



ANNUAL STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2011
 OF THE CONDITION AND AFFAIRS OF THE
Optima Insurance Company

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

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

Country of Domicile US

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

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

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

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

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

Internet Website Address www.optimapr.com

Statutory Statement Contact Manuel A Lebron, CPA (787) 765-2100
(Name) (Area Code) (Telephone Number) (Extension)
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(E-Mail Address) (Fax Number)

OFFICERS

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

OTHER OFFICERS

RAFAEL PADIAL (EXECUTIVE VICE PRESIDENT)
 MANUEL A LEBRON (CHIEF FINANCIAL OFFICER)
 CARLOS A BRUNO (SENIOR VICE PRESIDENT)
 JOSE C SOTO (VICE PRESIDENT CLAIMS)
 RICARDO BERRIOS (VICE PRESIDENT INFORMATION SYSTEMS)

DIRECTORS OR TRUSTEES

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

State of Puerto Rico }
 County of San Juan } SS

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

 ANTONIO J ORTIZ
 PRESIDENT
 Subscribed and sworn to before me this _____
 day of _____ 2012

 CARLOS A BRUNO
 SECRETARY

 PEDRO BENITEZ
 TREASURER

- a. Is this an original filing? Yes (X) No ()
 b. If no: 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	24,497,231		24,497,231	27,673,080
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	2,946,797		2,946,797	2,489,143
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	300,000		300,000	
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	3,810,284		3,810,284	3,757,638
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 10,286,941, Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$, Schedule DA)	10,286,941		10,286,941	7,562,370
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				
12. Subtotals, cash and invested assets (Line 1 through Line 11)	41,841,252		41,841,252	41,482,231
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	203,307		203,307	275,645
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	4,051,375	38,414	4,012,961	3,059,342
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	1,083,007		1,083,007	604,654
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	21,818		21,818	8,792
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	123,411	3,927	119,484	134,071
21. Furniture and equipment, including health care delivery assets (\$)	22,431	22,431		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,137,122		1,137,122	572,796
24. Health care (\$) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	169,410	169,410		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	48,653,133	234,182	48,418,951	46,137,531
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	48,653,133	234,182	48,418,951	46,137,531
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)				
2501. Prepaid Expenses	169,410	169,410		
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)	169,410	169,410		

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Optima Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,973,024	2,663,406
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	14,708	175,943
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	435,942	423,133
4. Commissions payable, contingent commissions and other similar charges	39,118	68,399
5. Other expenses (excluding taxes, licenses and fees)	386,458	338,235
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	17,470	17,939
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 8,039,891 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	14,515,572	14,369,532
10. Advance premium	12,936,390	13,480,218
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	1,677,581	2,346,086
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	5,291	30,773
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	5,069	
20. Derivatives		
21. Payable for securities	6,324	1,457,903
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities		215,939
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25)	33,012,947	35,587,506
27. Protected cell liabilities		
28. Total liabilities (Line 26 and Line 27)	33,012,947	35,587,506
29. Aggregate write-ins for special surplus funds	285,200	
30. Common capital stock	3,500,000	3,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	10,500,000	7,000,000
35. Unassigned funds (surplus)	1,120,804	550,025
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39)	15,406,004	10,550,025
38. Totals (Page 2, Line 28, Column 3)	48,418,951	46,137,531
DETAILS OF WRITE-INS		
2501. Catastrophic Reserve		215,939
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)		215,939
2901. Catastrophic Reserve	285,200	
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)	285,200	
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above)		

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4)	18,382,041	17,676,884
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	9,391,335	9,598,700
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,667,538	1,356,132
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	7,585,074	6,910,543
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	18,643,947	17,865,375
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(261,906)	(188,491)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,173,079	1,280,391
10. Net realized capital gains (losses) less capital gains tax of \$	207,499	260,393
11. Net investment gain (loss) (Line 9 plus Line 10)	1,380,578	1,540,784
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$, amount charged off \$)		
13. Finance and service charges not included in premiums	34,579	17,282
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Line 12 through Line 14)	34,579	17,282
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	1,153,251	1,369,575
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	1,153,251	1,369,575
19. Federal and foreign income taxes incurred	126,789	
20. Net income (Line 18 minus Line 19) (to Line 22)	1,026,462	1,369,575
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	10,550,025	10,505,852
22. Net income (from Line 20)	1,026,462	1,369,575
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	96,976	33,025
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	13,026	(17,201)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(138,092)	(7,647)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in	500,000	
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in	3,500,000	
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(358,333)	
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	215,939	(1,333,579)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	4,855,978	44,173
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	15,406,003	10,550,025
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)		
3701. Surplus Adj Sec 5.04 PR Code		(1,284,393)
3702. Catastrophic Reserve	215,939	(49,186)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	215,939	(1,333,579)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	16,361,897	23,027,776
2. Net investment income	1,554,719	1,475,878
3. Miscellaneous income	34,579	17,282
4. Total (Line 1 through Line 3)	17,951,195	24,520,936
5. Benefit and loss related payments	9,721,304	9,050,505
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	9,141,784	8,005,182
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	126,789	
10. Total (Line 5 through Line 9)	18,989,877	17,055,687
11. Net cash from operations (Line 4 minus Line 10)	(1,038,682)	7,465,249
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	12,708,931	13,544,323
12.2 Stocks	166,824	179,400
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(5,880)
12.7 Miscellaneous proceeds	1	1,700
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	12,875,756	13,719,543
13. Cost of investments acquired (long-term only):		
13.1 Bonds	9,578,799	14,652,125
13.2 Stocks	530,492	2,419,638
13.3 Mortgage loans	300,000	
13.4 Real estate	105,743	1,416,213
13.5 Other invested assets		
13.6 Miscellaneous applications	1,451,579	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	11,966,613	18,487,976
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)	909,143	(4,768,433)
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	4,000,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	358,333	
16.6 Other cash provided (applied)	(787,557)	291,511
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,854,110	291,511
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)	2,724,571	2,988,327
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of period	7,562,370	4,574,043
19.2 End of year (Line 18 plus Line 19.1)	10,286,941	7,562,370
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire	(17,851)	23,813	20,540	(14,578)
2. Allied lines	40,678	57,839	65,939	32,578
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril	1,423,402	844,279	1,106,020	1,161,661
6. Mortgage guaranty				
8. Ocean marine	125,690	23,151	44,565	104,276
9. Inland marine	174,335	53,561	116,943	110,953
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	(4,223)	55,656	55,708	(4,275)
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	907,170	472,879	517,641	862,408
17.2 Other liability - claims-made	19,320	17,314	22,454	14,180
17.3 Excess Workers' Compensation				
18.1 Products liability - occurrence	24,923	45,792	47,289	23,426
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	1,066,497	548,879	617,444	997,932
19.3, 19.4 Commercial auto liability	1,714,081	951,122	1,027,696	1,637,507
21. Auto physical damage	12,489,131	11,014,730	10,574,345	12,929,516
22. Aircraft (all perils)				
23. Fidelity				
24. Surety	562,243	254,966	293,985	523,224
26. Burglary and theft	3,022	5,551	5,004	3,569
27. Boiler and machinery	(336)			(336)
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - Nonproportional Assumed Property				
32. Reinsurance - Nonproportional Assumed Liability				
33. Reinsurance - Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	18,528,082	14,369,532	14,515,573	18,382,041
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	20,540				20,540
2. Allied lines	65,939				65,939
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril	1,106,020				1,106,020
6. Mortgage guaranty					
8. Ocean marine	44,565				44,565
9. Inland marine	116,943				116,943
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	55,708				55,708
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence	517,641				517,641
17.2 Other liability - claims-made	22,454				22,454
17.3 Excess Workers' Compensation					
18.1 Products liability - occurrence	47,289				47,289
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	617,444				617,444
19.3, 19.4 Commercial auto liability	1,027,696				1,027,696
21. Auto physical damage	7,545,497	3,028,848			10,574,345
22. Aircraft (all perils)					
23. Fidelity					
24. Surety	293,985				293,985
26. Burglary and theft	5,004				5,004
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance - Nonproportional Assumed Property					
32. Reinsurance - Nonproportional Assumed Liability					
33. Reinsurance - Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	11,486,725	3,028,848			14,515,573
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through Line 37)					14,515,573
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	257,568				275,419	(17,851)
2. Allied lines	1,020,131				979,453	40,678
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril	4,552,705				3,129,303	1,423,402
6. Mortgage guaranty						
8. Ocean marine	414,968				289,278	125,690
9. Inland marine	1,593,373				1,419,038	174,335
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	863,713				867,936	(4,223)
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	1,426,620				519,450	907,170
17.2 Other liability - claims-made	457,347				438,027	19,320
17.3 Excess Workers' Compensation						
18.1 Products liability - occurrence	92,668				67,745	24,923
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	1,153,885				87,388	1,066,497
19.3, 19.4 Commercial auto liability	1,893,589				179,508	1,714,081
21. Auto physical damage	14,635,058		845,606		2,991,533	12,489,131
22. Aircraft (all perils)						
23. Fidelity						
24. Surety	574,069				11,826	562,243
26. Burglary and theft	44,531				41,509	3,022
27. Boiler and machinery	5,817				6,153	(336)
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - Nonproportional Assumed Property	X X X					
32. Reinsurance - Nonproportional Assumed Liability	X X X					
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	28,986,042		845,606		11,303,566	18,528,082
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)						

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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Optima Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire	25,275		22,521	2,754		1,571	1,183	(8.1)
2. Allied lines	123,045		108,227	14,818	1,866	3,102	13,582	41.7
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril	1,520,650		838,822	681,828	755,613	618,189	819,252	70.5
6. Mortgage guaranty								
8. Ocean marine	38,220		34,398	3,822	(2,322)	4,000	(2,500)	(2.4)
9. Inland marine	193,246		177,318	15,928	25,087	97,285	(56,270)	(50.7)
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake						300	(300)	7.0
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	544,440		313,252	231,188	101,059	89,984	242,263	28.1
17.2 Other liability - claims-made					1,250	80	1,170	8.3
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence	1,782			1,782	27,219	29,500	(499)	(2.1)
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	515,091			515,091	349,383	236,763	627,711	62.9
19.3, 19.4 Commercial auto liability	793,879			793,879	736,530	483,708	1,046,701	63.9
21. Auto physical damage	6,631,879	404,610	254,282	6,782,207	896,562	1,033,428	6,645,341	51.4
22. Aircraft (all perils)								
23. Fidelity								
24. Surety	38,420			38,420	80,777	65,496	53,701	10.3
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance- Nonproportional Assumed Property	X X X							
32. Reinsurance- Nonproportional Assumed Liability	X X X							
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	10,425,927	404,610	1,748,820	9,081,717	2,973,024	2,663,406	9,391,335	51.1
DETAILS OF WRITE-INS								
3401								
3402								
3403								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Optima Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines	166,922		165,056	1,866				1,866	
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril	626,753		203,823	422,930	899,452		566,769	755,613	66,817
6. Mortgage guaranty									
8. Ocean marine			4,500	(4,500)	27,780		25,602	(2,322)	3,412
9. Inland marine	(57,250)		(66,750)	9,500	142,868		127,281	25,087	10,320
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence	75,502		5,000	70,502	242,522		211,965	101,059	64,008
17.2 Other liability - claims-made	25,000		23,750	1,250				1,250	
17.3 Excess Workers' Compensation									
18.1 Products liability - occurrence	8,000			8,000	19,219			27,219	2,071
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	152,774			152,774	196,609			349,383	52,271
19.3, 19.4 Commercial auto liability	336,909			336,909	417,463		17,842	736,530	53,344
21. Auto physical damage	(291,055)	125,717	4,680	(170,018)	1,120,580		54,000	896,562	169,464
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	18,926			18,926	61,851			80,777	14,235
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance- Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance- Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,062,481	125,717	340,059	848,139	3,128,344		1,003,459	2,973,024	435,942
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	1,218,092			1,218,092
1.2 Reinsurance assumed	53,495			53,495
1.3 Reinsurance ceded	472,677			472,677
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	798,910			798,910
2. Commission and brokerage:				
2.1 Direct excluding contingent		6,749,553		6,749,553
2.2 Reinsurance assumed excluding contingent		186,033		186,033
2.3 Reinsurance ceded excluding contingent		3,685,828		3,685,828
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded		75,742		75,742
2.7 Policy and membership fees				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		3,174,016		3,174,016
3. Allowances to manager and agents				
4. Advertising	3,303	220,681		223,984
5. Boards, bureaus and associations	110	159,841		159,951
6. Surveys and underwriting reports		8,191		8,191
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	507,294	2,197,382		2,704,676
8.2 Payroll taxes	44,554	155,488		200,042
9. Employee relations and welfare	41,149	239,508		280,657
10. Insurance	9,939	36,020		45,959
11. Directors' fees		5,000		5,000
12. Travel and travel items	82,387	449,967		532,354
13. Rent and rent items	117,257	74,929		192,186
14. Equipment	57,113	432,213		489,326
15. Cost or depreciation of EDP equipment and software	2,842	68,209		71,051
16. Printing and stationery	16,961	63,053		80,014
17. Postage, telephone and telegraph, exchange and express	27,615	67,731		95,346
18. Legal and auditing	(53,775)	424,937	80,908	452,070
19. Totals (Line 3 through Line 18)	856,749	4,603,150	80,908	5,540,807
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$				
20.2 Insurance department licenses and fees		46,240		46,240
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)		46,240		46,240
21. Real estate expenses	383	172	53,096	53,651
22. Real estate taxes			50,376	50,376
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	11,496	(238,504)		(227,008)
25. Total expenses incurred	1,667,538	7,585,074	184,380	9,436,992
26. Less unpaid expenses - current year	435,943	386,458	19,000	841,401
27. Add unpaid expenses - prior year	423,132	423,974	599	847,705
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	1,654,727	7,622,590	165,979	9,443,296
DETAILS OF WRITE-INS				
2401. Miscellaneous Expenses	11,496	(238,504)		(227,008)
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	11,496	(238,504)		(227,008)

(a) Includes management fees of \$ (166,970) 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) 602,670	546,101
1.1 Bonds exempt from U.S. tax	(a) 422,924	407,948
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)		82,780
2.21 Common stocks of affiliates		82,780
3. Mortgage loans	(c) 5,500	5,500
4. Real estate	(d) 208,065	208,065
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 20,235	19,442
7. Derivative instruments	(f)	
8. Other invested assets		87,622
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,429,796	1,357,458
11. Investment expenses		(g) 56,252
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 58,990
13. Interest expense		(h) 16,041
14. Depreciation on real estate and other invested assets		(i) 53,096
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Line 11 through Line 15)		184,379
17. Net investment income (Line 10 minus Line 16)		1,173,079

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes \$ 2,522 accrual of discount less \$ 258,730 amortization of premium and less \$ 36,347 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 \$ 56,252 investment expenses and \$ 58,990 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 \$ 53,096 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	200,710		200,710		
1.1 Bonds exempt from U.S. tax	9,778		9,778		
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)	(2,990)		(2,990)	96,976	
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)	207,498		207,498	96,976	
DETAILS OF WRITE-INS					
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			
12. Subtotals, cash and invested assets (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	38,414	38,182	(232)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	3,927		(3,927)
21. Furniture and equipment, including health care delivery assets	22,431	10,428	(12,003)
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	169,410	47,480	(121,930)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	234,182	96,090	(138,092)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	234,182	96,090	(138,092)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. Prepaid expenses	169,410	47,480	(121,930)
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)	169,410	47,480	(121,930)

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

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

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

A reconciliation of the policyholders' surplus between the amount presented in the accompanying financial statements (PR state basis) and NAIC SAP is shown below:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Statutory Surplus, PR state basis	\$15,406,004	\$10,550,025
Deferred tax liability on catastrophe reserve not recorded under accounting practices permitted by the Commissioner of PR	(42,780)	(32,391)
Statutory Surplus, NAIC SAP	<u>\$15,363,224</u>	<u>\$10,517,634</u>

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

The preparation of statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policies

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

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

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

Note 2 - Accounting Changes and Corrections**A. Accounting Changes other than Codification and Correction of Errors**

Not Applicable

Note 3 - Business Combination and Goodwill

NOTES TO FINANCIAL STATEMENTS

Not Applicable

Note 4 - Discontinued Operations

Not Applicable

Note 5 - Investments

A. Mortgage Loans

Not Applicable

B. Troubled Debt Restructuring for Creditors

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

1. Prepayment assumptions for loan-backed securities were obtained from broker dealer survey values.
2. No other-than-temporary impairments for loan-backed securities were recorded.
3. The company does not have any loan-backed and structures securities that were in a continuous unrealized loss position during the current period.
4. All loan-backed and structured securities in an unrealized loss position, if any, were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity.
5. The prospective adjustment method is used to value all securities.

E. Repurchase Agreements

Not Applicable

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

Not Applicable

G. Low Income Housing Tax Credits

Not Applicable

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Non-admitted

Not Applicable

Note 8 - Derivative Instruments

Not Applicable

Note 9 - Income taxes

The Company's current income tax is determined on the basis of Statutory Annual Statements filed with the Commissioner. Also, operations are subject to an alternative minimum tax calculated based on a formula established by the existing tax laws in the Commonwealth of Puerto Rico.

A. Components of Deferred Income Taxes:

NOTES TO FINANCIAL STATEMENTS

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
1. Total gross deferred tax assets	\$46,790	\$19,218
2. Total gross deferred tax liabilities	24,972	10,426
3. Net deferred tax assets	<u>21,818</u>	<u>8,792</u>
4. Nonadmitted tax assets	0	0
5. Net admitted deferred tax asset	<u>\$21,818</u>	<u>\$8,792</u>
6. (Increase) decrease in nonadmitted deferred tax assets	<u>\$0</u>	<u>(\$3,543)</u>

B. Unrecognized Deferred Tax Liabilities

Not Applicable

C. Current Tax and Change in Deferred Tax

Optima Insurance is only subject to Puerto Rico income taxes that are determined on the basis of statutory rates up to a maximum of 35%. No provision for Puerto Rico income tax was recorded for the current period.

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

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Non admitted assets	\$46,790	\$19,218
Realized Capital Loss	0	0
Unrealized Capital Gains	<u>(24,972)</u>	<u>(10,426)</u>
Admitted deferred tax assets	<u>\$21,818</u>	<u>\$8,792</u>

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

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Gross deferred tax assets	\$27,572	\$13,576
Gross deferred tax liabilities	<u>14,546</u>	<u>5,472</u>
	<u>\$13,026</u>	<u>\$8,104</u>

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

Not Applicable

E. Operating Loss and Tax Credit Carry Forward

Not Applicable

F. Consolidated Federal Income Tax Return

Not Applicable

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates**A. Nature of Relationship**

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

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

The Company received a \$4,000,000 capital contribution from Parent on June 30 of the current year.

C. Change in Terms of Inter-Company Arrangements

Not Applicable

D. Amounts due to or from Related Parties

As of December 31, 2011, Optima Insurance Company reported \$1,132,053 as amounts due from Parent Company, Optima Insurance Group, and other affiliated companies. The amounts due from affiliates are as follows:

NOTES TO FINANCIAL STATEMENTS

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Receivable from Optima Ins Group	\$1,039,485	\$156,597
Receivable from Colonial Ins Agency	101,772	413,858
Payable to New Century Finance	(9,204)	720
Receivable from Premier Warranty	0	1,620
	<u>\$1,132,053</u>	<u>\$572,795</u>

E. Guarantees or Contingencies for Related Parties

Not Applicable

F. Management, Service Contracts, Cost Sharing Arrangements

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

G. Nature of Relationships that Could Affect Operations

Not Applicable

H. Amount Deducted for Investment in Upstream Company

Not Applicable

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

Not Applicable

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

Not Applicable

K. Foreign subsidiary value using CARVM

Not Applicable

L. Downstream Holding Company Valued Using Look – Through Method

Not Applicable

Note 11 - Debt

Not Applicable

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

A. Defined Benefit Plans

Not Applicable

B. Defined Contribution Plans

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

C. Multiemployer Plans

Not Applicable

D. Consolidated/Holding Company Plans

Not Applicable

E. Post employment Benefits and Compensated Absences

Not Applicable

F. Impact of Medicare Modernization Act on Postretirement Benefits

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

A. Outstanding Shares

Optima Insurance has 1,000,000 shares of \$10 par value common stock authorized and 350,000 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not Applicable

C. Dividends Restrictions

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

The Company has no outstanding preferred stock and there are no cumulative dividend features on the outstanding common stock.

D. Dates and Amounts of Dividends Paid

The Company declared and paid common stock dividends of \$358,333 on June 30, 2011.

E. Amount of Ordinary Dividends That May Be Paid – Not Applicable

F. Restrictions on Unassigned Funds

In accordance with Chapter 25 of the Insurance Code, as amended, the Company is required to record a catastrophe loss reserve. This catastrophe loss reserve is supported by a trust fund for the payment of catastrophe losses. The reserve increases by amounts determined by applying a contribution rate, not in excess of 5%, to catastrophe written premiums as instructed annually by the Commissioner, unless the level of the reserve exceeds 8% of catastrophe exposure. The reserve also increases by an amount equal to the resulting return in the supporting trust fund and decreases by payments on catastrophe losses or authorized withdrawals from the trust fund. Additions to the catastrophe loss reserve are deductible for income tax purposes. This trust may invest its funds in securities authorized by the Insurance Code, but not in investments whose value may be affected by hazards covered by the catastrophic insurance losses. The interest earned on these investments and any realized gains (loss) on investment transactions are part of the trust fund and are recorded as income (expense) of the Company. An amount equal to the investment returns is recorded as an addition to the trust fund.

Pursuant to the law, The Company has established a reserve in the amount of \$285,200 as of December 31, 2011. This reserve is presented as "Aggregate write-ins for special funds".

G. Mutual Surplus Advance

Not Applicable

G. Company Stock Held for Special Surplus

Not Applicable

H. Company Stock Held for Special Purposes

Not Applicable

I. Changes in Special Funds

Not Applicable

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$166,482 after deducting applicable deferred taxes of \$24,972.

K. Surplus Notes

Not Applicable

L. and M. Quasi Reorganizations

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 14 - Contingencies****A. Contingent Commitments**

Pursuant to Chapter 25 of Puerto Rico Insurance Code, Optima Insurance Company is required to create a trust fund exclusively to pay catastrophe losses covered under policies written in Puerto Rico. In order to comply with this Law, as of December 31, 2011, the balance in the Catastrophe reserve fund was \$285,200. This amount is presented as "Aggregate write-ins for special funds".

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

Additional, pursuant to Article 12 of Rule LXIX of the Puerto Rico Insurance Code, Optima Insurance Company is a member of the Compulsory Vehicle Liability Insurance Joint Underwriting Association ("ASC") which was organized during 1977 to underwrite insurance coverage motor vehicles property damage liability risks effective January 1, 1988. As a member of ASC the Company shares the risk proportionally with other members based on a formula established by the Puerto Rico Insurance Code.

B. Guaranty Fund and Other Assessments

Property and liability insurance companies are members of the Puerto Rico Property and Casualty Insurance Guaranty Association (PRPCIGA). Members are obligated to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies. No assessments were made to the Company by PRPCIGA during the year ended December 31, 2011.

C. Gain Contingencies

Not applicable.

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable.

E. Other Contingencies

Not applicable.

Note 15 - Leases

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

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

NOTES TO FINANCIAL STATEMENTS

<u>Name of General Agency</u>	<u>FEIN Number</u>	<u>Exclusive Contract</u>	<u>Types of Business Written</u>	<u>Type of Authority Granted</u>	<u>Total Direct Premiums Written</u>
Colonial Insurance Agency	661156038	No	All Lines	B,P	\$27,596,839
Other					<u>1,389,203</u>
Grandtotals					<u>\$28,986,042</u>

B - Binding Authority

P - Premium Collection

Note 20 - Fair Value Measurement**A. Inputs Used for Assets and Liabilities Measured at Fair Value****1. Fair Value Measurement by levels 1, 2, and 3**

Hierarchical levels, defined by SSAP No. 100 and directly related to the amount of subjectivity associated with the inputs to fair valuation of financial instruments, are as follows:

Level 1 — Values are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.

Level 3 — Certain inputs are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

2. Roll Forward of Level 3 Items

The Company has no assets or liabilities measured at fair value in the Level 3 category.

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques used for level 2 and level 3 fair values

The Company has no assets or liabilities measured at fair value in the Level 3 category.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Fair values are obtained using the NAIC Purposes and Procedures of the Securities Valuation Office, and the designation assigned in the NAIC Valuation of Securities product prepared by the NAIC Securities Valuation Office ("NAIC values"). If NAIC values are not available, they are estimated using broker/dealer quotations or prices obtained from third-party pricing service providers, which are generally based on discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

5. Derivative Fair Values

Not Applicable

B. The Disclosure Removed by NAIC**C. Other Fair Value Disclosures**

Not Applicable

NOTES TO FINANCIAL STATEMENTS

D. Reasons Not Practical to Estimate Fair Values

Not Applicable

Note 21 - Other Items

A. Extraordinary Items

Not Applicable

B. Trouble Debt Restructuring for Debtors

Not Applicable

C. Other Disclosures

Not Applicable

D. Uncollectible Premium Receivable

At the end of the current period and prior year, the Company had admitted assets of \$4,013,193 and \$3,059,342 respectively in premiums receivable. The Company routinely assesses the collectability of these receivables. The potential for any additional loss is not believed to be material to the Company's financial position.

E. Business Interruption Insurance Recoveries

Not Applicable

F. State Transferable Tax Credits

Not Applicable

G. Sub Prime Mortgage Related Risk Exposure

Not Applicable

Note 22 - Events Subsequent

Management has evaluated events occurring subsequent to December 31, 2011 through March 31, 2012, the date the financial statements were available to be issued, to determine if any such events should either be recognized or disclosed in the financial statements. Management has determined that there are no material events or transactions that would affect the Company's financial statements or require disclosure in the Company's financial statements through such date, except as indicated below.

On December 20, 2011, Optima Insurance Group, Inc. ("the Parent Company") entered into a Stock Purchase Agreement with QBE Latin America Insurance Holdings, S.L. ("QBE"), where QBE acquires 100% of the common voting stock of the Parent Company. The agreement became effective on February 3, 2012, when the Office of the Commissioner of Insurance of Puerto Rico approved the transaction.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Individual reinsurers having unsecured aggregate recoverable for losses, paid and unpaid including IBNR loss adjustment expenses and unearned premiums in excess of 3% of the Company's policyholders' surplus at December 31, 2011 are the following:

<u>NAIC Code</u>	<u>Federal ID#</u>	<u>Name of Reinsurer</u>	<u>Amount</u>
40827	36-3186541	VIRGINIA SURETY CO INC	4,502,782
-	AA-1340165	MUNCHENER RUCKVERSICHERUNGS GESELLSCHAFT	1,844,600
19453	13-5616275	TRANSATLANTIC REIN CO	1,518,643
23680	47-0698507	ODYSSEY AMERICA REINSURANCE CORP	506,917
30058	75-1444207	SCOR REINS CO	495,003

B. Reinsurance Recoverable in Dispute

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

NOTES TO FINANCIAL STATEMENTS**C. Reinsurance Assumed and Ceded**

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

	Assumed Reinsurance		Ceded Reinsurance		Net (\$)	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$0	\$0	\$0	\$0	\$0	\$0
b. All Other	274,332	60,353	8,039,890	2,934,875	(7,765,558)	(2,874,522)
c. TOTAL	<u>\$274,332</u>	<u>\$60,353</u>	<u>\$8,039,890</u>	<u>\$2,934,875</u>	<u>(\$7,765,558)</u>	<u>(\$2,874,522)</u>
d. Direct Unearned Premium Reserve				<u>\$22,281,132</u>		

D. Uncollectible reinsurance

Not Applicable

E. Commutation of ceded reinsurance

Not Applicable

F. Retroactive Reinsurance

Not Applicable

G. Reinsurance Accounted for as Deposit

Not Applicable

H. Run-off Agreements

Not Applicable

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable

Note 25 - Changes in Incurred Losses and Loss adjustment Expense

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

Note 26 - Inter-Company Pooling Arrangements

Not Applicable

Note 27 - Structured settlements**A. Reserves Released due to Purchase of Annuities**

Not Applicable

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

Not Applicable

Note 28 - Health Care Receivables

Not Applicable

Note 29 - Participant Policies

Not Applicable

Note 30 - Premium Deficiencies Reserves

Not Applicable

Note 31 - High Deductibles

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

Not Applicable

Note 33 - Asbestos/Environmental Reserves

Not Applicable

Note 34 - Subscriber-Savings Account

Not Applicable

Note 35 - Multi Peril Crop Insurance

Not Applicable

Note 36 - Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
 GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes () No (X)
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes () No () N/A (X)
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes () No (X)
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4 By what department or departments?

- 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
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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
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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?
 Deloitte LLP Torre Chardon , 350 Avenue, Suite 700, San Juan PR 00918-2140

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule) , or substantially similar state law or regulation? Yes () No (X)
- 10.2 If 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?
 Martha A. Winslow, FCAS, MAAA, Senior Consultant
 Towers Watson 8400 Normandale Lake Boulevard, Suite 1700 Minneapolis, MN 55437-3837
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes () No (X)
- 12.11 Name of real estate holding company

- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$
- 12.2 If yes, provide explanation

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

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

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

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

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
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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 (X) No () |
| 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: | \$ 1,039,485 |

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 () No (X)
- 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 1 - COMMON INTERROGATORIES
 INVESTMENT

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
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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?
 If no, attach a description with this statement.

Yes () No () N/A (X)

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.

\$

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
 INVESTMENT

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
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Citibank N.A.	PO Box 70301, San Juan, PR 00936-8301
Popular Securities	209 Muoz Rivera Ave., Popular Center - 12th Floor, SJ, PR 00918
UBS Financial Services, Inc of PR	1 ST. 1, Metro Office Park PH, Guaynabo PR 00968
Merril Lynch, Pierce, Fenner & Smith Inc	#15 Second Street, Suite 210, Guaynabo PR 00968

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)
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28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes () No ()

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
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28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
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GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
 INVESTMENT

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 Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
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29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
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GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
 INVESTMENT

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	\$ 24,497,231	\$ 25,295,711	\$ 798,480
30.2 Preferred stocks	\$	\$	\$
30.3 Totals	\$ 24,497,231	\$ 25,295,711	\$ 798,480

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

.....

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 () No (X)

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 () No (X)

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:

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ 159,951

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

1 Name	2 Amount Paid
Insurance Service Office	\$ 133,175
.....	\$
.....	\$
.....	\$

34.1 Amount of payments for legal expenses, if any? \$ 21,454

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? \$

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
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes () No (X)
- 1.2 If yes, indicate premium earned on U.S. business only. \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.31 Reason for excluding:

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$

- 1.6 Individual policies:
 - Most current three years:
 - 1.61 Total premium earned \$
 - 1.62 Total incurred claims \$
 - 1.63 Number of covered lives
 - All years prior to most current three years:
 - 1.64 Total premium earned \$
 - 1.65 Total incurred claims \$
 - 1.66 Number of covered lives

- 1.7 Group policies:
 - Most current three years:
 - 1.71 Total premium earned \$
 - 1.72 Total incurred claims \$
 - 1.73 Number of covered lives
 - All years prior to most current three years:
 - 1.74 Total premium earned \$
 - 1.75 Total incurred claims \$
 - 1.76 Number of covered lives

2. Health Test:

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

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes () No (X)
- 3.2 If yes, state the amount of calendar year premiums written on:
 - 3.21 Participating policies \$
 - 3.22 Non-participating policies \$

- 4. For Mutual reporting entities and Reciprocal Exchange only:
 - 4.1 Does the reporting entity issue assessable policies? Yes () No (X)
 - 4.2 Does the reporting entity issue non-assessable policies? Yes () No (X)
 - 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
 - 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

- 5. For Reciprocal Exchanges only:
 - 5.1 Does the exchange appoint local agents? Yes () No (X)
 - 5.2 If yes, is the commission paid:
 - 5.21 Out of Attorney's-in-fact compensation Yes () No () N/A (X)
 - 5.22 As a direct expense of the exchange Yes () No () N/A (X)

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

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes () No (X)
- 5.5 If yes, give full information.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 Not applicable
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 The company has evaluated its PML using the latest version of RMS modeling software for both earthquake and windstorm. The analysis include among others, policy limits, location, deductibles and construction types.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 The company buys a comprehensive reinsurance program including catastrophe excess loss protection, commercial and personal property quota-share, prope
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes (X) No ()
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes () No (X)
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes () No (X)
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes () No (X)
- 8.2 If yes, give full information.

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes () No (X)
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of the prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes () No (X)
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes () No (X)
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or Yes () No (X)
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or, Yes () No (X)
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes () No (X)

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original reporting entity would have been required to charge had it retained the risks. Has this been done? Yes (X) No () N/A ()
- 11.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes () No (X)
- 11.2 If yes, give full information.

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | |
|---|--|----------|
| 12.11 Unpaid losses | | \$ |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ |
- 12.2 Of the amount on Line 15.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes () No () N/A (X)
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | |
|------------|--|--------|
| 12.41 From | |% |
| 12.42 To | |% |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes () No (X)
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|----------------------------------|--|----------|
| 12.61 Letters of credit | | \$ |
| 12.62 Collateral and other funds | | \$ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 100,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes () No (X)
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes () No (X)
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes () No (X)
- 14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes () No (X)
- 14.5 If the answer to 14.4 is no, please explain:

- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes () No (X)
- 15.2 If yes, give full information.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

* Disclose type of coverage:

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

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

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

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	5,024,109	5,261,758	4,997,270	2,923,853	2,195,829
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	19,259,980	17,778,039	16,314,285	14,891,785	7,768,731
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	4,973,490	3,695,770	3,149,631	2,750,420	2,049,659
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	574,069	481,160	487,674	425,442	305,282
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	29,831,648	27,216,727	24,948,860	20,991,500	12,319,501
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	3,731,991	3,308,708	2,595,846	2,323,347	1,161,633
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	12,685,092	13,167,210	12,876,813	9,826,348	5,305,058
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	1,548,756	1,820,580	949,752	924,547	881,560
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	562,243	481,160	487,674	425,442	305,282
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	18,528,082	18,777,658	16,910,085	13,499,684	7,653,533
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(261,906)	(188,491)	(294,313)	(245,265)	(730,820)
14. Net investment gain (loss) (Line 11)	1,380,578	1,540,784	1,071,879	664,932	453,886
15. Total other income (Line 15)	34,579	17,282			
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	126,789				
18. Net income (Line 20)	1,026,462	1,369,575	777,566	419,667	(276,934)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	48,418,951	46,137,531	39,355,066	31,515,791	16,274,848
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	4,012,961	3,059,342	4,170,440	3,148,960	1,480,110
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	33,012,947	35,587,506	28,849,213	21,264,767	13,571,049
22. Losses (Page 3, Line 1)	2,973,024	2,663,406	1,714,135	1,317,212	685,060
23. Loss adjustment expenses (Page 3, Line 3)	435,942	423,133	234,764	123,505	57,623
24. Unearned premiums (Page 3, Line 9)	14,515,572	14,369,532	13,268,758	9,332,527	5,451,678
25. Capital paid up (Page 3, Line 30 and Line 31)	3,500,000	3,000,000	3,000,000	3,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	15,406,004	10,550,025	10,505,852	10,251,023	2,703,799
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(1,038,682)	7,465,249	7,262,948	6,045,720	5,678,054
Risk-Based Capital Analysis					
28. Total adjusted capital	15,406,004	10,550,025	10,505,852	10,251,023	2,703,799
29. Authorized control level risk-based capital	2,769,196	2,084,997	1,868,423	1,488,244	962,941
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	58.5	66.7	78.9	64.4	61.4
31. Stocks (Line 2.1 and Line 2.2)	7.0	6.0	0.4	0.7	
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)	0.7				
33. Real estate (Lines 4.1, 4.2 and 4.3)	9.1	9.1	7.1		
34. Cash, cash equivalents and short-term investments (Line 5)	24.6	18.2	13.6	34.9	38.6
35. Contact loans (Line 6)					
36. Derivatives (Line 7)			X X X	X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)			X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)					
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 through Line 47					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)					

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	96,976	33,025	52,405	(15,925)	
51. Dividends to stockholders (Line 35)	(358,333)				
52. Change in surplus as regards policyholders for the year (Line 38)	4,855,978	44,173	254,828	7,547,224	(116,527)
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	1,855,192	1,101,096	599,198	380,431	426,727
54. Property lines (Lines 1, 2, 9, 12, 21 and 26)	7,378,055	7,594,875	6,242,720	3,854,842	2,397,242
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	1,558,870	1,113,529	513,582	426,042	536,783
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	38,420	50,723	83,290	47,302	1,544
57. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
58. Total (Line 35)	10,830,537	9,860,223	7,438,790	4,708,617	3,362,296
Net Losses Paid (Page 9, Part 2, Column 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	1,541,940	1,094,637	598,498	380,431	273,034
60. Property lines (Lines 1, 2, 9, 12, 21 and 26)	6,815,707	7,118,627	5,598,835	3,814,947	2,395,650
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	685,650	385,442	215,973	90,443	109,085
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	38,420	50,723	83,290	47,302	1,544
63. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
64. Total (Line 35)	9,081,717	8,649,429	6,496,596	4,333,123	2,779,313
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	51.1	54.3	53.1	51.6	56.7
67. Loss expenses incurred (Line 3)	9.1	7.7	6.8	4.9	7.1
68. Other underwriting expenses incurred (Line 4)	41.3	39.1	42.3	46.0	49.2
69. Net underwriting gain (loss) (Line 8)	(1.4)	(1.1)	(2.3)	(2.6)	(13.0)
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	40.8	36.7	32.5	32.8	36.1
71. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	60.2	62.0	60.0	56.6	63.8
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	120.3	178.0	161.0	131.7	283.1
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)	(252)	141	(14)	(4)	(55)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Column 1 x 100.0)	(2.4)	1.3	(0.1)	(0.2)	(2.0)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)	322	81	63	(45)	7
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Column 2 x 100.0)	3.1	0.8	2.3	(1.6)	0.2

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

Yes () No ()

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX									XXX
2. 2002												XXX
3. 2003												XXX
4. 2004												XXX
5. 2005	109	39	70	61		1		2		16	64	XXX
6. 2006	2,753	670	2,083	1,602	242	13		74	5	183	1,442	XXX
7. 2007	9,899	4,273	5,626	3,691	419	29		190	21	409	3,470	XXX
8. 2008	16,525	6,906	9,619	5,698	712	146		420	88	604	5,464	XXX
9. 2009	18,784	5,812	12,972	7,837	939	403	356	1,545	101	1,022	8,389	XXX
10. 2010	23,241	5,564	17,677	9,990	1,480	135	33	1,237	142	1,309	9,707	XXX
11. 2011	29,145	10,766	18,379	8,533	1,105	64	4	1,199	170	770	8,517	XXX
12. Totals	XXX	XXX	XXX	37,412	4,897	791	393	4,667	527	4,313	37,053	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.													XXX
2.													XXX
3.													XXX
4.													XXX
5.													XXX
6.													XXX
7.	2											2	XXX
8.	(3)										14	(3)	XXX
9.	147	41	62	22			12		7		65	165	XXX
10.	326	6	308	96			26		33		235	591	XXX
11.	717	294	2,759	886			58		300		625	2,654	XXX
12.	1,189	341	3,129	1,004			96		340		939	3,409	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.											
3.											
4.											
5.	64		64	58.7		91.4					
6.	1,689	247	1,442	61.4	36.9	69.2					
7.	3,912	440	3,472	39.5	10.3	61.7				2	
8.	6,261	800	5,461	37.9	11.6	56.8				(3)	
9.	10,013	1,459	8,554	53.3	25.1	65.9				146	19
10.	12,055	1,757	10,298	51.9	31.6	58.3				532	59
11.	13,630	2,459	11,171	46.8	22.8	60.8				2,296	358
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	2,973	436

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 One Year	12 Two Year	
1. Prior													
2. 2002													
3. 2003	X X X												
4. 2004	X X X	X X X											
5. 2005	X X X	X X X	X X X	57	60	62	63	63	62	62		(1)	
6. 2006	X X X	X X X	X X X	X X X	1,393	1,338	1,348	1,349	1,355	1,373	18	24	
7. 2007	X X X	X X X	X X X	X X X	X X X	3,232	3,217	3,283	3,305	3,303	(2)	20	
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	5,037	4,956	5,024	5,129	105	173	
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,997	7,043	7,103	60	106	
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	9,603	9,170	(433)	X X X	
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	9,842	X X X	X X X	
											12. Totals	(252)	322

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0										X X X	X X X
2. 2002											X X X	X X X
3. 2003	X X X										X X X	X X X
4. 2004	X X X	X X X									X X X	X X X
5. 2005	X X X	X X X	X X X	15	62	62	63	63	62	62	X X X	X X X
6. 2006	X X X	X X X	X X X	X X X	1,099	1,316	1,348	1,346	1,355	1,373	X X X	X X X
7. 2007	X X X	X X X	X X X	X X X	X X X	2,569	3,113	3,175	3,304	3,301	X X X	X X X
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	3,804	4,670	4,836	5,132	X X X	X X X
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,622	6,584	6,945	X X X	X X X
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,489	8,612	X X X	X X X
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,488	X X X	X X X

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior										
2. 2002										
3. 2003	X X X									
4. 2004	X X X	X X X								
5. 2005	X X X	X X X	X X X	2						
6. 2006	X X X	X X X	X X X	X X X	11				3	
7. 2007	X X X	X X X	X X X	X X X	X X X	451	151	6		
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	933	129	13	
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,159	138	52
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,726	238
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,931

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

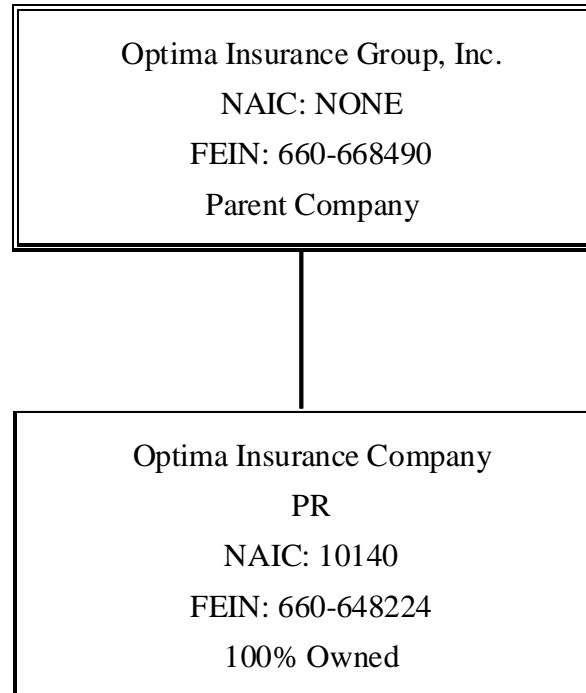
States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. Dist. Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	L	28,986,042	28,211,470	10,425,927	11,155,024	4,190,823		
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate other alien	OT	X X X							
59. Totals	(a) 1		28,986,042	28,211,470	10,425,927	11,155,024	4,190,823		
DETAILS OF WRITE-INS									
5801.		X X X							
5802.		X X X							
5803.		X X X							
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X							
5899. Totals (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		X X X							

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Optima Insurance Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Property and Casualty

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Property and Casualty

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