point-of-sale under the CGDP. Part D sponsors receive monthly prospective payments from CMS under the CGDP. These prospective payments provide cash flows to Part D sponsors for advancing the gap discounts at the point of sale. The Company accounts for these prospective payments or subsidies as a liability in the statutory statements of admitted assets, liabilities and capital and surplus and as a financing activity in the statutory statements of cash flows. On a quarterly basis, CMS invoices drug manufacturers for discounts provided by Part D sponsors which are recorded as an account receivable from manufacturers (approximately $11,867,000 at December 31, 2011) as part of other receivables in the accompanying statutory statements of admitted assets, liabilities and capital and surplus. Manufacturers remit payments for invoiced amounts directly to Part D sponsors. The prospective payments made to Part D sponsors are reduced by the discount amounts invoiced to manufacturers. The Company does not recognize premium revenue or claims expense for these CMS prospective payments or invoiced amounts to manufacturers.

These estimates of amounts due to or from CMS are primarily determined on the prescription drug benefit claim data submitted by plans to CMS in the form of Prescription Drug Event (PDE) data records. The Company used PDE submission reports and data, claims paid data, and actuarial assumptions pursuant to CMS risk sharing and reinsurance guidelines in order to estimate the final settlement amounts due to or from CMS.

The Company recorded at December 31, 2011 and 2010 a risk sharing payable of approximately $12,350,000 and $13,150,000, respectively, which is reported as aggregate health policy reserves; and a reinsurance receivable and reinsurance liability of approximately $2,005,000 and $252,000, respectively, (including low income cost-sharing liability of $1,000 and $35,000, respectively) reported as liabilities for amounts held under uninsured plans in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus. The Company has a CGDP liability at December 31, 2011 amounting to approximately $18,962,000 reported as a liability for amounts held under uninsured plans in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus.

The Part D amounts due from (to) CMS are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate balance may be in excess or less than the amount provided. The methodology for making such estimates and for establishing the resulting Part D balances is continually reviewed, and adjustments, if any, are reflected in the current year. The final Part D amounts due to or from CMS are determined within one year after the contract year-end. The Company recorded changes in estimates for Part D amounts due to or from CMS that decreased income before taxes in the amount of approximately $2,757,000 and $704,000 for the years ended December 31, 2011 and 2010, respectively.

The Company also receives premiums to enhance the drug benefit coverage to Medicaid-eligible members under the Medicare Platino Program sponsored by ASES. At December 31, 2011 and 2010, the Company has receivables from ASES of approximately $2,654,000 and $2,082,000, respectively, which are reflected as components of premium receivables in the accompanying statements of admitted assets, liabilities and capital and surplus.

Pharmacy benefit costs are recognized as incurred. The Company has subcontracted the pharmacy claims administration to a third-party pharmacy benefit manager.

(24) Restrospectively Rated Contracts & Contracts Subject to Redetermination (N/A -Title)

(25) Change in Incurred Claims and Claim Adjustment Expenses

The following table reconciles changes in medical claim liabilities during the years ended December 31, 2011 and 2010 is as follows:

		2011	2010
Medical claim liabilities at beginning of year	$	124,343,567	146,472,294
Medical costs and claims incurred:			
Current period insured events		1,186,145,000	1,018,503,978
Prior periods insured events		(3,860,000)	(9,151,000)
Total incurred		1,182,285,000	1,009,352,978
Payment for claims:			
Current period insured events		1,064,599,971	901,680,158
Prior periods insured events		107,857,220	129,801,547
Total paid		1,172,457,191	1,031,481,705
Medical claim liabilities at end of year	$	134,171,376	124,343,567

The above table shows the components of changes in medical claim liabilities for the periods indicated. Medical claim liabilities include claims in process and other medical claims liabilities as well as provisions for the estimate of incurred but not reported claims and provisions for disputed claims obligations. Such estimates are developed using actuarial principles and assumptions that consider among other things, contractual requirements, historical utilization trends and payment patterns, benefit changes, medical inflation, seasonality, membership, and other relevant factors.

Because medical claim liabilities include various actuarially developed estimates, the Company’s actual medical costs and claims expense may be more or less than the Company’s previously developed estimates.

The incurred claims for prior period insured events during 2011 and 2010 were lower due to a favorable development of claims liabilities that is attributed to lower than expected cost per service and utilization trends.

NOTES TO FINANCIAL STATEMENTS

(26) Accrued Medical Incentive Bonus

The Company contracts with various healthcare providers under the program to promote quality services to its membership. The participating providers share profits (incentive) of any resulting net surplus, as defined in the agreement, in accordance with a specified compensation schedule also defined, which, among other things, requires the participating providers meet certain targeted annual loss ratios. The Company's accrual for such incentive amounted to approximately $45,863,000 and $41,875,000 at December 31, 2011 and 2010, respectively; and its related charge to operations is reported as part of medical costs and claims in the accompanying statements of revenue and expenses.

(26) Intercompany Pooling Arrangements N/A

(27) Structured Settlements N/A

(28) Health Care Receivable N/A

(29) Participantting Policies N/A

(30) Premium Defiency Reserves N/A

(31) Anticipated Salvage and Subrugation N/A

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.

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.

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

3.4 By what department or departments?

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] 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 Co. Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control ....%

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG, LLP 250 Muñoz Rivera Ave. Suite 100 San Juan PR 00918

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

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

10.3 Has the insurer been granted any exemptions 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]

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

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ]

10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Judah Rabinowitz- Aveta Fort Lee NJ

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

12.11 Name of real estate holding company

12.12 Number of parcels involved ....

12.13 Total book/adjusted carrying value ....

12.2 If yes, provide explanation.

GENERAL INTERROGATORIES

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]
13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]
14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [ ] No [X]
15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
20.11 To directors or other officers $..0
20.12 To stockholders not officers $..0
20.13 Trustees, supreme or grand (Fraternal only) $..0
20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
20.21 To directors or other officers $..0
20.22 To stockholders not officers $..0
20.23 Trustees, supreme or grand (Fraternal only) $..0
21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]
21.2 If yes, state the amount thereof at December 31 of the current year:
21.21 Rented from others ....
21.22 Borrowed from others ....
21.23 Leased from others ....
21.24 Other ....
22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
22.2 If answer is yes:
22.21 Amount paid as losses or risk adjustment ....
22.22 Amount paid as expenses ....
22.23 Other amounts paid ....
23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. ....

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.1 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 24.3)? Yes [X] No [ ]
24.2 If no, give full and complete information relating thereto.

24.3 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).

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]
24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. ....
24.6 If answer to 24.4 is no, report amount of collateral for other programs. ....
24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]
24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

25.1 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 21.1 and 24.3) Yes [ ] No [X]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21	Subject to repurchase agreements	....
25.22	Subject to reverse repurchase agreements	....
25.23	Subject to dollar repurchase agreements	....
25.24	Subject to reverse dollar repurchase agreements	....
25.25	Pledged as collateral	....
25.26	Placed under option agreements	....
25.27	Letter stock or securities restricted as to sale	....
25.28	On deposit with state or other regulatory body	$....................600,000
25.29	Other	....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year: ....

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

28.01 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
Conning	

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
29.2999. TOTAL		0

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

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

30. 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 (+)
30.1 Bonds	180,853,601	182,501,158	1,647,557
30.2 Preferred stocks	250,000	250,000	0
30.3 Totals	181,103,601	182,751,158	1,647,557

30.4 Describe the sources or methods utilized in determining the fair values:
SVO

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

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

NONE

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

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to

PART 1 - COMMON INTERROGATORIES - OTHER

trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

NONE

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ....

1.62 Total incurred claims ....

1.63 Number of covered lives ....

All years prior to most current three years:

1.64 Total premium earned ....

1.65 Total incurred claims ....

1.66 Number of covered lives ....

1.7 Group policies:

Most current three years:

1.71 Total premium earned ....

1.72 Total incurred claims ....

1.73 Number of covered lives ....

All years prior to most current three years:

1.74 Total premium earned ....

1.75 Total incurred claims ....

1.76 Number of covered lives ....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	1,531,826,371	1,328,295,559
2.2 Premium Denominator	1,531,826,371	1,328,295,559
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator		181,652,308
2.5 Reserve Denominator	195,925,360	181,652,309
2.6 Reserve Ratio (2.4/2.5)	0.0	100.0

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [X] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $..........0

5.32 Medical only $..........0

5.33 Medicare supplement $..........0

5.34 Dental and vision $..........0

5.35 Other limited benefit plan $..........0

5.36 Other $..........0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 0

8.2 Number of providers at end of reporting year 0

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months ....

9.22 Business with rate guarantees over 36 months ....

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses $..........0

10.22 Amount actually paid for year bonuses $..........0

10.23 Maximum amount payable withholds $..........0

10.24 Amount actually paid for year withholds $..........0

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

11.1.	Is the reporting entity organized as:		
	11.12 A Medical Group/Staff Model,	Yes [ ]	No [X]
	11.13 An Individual Practice Association (IPA), or	Yes [ ]	No [X]
	11.14 A Mixed Model (combination of above)?	Yes [ ]	No [X]
11.2.	Is the reporting entity subject to Minimum Net Worth Requirements?	Yes [X]	No [ ]
11.3.	If yes, show the name of the state requiring such net worth. Puerto Rico		
11.4.	If yes, show the amount required.	$.....................................0	
11.5.	Is this amount included as part of a contingency reserve in stockholder's equity?	Yes [ ]	No [X]
11.6.	If the amount is calculated, show the calculation:		

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area

13.1.	Do you act as a custodian for health savings account?	Yes [ ]	No [ ]
13.2.	If yes, please provide the amount of custodial funds held as of the reporting date.	....	
13.3.	Do you act as an administrator for health savings accounts?	Yes [ ]	No [ ]
13.4.	If yes, please provide the balance of the funds administered as of the reporting date.	....	

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	333,317,076	292,134,037	301,187,623	217,557,335	270,437,950
2. Total liabilities (Page 3, Line 24)	263,836,561	232,624,050	247,764,898	177,653,998	244,585,765
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 33)	69,480,515	59,509,987	53,422,725	39,903,337	25,852,184
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	1,531,826,371	1,328,295,559	1,319,105,188	1,091,304,261	1,074,489,476
6. Total medical and hospital expenses (Line 18)	1,250,620,463	1,072,632,262	1,039,699,857	900,641,367	893,438,164
7. Claims adjustment expenses (Line 20)					
8. Total administrative expenses (Line 21)	151,801,321	150,286,776	118,456,653	113,427,587	112,690,198
9. Net underwriting gain (loss) (Line 24)	129,404,587	105,376,521	160,948,678	77,235,307	68,361,114
10. Net investment gain (loss) (Line 27)	5,185,757	5,197,382	1,736,106	5,790,921	9,662,470
11. Total other income (Lines 28 plus 29)		4,615,259	2,411,019	2,939,533	
12. Net income or (loss) (Line 32)	104,267,564	79,779,389	99,460,722	53,519,431	44,690,487
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	31,592,795	23,908,656	191,588,569	(26,226,901)	147,901,403
Risk-Based Capital Analysis					
14. Total adjusted capital	69,480,515	59,509,987	53,422,725	39,903,337	25,852,184
15. Authorized control level risk-based capital	51,159,691	44,272,498	43,193,864	37,495,419	38,762,304
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	162,577	135,649	133,726	126,423	119,412
17. Total member months (Column 6, Line 7)	1,836,197	1,595,451	1,564,673	1,457,284	1,375,869
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0**					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	81.6	80.8	78.8	82.5	83.2
20. Cost containment expenses					
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	91.6	92.1	87.8	92.9	93.6
23. Total underwriting gain (loss) (Line 24)	8.4	7.9	12.2	7.1	6.4
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	169,693,310	173,395,541	136,705,810	118,645,624	99,108,391
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	168,502,308	182,825,671	142,023,374	118,645,624	99,108,397
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	N							0	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	L		1,531,826,371					1,531,826,371	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	1,531,826,371	0	0	0	0	1,531,826,371	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	1,531,826,371	0	0	0	0	1,531,826,371	0

DETAILS OF WRITE-INS

5801.							0	
5802.							0	
5803.							0	
5898. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above)	0	0	0	0	0	0	0	0

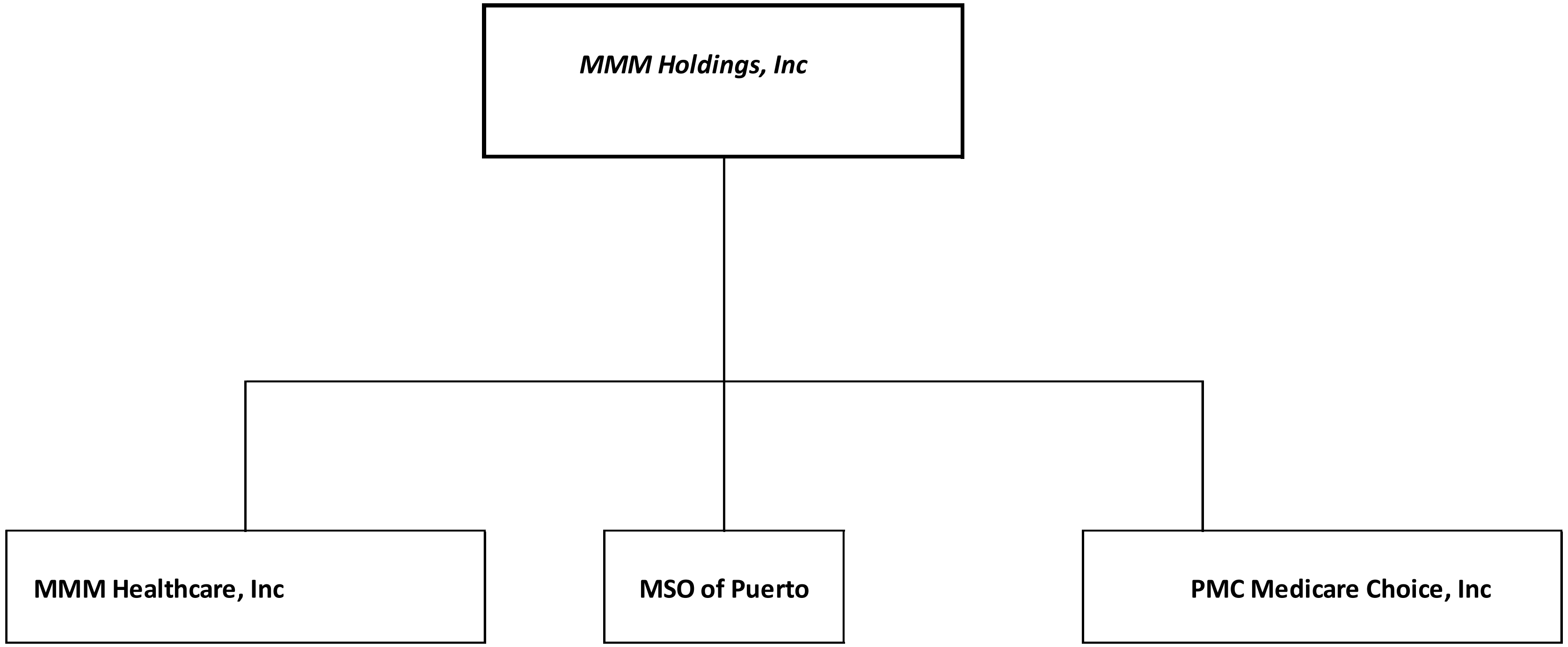
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domicilied RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

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

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

PART 1 – ORGANIZATIONAL CHART



2011 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK