

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	266,790,685		266,790,685	286,869,259
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	32,878,435		32,878,435	30,083,955
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	35,746,144		35,746,144	36,811,578
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....56,011,372, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....9,214, Schedule DA).....	56,020,586		56,020,586	38,342,491
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	391,435,850	0	391,435,850	392,107,283
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,560,005		2,560,005	2,401,314
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	28,897,407	8,759,567	20,137,840	19,709,656
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	270,947		270,947	370,544
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	1,079,593		1,079,593	3,851,490
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	1,538,952		1,538,952	3,105,659
18.2 Net deferred tax asset.....	7,414,716	314,854	7,099,862	6,533,150
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	429,577		429,577	603,646
21. Furniture and equipment, including health care delivery assets (\$.....0).....	3,040,460	3,040,460	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	3,143,173		3,143,173	1,730,980
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	13,439,422	13,439,422	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	453,250,102	25,554,303	427,695,799	430,413,722
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	453,250,102	25,554,303	427,695,799	430,413,722

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Other receivables and prepaid software licences.....	13,439,422	13,439,422	0	
2502.....			0	
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	13,439,422	13,439,422	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	71,476,905	75,172,303
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	1,307,258	1,408,637
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	10,787,220	10,906,211
4. Commissions payable, contingent commissions and other similar charges.....	5,895,736	9,151,353
5. Other expenses (excluding taxes, licenses and fees).....	1,786,308	1,613,489
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....27,273,403 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	108,130,249	108,542,198
10. Advance premium.....	2,461,666	4,356,974
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	8,816,288	2,658,540
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.....	1,123,498	963,035
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	357,865	924,443
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	66,373	965,818
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	18,953,163	23,797,719
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	231,162,529	240,460,720
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	231,162,529	240,460,720
29. Aggregate write-ins for special surplus funds.....	33,693,482	33,793,378
30. Common capital stock.....	5,000,000	5,000,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	65,000,000	65,000,000
35. Unassigned funds (surplus).....	92,839,788	86,159,624
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	196,533,270	189,953,002
38. TOTALS (Page 2, Line 28, Col. 3).....	427,695,799	430,413,722

DETAILS OF WRITE-INS

2501. Deposit Liability.....	13,127,579	17,321,297
2502. Reinsurance Recoverable, net of salvage and subrogation (Sch. F Pt. 3 Col 7,8).....		
2503. Unclaimed Funds.....	3,470,867	3,256,646
2598. Summary of remaining write-ins for Line 25 from overflow page.....	2,354,717	3,219,776
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	18,953,163	23,797,719
2901. Reserve for Catastrophe Insurance Losses pursuant to Ch. 25 of the Insurance Code of Puerto Rico.....	33,693,482	31,034,101
2902. Additional admitted deferred tax assets.....		2,759,277
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	33,693,482	33,793,378
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	143,239,596	142,629,674
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	54,602,971	57,249,618
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	20,886,165	18,045,663
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	63,734,093	63,411,175
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	139,223,229	138,706,456
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	4,016,367	3,923,218
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	8,131,595	14,282,942
10. Net realized capital gains (losses) less capital gains tax of \$.....1,659,404 (Exhibit of Capital Gains (Losses)).....	9,167,595	6,356,813
11. Net investment gain (loss) (Lines 9 + 10).....	17,299,190	20,639,755
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....117,645).....	(117,645)	(28,860)
13. Finance and service charges not included in premiums.....	19,654	43,295
14. Aggregate write-ins for miscellaneous income.....	1,400,225	856,857
15. Total other income (Lines 12 through 14).....	1,302,234	871,292
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	22,617,791	25,434,265
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).....	22,617,791	25,434,265
19. Federal and foreign income taxes incurred.....	791,892	738,233
20. Net income (Line 18 minus Line 19) (to Line 22).....	21,825,899	24,696,032
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	189,953,002	194,515,669
22. Net income (from Line 20).....	21,825,899	24,696,032
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....197,012.....	3,313,143	(2,290,388)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	836,720	(3,344,607)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(2,862,071)	3,779,254
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	566,578	(902,958)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(17,100,000)	(26,500,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	6,580,268	(4,562,667)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	196,533,270	189,953,002
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Other income (expense).....	1,400,225	856,857
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	1,400,225	856,857
3701. Establishment of Catastrophe Insurance Losses Minimum Retention Reserve.....		
3702. Additional admitted deferred tax assets.....		2,759,277
3703. Reclassification of additional deferred tax assets to special surplus funds.....		(2,759,277)
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	143,385,199	141,708,189
2. Net investment income.....	7,168,734	17,271,088
3. Miscellaneous income.....	1,302,234	871,292
4. Total (Lines 1 through 3).....	151,856,167	159,850,569
5. Benefit and loss related payments.....	55,627,851	68,877,010
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	84,645,119	80,308,123
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....1,659,404 tax on capital gains (losses).....	884,589	8,013,537
10. Total (Lines 5 through 9).....	141,157,559	157,198,670
11. Net cash from operations (Line 4 minus Line 10).....	10,698,608	2,651,899
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	142,202,812	178,210,928
12.2 Stocks.....	7	
12.3 Mortgage loans.....		
12.4 Real estate.....	235,200	14,026
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	142,438,019	178,224,954
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	112,122,110	152,863,127
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....	1,986	307,145
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		10,976,700
13.7 Total investments acquired (Lines 13.1 to 13.6).....	112,124,096	164,146,972
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	30,313,923	14,077,982
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	17,100,000	26,500,000
16.6 Other cash provided (applied).....	(6,234,436)	18,045,400
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(23,334,436)	(8,454,600)
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).....	17,678,095	8,275,281
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	38,342,491	30,067,210
19.2 End of year (Line 18 plus Line 19.1).....	56,020,586	38,342,491

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT**PART 1 - PREMIUMS EARNED**

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	1,310,147	1,612,302	1,768,438	1,154,011
2.	Allied lines.....	11,379,309	9,801,218	10,290,780	10,889,747
3.	Farmowners multiple peril.....				0
4.	Homeowners multiple peril.....	5,709,778	4,332,678	4,331,407	5,711,049
5.	Commercial multiple peril.....	36,929,128	31,729,537	35,617,448	33,041,217
6.	Mortgage guaranty.....				0
8.	Ocean marine.....	411,895	544,879	463,356	493,418
9.	Inland marine.....	1,168,243	2,219,758	1,523,894	1,864,107
10.	Financial guaranty.....				0
11.1	Medical professional liability - occurrence.....				0
11.2	Medical professional liability - claims-made.....				0
12.	Earthquake.....	12,939,211	10,490,820	11,437,865	11,992,166
13.	Group accident and health.....	14,665			14,665
14.	Credit accident and health (group and individual).....				0
15.	Other accident and health.....				0
16.	Workers' compensation.....	402,390	189,148	243,838	347,700
17.1	Other liability - occurrence.....	12,607,438	6,617,565	6,503,962	12,721,041
17.2	Other liability - claims-made.....				0
17.3	Excess workers' compensation.....				0
18.1	Products liability - occurrence.....				0
18.2	Products liability - claims-made.....				0
19.1, 19.2	Private passenger auto liability.....	6,195,759	3,483,094	3,529,980	6,148,873
19.3, 19.4	Commercial auto liability.....	12,124,247	7,200,512	6,728,756	12,596,003
21.	Auto physical damage.....	37,202,909	27,733,085	23,284,336	41,651,658
22.	Aircraft (all perils).....				0
23.	Fidelity.....	144,220	58,726	73,697	129,249
24.	Surety.....	2,676,567	1,685,108	1,438,583	2,923,092
26.	Burglary and theft.....				0
27.	Boiler and machinery.....	523		(82,168)	82,691
28.	Credit.....				0
29.	International.....				0
30.	Warranty.....				0
31.	Reinsurance - nonproportional assumed property.....				0
32.	Reinsurance - nonproportional assumed liability.....				0
33.	Reinsurance - nonproportional assumed financial lines.....				0
34.	Aggregate write-ins for other lines of business.....	1,611,218	843,768	976,077	1,478,909
35.	TOTALS	142,827,647	108,542,198	108,130,249	143,239,596

DETAILS OF WRITE-INS

3401.	TRAVEL ASSISTANCE.....	1,611,218	843,768	976,077	1,478,909
3402.	.....				0
3403.	.....				0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	1,611,218	843,768	976,077	1,478,909

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Uneared (Running One Year or Less from Date of Policy) (a)	Amount Uneared (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Uneared Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	1,768,438				1,768,438
2. Allied lines.....	10,290,780				10,290,780
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	4,331,407				4,331,407
5. Commercial multiple peril.....	35,617,448				35,617,448
6. Mortgage guaranty.....					0
8. Ocean marine.....	463,356				463,356
9. Inland marine.....	1,114,178	409,716			1,523,894
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....	11,437,865				11,437,865
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....	243,838				243,838
17.1 Other liability - occurrence.....	6,484,663	19,299			6,503,962
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....	3,529,882	98			3,529,980
19.3, 19.4 Commercial auto liability.....	6,650,563	78,193			6,728,756
21. Auto physical damage.....	18,833,519	4,450,817			23,284,336
22. Aircraft (all perils).....					0
23. Fidelity.....	73,697				73,697
24. Surety.....	1,283,138	155,445			1,438,583
26. Burglary and theft.....					0
27. Boiler and machinery.....	(82,168)				(82,168)
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	424,766	551,311	0	0	976,077
35. TOTALS.....	102,465,370	5,664,879	0	0	108,130,249
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					108,130,249

DETAILS OF WRITE-INS

3401. Travel assistance.....	424,766	551,311			976,077
3402.					0
3403.					0
3498. Summary of remaining write-ins for Line 34 from overflow page....	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	424,766	551,311	0	0	976,077

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	8,383,832			6,925,212	148,473	1,310,147
2. Allied lines.....	46,699,975			17,904,456	17,416,210	11,379,309
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	7,725,631	386,352		2,403,518	(1,313)	5,709,778
5. Commercial multiple peril.....	80,725,994			38,265,110	5,531,756	36,929,128
6. Mortgage guaranty.....						0
8. Ocean marine.....	1,116,186			671,306	32,985	411,895
9. Inland marine.....	2,571,603			1,375,060	28,300	1,168,243
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....	27,291,831			14,057,458	295,162	12,939,211
13. Group accident and health.....	58,662			43,997		14,665
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....	423,775			21,385		402,390
17.1 Other liability - occurrence.....	14,115,078			1,420,356	87,284	12,607,438
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	3,818,394	2,614,361		225,980	11,016	6,195,759
19.3, 19.4 Commercial auto liability.....	13,447,128			1,128,590	194,291	12,124,247
21. Auto physical damage.....	18,065,057	20,010,730		834,721	38,157	37,202,909
22. Aircraft (all perils).....						0
23. Fidelity.....	152,193			7,973		144,220
24. Surety.....	5,259,380			2,482,093	100,720	2,676,567
26. Burglary and theft.....						0
27. Boiler and machinery.....	878,448				877,925	523
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	1,641,022	417,812	0	447,616	0	1,611,218
35. TOTALS.....	232,374,189	23,429,255	0	88,214,831	24,760,966	142,827,647

DETAILS OF WRITE-INS

3401. TRAVEL ASSISTANCE.....	1,641,022	417,812		447,616		1,611,218
3402.						0
3403.						0
3498. Summary of remaining write-ins for Line 34 from overflow page..	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	1,641,022	417,812	0	447,616	0	1,611,218

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No []

If yes: 1. The amount of such installment premiums \$......0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$......0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....	1,015,811			1,015,811	140,638	294,036	862,413	74.7
2.	Allied lines.....	2,290,388		2,113,035	177,353	408,852	253,939	332,266	3.1
3.	Farmowners multiple peril.....				0			0	
4.	Homeowners multiple peril.....	1,525,750	12,302	341,287	1,196,765	1,806,199	170,726	2,832,238	49.6
5.	Commercial multiple peril.....	13,653,720		1,125,984	12,527,736	27,670,223	27,442,459	12,755,500	38.6
6.	Mortgage guaranty.....				0			0	
8.	Ocean marine.....	167,174			167,174	195,871	410,572	(47,527)	(9.6)
9.	Inland marine.....	493,832			493,832	882,804	462,395	914,241	49.0
10.	Financial guaranty.....				0			0	
11.1	Medical professional liability - occurrence.....				0			0	
11.2	Medical professional liability - claims-made.....				0			0	
12.	Earthquake.....	74,009			74,009	7,541	35,541	46,009	0.4
13.	Group accident and health.....	18,102		13,577	4,525	4,549	19,202	(10,128)	(69.1)
14.	Credit accident and health (group and individual).....				0			0	
15.	Other accident and health.....				0			0	
16.	Workers' compensation.....	91,216			91,216	41,066	37,305	94,977	27.3
17.1	Other liability - occurrence.....	9,993,554		5,111,264	4,882,290	17,717,730	17,274,505	5,325,515	41.9
17.2	Other liability - claims-made.....				0			0	
17.3	Excess workers' compensation.....				0			0	
18.1	Products liability - occurrence.....				0			0	
18.2	Products liability - claims-made.....				0			0	
19.1, 19.2	Private passenger auto liability.....	3,001,101	1,804,706	34,102	4,771,705	3,688,649	4,676,219	3,784,135	61.5
19.3, 19.4	Commercial auto liability.....	9,359,019		736,978	8,622,041	14,358,048	18,111,084	4,869,005	38.7
21.	Auto physical damage.....	9,706,368	13,511,998		23,218,366	3,169,254	3,835,714	22,551,906	54.1
22.	Aircraft (all perils).....				0			0	
23.	Fidelity.....				0			0	
24.	Surety.....	1,555,733		932,163	623,570	1,312,675	2,054,396	(118,151)	(3.8)
26.	Burglary and theft.....				0			0	
27.	Boiler and machinery.....	506,806		496,827	9,979	4,385		14,364	17.4
28.	Credit.....				0			0	
29.	International.....				0			0	
30.	Warranty.....				0			0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34.	Aggregate write-ins for other lines of business.....	513,381	89,618	181,002	421,997	68,421	94,210	396,208	26.7
35.	TOTALS.....	53,965,964	15,418,624	11,086,219	58,298,369	71,476,905	75,172,303	54,602,971	38.1

DETAILS OF WRITE-INS

3401.	.....	513,381	89,618	181,002	421,997	68,421	94,210	396,208	26.7
3402.	.....				0			0	
3403.	.....				0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	513,381	89,618	181,002	421,997	68,421	94,210	396,208	26.7

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 (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	88,310		(500)	88,810	51,828			140,638	105,619
2. Allied lines.....	355,744		47,940	307,804	351,637		250,589	408,852	124,572
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	602,296	102,182	82,214	622,264	1,183,935			1,806,199	396,598
5. Commercial multiple peril.....	16,339,321		3,086,051	13,253,270	17,031,271		2,614,318	27,670,223	2,216,612
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	500			500	195,371			195,871	40,522
9. Inland marine.....	696,239		3,000	693,239	189,565			882,804	254,004
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....	7,500			7,500	41			7,541	63,539
13. Group accident and health.....	299			299	17,000		12,750	(a) 4,549	1,568
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	41,066			41,066				41,066	9,931
17.1 Other liability - occurrence.....	10,062,860		2,026,077	8,036,783	11,469,088		1,788,141	17,717,730	3,312,937
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	1,438,196	1,678,253		3,116,449	280,984	291,216		3,688,649	525,516
19.3, 19.4 Commercial auto liability.....	10,668,901		631,139	10,037,762	4,677,178		356,892	14,358,048	1,850,449
21. Auto physical damage.....	1,240,752	1,471,157		2,711,909	143,311	314,034		3,169,254	980,065
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....	(1,818,502)		(1,565,856)	(252,646)	2,605,712		1,040,391	1,312,675	258,210
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	52,000		47,615	4,385				4,385	11,098
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	65,795	1,897	57,942	9,750	7,008	51,663	0	68,421	635,980
35. TOTALS.....	39,841,277	3,253,489	4,415,622	38,679,144	38,203,929	656,913	6,063,081	71,476,905	10,787,220
DETAILS OF WRITE-INS									
3401.	65,795	1,897	57,942	9,750	7,008	51,663		68,421	635,980
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	65,795	1,897	57,942	9,750	7,008	51,663	0	68,421	635,980

(a) Including \$.....0 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.....	5,532,440			5,532,440
1.2 Reinsurance assumed.....	126,005			126,005
1.3 Reinsurance ceded.....	717,181			717,181
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	4,941,264	0	0	4,941,264
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		39,349,764		39,349,764
2.2 Reinsurance assumed, excluding contingent.....		3,476,324		3,476,324
2.3 Reinsurance ceded, excluding contingent.....		10,980,602		10,980,602
2.4 Contingent - direct.....		3,089,722		3,089,722
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	34,935,208	0	34,935,208
3. Allowances to manager and agents.....		147,702		147,702
4. Advertising.....		637,582		637,582
5. Boards, bureaus and associations.....		532,830		532,830
6. Surveys and underwriting reports.....		36,193		36,193
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	7,681,392	15,886,014	572,372	24,139,778
8.2 Payroll taxes.....	600,493	1,241,892	44,752	1,887,137
9. Employee relations and welfare.....	1,248,520	2,582,092	93,061	3,923,673
10. Insurance.....	165,578	342,436	12,342	520,356
11. Directors' fees.....		5,624	6,000	11,624
12. Travel and travel items.....	694,988	1,437,321	51,802	2,184,111
13. Rent and rent items.....	1,409,214	2,914,426	105,038	4,428,678
14. Equipment.....	2,130,810	4,406,772	158,815	6,696,397
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	144,408	298,654	10,764	453,826
17. Postage, telephone and telegraph, exchange and express.....	417,953	864,377	31,153	1,313,483
18. Legal and auditing.....	91,366	345,682	163,537	600,585
19. Totals (Lines 3 to 18).....	14,584,722	31,679,597	1,249,636	47,513,955
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		(40,824)		(40,824)
20.2 Insurance department licenses and fees.....	53,901	118,925	4,018	176,844
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....	180,241	(898,181)	13,433	(704,507)
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	234,142	(820,080)	17,451	(568,487)
21. Real estate expenses.....			168,951	168,951
22. Real estate taxes.....			239,198	239,198
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	1,126,037	(2,060,632)	587,560	(347,035)
25. Total expenses incurred.....	20,886,165	63,734,093	2,262,796	(a) 86,883,054
26. Less unpaid expenses - current year.....	10,787,220	4,654,876	221,719	15,663,815
27. Add unpaid expenses - prior year.....	10,906,211	8,536,628	235,293	19,678,132
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	21,005,156	67,615,845	2,276,370	90,897,371

DETAILS OF WRITE-INS

2401. Investment Expense Consultant.....			183,528	183,528
2402. Donations.....		984	1,050	2,034
2403. Consultant Fees.....	1,055,588	2,183,084	78,680	3,317,352
2498. Summary of remaining write-ins for Line 24 from overflow page.....	70,449	(4,244,700)	324,302	(3,849,949)
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	1,126,037	(2,060,632)	587,560	(347,035)

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....7,067,709	6,957,867
1.1 Bonds exempt from U.S. tax.....	(a).....1,710,556	1,715,971
1.2 Other bonds (unaffiliated).....	(a).....564,842	551,326
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....302,802	302,802
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	1,644,740
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....113,611	108,669
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	0	0
10. Total gross investment income.....	9,759,520	11,281,375
11. Investment expenses.....	.....	(g).....2,245,345
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....17,451
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....886,985
15. Aggregate write-ins for deductions from investment income.....	.....	0
16. Total deductions (Lines 11 through 15).....	.....	3,149,781
17. Net investment income (Line 10 minus Line 16).....	.....	8,131,595

DETAILS OF WRITE-INS

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

- (a) Includes \$.....159,503 accrual of discount less \$.....1,645,277 amortization of premium and less \$.....282,450 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....886,985 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	11,006,618		11,006,618		
1.1 Bonds exempt from U.S. tax.....	1,313		1,313	479,964	
1.2 Other bonds (unaffiliated).....			0		
1.3 Bonds of affiliates.....			0		
2.1 Preferred stocks (unaffiliated).....			0		
2.11 Preferred stocks of affiliates.....			0		
2.2 Common stocks (unaffiliated).....		(235,697)	(235,697)	833,452	
2.21 Common stocks of affiliates.....			0	2,196,739	
3. Mortgage loans.....			0		
4. Real estate.....	54,765		54,765		
5. Contract loans.....			0		
6. Cash, cash equivalents and short-term investments.....			0		
7. Derivative instruments.....			0		
8. Other invested assets.....			0		
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	11,062,696	(235,697)	10,826,999	3,510,155	0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	8,759,567	5,383,266	(3,376,301)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....	314,854	241,858	(72,996)
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....	3,040,460	2,198,981	(841,479)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	13,439,422	14,868,127	1,428,705
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	25,554,303	22,692,232	(2,862,071)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	25,554,303	22,692,232	(2,862,071)

DETAILS OF WRITE-INS

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Other receivable and prepaid software licenses.....	13,439,422	14,868,127	1,428,705
2502.....			.0
2503.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	13,439,422	14,868,127	1,428,705

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

A. Accounting Practices

MAPFRE PRAICO Insurance Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner of Insurance). The Commissioner of Insurance requires insurance companies domiciled in the Commonwealth of Puerto Rico to prepare their statutory basis (SAP) financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices include a variety of publications of the NAIC including its codification initiative contained in its *Accounting Practices and Procedures Manual*, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. One such difference relates to the treatment of certain deferred tax items. The Commissioner of Insurance prescribed the recognition of the deferred tax liability resulting from the contributions made over the years to the catastrophic reserve fund that would otherwise have resulted under NAIC SAP.

The monetary effect on statutory net income and on statutory capital and surplus of using accounting practices prescribed or permitted by the Commissioner of Insurance is as follows:

	<u>2012</u>	<u>2011</u>
Net Income as per statutory financial statements of income	\$ 21,825,899	\$ 24,696,032
Effect of the Commissioner of Insurance prescribe practices	-	-
Net Income in accordance with the NAIC statutory accounting practice	<u>\$ 21,825,899</u>	<u>\$ 24,696,032</u>

	<u>2012</u>	<u>2011</u>
Statutory capital and surplus per statutory financial statements	\$ 196,533,270	\$ 189,953,002
Effect of the Commissioner of Insurance prescribed practice to not recognize deferred tax liability for catastrophe loss reserve trust fund contributions	<u>(3,832,470)</u>	<u>(3,561,150)</u>
Statutory capital and surplus in accordance with the NAIC statutory accounting practices	<u>\$ 192,700,800</u>	<u>\$ 186,391,852</u>

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in these statutory financial statements and notes. Actual results could differ from those estimates.

C. Accounting Policies

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods for direct and ceded business and based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Other significant accounting principles are as follows:

- (1) Short-term investments are stated at amortized cost.
- (2) Common and preferred stocks are stated at estimated fair value.
- (3) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (4) Description of the valuation basis of the mortgage loans.
Not applicable
- (5) For loan-backed securities the Company uses the acquisition date for applying the retrospective adjustment method.

NOTES TO FINANCIAL STATEMENTS

- (6) The Company accounts for the investment in subsidiary using the equity method.
- (7) The accounting policies of the reporting entity with respect to the investments in joint ventures, partnerships and limited liability companies.
- Not applicable
- (8) A description of the accounting policy for derivatives.
- Not applicable
- (9) Whether or not the reporting entity utilizes anticipated investment income as a factor in the premium deficiency reserves calculation.
- Not applicable
- (10) The capitalization policy for prepaid expenses and the resultant predefined thresholds have not changed from those of prior year.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) The method used to estimate pharmaceutical rebate receivables.
- Not applicable since the Company does not write major medical insurance with prescription drug coverage.

Note 2 - Accounting Changes and Corrections of Errors

A. Accounting Changes other than Codification and Correction of Errors

Not applicable

B. Accounting Changes as a Result of the Initial Implementation of Codification January 1, 2001

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance. The Commonwealth of Puerto Rico requires insurance companies domiciled in Puerto Rico to prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Commissioner of Insurance.

Accounting Changes adopted effective January 1, 2001 to conform with the provisions of the revised NAIC *Accounting Practices and Procedures Manual* were reported as changes in accounting principles. The cumulative effect of changes in accounting principles was reported as an adjustment in unassigned funds (surplus) in the period of the change. The cumulative effect was the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at the date if the new accounting principles had been applied retroactively for all prior periods.

Note 3 - Business Combinations and Goodwill

Not applicable

Note 4 - Discontinued Operations

Not applicable

Note 5 - Investments

A. Mortgage Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

- (1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.
- (2) No other-than-temporary impairment for loan-backed securities recorded during the year.
- (3) The Company had no negative yield situations requiring a change from the retrospective to prospective method.
- (4) and (5) Not applicable as the Company does not have any loan backed securities in unrealized loss position as of year-end.

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

The Company includes all of its investment income due and accrued in the financial statements.

B. Amounts Non-admitted

Not applicable

Note 8 - Derivative Instruments

Not applicable

NOTES TO FINANCIAL STATEMENTS**Note 9 - Income Taxes**

A. Components of Net Deferred Tax Assets

1 The Components of Net Deferred Tax Asset / (Liability) are as follows:

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 7,571,834	2,621	7,574,455	6,735,114	74,615	6,809,729	836,720	(71,994)	764,726
b. Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
c. Adjusted gross deferred tax assets (1a-1b)	7,571,834	2,621	7,574,455	6,735,114	74,615	6,809,729	836,720	(71,994)	764,726
d. Deferred tax assets nonadmitted	312,233	2,621	314,854	167,243	74,615	241,858	144,990	(71,994)	72,996
e. Subtotal net admitted deferred tax asset (1c-1d)	7,259,601	-	7,259,601	6,567,871	-	6,567,871	691,730	-	691,730
f. Deferred tax liabilities	-	159,739	159,739	-	34,721	34,721	-	125,018	125,018
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 7,259,601	(159,739)	7,099,862	6,567,871	(34,721)	6,533,150	691,730	(125,018)	566,712

The Company elected to admit additional DTAs pursuant to SAP 10R paragraph 10e for the year ended December 31, 2011.

Ordinary admitted asset adjusted gross deferred tax asset increased by \$2,759,277 in 2011 as a result of applying SSAP 10R, paragraph 10e.

2. Admission Calculation Components

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	1 Ordinary	2 Capital	3 (Col 1+2) Total	1 Ordinary	2 Capital	3 (Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-	-	-	-	-	-	-
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	\$ 7,259,601	-	7,259,601	6,567,871	-	6,567,871	691,730	-	691,730
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	7,259,601	-	7,259,601	6,567,871	-	6,567,871	-	-	691,730
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	28,303,347	XXX	XXX	25,956,265	XXX	XXX	2,347,082
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
d. Deferred tax assets admitted as the result of application of SSAP 101. Total 2(a)+2(b)+2(c)	\$ 7,259,601	-	7,259,601	6,567,871	-	6,567,871	691,730	-	691,730

3. Other Admissibility Criteria

	2012	2011
a. Ratio percentage used to determine recovery period and threshold limitation amount	186%	182%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) 2 above	\$ 188,688,977	173,041,769

B. Unrecognized Deferred Tax Liabilities

\$3,832,470 and \$3,561,150 as of December 31, 2012 and 2011, respectively.

NOTES TO FINANCIAL STATEMENTS

C. Current Tax

	1	2	3
	2012	2011	Change
a. Federal	\$ 791,892	738,233	53,659
b. Foreign	-	-	-
c. Subtotal	791,892	738,233	53,659
d. Federal income tax on net capital gains	1,659,404	1,121,790	537,614
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	-	-	-
g. Federal and Foreign income taxes incurred	\$ 2,451,296	1,860,023	591,273

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

The differences between income taxes at the statutory rate of 30% and the income tax provision in the accompanying statements of income are mainly due to exempt investment income.

E. Operating Loss and Tax Credit Carryforwards

At December 31, 2012 and 2011, the Company did not have any unused operating loss carryforward available to offset against future taxable income.

F. Consolidated Federal Income Tax Return

Not applicable

G. Federal or Foreign federal income tax loss contingencies.

Not applicable

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. 100% of outstanding shares of the Company are owned by MAPFRE PRAICO Corporation, which is a holding company domiciled in San Juan, Puerto Rico.
- B. During 2012 and 2011, the Company paid dividends amounting \$17,100,000 and \$26,500,000, respectively, to MAPFRE PRAICO Corporation. No stocks were issued during 2012 or 2011.
- C. Except for as stated in Note #10 (D) in this annual statement, the Company does not hold any assets of its Parent and Affiliates.
- D. As of December 31, 2012 and 2011, the Company reports a net intercompany receivable of \$3,076,800 and \$765,162, respectively. The terms of the intercompany agreement require that intercompany balances be settled on a quarterly basis.
- E. No guarantees or undertakings for related parties
- F. The Company, as part of a cost-sharing agreement, has agreed to distribute to its subsidiary, MAPFRE PRICO, and its affiliate, MAPFRE Pan American Insurance Company (MAPFRE PAICO), part of the Underwriting and Investment Expenses. The costs to be distributed are the costs incurred by the Company on behalf of its subsidiary and its affiliate.
- G. The Company does not own non-insurance companies.
- H. Amount Deducted for Investment in Upstream Company
- Not applicable
- I. The Company owns 100% shares of its subsidiary MAPFRE Preferred Risk Insurance Company (MAPFRE PRICO). Summarized statutory information for MAPFRE PRICO is as follows:

Description	Amount
Admitted assets	\$ 70,539,092
Liabilities	\$ 46,581,009
Policyholders' surplus	\$ 23,958,083
Net income	\$ 2,141,014

NOTES TO FINANCIAL STATEMENTS

J. Writedowns for Impairment of Investments in Affiliates

Not applicable

K. Foreign Insurance Subsidiary Valued 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, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

Not applicable

B. (1) Defined Contribution Plan

The Company's employees are covered by a qualified contribution pension plan sponsored by MAPFRE PRAICO Corporation. The Company matches the employee contributions up to a maximum of 6% of the eligible employee's gross salary. The Company's contribution to the plan amounted to approximately \$1,550,000 and \$1,510,000 for the years ended December 31, 2012 and 2011, respectively.

(2) The health plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory for the first \$10,000. In excess of the \$10,000, employees contribute 100%.

C. Multi-employer Plans

The Plan described above covers substantially all of the employees of MAPFRE PRAICO Corporation and its subsidiaries (the Group) except those who are compensated exclusively on a commission or fee basis, and/or those who are employed outside of Puerto Rico who are not Puerto Rico residents. The Plan is intended to qualify under the provisions of Section 1081.01 (d) of the Puerto Rico Internal Revenue Code of 2011, formerly Section 1165 (e) of the Puerto Rico Internal Revenue Code of 1994, as amended, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

D. Consolidated/Holding Company Plans

Not applicable

E. Postemployment Benefits and Compensated Absences

The Company has not obligations to current or former employees for benefits after their employment, but before their retirement, other than for compensation related to earned vacation pay. The liability for earned but untaken vacation pay has been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable.

Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

As of December 31, 2012 and 2011, surplus was restricted in the amount of \$33,693,482 and \$31,034,101, respectively, for the payment of catastrophic losses. Any future dividends are limited to the available funds that are derived from any realized net profit of the business.

Note 14 - Contingencies

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 15 - Leases

A. Lessee Leasing Arrangements

1. The Company leases equipment under operating leases that expires in various dates through May 30, 2015. Rental expense for the years ended December 31, 2012 and 2011 amounted to \$565,749 and \$439,000, respectively.
2. At December 31, 2012, the minimum rental commitments of MAPFRE PRAICO are as follows:

2013	\$ 222,115
2014	29,250
2015	<u>1,040</u>
	<u>\$ 252,405</u>

B. Lessor Leasing Arrangements

Not applicable

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

Note 20 - Fair Value

A. Inputs Used for Assets Measured and Reported at Fair Value

1. The Company has categorized its assets that are reported on the balance sheet at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:
 - **Level 1 Inputs:** Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Company at the measurement date.
 - **Level 2 Inputs:** Other than quoted prices included in Level 1 Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
 - **Level 3 Inputs:** Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

The following tables present the placement in the fair value hierarchy of admitted assets that are measured at fair value on a recurring basis as of December 31, 2012.

	December 31, 2012			
	Fair Value Measurement at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets	Significant other Observable Inputs	Significant Unobservable Inputs	
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	Total
Admitted assets:				
Common stocks				
Telecommunications Industry	\$ 1,210,900	-	-	1,210,900
Retail Industry	349,087	-	-	349,087
Pharmaceutical, Consumer and Medical Devices & Diagnosis Industry	348,976	-	-	348,976
Pipelines Industry	554,540	-	-	554,540
Technology Industry	391,569	-	-	391,569
Personal Products Industry	142,569	-	-	142,569
Real Estate Industry	594,513	-	-	594,513
Energy Sector	473,291	-	-	473,291
Total Common stocks	4,065,445	-	-	4,065,445
Exchange traded funds				
Other industries	4,854,907	-	-	4,854,907
Total Exchange traded funds	4,854,907	-	-	4,854,907
Total	\$ 8,920,352	-	-	8,920,352

As of December 31, 2012 the Company did not have any nonfinancial asset or liability recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

2. The Company has no assets or liabilities measured at fair value in the Level 3 category.
3. The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of level 1, level 2 or level 3 for the year ended December 31, 2012.

B. Other Fair Value Disclosures

Not applicable

- C. The table below reflects the fair values and admitted values of all admitted assets that are financial instruments excluding those accounted for under the equity method. The fair values are also categorized into the three-level fair value hierarchy as described in the table above.

Type of Financial Instrument	Fair value	Admitted Value	Level 1	Level 2	Level 3	Not practicable (carrying Value)
Financial Instruments - assets						
Bonds	\$ 283,331,150	266,790,685	20,581,793	262,749,357	-	-
Common Stocks and Exchange traded Funds	8,920,352	8,920,352	8,920,352	-	-	-
Cash, cash equivalents and short-term investments	56,020,586	56,020,586	-	-	-	-
Total assets	\$ 348,272,088	331,731,623	29,502,145	262,749,357	-	-

D. Financial Instruments for which it is not Practicable to Estimate Fair Values.

Not applicable

NOTES TO FINANCIAL STATEMENTS**Note 21 - Other Items**

A. Extraordinary items

In accordance with Chapter 25 of the Insurance Code, as amended, the Company is required to establish and maintain a reserve supported by a trust fund for the payments of catastrophe losses. The establishment of this trust fund increases the financial capacity in order to offer protection for those insurers exposed to catastrophe losses. 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 catastrophe insurance losses. The interest earned on these investments and any realized gain (loss) on investment transactions becomes part of the reserve for catastrophe insurance losses and are recorded as income (expense) of the Company. The assets in this fund will be used solely and exclusively to pay catastrophe insurance losses covered under policies written in Puerto Rico, upon approval by the Commissioner. The Company established a trust with a bank to deposit the funds.

The Company is required to make deposits to the trust fund, if any, on or before January 30 of the following year. Contributions to be deposited in the trust fund are determined by applying a contribution rate, not in excess of 5%, to catastrophe written premiums as instructed annually by the Commissioner, unless the balance of the reserve exceeds 8% of the catastrophe exposure, as defined by Chapter 25. The Company deposited in January 2013 and 2012 the amount of \$1,356,601 and \$1,199,563 respectively, corresponding to the contributions for writings in 2012 and 2011, respectively. The amounts deposited in the trust fund are deductible for income tax purposes. A deferred tax expense and liability were recorded to account for the difference in tax basis caused by deducting the transfer in a different period when the actual CAT losses have not been incurred. The balance of the catastrophe loss reserve as of December 31, 2012 and December 31, 2011 was \$33,693,482 and \$31,034,101, respectively.

The amount deposited in the trust fund may be reimbursed in the case that the Company ceases to underwrite property risks, subject to catastrophe losses, upon approval by the Commissioner. Also, authorized withdrawals are allowed when the catastrophe loss reserve exceeds 8% of the catastrophe exposure, as defined by Chapter 25.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. During 2011, the Company entered into an insurance agreement whereby the Company has identified a third party. The agreement has been accounted for as a deposit transaction because the agreement did not transfer insurance risk. The following schedule summarizes the applicable activity in 2012 and 2011:

	2012	2011
Deposit Balance, at beginning of year	\$ 17,321,297	-
Amounts deposited	-	19,000,000
Payments made	(2,693,718)	(178,703)
Amortization of loss adjustment expenses and other expenses fund	(1,500,000)	(1,500,000)
Deposit Balance, at end of year	\$ 13,127,579	17,321,297

D. Uncollectible Premiums Receivable

Not applicable

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable and Non-transferable Tax Credits

Not applicable

G. Subprime Mortgage Related Risk Exposure

Not applicable

Note 22 - Events Subsequent

There were no events occurring subsequent to December 31, 2012 through the date of this filing meriting disclosure.

NOTES TO FINANCIAL STATEMENTS**Note 23 - Reinsurance**

A. Unsecured Reinsurance Recoverables

Individual reinsurers having an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium in excess of 3% of the Company's policyholders' surplus at December 31, 2012 are the following:

NAIC Code	Federal ID #	Name of Reinsurer	Amount
00000	AA-0030001	MAPFRE Re Compañía de Reaseguro, SA	\$18,169,750
00000	AA-9992201	National Flood Insurance Program	\$ 9,126,189

B. Reinsurance Receivable in Dispute

Not applicable

C. Reinsurance Assumed and Ceded and Protected Cells

- (1) Effective May 1, 2004 MAPFRE PRICO entered into 71.50% Quota Share Agreement with the Company covering all business written and retained by MAPFRE PRICO. Also, effective January 1, 2005, MAPFRE PAICO entered into a 71.50% Quota Share Agreement with the Company covering all business written and retained by MAPFRE PAICO.

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

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	\$12,391,482	3,763,568	15,534,787	2,364,250	(3,143,305)	1,399,318
b. All other	-	-	11,738,616	2,810,512	(11,738,616)	(2,810,512)
c. Totals	\$12,391,482	3,763,568	27,273,403	5,174,762	(14,881,921)	(1,411,194)

- (2) There is no additional or return commission, predicated on loss experience or any other form of profit-sharing arrangement in this statement as a result of existing contractual arrangements.

- (3) The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Revenue

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

I. Certified Reinsurance Downgraded or Status Subject to Revocation

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

There are no events attributable to prior years that may significantly affect neither the incurred loss nor the loss adjustment expenses.

Note 26 - Intercompany 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 Policyholders' Surplus

Not applicable

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

Not applicable

Note 31 - High Deductibles

Not applicable

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

Not applicable

Note 33 - Asbestos / Environmental Reserves

Not applicable

Note 34 - Subscriber Savings Accounts

Not applicable

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 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
- 1.3 State regulating? Puerto Rico
- 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
- 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. 12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
- 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). 06/29/2012
- 3.4 By what department or departments? _____

Office of the Insurance Commissioner of the Commonwealth of Puerto Rico

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 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 control100.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
Spain	Corporation

- 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 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 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 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, Puerto Rico LLC, 100 Scotiabank Plaza 273 Ponce De León Ave. San Juan, PR 00917
- 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
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: _____
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: _____
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A
- 10.6 If the answer to 10.5 is no or n/a, please explain. _____

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Scott P. Weinstein, FACS, MAAA, KPMG, LLP Atlanta, Georgia

GENERAL INTERROGATORIES

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
 12.11 Name of real estate holding company
Health Care Reit, Inc.
-
- 12.12 Number of parcels involved0
 12.13 Total book/adjusted carrying value \$.....594,513

12.2 If yes, provide explanation.
Health Care Reit, Inc. is a real estate investment trust that has been at the forefront of senior living and health care real estate since the company was founded in 1970.

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
 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes No
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes No
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes 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 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 No

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes No
 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$.....0
 20.12 To stockholders not officers \$.....0
 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$.....0
 20.22 To stockholders not officers \$.....0
 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No
 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
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment
 22.22 Amount paid as expenses
 22.23 Other amounts paid
 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....50,093

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 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 24.03)? Yes No
 24.02 If no, give full and complete information relating thereto.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

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

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.103 Total payable for securities lending reported on the liability page.

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 24.03) Yes [X] No []

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

25.21 Subject to repurchase agreements \$.....0

25.22 Subject to reverse repurchase agreements \$.....0

25.23 Subject to dollar repurchase agreements \$.....0

25.24 Subject to reverse dollar repurchase agreements \$.....0

25.25 Pledged as collateral \$.....0

25.26 Placed under option agreements \$.....0

25.27 Letter stock or securities restricted as to sale \$.....0

25.28 On deposit with state or other regulatory body \$.....35,482,373

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon/Custody	One Mellon Bank Center Room 1035 Pittsburg, PA 015258-0001
Banco Popular de Puerto Rico	209 Muñoz Rivera Ave. Hato Rey, PR 00918

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

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

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	266,799,899	283,340,364	16,540,465
30.2 Preferred stocks.....			0
30.3 Totals.....	266,799,899	283,340,364	16,540,465

30.4 Describe the sources or methods utilized in determining the fair values:
The Bank of New York Mellon / SVO

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.
-
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:
-

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....532,830
- 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 Services Office, Inc.	441,156

- 34.1 Amount of payments for legal expenses, if any? \$.....306,664
- 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
Curbelo, Baerga & Quintana Law Offices	81,120

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

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 Item (1.2) above.
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned
- 1.62 Total incurred claims
- 1.63 Number of covered lives
- All years prior to most current three years:
- 1.64 Total premium earned
- 1.65 Total incurred claims
- 1.66 Number of covered lives
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned
- 1.72 Total incurred claims
- 1.73 Number of covered lives
- All years prior to most current three years:
- 1.74 Total premium earned
- 1.75 Total incurred claims
- 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....143,239,596	\$.....142,629,674
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....6,117	\$.....19,202
2.5 Reserve Denominator.....	\$.....191,701,632	\$.....196,029,349
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 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 EXCHANGES 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 []
- 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 []
- 5.5 If yes, give full information:

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The entity has very limited workers compensation exposure. By law the State Insurance Fund insures all employers in Puerto Rico.

- 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 Entity runs a detail catastrophe analysis on each major line of business. This analysis includes among, others, policy limits, location, construction and ductible. We utilized the latest version of RMS modeling software for both perils of earthquake and windstorm.

- 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 entity buys a comprehensive property reinsurance program including the following coverage: Comm. Property Multi-Peril Pro Rata, Personal/Residential condominium Catastrophe XL, commercial Catastrophe XL, Automobile Physical Damage XL, Inland Marine & Marine XL, and Umbrella. The programs provide limits for Hurricane and Earthquake of \$915,000,000 and \$1,040,000,000 respectively.

- 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 uninsured catastrophic loss:

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [X] No []

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 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 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 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]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting 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 assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$.....0
 - 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 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 a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit
 - 12.62 Collateral and other funds
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....64,679,857
- 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.6

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
XL Contracts: The recording of the reinsurance among the companies is allocated using a proportional rate based on premiums written.
QUOTA SHARE OR SURPLUS: The recording of the reinsurance among the companies is allocated to the specific policy issuer.
- 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 [X] No []
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []
- 14.5 If the answer to 14.4 is no, please explain:

- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]
- 15.2 If yes, give full information:

- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage: _____

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [X]
 Incurred 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 account? 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 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	34,418,736	33,268,562	34,409,085	33,529,459	43,865,063
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	123,023,028	115,953,933	118,184,432	113,546,822	137,349,883
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	90,832,611	86,957,151	77,242,932	74,244,327	79,967,970
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	7,529,069	7,761,402	6,961,403	6,255,539	8,170,065
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	255,803,444	243,941,048	236,797,852	227,576,147	269,352,981
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	31,329,834	32,157,987	30,526,879	28,992,703	38,388,825
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	63,999,819	65,506,680	71,809,266	62,331,142	94,008,752
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	43,051,324	43,286,098	47,580,326	29,899,519	32,903,731
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	4,446,670	4,439,421	4,011,562	3,863,626	4,049,141
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	142,827,647	145,390,186	153,928,033	125,086,990	169,350,449
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	4,016,367	3,923,218	14,662,418	1,117,434	4,424,875
14. Net investment gain (loss) (Line 11).....	17,299,190	20,639,755	19,957,143	24,054,546	25,689,448
15. Total other income (Line 15).....	1,302,234	871,292	307,980	(24,854)	55,964
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	791,892	738,233	5,175,846	(2,019,644)	1,539,569
18. Net income (Line 20).....	21,825,899	24,696,032	29,751,695	27,166,770	28,630,718
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	427,695,799	430,413,722	439,041,429	428,661,372	449,362,080
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	20,137,840	19,709,656	18,666,810	15,514,258	20,306,539
20.2 Deferred and not yet due (Line 15.2).....	270,947	370,544	576,652	672,882	695,877
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	231,162,529	240,460,720	244,525,760	238,109,465	271,485,888
22. Losses (Page 3, Line 1).....	71,476,905	75,172,303	80,332,605	87,354,784	85,965,732
23. Loss adjustment expenses (Page 3, Line 3).....	10,787,220	10,906,211	12,496,633	13,436,122	13,492,448
24. Unearned premiums (Page 3, Line 9).....	108,130,249	108,542,198	105,781,686	100,695,354	125,735,169
25. Capital paid up (Page 3, Lines 30 & 31).....	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	196,533,270	189,953,002	194,515,669	190,551,907	177,876,192
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	10,698,608	2,651,899	25,535,818	(3,855,944)	35,665,405
Risk-Based Capital Analysis					
28. Total adjusted capital.....	196,533,270	189,953,002	194,515,669	190,551,907	177,876,192
29. Authorized control level risk-based capital.....	15,973,636	15,841,564	16,036,639	15,213,697	13,802,166
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	68.2	73.2	75.5	73.7	71.0
31. Stocks (Lines 2.1 & 2.2).....	8.4	7.7	7.8	8.2	8.2
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	9.1	9.4	9.2	9.6	8.9
34. Cash, cash equivalents and short-term investments (Line 5).....	14.3	9.8	7.4	8.5	11.9
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....				XXX	XXX
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 (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	23,958,083	21,761,344	23,766,823	28,626,734	32,555,220
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	23,958,083	21,761,344	23,766,823	28,626,734	32,555,220
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	12.2	11.5	12.2	15.0	18.3

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	3,313,143	(2,290,388)	(3,998,353)	(3,889,852)	(5,937,108)
52. Dividends to stockholders (Line 35).....	(17,100,000)	(26,500,000)	(22,500,000)	(7,875,000)	(11,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	6,580,268	(4,562,667)	3,963,762	12,675,715	5,761,123
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	24,249,596	20,404,422	20,286,307	22,159,056	26,755,424
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	27,092,406	29,613,429	29,057,090	35,645,839	38,626,111
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	15,865,752	21,210,655	18,903,415	18,849,438	18,127,686
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	2,176,834	(1,037,683)	3,365,782	8,732,964	6,775,888
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	69,384,588	70,190,823	71,612,594	85,387,297	90,285,109
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	18,367,252	18,779,657	19,342,141	20,739,709	25,127,340
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	24,979,371	26,909,780	27,507,437	33,748,789	36,448,898
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	13,901,654	16,503,261	17,647,570	18,214,868	14,152,056
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,050,092	217,222	3,329,506	3,748,660	2,100,810
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	58,298,369	62,409,920	67,826,654	76,452,026	77,829,104
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	38.1	40.1	40.9	51.9	49.6
68. Loss expenses incurred (Line 3).....	14.6	12.7	11.8	12.5	11.4
69. Other underwriting expenses incurred (Line 4).....	44.5	44.5	37.5	34.9	36.4
70. Net underwriting gain (loss) (Line 8).....	2.8	2.8	9.9	0.7	2.6
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	43.7	43.0	36.1	41.9	36.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	52.7	52.8	52.6	64.3	60.9
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	72.7	76.5	79.1	65.6	95.2
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	334	88	(3,551)	(1,338)	(9,124)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	0.2	0.0	(1.9)	(0.8)	(5.3)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(13,534)	(15,830)	(3,012)	(10,809)	(4,893)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(7.0)	(8.3)	(1.7)	(6.3)	(3.3)

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

Yes [] No []

If no, please explain:

SCHEDULE 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 (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 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	(52)	(25)	54	14	4		59	17	XXX
2. 2003.....	145,394	48,632	96,762	49,948	7,318	3,563	1,239	7,334		6,523	52,290	XXX
3. 2004.....	197,541	66,508	131,033	86,948	17,381	4,729	1,893	11,059		12,052	83,463	XXX
4. 2005.....	235,165	68,191	166,974	94,406	8,804	6,816	418	10,959		8,564	102,959	XXX
5. 2006.....	248,475	76,963	171,512	96,466	8,279	6,057	1,511	12,095		7,095	104,828	XXX
6. 2007.....	252,131	83,775	168,356	91,298	8,245	5,399	753	11,745		7,615	99,445	XXX
7. 2008.....	264,485	96,201	168,284	87,037	4,867	5,623	912	13,604		9,434	100,485	XXX
8. 2009.....	254,620	104,492	150,128	70,370	5,392	3,756	264	12,825		4,835	81,295	XXX
9. 2010.....	233,936	85,096	148,840	61,949	5,396	3,236	220	14,672		3,698	74,242	XXX
10. 2011.....	243,523	100,894	142,629	58,851	9,081	2,820	195	15,959		3,008	68,354	XXX
11. 2012.....	254,472	111,233	143,239	35,521	1,077	1,098	73	11,073		1,571	46,541	XXX
12. Totals.....	XXX	XXX	XXX	732,743	75,814	43,151	7,491	121,328	0	64,453	813,917	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 and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	(72)	(198)		4	97	63			1		129	157	XXX
2. 2003.....	854	441	9		77	132	1		1		3	369	XXX
3. 2004.....	87	(107)	70	40	232	269	6	7	2		195	188	XXX
4. 2005.....	2,201	1,631	328	232	110	227	30	85	4		131	497	XXX
5. 2006.....	1,719	597	363	316	196	101	33	95	10		199	1,211	XXX
6. 2007.....	1,069	(426)	1,110	542	311	144	98	132	13		405	2,208	XXX
7. 2008.....	2,377	(78)	1,551	132	262	42	138	28	28		218	4,232	XXX
8. 2009.....	3,959	920	3,703	779	362	297	335	211	47		157	6,199	XXX
9. 2010.....	7,992	770	8,523	1,348	712	192	775	275	174		27	15,593	XXX
10. 2011.....	9,915	556	12,716	1,288	1,062	293	1,143	422	1,505		43	23,782	XXX
11. 2012.....	12,994	309	10,489	1,382	1,106	(20)	1,026	261	4,145		141	27,828	XXX
12. Totals.....	43,095	4,415	38,861	6,063	4,527	1,742	3,586	1,516	5,931	0	1,648	82,264	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. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	121	36
2. 2003.	61,788	9,130	52,659	42.5	18.8	54.4				422	(53)
3. 2004.	103,134	19,483	83,651	52.2	29.3	63.8				224	(36)
4. 2005.	114,854	11,398	103,456	48.8	16.7	62.0				666	(168)
5. 2006.	116,937	10,898	106,039	47.1	14.2	61.8				1,169	42
6. 2007.	111,042	9,390	101,652	44.0	11.2	60.4				2,061	146
7. 2008.	110,620	5,903	104,717	41.8	6.1	62.2				3,874	358
8. 2009.	95,357	7,863	87,494	37.5	7.5	58.3				5,963	236
9. 2010.	98,035	8,200	89,834	41.9	9.6	60.4				14,398	1,195
10. 2011.	103,971	11,835	92,136	42.7	11.7	64.6				20,787	2,995
11. 2012.	77,453	3,083	74,369	30.4	2.8	51.9				21,792	6,036
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	71,478	10,787

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior.....	18,312	21,836	24,262	22,881	22,946	19,548	19,401	19,084	18,989	18,904	(85)	(180)
2. 2003.....	59,877	53,507	44,915	45,446	45,998	46,257	45,717	45,818	45,222	45,323	101	(495)
3. 2004.....	XXX	82,897	76,787	75,620	74,953	73,726	72,721	73,028	72,888	72,590	(298)	(438)
4. 2005.....	XXX	XXX	98,387	92,740	92,598	93,976	93,353	93,720	92,500	92,493	(7)	(1,227)
5. 2006.....	XXX	XXX	XXX	101,223	95,223	95,961	96,434	95,655	94,174	93,934	(240)	(1,720)
6. 2007.....	XXX	XXX	XXX	XXX	102,238	91,822	93,665	92,232	90,850	89,894	(956)	(2,338)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	97,820	98,169	96,562	92,651	91,085	(1,565)	(5,477)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	83,489	83,300	79,844	74,622	(5,222)	(8,678)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	67,969	80,335	74,988	(5,347)	7,019
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60,717	74,671	13,954	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	59,151	XXX	XXX
12. Totals.....											334	(13,534)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior.....	.000	7,446	13,713	16,845	18,332	19,610	17,769	18,242	18,735	18,748	XXX	XXX
2. 2003.....	31,801	34,455	37,737	40,690	42,864	43,569	44,575	44,625	44,739	44,955	XXX	XXX
3. 2004.....	XXX	42,580	56,552	65,578	70,408	71,399	72,050	72,207	72,319	72,404	XXX	XXX
4. 2005.....	XXX	XXX	55,555	72,045	80,989	86,683	89,595	90,763	91,536	92,000	XXX	XXX
5. 2006.....	XXX	XXX	XXX	58,173	78,039	84,948	89,054	91,088	91,736	92,733	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	54,620	71,063	78,762	83,799	86,551	87,699	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	51,308	70,923	80,983	85,289	86,881	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	45,337	58,890	65,045	68,470	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,301	53,296	59,570	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	38,842	52,395	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	35,468	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior.....	2,763	2,485	4,102	2,156	1,410	805	213	64	10	(4)
2. 2003.....	19,690	3,920	2,442	1,117	653	304	72	312	44	10
3. 2004.....	XXX	26,979	11,649	3,428	1,438	915	188	313	263	29
4. 2005.....	XXX	XXX	27,314	9,450	2,882	1,679	947	1,012	272	40
5. 2006.....	XXX	XXX	XXX	23,411	8,086	3,480	2,339	1,934	682	(15)
6. 2007.....	XXX	XXX	XXX	XXX	28,778	8,875	6,218	3,344	1,739	534
7. 2008.....	XXX	XXX	XXX	XXX	XXX	29,275	12,558	8,095	3,055	1,529
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	21,689	14,412	8,446	3,048
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,687	16,307	7,676
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,417	12,149
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,872

MAPFRE PRAICO Insurance Company 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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 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. District of Columbia.....DC	N								
10. Florida.....FL	N								
11. Georgia.....GA	N								
12. Hawaii.....HI	N								
13. Idaho.....ID	N								
14. Illinois.....IL	N								
15. Indiana.....IN	N								
16. Iowa.....IA	N								
17. Kansas.....KS	N								
18. Kentucky.....KY	N								
19. Louisiana.....LA	N								
20. Maine.....ME	N								
21. Maryland.....MD	N								
22. Massachusetts.....MA	N								
23. Michigan.....MI	N								
24. Minnesota.....MN	N								
25. Mississippi.....MS	N								
26. Missouri.....MO	N								
27. Montana.....MT	N								
28. Nebraska.....NE	N								
29. Nevada.....NV	N								
30. New Hampshire.....NH	N								
31. New Jersey.....NJ	N								
32. New Mexico.....NM	N								
33. New York.....NY	N								
34. North Carolina.....NC	N								
35. North Dakota.....ND	N								
36. Ohio.....OH	N								
37. Oklahoma.....OK	N								
38. Oregon.....OR	N								
39. Pennsylvania.....PA	N								
40. Rhode Island.....RI	N								
41. South Carolina.....SC	N								
42. South Dakota.....SD	N								
43. Tennessee.....TN	N								
44. Texas.....TX	N								
45. Utah.....UT	N								
46. Vermont.....VT	N								
47. Virginia.....VA	N								
48. Washington.....WA	N								
49. West Virginia.....WV	N								
50. Wisconsin.....WI	N								
51. Wyoming.....WY	N								
52. American Samoa.....AS	N								
53. Guam.....GU	N								
54. Puerto Rico.....PR	L	227,655,586	226,478,958		53,455,131	46,163,791	77,432,498	19,654	
55. US Virgin Islands.....VI	L	4,718,603	4,010,007		510,833	1,005,336	612,709		
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....(a).....2		232,374,189	230,488,965	0	53,965,964	47,169,127	78,045,207	19,654	0

DETAILS OF WRITE-INS

58001.....	XXX								
58002.....	XXX								
58003.....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

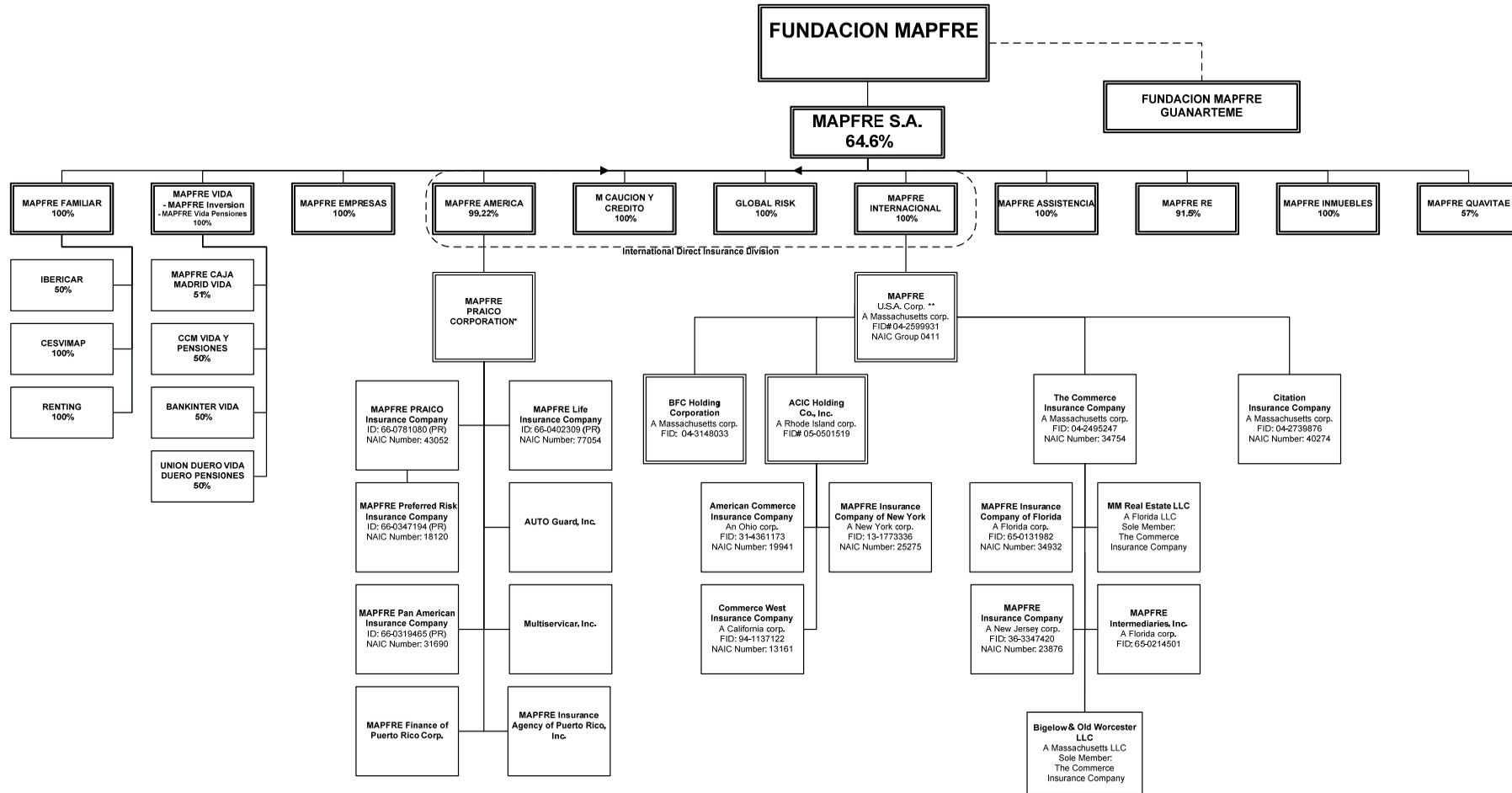
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of Basis of Allocation of Premiums by States, etc.

Premiums are allocated to those states where the insured risks are allocated.

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

PART 1 – ORGANIZATIONAL CHART



* All subsidiaries of MAPFRE PRAICO Corporation are 100% owned by their parent companies, except MAPFRE Preferred Risk Insurance Company which is 100% owned by MAPFRE PRAICO Insurance Company.

** All subsidiaries of MAPFRE U.S.A. Corp. are 100% owned by their parent companies, except ACIC Holding Co., Inc. which is 5% owned by AAA Southern New England and 0.05% owned by AAA Ohio Auto Club and AAA Oregon / Idaho each.

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