



**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	500,000		500,000	500,000
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 21,528, Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$, Schedule DA)	21,528		21,528	30,783
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets	274,921		274,921	237,200
12. Subtotals, cash and invested assets (Line 1 through Line 11)	796,449		796,449	767,983
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,314,969	834,174	480,795	764,753
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	298,110		298,110	298,110
19. Guaranty funds receivable or on deposit	17,615	17,615		
20. Electronic data processing equipment and software	2,525	2,525		2,244
21. Furniture and equipment, including health care delivery assets (\$ )	14,051	14,051		10,463
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ ) and other amounts receivable				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	2,443,719	868,365	1,575,354	1,843,553
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	2,443,719	868,365	1,575,354	1,843,553
<b>DETAILS OF WRITE-INS</b>				
1101.				
1102.				
1103. UBS-PW INVESTMENT	274,921		274,921	237,200
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)	274,921		274,921	237,200
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)				

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	1,741,508		1,741,508	1,350,000
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....	10,000		10,000	10,000
4. Aggregate health policy reserves, including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....	61,285		61,285	
8. Premiums received in advance .....	68,940		68,940	
9. General expenses due or accrued .....	139,637		139,637	
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				16,135
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ (including \$ ..... current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....				
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
20. Reinsurance in unauthorized companies .....				
21. Net adjustments in assets and liabilities due to foreign exchange rates .....				
22. Liability for amounts held under uninsured plans .....				
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	11,029		11,029	9,542
24. Total liabilities (Line 1 to Line 23) .....	2,032,399		2,032,399	1,385,677
25. Aggregate write-ins for special surplus funds .....	X X X	X X X		
26. Common capital stock .....	X X X	X X X	1,000,000	1,000,000
27. Preferred capital stock .....	X X X	X X X		
28. Gross paid in and contributed surplus .....	X X X	X X X	1,665,931	1,130,500
29. Surplus notes .....	X X X	X X X	220,281	220,281
30. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	44,695	6,975
31. Unassigned funds (surplus) .....	X X X	X X X	(3,387,952)	(1,886,212)
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ .....)	X X X	X X X		
32.2 ..... shares preferred (value included in Line 27 \$ .....)	X X X	X X X		
33. Total capital and surplus (Line 25 to Line 31 minus Line 32) .....	X X X	X X X	(457,045)	471,544
34. Total liabilities, capital and surplus (Line 24 and Line 33) .....	X X X	X X X	1,575,354	1,857,221
<b>DETAILS OF WRITE-INS</b>				
2301. OTHER ESCROW FUNDS .....	5,733		5,733	5,733
2302. OTHER RESERVE .....	5,296		5,296	3,809
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	11,029		11,029	9,542
2501. ....	X X X	X X X		
2502. ....	X X X	X X X		
2503. ....	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599. Totals (Line 2301 through Line 2503 plus Line 2598) (Line 25 above) .....	X X X	X X X		
3001. UNREALIZED GAIN INVESTMENTS .....	X X X	X X X	44,695	6,975
3002. ....	X X X	X X X		
3003. ....	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above) .....	X X X	X X X	44,695	6,975

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	57,610	86,123
2. Net premium income (including \$ non-health premium income)	X X X	5,580,884	7,085,748
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Line 2 to Line 7)	X X X	5,580,884	7,085,748
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits		2,932,138	5,835,336
10. Other professional services		437,953	
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		983,123	
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Line 9 to Line 15)		4,353,214	5,835,336
<b>Less:</b>			
17. Net reinsurance recoveries			
18. Total hospital and medical (Line 16 minus Line 17)		4,353,214	5,835,336
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ cost containment expenses			
21. General administrative expenses		1,919,873	2,108,064
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Line 18 through Line 22)		6,273,087	7,943,400
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	X X X	(692,203)	(857,652)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		38,328	22,233
26. Net realized capital gains (losses) less capital gains tax of \$			
27. Net investment gains (losses) (Line 25 plus Line 26)		38,328	22,233
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ (amount charged off \$ )]			
29. Aggregate write-ins for other income or expenses		(11,450)	
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29)	X X X	(665,325)	(835,419)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Line 30 minus Line 31)	X X X	(665,325)	(835,419)
<b>DETAILS OF WRITE-INS</b>			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)			
2901. Interest Expense		(11,450)	
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		(11,450)	

**STATEMENT OF REVENUE AND EXPENSES (continued)**

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year .....	471,544	963,643
34. Net income or (loss) from Line 32 .....	(665,325)	(835,419)
35. Change in valuation basis of aggregate policy and claims reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....		
39. Change in nonadmitted assets .....	(798,695)	392,634
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 .....	535,431	36,400
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 .....		
47. Aggregate write-ins for gains or (losses) in surplus .....		(85,714)
48. Net change in capital and surplus (Line 34 to Line 47) .....	(928,589)	(492,099)
49. Capital and surplus end of reporting year (Line 33 plus Line 48) .....	(457,045)	471,544
<b>DETAILS OF WRITE-INS</b>		
4701. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IN GAAP .....		(96,669)
4702. CORRECTION OF CHANGE IN SURPLUS NOTES IN 2009 .....		14,830
4703. UNIDENTIFIED DIFFERENCE .....		(3,875)
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....		(85,714)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	5,933,782	7,029,663
2. Net investment income	38,328	22,233
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	5,972,110	7,051,896
5. Benefit and loss related payments	3,900,421	5,068,942
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,794,884	2,108,064
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	5,695,305	7,177,006
11. Net cash from operations (Line 4 minus Line 10)	276,805	(125,110)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	37,720	
12.6 Net gains or (losses) on cash and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	37,720	
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	2,525	3,619
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	2,525	3,619
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	35,195	(3,619)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		36,400
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(17,615)	
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(303,640)	
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(321,255)	36,400
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(9,255)	(92,329)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	30,783	123,112
19.2 End of year (Line 18 plus Line 19.1)	21,528	30,783

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

**CASH FLOW, Line 20 (Continued)**

OVERFLOW FOR Page 5, Cash Flow

Line Number	Details of Write-ins	1 Current Year	2 Prior Year
Supplemental disclosures of cash flow information for non-cash transactions			
20.0011			
20.0012			
20.0013			
20.0014			
20.0015			
20.0016			
20.0017			
20.0018			
20.0019			
20.0020			
20.0021			
20.0022			
20.0023			
20.0024			
20.0025			
20.0026			
20.0027			
20.0028			
20.0029			
20.0030			
20.0031			
20.0032			
20.0033			
20.0034			
20.0035			
20.0036			
20.0037			
20.0038			
20.0039			
20.0040			
20.0041			
20.0042			
20.0043			
20.0044			
20.0045			
20.0046			
20.0047			
20.0048			
20.0049			
20.0050			
20.0051			
20.0052			
20.0053			
20.0054			
20.0055			
20.0056			
20.0057			
20.0058			
20.0059			
20.0060			
20.0061			
20.0062			
20.0063			
20.0064			
20.0065			
20.0066			
20.0067			
20.0068			
20.0069			
20.0070			
20.0071			
20.0072			
20.0073			
20.0074			
20.0075			
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20.0098			
20.0099			
20.0100			
20.0101			
20.0102			
20.0103			
20.0104			
20.0105			
20.0106			
20.0107			
20.0108			
20.0109			
20.0110			
20 - Supplemental disclosures of cash flow information for non-cash transactions			

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	5,580,884	5,580,884								
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Line 1 through Line 6)	5,580,884	5,580,884								
8. Hospital/medical benefits	2,932,138	2,932,138								XXX
9. Other professional services	437,953	437,953								XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area										XXX
12. Prescription drugs	983,123	983,123								XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments, and bonus amounts										XXX
15. Subtotal (Line 8 through Line 14)	4,353,214	4,353,214								XXX
16. Net reinsurance recoveries										XXX
17. Total hospital and medical (Line 15 minus Line 16)	4,353,214	4,353,214								XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ cost containment expenses										
20. General administrative expenses	1,919,873	1,919,873								
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Line 17 through Line 22)	6,273,087	6,273,087								
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(692,204)	(692,204)								
<b>DETAILS OF WRITE-INS</b>										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Total (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)										XXX



**UNDERWRITING AND INVESTMENT EXHIBIT**

**Part 1 - Premiums**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (hospital and medical) .....	5,580,884			5,580,884
2. Medicare Supplement .....				
3. Dental only .....				
4. Vision only .....				
5. Federal Employees Health Benefits Plan .....				
6. Title XVIII - Medicare .....				
7. Title XIX - Medicaid .....				
8. Other health .....				
9. Health subtotal (Line 1 through Line 8) .....	5,580,884			5,580,884
10. Life .....				
11. Property/casualty .....				
12. Totals (Line 9 to Line 11) .....	5,580,884			5,580,884

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	4,381,216	4,381,216								
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	4,381,216	4,381,216								
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	1,741,508	1,741,508								
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	1,741,508	1,741,508								
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	61,285	61,285								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	61,285	61,285								
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)	480,795	480,795								
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	1,350,000	1,350,000								
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	1,350,000	1,350,000								
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	4,353,214	4,353,214								
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	4,353,214	4,353,214								
13. Incurred medical incentive pools and bonuses										

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

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	1,741,508	1,741,508								
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	1,741,508	1,741,508								
2. Incurred but Unreported:										
2.1 Direct .....	61,285	61,285								
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	61,285	61,285								
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS:										
4.1 Direct .....	1,741,508	1,741,508								
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	1,741,508	1,741,508								

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	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 (Column 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....	1,714,934	907,315	183,124	1,619,669	1,898,058	1,350,000
2. Medicare Supplement .....						
3. Dental Only .....						
4. Vision Only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....						
8. Other health .....						
9. Health subtotal (Line 1 through Line 8) .....	1,714,934	907,315	183,124	1,619,669	1,898,058	1,350,000
10. Healthcare receivables (a) .....						
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....						
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12) .....	1,714,934	907,315	183,124	1,619,669	1,898,058	1,350,000

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Comprehensive (Hospital and Medical)**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior .....	164,016	2,700	4,640		
2. 2007 .....	380,853	339,511	8,616	1,495	16
3. 2008 .....	X X X	549,858	431,838	12,949	4,359
4. 2009 .....	X X X	X X X	1,763,975	1,563,752	10,041
5. 2010 .....	X X X	X X X	X X X	3,490,746	1,700,518
6. 2011 .....	X X X	X X X	X X X	X X X	907,315

**Section B - Incurred Health Claims - Comprehensive (Hospital and Medical)**

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 .....					
2. 2007 .....	16				16
3. 2008 .....	X X X				4,359
4. 2009 .....	X X X	X X X			10,041
5. 2010 .....	X X X	X X X	X X X		1,883,642
6. 2011 .....	X X X	X X X	X X X	X X X	1,742,793

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007 .....	1,343,007	764,602			764,602	56.932	180	1	764,783	56.946
2. 2008 .....	1,977,398	1,144,524			1,144,524	57.880	200	1	1,144,725	57.890
3. 2009 .....	4,100,107	2,199,117			2,199,117	53.636	600	2	2,199,719	53.650
4. 2010 .....	7,085,748	5,068,942			5,068,942	71.537	539,858	3	5,608,803	79.156
5. 2011 .....	5,580,884	4,381,216			4,381,216	78.504	1,261,955	2	5,643,173	101.116

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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 .....	483	2,700	4,688		
2. 2007 .....	164,016	339,511	8,616	1,495	
3. 2008 .....	X X X	549,858	431,838	12,949	
4. 2009 .....	X X X	X X X	1,763,975	1,563,752	
5. 2010 .....	X X X	X X X	X X X	3,490,746	1,714,934
6. 2011 .....	X X X	X X X	X X X	X X X	907,315

**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 .....					
2. 2007 .....	764,783				
3. 2008 .....	X X X	1,144,725			
4. 2009 .....	X X X	X X X	2,199,719		
5. 2010 .....	X X X	X X X	X X X	5,608,803	
6. 2011 .....	X X X	X X X	X X X	X X X	5,643,173

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007 .....	1,343,007	764,602			764,602	56.932	180	1	764,783	56.946
2. 2008 .....	1,977,398	1,144,524			1,144,524	57.880	200	1	1,144,725	57.890
3. 2009 .....	4,100,107	2,199,117			2,199,117	53.636	600	2	2,199,719	53.650
4. 2010 .....	7,085,748	5,068,942			5,068,942	71.537	539,858	3	5,608,803	79.156
5. 2011 .....	5,580,884	4,381,216			4,381,216	78.504	1,261,955	2	5,643,173	101.116

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
<b>POLICY RESERVE</b>									
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income) .....									
5. Aggregate write-ins for other policy reserves .....									
6. Totals (gross) .....									
7. Reinsurance ceded .....									
8. Totals (Net) (Page 3, Line 4) .....									
<b>CLAIM RESERVE</b>									
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....	61,285	61,285							
11. Aggregate write-ins for other claim reserves .....									
12. Totals (gross) .....	61,285	61,285							
13. Reinsurance ceded .....									
14. Totals (Net) (Page 3, Line 7) .....	61,285	61,285							
<b>DETAILS OF WRITE-INS</b>									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....									
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....									
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) .....									

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ ..... for occupancy of own building) .....			146,819		146,819
2. Salaries, wages and other benefits .....			546,632		546,632
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....			240,870		240,870
4. Legal fees and expenses .....			12,979		12,979
5. Certifications and accreditation fees .....			29,056		29,056
6. Auditing, actuarial and other consulting services .....			426,934		426,934
7. Traveling expenses .....			100,445		100,445
8. Marketing and advertising .....			99,746		99,746
9. Postage, express, and telephone .....			69,886		69,886
10. Printing and office supplies .....			5,755		5,755
11. Occupancy, depreciation and amortization .....			102,602		102,602
12. Equipment .....					
13. Cost or depreciation of EDP equipment and software .....					
14. Outsourced services including EDP, claims, and other services .....					
15. Boards, bureaus and association fees .....					
16. Insurance, except on real estate .....			7,134		7,134
17. Collection and bank service charges .....			27,295		27,295
18. Group service and administration fees .....			97,608		97,608
19. Reimbursements by uninsured accident and health plans .....					
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....			6,112		6,112
23.2 State premium taxes .....					
23.3 Regulator authority licenses and fees .....					
23.4 Payroll taxes .....					
23.5 Other (excluding federal income and real estate taxes) .....					
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....					
26. Total expenses incurred (Line 1 to Line 25) .....			1,919,873		(a) 1,919,873
27. Less expenses unpaid December 31, current year .....			139,637		139,637
28. Add expenses unpaid December 31, prior year .....			139,637		139,637
29. Amounts receivable relating to uninsured accident and health plans, prior year .....					
30. Amounts receivable relating to uninsured accident and health plans, current year .....					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30) .....			1,919,873		1,919,873
<b>DETAILS OF WRITE-INS</b>					
2501. ....					
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....					

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



**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 10,073	10,073
1.1 Bonds exempt from U.S. tax	(a) 28,255	28,255
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		
10. Total gross investment income	38,328	38,328
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)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Line 11 through Line 15)		
17. Net investment income (Line 10 minus Line 16)		38,328
<b>DETAILS OF WRITE-INS</b>		
0901. ....		
0902. ....		
0903. ....		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		
1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
 (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.  
 (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
 (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.  
 (e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.

(f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.  
 (g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.  
 (i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					
<b>NONE</b>					
<b>DETAILS OF WRITE-INS</b>					
0901. ....					
0902. ....					
0903. ....					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivable for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets	17,615	19,262	1,647
12. Subtotals, cash and invested assets (Line 1 to Line 11)	17,615	19,262	1,647
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	834,174	37,701	(796,473)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	2,525	2,244	(281)
21. Furniture and equipment, including health care delivery assets	14,051	10,463	(3,588)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivable from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	868,365	69,670	(798,695)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	868,365	69,670	(798,695)
<b>DETAILS OF WRITE-INS</b>			
1101. RENT DEPOSIT	5,000	5,000	
1102. PRE-PAID EXPENSES	12,615	14,262	1,647
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)	17,615	19,262	1,647
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)			

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	86,123	18,071	15,179	12,970	11,390	57,610
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. Total .....	86,123	18,071	15,179	12,970	11,390	57,610
<b>DETAILS OF WRITE-INS</b>						
0601 .....						
0602 .....						
0603 .....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....						

**NOTES TO FINANCIAL STATEMENTS****Global Health Plan & Insurance Co.  
Notes to statutory financial statements  
December 31, 2011 & 2010****1. Organization and Summary of Significant Accounting Policies**

*Organization.* Global Health Plan & Insurance Co. (Global) is a stock disability and health insurance company incorporated in the Commonwealth of Puerto Rico that offers prepaid individual and group health insurance policies. The company offers medical-surgical, laboratory, dental, vision and life insurance products. Global does business exclusively in Puerto Rico.

*Basis of presentation.* The significant accounting policies followed by Global that materially affect financial reporting are summarized below. The accompanying financial statements have been prepared in accordance with statutory accounting principles (SAP) prescribed or permitted by the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico and the National Association of Insurance Commissioners (NAIC). Statutory accounting principles is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such statutory accounting principles vary from GAAP followed by business enterprises in general in determining financial position, results of operations and cash flows in the following significant respects:

- Certain assets designated as “non-admitted assets” (assets which are not readily available to cover current and future obligations such as; premiums determined to be uncollectible, net book value of furniture and fixtures, prepaid expenses, computer software and certain electronic and computer equipment) are charged directly to unassigned surplus (deficit), with changes in such amounts charged (credited) to unassigned surplus. Under GAAP, such amounts are recorded as assets, but not in excess of their realizable value.
- The statement of cash flows is presented in accordance with guidelines established by the NAIC and the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico. GAAP emphasizes the changes in cash and cash equivalents and requires that cash flows activity be reported under the captions of operating, financing and investing activities, and include a reconciliation of net income to net cash provided (used) by operating activities.
- Costs directly related to acquiring business are charged to income as incurred. Under GAAP, such costs and income are deferred and amortized over the period during which the related premiums are earned.
- Under SAP, investments held under deposit to comply with certain catastrophe fund deposit requirements of the Office of the Insurance Commissioner are reported as part of investments, whereas under GAAP such investments are reported as restricted assets.

The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from those estimates.

*Statutory permitted practices.* The Company prepares its statutory financial statements in accordance with accounting principles and practices prescribed or permitted by the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico and the NAIC. Prescribed statutory accounting practices include state laws, regulations and general administrative rules as well as a variety of publications of the NAIC. Permitted statutory accounting practices encompass all accounting practices that are not prescribed; such practices differ from state to state and may change in the future.

**NOTES TO FINANCIAL STATEMENTS**

*Non-admitted assets.* Non-admitted assets are excluded from the statutory statement of admitted assets and liabilities, and capital and surplus (deficit) through a direct charge to surplus (deficit).

Non-admitted assets charged to surplus (deficit) at December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Uncollected premiums, net	\$ 834,174	\$ - 0 -
Computer equipment and software, net	2,525	2,244
Furniture and fixtures, net	14,051	10,463
Rent deposit	5,000	5,000
Other deposits	2,500	- 0 -
Prepaid expenses	<u>10,116</u>	<u>14,262</u>
Total non-admitted assets	<u>\$ 868,365</u>	<u>\$ 31,969</u>

*Investments.* Securities are stated at cost adjusted for amortization of premiums and accretion of discounts, if material. The disclosures of estimated fair market values are based on NAIC quoted market prices when available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or values obtained from independent pricing services.

*Uncollected premiums.* All uncollected premiums arise out of credit provided by the Company to its insured clients. As long as the company continues an aggressive effort to collect, such premiums are kept in the books. However, unpaid premiums considered to be uncollectible are not included in these financial statements.

*Cash and cash equivalents.* Cash and cash equivalents are carried at cost, which approximates fair value due to their short term nature. Cash equivalents are highly liquid financial instruments with an original maturity of three months or less.

*Property and equipment.* Property and equipment are reported at cost, net of accumulated depreciation. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Certain property and equipment owned by the Company such as furniture and fixtures, computer software and certain computer and electronic equipment are not considered admitted assets and therefore are not included in these financial statements.

*Accounting policy for health liabilities.* The reserve for claims payments represents the estimated liability for benefit expenses both reported but not paid and incurred but not reported to Global through December 31, 2011 and 2010. Liabilities for unpaid claims are estimated using statistical analyses of paid claims and their development. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims is adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

*Income taxes.* The company is subject to Puerto Rico taxes on income; these are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year. Deferred income tax assets and liabilities may arise to account for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using enacted income tax rates and laws.

*Insurance premium revenues.* Traditional insurance premiums consist principally of prepaid health insurance contracts. The premium revenue is recognized when due. Cancellations due to non-payment of premiums are recorded in the month they are detected and reduced from revenues.

## NOTES TO FINANCIAL STATEMENTS

*Business risks and uncertainties.* The development of liabilities for future policy benefits for the company's products requires management to make estimates and assumptions regarding morbidity, lapse, expense, and payment experience. Such estimates are primarily based on historical experience and future expectations of morbidity, expense, persistency and other economic factors. Actual results could differ materially from those estimates. Management monitors actual experience and, if circumstances warrant, revises its assumptions and the related future policy benefit estimates.

The company's investments are primarily comprised of fixed maturity securities. Significant changes in prevailing interest rates and other conditions may adversely affect the timing and cash flows on such investments and their related values. In addition, the value of these investments is often derived from an appraisal, an estimate or opinion of value. A significant decline in the fair value of these investments could have an adverse effect on the company's balance sheet.

*Guaranty fund.* Guaranty fund (and other) assessments are accrued at the time the events occur on which assessments are expected to be based.

### 2. Investments

The company's investments are fixed rate securities exclusively. These securities are expected to be retained until maturity and are recorded at amortized cost. The investments are analyzed to detect any significant impairment of the value, in which case the appropriate reserve is established by management.

Investments are composed of:

	<u>2011</u>	<u>2010</u>
Puerto Rico Fixed Income Fund III	\$274,920	\$233,200
Puerto Rico Public Finance Obligations	355,000	355,000
Municipal Obligations	50,000	50,000
Puerto Rico Commonwealth Bond	- 0 -	- 0 -
US Treasury Bond	<u>95,000</u>	<u>95,000</u>
	<u>\$774,920</u>	<u>\$733,200</u>

### 3. Cash and equivalents

Cash and equivalents are composed of the following accounts:

	<u>2011</u>	<u>2010</u>
Demand deposit accounts	\$ 17,263	\$ 22,361
Money market account		5,261
Savings account	4,065	2,961
Petty cash	<u>200</u>	<u>200</u>
	<u>\$ 21,528</u>	<u>\$ 30,783</u>

### 4. Fair value of financial instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and equivalents. Historical cost is a reasonable estimate of fair value.

Investment in debt securities. Securities held as investment are valued based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

## NOTES TO FINANCIAL STATEMENTS

### 5. Concentration of credit risk

The company's investments are mainly obligations of the Government of Puerto Rico and Federal Government Agencies. The credit ratings of these and their past experience do not make management to expect possible losses in these securities.

The company's operating funds and cash equivalents are concentrated in one banking institution. These funds are insured by the Federal Deposit Insurance Corporation up to \$250,000 per client.

Uncollected premiums are composed of numerous small accounts and therefore risk is diluted.

### 6. Liability for unpaid claims

The liability for unpaid claims is based on the estimated amount payable on claims reported prior to the balance sheet date that have not yet been settled, claims reported subsequent to the balance sheet date that have been incurred during the period then ended, and an estimate (based on prior experience) of incurred but not reported claims relating to such period.

Activity in the liability for unpaid claims for the company's risk is summarized as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$1,350,000	\$ 600,000
Plus:		
Amounts incurred, related to:		
Prior years	\$1,898,058	\$1,574,573
Current year	<u>1,742,793</u>	<u>4,244,369</u>
	3,640,851	6,418,942
Less: amount paid	<u>(1,838,058)</u>	<u>(5,068,942)</u>
Balance, end of year	<u>\$1,802,793</u>	<u>\$1,350,000</u>

### 7. Reserve for claims adjustment and processing

The liability for claims adjustment and processing expenses is based on the estimated amount payable for work required to be done to process and pay the claims incurred prior to the end of the year which remain unpaid as of the close of the year. The reserve includes estimates for manpower, rent, equipment depreciation and other similar concepts.

A total of \$10,000 has been reserved for these purposes as of December 31, 2011 and 2010.

### 8. Income Taxes and net operating loss carry-forwards

Global has accumulated net operating losses since inception, amounting to \$2,735,993. The losses are attributed to the typical start up period of an emerging company; and also due to the fact that Global has not been able to reach its critical subscribers' mass. These losses may differ from the deficit shown in the statement of admitted assets, liabilities and capital due to statutory differences caused by non-admitted assets and permanent differences between book and taxable income due to exempt investment income. Management understands that the company may benefit in the near future from these accumulated losses.

**NOTES TO FINANCIAL STATEMENTS**

Following is a detail of such losses and the expected expiration dates for each:

2004	\$ 70,747	2011
2005	557,059	2012
2006	376,234	2013
2007	223,391	2014
2008	2,818	2015
2009	- 0 -	
2010	835,419	2017
2011	665,325	2018

The company has recorded income tax benefits of \$298,110 resulting from its operating net losses for the years 2004 through 2006. The income tax benefits are shown net of valuation accounts ranging from 50% to 80% of the operating losses which gave rise to the assets. Deferred tax assets accumulated over the past two years are expected to be fully realized during the coming years.

Taxable net operating losses are not equivalent to net operating losses as previously explained. No income tax benefits were recorded during 2007, 2008, 2009, 2010 and 2011 due to conservatism. The deferred tax asset will offset any tax liabilities arising in future years.

**9. Guaranty fund assessments**

Global participates in the Puerto Rico Guaranty Fund for Life and Health Insurance companies. No assessment for fund dues has been notified by the company and therefore no liability or expense has been recorded.

**10. Statutory financial information**

The company prepares its statutory financial statements in accordance with accounting principles and practices prescribed or permitted by the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico and the National Association of Insurance Commissioners (NAIC). The Insurance Commissioner of Puerto Rico has the right to permit other practices that may deviate from prescribed practices. Prescribed Statutory Accounting Principles are those practices that are incorporated directly or by reference in Commonwealth laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in Puerto Rico. Permitted SAP encompasses all accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future.

**11. Commitments and contingencies****Rental commitments**

The company rents its administrative office and has recorded rent expense in the amounts of \$144,424 and \$135,077 for the years ended December 31, 2011 and 2010, respectively. The lease term for the main office was for a five year period and the same expired on September 30, 2008. There is an optional renewal term, for an additional five-year period commencing on October 1, 2008 and ending on September 30, 2013; however it has not been exercised. The monthly payments were \$5,970 up to September 30, 2010 and were raised to \$6,149 commencing on October 1, 2010. There are no minimum lease payment commitments as the contract is renewed on a month to month basis.

The company leases facilities for their sales agents in Manatí, Arecibo and Aguadilla at \$350, \$400 and \$250 per month, respectively. The contract for the Arecibo facilities is a one year contract, expiring on August 31, 2011; Aguadilla is a verbal contract, on a month to month basis. The Manatí facilities are under a six-month contract commencing on March 1, 2010 with a first option for a 30-month automatic renewal at \$400 per month and a second renewal option for a 36-month renewal at \$500, monthly. Total rent expense for these facilities combined were \$5,950 for the year 2010.



**NOTES TO FINANCIAL STATEMENTS**

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Lease payable

The Company entered into a lease agreement for the financing of the acquisition of a photocopying machine. The lease agreement was signed in December 2007 with the first payment due on January 2008. The lease has a 60-month lease term, with interest at 15% and a monthly payment of \$438.32 including maintenance. The minimum lease payments are \$5,260 per year through 2012.

Legal cases

The Company, as any business, is subject to risks and potential lawsuits by insured beneficiaries, employees, suppliers and other third parties. As of the date of these financial statements the Company has no indication of lawsuits against it that management understands will have a significant effect on.

Public Insurance Bureau

The company was fined by the Public Insurance Bureau of the Department of the Treasury of the Government of Puerto Rico. The fine was in the amount of \$210,000 and responds to Circular Letter 01-2009, Articles 4.2.1 and 4.8.1.2. The fine was issued because the company allegedly participated in the insurance program for Governmental employees without being duly authorized to do so. The company has referred this issue to legal counsel and management is contesting this fine vigorously and believes that in the end, it will prevail. Therefore, management has decided not to record the fine in the books.

Accounting system

During the closing of the accounting books as of December 31, 2010 management noticed significant differences between major subsidiaries and the control accounts. Further investigation of the matter disclosed that portions of the accounting records and data had been corrupted. As a result management had no other option than to re-construct the accounting records for the year 2010 on a 100% basis. This process was completed in approximately 2 ½ months by the Accounting Department personnel in coordination with an independent consultant with a specialty in the accounting software used by Global.

While doing the re-construction of the accounting records, management decided to analyze accounts receivable that had accumulated to excessive levels during 2010. The accounts receivable had grown to \$1.8 million, a balance that was clearly unreal. This was caused by recording of accounts receivable past the moment that the contract had been cancelled, creating amounts of premium revenue that were not correct. Management charged off a total of \$1,000,000 against 2010 operations, with a direct impact on capital and surplus.

After completing the re-construction and the charge offs of unrealistic accounts originated in 2010, accounts receivable in the amount of \$\$764,753 remained on the books. Even though a total of \$\$604,419 of these accounts was over 90 days past-due they belonged to years prior to 2010 that had accumulated for the same reasons. These accounts had not been fully analyzed at the close of 2010 and therefore no adjustments were posted. The analysis will produce the final number of accounts that might be charged-off. As of the date of this report, management is not certain as to the resulting amount. For this reason, they were not charged as non-admitted receivables for the 2010 filing.

However, a total of \$776,742 were charged as non-admitted assets during 2011.

**12. Compliance with statutory requirements**

As of the close of December 31, 2007, 2006, and 2005 the company reported a statutory deficit and was notified by the Office of the Commissioner of Insurance of Puerto Rico (OCS) that such deficits had to be remedied. A statutory deficit as of December 31, 2008 was never notified by the Commissioner of Insurance but nevertheless was duly satisfied by the principal stockholder.

**NOTES TO FINANCIAL STATEMENTS**

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The Company issued surplus notes in the amount of \$220,281 as allowed by Section 2930 of the Insurance Code of Puerto Rico to partially cover the 2005 deficit. Global issued additional contributions to capital in the amount of \$22,119 to cover the remaining statutory deficit arising in 2005 under the requirement of the Office of the Commissioner of Insurance of Puerto Rico.

For the year ended December 31, 2006 the Company showed another statutory deficit in the amount of \$95,567. The Office of the Commissioner of Insurance notified the company of a statutory audit to be conducted by the personnel from the OCS as a result of the deficit. The field work has been completed but no report, in neither draft or final form has been issued to Global as of the date of this report. The OCS required that such deficit be covered through an executive order dated May 25, 2007. The Company complied with the order on August 23, 2007 when the funds were deposited and recorded as additional paid-in capital.

Also, another statutory deficit was reported on the company's financial statements filed with the Office of the Insurance Commissioner of Puerto Rico as of December 31, 2007. This deficit was satisfied through a capital infusion in the amount of \$180,000 as additional paid-in capital.

At the close of December 31, 2008 a statutory deficit of approximately \$8,200 was satisfied through a capital infusion. This deficit was never notified by the Commissioner of Insurance possibly due to its minor amount.

The company reported another statutory deficit as of the end of 2009 in the amount of \$36,357. The deficit was covered by a deposit of \$36,400 in eligible investments during 2010.

The company reported another statutory deficit for the year ended on December 31, 2010 in the amount of \$528,456. The company obtained additional capital to cover this deficit during 2011.

The company is reporting another statutory deficit for the year ended on December 31, 2011 in the amount of \$1,457,045. As of the date of this report the company is in conversations with the Office of the Insurance Commissioner of Puerto Rico to determine the future course of action. If this deficit is not covered in its entirety the company may cease to exist in its current form.

Management is working on a plan to inject the required capital to the company. The company is considering various alternatives under this plan:

- inject additional capital to be obtained through third-party investors such as medical professionals and hospital operations,
- obtain additional surplus notes to cover such deficiency and,
- obtain a potential purchaser of the company's common stock.

**13. Earnings per common share**

Earnings per share are not presented by management's decision. The main reason is that the Company does not trade its stock and the stock is privately held.

**14. Related party transactions**

The Company rents its facilities from a corporation which is wholly-owned by its major shareholder. Please refer to note 11 above for the corresponding details.

## NOTES TO FINANCIAL STATEMENTS

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### **15. Subsequent events**

Management has evaluated events occurring subsequent to the December 31, 2011 closing to determine their impact on these financial statements. The evaluation performed by management covers up to March 26, 2012.

The company is currently undergoing conversations and negotiations with the Office of the Insurance Commissioner of Puerto Rico regarding the financial situation as of December 31, 2010 as mentioned in Note 12 above.

**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 of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .....
- 3.4 By what department or departments?  
 .....
- 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)

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

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 entity, the NAIC company code, and state of domicile for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

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

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 ( )

7.2 If yes, 7.21 State the percentage of foreign control; .....%

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

1 Nationality	2 Type of Entity

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

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 ( )

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any 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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 .....
- 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 Model 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 domiciliary state insurance laws? Yes ( ) No ( ) N/A (X)
- 10.6 If the response 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?  
 .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)
- 12.11 Name of real estate holding company  
 .....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value \$ .....
- 12.2 If yes, provide explanation  
 .....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 .....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes ( ) No (X)
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No (X)
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code. Yes ( ) No (X)
- 14.11 If the response to 14.1 is No, please explain:  
 .....
- 14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)
- 14.21 If the response to 14.2 is Yes, provide information related to amendment(s).  
 .....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)
- 14.31 If the response to 14.3 is Yes, provide the nature of any waiver(s).  
 .....

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

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, indicated the American Bankers Association (ABA) Routing Number and the name of 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
--	--	--	-----------------

**GENERAL INTERROGATORIES**  
**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 ( ) |

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  | \$ .....       |
| 20.12 To stockholders not officers  | \$ .....       |
| 20.13 Trustees, supreme or grand (Fraternal only)   | \$ .....       |
| 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  |                |
| 20.21 To directors or other officers  | \$ .....       |
| 20.22 To stockholders not officers  | \$ .....       |
| 20.23 Trustees, supreme or grand (Fraternal only)   | \$ .....       |
| 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:   | \$ .....       |



**GENERAL INTERROGATORIES**  
**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 the security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)  
.....  
.....
- 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)
- 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 security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ( ) No ( ) N/A (X)
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ( ) No ( ) N/A (X)
- 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   | \$ ..... |
|  | 25.29 Other  | \$ ..... |

## GENERAL INTERROGATORIES

### 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	\$ .....	\$ .....
2.2 Premium Denominator	\$ ..... 5,580,884	\$ ..... 7,085,748
2.3 Premium Ratio (2.1 / 2.2)	.....	.....
2.4 Reserve Numerator	\$ .....	\$ .....
2.5 Reserve Denominator	\$ ..... 1,802,793	\$ ..... 1,350,000
2.6 Reserve Ratio (2.4 / 2.5)	.....	.....

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, as 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 ( ) No (X)

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

5.1 Does the reporting entity have stop-loss reinsurance? Yes ( ) No (X)

5.2 If no, explain:

.....

.....

5.3 Maximum retained risk (see instructions)

	5.31 Comprehensive Medical	\$ .....
	5.32 Medical Only	\$ .....
	5.33 Medicare Supplement	\$ .....
	5.34 Dental & Vision	\$ .....
	5.35 Other Limited Benefit Plan	\$ .....
	5.36 Other	\$ .....

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 basis? Yes ( ) No (X)

7.2 If no, give details:

.....

.....

8. Provide the following information regarding participating providers:

	8.1 Number of providers at start of reporting year	.....
	8.2 Number of providers at end of reporting year	.....

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	.....

## GENERAL INTERROGATORIES (Continued)

### PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold, or Bonus Arrangements in its provider contracts? Yes ( ) No ( )

10.2 If yes:

	10.21	Maximum amount payable bonuses	\$ .....
	10.22	Amount actually paid for year bonuses	\$ .....
	10.23	Maximum amount payable withholds	\$ .....
	10.24	Amount actually paid for year withholds	\$ .....

11.1 Is the reporting entity organized as:

	11.12	A Medical Group / Staff Model,	Yes ( ) No ( )
	11.13	An Individual Practice Association (IPA) . or	Yes ( ) No ( )
			Yes ( ) No ( )

11.2 Is the reporting entity subject to Minimum I

11.3 If yes, show the name of the state requirin

11.4 If yes, show the amount required.

11.5 Is this amount included as part of a conting

11.6 If the amount is calculated, show the calculation

NONE

.....

12.1 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 accounts? 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	2	3	4	5
	2011	2010	2009	2008	2007
<b>BALANCE SHEET (Page 2 and Page 3)</b>					
1. Total admitted assets (Page 2, Line 28)	1,575,354	1,857,221	1,597,406	1,279,745	1,138,221
2. Total liabilities (Page 3, Line 24)	2,032,399	1,385,677	433,763	287,831	315,906
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 33)	(457,045)	471,544	963,643	991,914	822,315
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8)	5,580,884	7,085,748	4,100,107	1,977,398	1,343,007
6. Total medical and hospital expenses (Line 18)	4,353,214	5,835,336	2,609,116	1,169,524	844,602
7. Claims adjustment expenses (Line 20)					
8. Total administrative expenses (Line 21)	1,919,873	2,108,064	1,349,241	813,483	758,689
9. Net underwriting gain (loss) (Line 24)	(692,203)	(857,652)	141,750	(5,609)	(260,284)
10. Net investment gain (loss) (Line 27)	38,328	22,233	32,228	49,683	35,208
11. Total other income (Line 28 plus Line 29)	(11,450)			5	29
12. Net income or (loss) (Line 32)	(665,325)	(835,419)	173,978	44,079	225,047
<b>CASH FLOW (Page 6)</b>					
13. Net cash from operations (Line 11)	276,805	(125,110)	21,681	(58,460)	36,487
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital	(457,045)	471,574	963,643	991,914	822,315
15. Authorized control level risk-based capital	870,692	1,000,000	1,000,000	1,000,000	1,000,000
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)	11,390	7,510	48,492	2,372	1,551
17. Total members months (Column 6, Line 7)	57,610	86,123	48,492	28,464	18,612
<b>OPERATING PERCENTAGE (Page 4)</b> (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 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)	78.0	82.4	63.6	59.1	62.9
20. Cost containment expenses					
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	112.4	112.1	96.5	100.3	119.4
23. Total underwriting gain (loss) (Line 24)	(12.4)	(12.1)	3.5	(0.3)	(19.4)
<b>UNPAID CLAIMS ANALYSIS</b> (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	1,898,058	1,840,057	645,142	328,631	194,096
25. Estimated liability of unpaid claims of prior year (Line 13, Column 6)	1,350,000	600,000	200,000	200,000	180,000
<b>INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES</b>					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Line 26 to Line 31					

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:

.....



GLOBAL HEALTH PLAN & INSURANCE CO.  
ORGANIZATIONAL CHART

DECEMBER 31, 2011

CHAIRMAN OF THE BOARD & CEO - RENE O. HERNANDEZ ARENCIBIA (MR.)

EXECUTIVE DIRECTOR - VILMA M. CORVISON PINO (MS.)

TREASURER OF THE BOARD & CONTROLLER - MARIELYS A. CABRERA MIRANDA (MS.)

MEDICAL DIRECTOR - MANUEL SALGADO DIAZ (DR.)

SALES & MARKETING VP - MARIA RIVERA COTTE (MS.)

# Health

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