



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
COOPERATIVA DE SEGUROS MULTIPLES DE PR

NAIC Group Code 3526, 3526 NAIC Company Code 18163 Employer's ID Number 66-0257478
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated/Organized April 23, 1963 Commenced Business February 8, 1965

Statutory Home Office 38 NEVAREZ STREET, SAN JUAN, Puerto Rico 00927-4608
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 38 NEVAREZ STREET, SAN JUAN, Puerto Rico 00927-4608 787-622-3575 X. 2512
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

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OFFICERS

ESQ. ROBERTO CASTRO HIRALDO (PRESIDENT)
ESQ. RUTH E. GOMEZ ARIAS (SECRETARY)
RAMON A. RODRIGUEZ ROSA (TREASURER)

OTHER OFFICERS

ESQ LUIS J VILARO SUAREZ (ADMINISTRATION VP)
GIDEL H MENDEZ MARTINEZ (SALES, MARKETING AND UNDERWRITING VP)
LUIS M CORDERO RIVERA (PRESIDENT ASSISTANT - BRANCHES AREA)
RIZICK E ROSARIO PENA (PRESIDENT ASSISTANT - COOPERATIVES AREA)
DENNIS A. CABAN GUZMAN (INFORMATION SYSTEM VP)

DIRECTORS OR TRUSTEES

JUAN GONZALEZ FELICIANO
EDIL E VILLARUBIA ROMAN
BRENDA J VARELA GARCIA
AIDA L TORRES CRUZ
MAYRA W RIVERA RODRIGUEZ
ADRIANO MADERA TORRES
NEFTALI SEPULVEDA ORENCO
ALTAGRACIA PENA SUAREZ
JOSE A MORALES BURGOS
MARITZA FLORAN HERNANDEZ
IVAN A FLORES PEREZ
CHRISTIAN E CRUZ COLON

State of Puerto Rico }
County of San Juan } SS

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

ESQ ROBERTO CASTRO HIRALDO
PRESIDENT

ESQ RUTH GOMEZ ARIAS
SECRETARY

RAMON A. RODRIGUEZ ROSA
TREASURER

Subscribed and sworn to before me this
day of March, 2014

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col 1 - Col 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	212,099,004		212,099,004	156,029,874
2. Stocks (Schedule D):				
2.1 Preferred stocks	7,578,255	2,000,000	5,578,255	7,039,623
2.2 Common stocks	100,442,932	1,400,266	99,042,666	114,595,270
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	9,968,062		9,968,062	9,758,079
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 35,229,442 , Schedule E - Part 1), cash equivalents (\$ 5,000,000 , Schedule E - Part 2) and short-term investments (\$ 77,828,574 , Schedule DA)	118,058,016		118,058,016	140,109,349
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	8,079,890		8,079,890	8,074,735
9. Receivables for securities	178		178	8,123
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Line 1 through Line 11)	456,226,337	3,400,266	452,826,071	435,615,053
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	1,640,260		1,640,260	1,356,953
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	6,847,037	2,090,784	4,756,253	5,123,729
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	5,220,070		5,220,070	693,181
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	1,063,827		1,063,827	490,698
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,345,715		1,345,715	1,786,935
21. Furniture and equipment, including health care delivery assets (\$)	7,600,474	7,600,474		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	33,991,166	1,559,280	32,431,886	33,435,012
24. Health care (\$) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	27,267,266	26,509,654	757,612	2,597,167
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	541,202,152	41,160,458	500,041,694	481,098,728
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	541,202,152	41,160,458	500,041,694	481,098,728
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)				
2501. INTANGIBLE ASSETS				
2502. GOODWILL	573,710		573,710	2,306,834
2503. MISCELLANEOUS ACCOUNTS RECEIVABLE	26,693,556	26,509,654	183,902	290,333
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	27,267,266	26,509,654	757,612	2,597,167

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE COOPERATIVA DE SEGUROS MULTIPLES DE PR
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	27,813,261	27,917,738
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	52,629	
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	8,487,307	8,671,924
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	5,817,348	5,588,109
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 3,293,000 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	95,469,647	96,641,166
10. Advance premium	149,995,064	126,993,278
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	2,030,871	1,776,643
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	1,102,856	1,077,878
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	145,249	
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	437,958	1,162,783
20. Derivatives		
21. Payable for securities	995,043	255,827
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	28,396,028	32,680,677
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25)	320,743,261	302,766,023
27. Protected cell liabilities		
28. Total liabilities (Line 26 and Line 27)	320,743,261	302,766,023
29. Aggregate write-ins for special surplus funds	133,539,593	132,833,122
30. Common capital stock	40,447,832	38,252,478
31. Preferred capital stock	262,687	250,903
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	5,048,321	6,996,202
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39)	179,298,433	178,332,705
38. Totals (Page 2, Line 28, Column 3)	500,041,694	481,098,728
DETAILS OF WRITE-INS		
2501. UPR PORTION OF AMOUNT RECOVERED PURSUANT TO SECTION 38.160 OF THE INSURANCE CODE OF PUERTO RICO	(234)	(134)
2502. OTHER RESERVES (INCLUDING EDUCATIONAL AND SOCIAL AS PER PUERTO RICO INSURANCE CODE OF PUERTO RICO)	232,875	234,344
2503. LOAN- AUTO FLEET	5,070	143,513
2598. Summary of remaining write-ins for Line 25 from overflow page	28,158,317	32,302,954
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	28,396,028	32,680,677
2901. RESERVE FOR CATASTROPHE INSURANCE LOSSES PURSUANT TO CHAPTER 25 OF PUERTO RICO INSURANCE CODE	34,063,815	33,357,344
2902. CONTINGENCIES FOR CATASTROPHE LOSSES AND OTHER OPERATING LOSSES	87,716,922	87,716,922
2903. SPECIAL SURPLUS FUNDS	11,758,856	11,758,856
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)	133,539,593	132,833,122
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above)		

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4)	162,976,626	154,908,544
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	98,825,282	93,457,881
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	12,900,555	12,916,232
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	68,848,249	64,023,553
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	180,574,086	170,397,666
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(17,597,460)	(15,489,122)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	8,079,579	8,159,132
10. Net realized capital gains (losses) less capital gains tax of \$	5,266,085	12,786,761
11. Net investment gain (loss) (Line 9 plus Line 10)	13,345,664	20,945,893
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$	(490)	78
13. Finance and service charges not included in premiums	22,815	37,486
14. Aggregate write-ins for miscellaneous income	23,958,390	2,742,142
15. Total other income (Line 12 through Line 14)	23,980,715	2,779,706
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	19,728,919	8,236,477
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)	19,728,919	8,236,477
19. Federal and foreign income taxes incurred	20,697	
20. Net income (Line 18 minus Line 19) (to Line 22)	19,708,222	8,236,477
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	178,332,705	183,887,336
22. Net income (from Line 20)	19,708,222	8,236,477
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(8,816,827)	(7,325,177)
25. Change in net unrealized foreign exchange capital gain (loss)	59,665	(46,299)
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(11,273,554)	(822,815)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(145,249)	
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	2,207,138	1,834,351
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	(2,207,293)	(1,632,888)
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	1,433,626	(5,798,280)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	965,728	(5,554,631)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	179,298,433	178,332,705
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401. MISCELLANEOUS INCOME (EXPENSES)	3,116,249	2,742,142
1402. EXTRAORDINARY DIVIDEND FROM ASC	20,842,141	
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	23,958,390	2,742,142
3701. GOODWILL AMORTIZATION PER NAIC REGULATION SECTION	(1,733,128)	(2,243,196)
3702. CHANGE IN ADDITIONAL MINIMUM LIABILITY PENSION PLAN	19,010,144	(3,555,084)
3703. CHANGE IN TOTAL LIABILITY FOR PENSION BENEFITS	(15,843,390)	
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	1,433,626	(5,798,280)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	186,684,352	184,898,302
2. Net investment income	8,692,133	8,590,574
3. Miscellaneous income	23,980,715	2,779,706
4. Total (Line 1 through Line 3)	219,357,200	196,268,582
5. Benefit and loss related payments	103,404,019	102,184,017
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	82,239,933	79,541,123
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	20,697	
10. Total (Line 5 through Line 9)	185,664,649	181,725,140
11. Net cash from operations (Line 4 minus Line 10)	33,692,551	14,543,442
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	28,162,830	151,014,547
12.2 Stocks	38,344,400	61,530,724
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	747,161	1,846,568
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	67,254,391	214,391,839
13. Cost of investments acquired (long-term only):		
13.1 Bonds	84,226,903	96,776,148
13.2 Stocks	25,112,652	48,679,562
13.3 Mortgage loans		
13.4 Real estate	862,137	
13.5 Other invested assets	2,486	129,446
13.6 Miscellaneous applications	2,665	35,536
13.7 Total investments acquired (Line 13.1 through Line 13.6)	110,206,843	145,620,692
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(42,952,452)	68,771,147
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	2,207,138	1,834,352
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	2,207,293	1,632,888
16.6 Other cash provided (applied)	(12,791,277)	(25,871,940)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(12,791,432)	(25,670,476)
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)	(22,051,333)	57,644,113
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	140,109,349	82,465,236
19.2 End of year (Line 18 plus Line 19.1)	118,058,016	140,109,349
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire	326,559	574,500	543,387	357,672
2. Allied lines	3,915,972	4,638,767	4,581,172	3,973,567
3. Farmowners multiple peril	65,764	48,245	50,721	63,288
4. Homeowners multiple peril	377,229	429,978	389,380	417,827
5. Commercial multiple peril	6,347,555	9,771,604	8,414,034	7,705,125
6. Mortgage guaranty				
8. Ocean marine	535,399	334,630	313,897	556,132
9. Inland marine	108,637	62,625	53,699	117,563
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	3,437,105	3,815,686	3,790,916	3,461,875
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	6,194,568	3,124,436	3,338,984	5,980,020
17.2 Other liability - claims-made	1,676,614	1,023,847	849,253	1,851,208
17.3 Excess Workers' Compensation				
18.1 Products liability - occurrence	152,313	95,528	72,524	175,317
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	23,413,833	12,317,669	11,553,725	24,177,777
19.3, 19.4 Commercial auto liability	5,073,881	3,057,757	2,408,391	5,723,247
21. Auto physical damage	102,317,154	50,661,602	53,251,819	99,726,937
22. Aircraft (all perils)				
23. Fidelity	3,368,085	1,894,727	1,860,760	3,402,052
24. Surety	976,532	3,722,945	2,889,568	1,809,909
26. Burglary and theft	7,922	5,135	3,531	9,526
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - Nonproportional Assumed Property	206,244	78,254	90,860	193,638
32. Reinsurance - Nonproportional Assumed Liability	161,054			161,054
33. Reinsurance - Nonproportional Assumed Financial Lines	22,558	4,479	5,145	21,892
34. Aggregate write-ins for other lines of business	3,120,129	978,752	1,007,881	3,091,000
35. TOTALS	161,805,107	96,641,166	95,469,647	162,976,626
DETAILS OF WRITE-INS				
3401. TRAVEL ASSISTANCE	1,936,715	935,795	972,513	1,899,997
3402. HOME ASSISTANCE	78,484	42,957	35,368	86,073
3403. TITLE INSURANCE	1,104,930			1,104,930
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)	3,120,129	978,752	1,007,881	3,091,000

UNDERWRITING AND INVESTMENT EXHIBIT**PART 1A-RECAPITULATION OF ALL PREMIUMS**

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	543,387				543,387
2. Allied lines	4,581,172				4,581,172
3. Farmowners multiple peril	50,721				50,721
4. Homeowners multiple peril	389,380				389,380
5. Commercial multiple peril	8,414,034				8,414,034
6. Mortgage guaranty					
8. Ocean marine	313,897				313,897
9. Inland marine	53,699				53,699
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	3,790,916				3,790,916
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence	2,882,761	456,223			3,338,984
17.2 Other liability - claims-made	849,253				849,253
17.3 Excess Workers' Compensation					
18.1 Products liability - occurrence	72,524				72,524
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	11,553,725				11,553,725
19.3, 19.4 Commercial auto liability	2,408,391				2,408,391
21. Auto physical damage	50,865,838	2,385,981			53,251,819
22. Aircraft (all perils)					
23. Fidelity	1,860,760				1,860,760
24. Surety	205,791	2,683,777			2,889,568
26. Burglary and theft	3,531				3,531
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance - Nonproportional Assumed Property	90,860				90,860
32. Reinsurance - Nonproportional Assumed Liability					
33. Reinsurance - Nonproportional Assumed Financial Lines	5,145				5,145
34. Aggregate write-ins for other lines of business	1,007,881				1,007,881
35. TOTALS	89,943,666	5,525,981			95,469,647
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through Line 37)					95,469,647
DETAILS OF WRITE-INS					
3401. Travel Assistance	972,513				972,513
3402. Home Assistance	35,368				35,368
3403. Title insurance					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)	1,007,881				1,007,881

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

UNDERWRITING AND INVESTMENT EXHIBIT**PART 1B-PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	1,078,012				751,453	326,559
2. Allied lines	10,027,367				6,111,395	3,915,972
3. Farmowners multiple peril	116,542				50,778	65,764
4. Homeowners multiple peril	795,712				418,483	377,229
5. Commercial multiple peril	17,545,497				11,197,942	6,347,555
6. Mortgage guaranty						
8. Ocean marine	658,584				123,185	535,399
9. Inland marine	110,648				2,011	108,637
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	7,631,600				4,194,495	3,437,105
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	6,966,839				772,271	6,194,568
17.2 Other liability - claims-made	2,043,531				366,917	1,676,614
17.3 Excess Workers' Compensation						
18.1 Products liability - occurrence	153,371				1,058	152,313
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	23,024,569	329,276	238,769		178,781	23,413,833
19.3, 19.4 Commercial auto liability	4,551,927	554,900			32,946	5,073,881
21. Auto physical damage	100,664,495	1,221,728	557,127		126,196	102,317,154
22. Aircraft (all perils)						
23. Fidelity	3,545,410				177,325	3,368,085
24. Surety	976,532					976,532
26. Burglary and theft	7,922					7,922
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - Nonproportional Assumed Property	X X X		206,244			206,244
32. Reinsurance - Nonproportional Assumed Liability	X X X		161,054			161,054
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X		22,558			22,558
34. Aggregate write-ins for other lines of business	6,734,312				3,614,183	3,120,129
35. TOTALS	186,632,870	2,105,904	1,185,752		28,119,419	161,805,107
DETAILS OF WRITE-INS						
3401. Travel Assistance	5,241,467				3,304,752	1,936,715
3402. Home Assistance	387,915				309,431	78,484
3403. Title Insurance	1,104,930					1,104,930
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)	6,734,312				3,614,183	3,120,129

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE COOPERATIVA DE SEGUROS MULTIPLES DE PR

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 plus 5 minus 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)				
1. Fire	427,864			427,864	147,940	73,620	502,184	140.4
2. Allied lines	834,515		86,724	747,791	170,705	164,447	754,049	19.0
3. Farmowners multiple peril	7,894			7,894	5,585	173	13,306	21.0
4. Homeowners multiple peril	4,503,170		3,116,000	1,387,170	759,461	1,122,995	1,023,636	245.0
5. Commercial multiple peril	4,465,704		455,345	4,010,359	4,591,008	5,422,054	3,179,313	41.3
6. Mortgage guaranty								
8. Ocean marine	221,602			221,602	70,110	32,943	258,769	46.5
9. Inland marine	36,761			36,761		11,294	25,467	21.7
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	725,041			725,041	1,113,775	1,061,584	777,232	13.0
17.2 Other liability - claims-made	108,422		40,358	68,064	935,308	878,980	124,392	6.7
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence						2,000	(2,000)	(1.1)
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	15,244,913	432,150	402,477	15,274,586	10,736,952	10,854,930	15,156,608	62.7
19.3, 19.4 Commercial auto liability	2,468,447	348,369		2,816,816	2,779,001	3,457,879	2,137,938	37.4
21. Auto physical damage	70,271,612	957,026	66,363	71,162,275	3,539,711	3,380,578	71,321,408	71.5
22. Aircraft (all perils)								
23. Fidelity	433,328		750	432,578	1,593,718	378,016	1,648,280	48.4
24. Surety	864,816			864,816	809,831	677,712	996,935	55.1
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance- Nonproportional Assumed Property	X X X	20,041		20,041	12,301	771	31,571	16.3
32. Reinsurance- Nonproportional Assumed Liability	X X X	3,361		3,361	20,063		23,424	14.5
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X	7,550		7,550	9,841	990	16,401	74.9
34. Aggregate write-ins for other lines of business	2,844,834		2,129,644	715,190	517,951	396,772	836,369	27.1
35. TOTALS	103,458,923	1,768,497	6,297,661	98,929,759	27,813,261	27,917,738	98,825,282	60.6
DETAILS OF WRITE-INS								
3401. Travel & Road Assistance	2,671,267		1,999,466	671,801	7,152	2,072	676,881	35.6
3402. Home Assistance	173,567		130,178	43,389	4,993	3,108	45,274	52.6
3403. Title Insurance					505,806	391,592	114,214	10.3
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)	2,844,834		2,129,644	715,190	517,951	396,772	836,369	27.1

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE COOPERATIVA DE SEGUROS MULTIPLES DE PR

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	106,800			106,800	41,140			147,940	12,582
2. Allied lines	77,462			77,462	93,243			170,705	35,383
3. Farmowners multiple peril	5,000			5,000	585			5,585	142
4. Homeowners multiple peril	1,414,794		1,393,794	21,000	1,286,652		548,191	759,461	212,259
5. Commercial multiple peril	3,641,930		22,466	3,619,464	1,320,332		348,788	4,591,008	1,856,770
6. Mortgage guaranty									
8. Ocean marine	30,000			30,000	40,110			70,110	12,175
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence	1,025,190			1,025,190	245,635		157,050	1,113,775	784,129
17.2 Other liability - claims-made	933,038		78,361	854,677	223,581		142,950	935,308	506,556
17.3 Excess Workers' Compensation									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	6,646,401	367,212	258,016	6,755,597	3,609,620	371,735		10,736,952	2,050,101
19.3, 19.4 Commercial auto liability	1,109,718	333,821		1,443,539	997,552	337,910		2,779,001	346,627
21. Auto physical damage	1,657,472	395,506	15,032	2,037,946	1,112,323	400,356	10,914	3,539,711	2,360,677
22. Aircraft (all perils)									
23. Fidelity	1,401,596		47,929	1,353,667	241,366		1,315	1,593,718	210,881
24. Surety	660,961			660,961	148,870			809,831	47,368
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance- Nonproportional Assumed Property	X X X	6,079		6,079	X X X	6,222		12,301	
32. Reinsurance- Nonproportional Assumed Liability	X X X	9,995		9,995	X X X	10,068		20,063	555
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X	4,864		4,864	X X X	4,977		9,841	
34. Aggregate write-ins for other lines of business	40,491		30,369	10,122	513,850		6,021	517,951	51,102
35. TOTALS	18,750,853	1,117,477	1,845,967	18,022,363	9,874,859	1,131,268	1,215,229	27,813,261	8,487,307
DETAILS OF WRITE-INS									
3401. Travel & Road Assistance	20,515		15,386	5,129	8,044		6,021	7,152	47,969
3402. Home Assistance	19,976		14,983	4,993				4,993	3,133
3403. Title Insurance					505,806			505,806	
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)	40,491		30,369	10,122	513,850		6,021	517,951	51,102

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	4,346,957			4,346,957
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	(36,346)			(36,346)
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	4,383,303			4,383,303
2. Commission and brokerage:				
2.1 Direct excluding contingent		29,511,447		29,511,447
2.2 Reinsurance assumed excluding contingent		211,310		211,310
2.3 Reinsurance ceded excluding contingent		368,111		368,111
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		29,354,646		29,354,646
3. Allowances to manager and agents				
4. Advertising		5,560,712		5,560,712
5. Boards, bureaus and associations		382,341		382,341
6. Surveys and underwriting reports		124,972		124,972
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	3,075,113	11,653,206	237,872	14,966,191
8.2 Payroll taxes	219,455	845,224	25,510	1,090,189
9. Employee relations and welfare	1,345,133	5,265,891	156,364	6,767,388
10. Insurance	78,747	337,491	9,154	425,392
11. Directors' fees		238,841		238,841
12. Travel and travel items	334,068	1,286,652	38,834	1,659,554
13. Rent and rent items	1,298,973	4,682,754	100,446	6,082,173
14. Equipment	409,851	1,514,789	31,694	1,956,334
15. Cost or depreciation of EDP equipment and software	195,076	720,991	15,085	931,152
16. Printing and stationery	105,399	405,940	12,252	523,591
17. Postage, telephone and telegraph, exchange and express	468,752	1,805,384	54,490	2,328,626
18. Legal and auditing	508,474	1,979,534	36,000	2,524,008
19. Totals (Line 3 through Line 18)	8,039,041	36,804,722	717,701	45,561,464
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		(172)		(172)
20.2 Insurance department licenses and fees	40,820	157,215	4,745	202,780
20.3 Gross guaranty association assessments		661,136		661,136
20.4 All other (excluding federal and foreign income and real estate)	168,498	802,760	445,022	1,416,280
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)	209,318	1,620,939	449,767	2,280,024
21. Real estate expenses				
22. Real estate taxes	25,617	98,664	2,978	127,259
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	243,276	969,278	18,812	1,231,366
25. Total expenses incurred	12,900,555	68,848,249	1,189,258	82,938,062
26. Less unpaid expenses - current year	8,487,307	5,966,416	84,324	14,538,047
27. Add unpaid expenses - prior year	8,671,924	5,701,366	121,702	14,494,992
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	13,085,172	68,583,199	1,226,636	82,895,007
DETAILS OF WRITE-INS				
2401. Donations		117,179		117,179
2402. Stockholders Annual Meetings		392,992		392,992
2403. Miscellaneous	243,276	459,107	18,812	721,195
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	243,276	969,278	18,812	1,231,366

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

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 3,208,624	3,168,026
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 3,770,045	3,622,422
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 435,710	416,395
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,290,709	1,280,528
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 924,000	805,829
5. Contract loans	(d)	
6. Cash, cash equivalents and short-term investments	(e) 655,915	617,277
7. Derivative instruments	(f)	
8. Other invested assets	323	323
9. Aggregate write-ins for investment income	10,191	10,191
10. Total gross investment income	10,295,517	9,920,991
11. Investment expenses		(g) 1,189,258
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 652,154
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Line 11 through Line 15)		1,841,412
17. Net investment income (Line 10 minus Line 16)		8,079,579
DETAILS OF WRITE-INS		
0901. Recovery on Class Action	10,191	10,191
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	10,191	10,191
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes \$ 223,139 accrual of discount less \$ 500,157 amortization of premium and less \$ 228,043 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ 4,066 amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ 652,154 depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Col. 1 + Col. 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(2,151)		(2,151)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	182,061		182,061	42,500	59,665
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)				(107,202)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	5,086,174		5,086,174	(152,466)	
2.21 Common stocks of affiliates				(8,599,665)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	5,266,084		5,266,084	(8,816,833)	59,665
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks	2,000,000	2,000,000	
2.2 Common stocks	1,400,266	1,395,266	(5,000)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)	3,400,266	3,395,266	(5,000)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,090,784	3,346,539	1,255,755
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	7,600,474	8,011,957	411,483
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	1,559,280	752,168	(807,112)
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	26,509,654	14,380,974	(12,128,680)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	41,160,458	29,886,904	(11,273,554)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	41,160,458	29,886,904	(11,273,554)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. INTANGIBLE ASSETS			
2502. MISCELLANEOUS ACCOUNT RECEIVABLE	26,509,654	14,380,974	(12,128,680)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	26,509,654	14,380,974	(12,128,680)

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENT AS OF DECEMBER 31, 2013

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The Cooperativa de Seguros Múltiples (Cooperativa) financial statements are presented on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (Commissioner of Insurance).

The Commissioner of Insurance recognizes only statutory accounting practices prescribed or permitted by the Commonwealth of Puerto Rico for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Puerto Rico Insurance Law. The Commissioner of Insurance adopted the National Association of Insurance Commissioners' (NAIC) statutory accounting practices as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Puerto Rico Insurance Code of the Commonwealth of Puerto Rico or the Circular Letters issued by the Commissioner of Insurance. However, differences adopted by the Commissioner of Insurance do not have a significant effect on the net income and statutory capital and surplus of the Cooperative.

B. Use of Estimates

The preparation of Cooperativa's financial statements, in conforming to Statutory Accounting Principles (SAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, Cooperative uses the following accounting policies:

- 1) Short-term investments are stated at amortized costs.
- 2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- 3) Common stocks at market except that investment in stocks of uncombined subsidiaries and affiliates in which the Cooperative has an interest of 20% or more are carried on the equity basis for insurance.
- 4) Preferred stocks are stated in accordance with the guidance provided in SSAP No.3.
- 5) 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.
- 6) The Cooperative has not modified its capitalization policy from the prior period.
- 7) The Cooperative has not modified its capitalization policy from the prior period.

Note 2 - Accounting Changes and Correction of Error

None

Note 3 - Business Combinations and Goodwill

On October 8, 2003, Cooperative acquired 100% of Real Legacy Assurance (RLA). RLA is licensed in Puerto Rico and US Virgin Islands to sell property and casualty insurance. The transaction was accounted for as a statutory purchase. The cost of acquisition was \$66,372,208, including purchase price and direct expense, resulting in \$21,331,712 as goodwill.

Effective July 31st, 2008, Cooperativa acquire 100% of the outstanding and issued stocks of Martingale National Insurance Company (Martingale). The transaction was accounted for as a statutory purchase. Martingale is a for-profit property and casualty domestic insurer domiciled in Illinois and authorized insurer in other six jurisdictions in the United States. However, Martingale has not written insurance since 2001. The cost of the acquisition was \$3,899,542, including purchase price and direct expenses, resulting in \$811,201 as goodwill. On December 2013 we began the process of sale of Martingale and this process was completed on February 7th, 2014 and the total proceed from this sale was \$2,711,401.

On December 15, 2010, Cooperativa acquired 2,700 shares of the outstanding and issued stocks of Multiples Mortgage Corporation (formerly Wall Street Mortgage Bankers Corp). The transaction was accounted for as a statutory purchase. The cost of acquisition was \$546,018 including purchase price, resulting in \$289,044 as goodwill.

Goodwill is amortized on a straight-line basis over ten years. Goodwill amortization for the current period is \$1,733,124.

Note 4 - Discontinued Operations

None

NOTES TO FINANCIAL STATEMENTS**Note 5 - Investments**

A. Mortgage Loans

None

B. Debt Restructuring

None

C. Reverse Mortgages

None

D. Loan Backed Securities

- 1) Prepayment assumptions for mortgage backed securities were obtained from the broker.
- 2) Not applicable
- 3) Not applicable
- 4) The following summarizes unrealized losses on loan-backed securities by the length of time that the securities have continuously been in unrealized loss positions as December 31, 2013.
 - a. The aggregate amount of unrealized losses:
 1. Less than 12 Months: (\$1,225,652)
 2. 12 Months of Longer: (\$ 308,325)
 - b. The aggregate related fair value of securities with unrealized losses:
 1. Less than 12 Months: \$19,357,959
 2. 12 Months of Longer: \$ 2,614,517

5) Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

6) Real Estate

Not applicable

7) LIHTC

Not applicable.

Note 6 - Joints Ventures, Partnerships and Limited Liability Companies

A. Detail for Those than 10% of Admitted Assets

None

B. Write-downs' for Impairment of Joint Ventures, Partnerships and LLCs

None

Note 7 - Investment Income

A. Accrued Investment Income

Cooperativa does not admits investment income due and accrued if amounts are over 90 days past due.

B. Amounts Non-admitted

No investment income has been excluded from its surplus in this statement.

Note 8 - Derivative Instruments

None

Note 9- Income Taxes

The Cooperative is organized in accordance with Chapter 34 of the Insurance Code of the Commonwealth of Puerto Rico, and accordingly, is exempt from income and property taxes. The exemption on property tax is limited to the first \$1,000,000 on the basis of the taxable assets.

- A. The amount of gross deferred tax assets (DTAs) and deferred tax liabilities (DTLs) comprising net DTAs at December 31, 2013 and December 31, 2012 is shown below as well as admitted, non-admitted and change in non-admitted DTA's.

Law 40 as amended was enacted in June 30, 2013. It introduces significant amendments to the 2011 Puerto Rico Internal Revenue Code. The main provision introduced by the law that affect the company is the fact that the business to business services and use tax exemption no longer applies, except with respect to certain types of services.

NOTES TO FINANCIAL STATEMENTS

1.

	12/31/2013			12/31/2012			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
Gross Deferred Tax Assets	-	-	-	-	-	-	-	-	-
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets (1a - 1b)	-	-	-	-	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	-	-	-
Subtotal (Net Deferred Tax Assets) (1c - 1d)	-	-	-	-	-	-	-	-	-
Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
Net Admitted Deferred Tax Assets (1e - 1f)	-	-	-	-	-	-	-	-	-

2. The Company has not elected to admit additional DTAs pursuant SSAP 10R, paragraph 10(e). The current period election does not differ from the prior period.

3. None

4.

	12/31/2013			12/31/2012			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
Admission Calculation Components - SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
(a) Paragraph 10.a.	-	-	-	-	-	-	-	-	-
(b) Paragraph 10.b. (the lesser paragraph of 10.b.i. and 10.b.ii. below)	-	-	-	-	-	-	-	-	-
(c) Paragraph 10.b.i.	-	-	-	-	-	-	-	-	-
(d) Paragraph 10.b.ii.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
(e) Paragraph 10.c.	-	-	-	-	-	-	-	-	-
(f) Total (4a+4b+4e)	-	-	-	-	-	-	-	-	-
Admission Calculation Components - SSAP 10R, paragraphs 10.e.:									
(g) Paragraph 10.e.i.	-	-	-	-	-	-	-	-	-
(h) Paragraph 10.e.ii. (the lesser	-	-	-	-	-	-	-	-	-
(i) Paragraph 10.e.ii.a.	-	-	-	-	-	-	-	-	-
(j) Paragraph 10.e.ii.b.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
(k) Paragraph 10.e.iii.	-	-	-	-	-	-	-	-	-
(l) Total (4g+4h+4k)	-	-	-	-	-	-	-	-	-
Used in SSAP 10R, Paragraph 10.d.:									
(m) Total Adjusted Capital	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
(n) Authorized Control Level	XXX	XXX	24,168,635	XXX	XXX	24,168,635	XXX	XXX	-

	12/31/2013			12/31/2012			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
SSAP 10R, Paragraphs 10.a., 10.b. and 10.c.:									
(a) Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
(b) Admitted Assets	XXX	XXX	500,041,694	XXX	XXX	481,098,728	XXX	XXX	18,942,966
(c) Adjusted Statutory Surplus*	XXX	XXX	179,298,433	XXX	XXX	178,332,705	XXX	XXX	965,728
(d) Total Adjusted Capital from DTAs	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
Increases due SSAP 10R, paragraph 10.e.									
(e) Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
(f) Admitted Assets	-	-	-	-	-	-	-	-	-
(g) Statutory Surplus	-	-	-	-	-	-	-	-	-

* As reported on the statutory balance sheet for the most recently filled statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, Paragraph 10.b.ii.

B. Regarding deferred tax liabilities that are not recognized:

NOTES TO FINANCIAL STATEMENTS

Not Applicable

C. Current and deferred income taxes consist of the following major components

1. Current Income Tax:

		12/31/2013		
		(1) 12/31/2013	(2) 12/31/2012	(3) (Col 1-2) Change
(a)	Federal	-	-	-
(b)	Foreign	-	-	-
(c)	Subtotal	-	-	-
(d)	Federal income tax on net capital gains	-	-	-
(e)	Utilization of capital loss carry-forwards	-	-	-
(f)	Other	-	-	-
(g)	Federal and Foreign income taxes incurred	-	-	-

2. Deferred Tax Assets:

		(1)	(2)	(3)
		12/31/2013	12/31/2012	(Col 1-2) Total
(a)	Ordinary:			-
✓ (1)	Discounting of unpaid losses			-
✓ (2)	Unearned premium reserve			-
✓ (3)	Policyholders reserve			-
✓ (4)	Investments			-
✓ (5)	Deferred acquisition costs			-
✓ (6)	Policyholders dividends accrual			-
✓ (7)	Fixed assets			-
✓ (8)	Compensation and benefits accrual			-
✓ (9)	Pension accrual			-
✓ (10)	Receivables - nonadmitted			-
✓ (11)	Net operating loss carry-forward	-	-	-
✓ (12)	Tax credit carry-forward	-	-	-
✓ (13)	Other (including items <5% of total ordinary tax assets)			-
✓ (14)	Other assets - nonadmitted			-
✓ (99)	Subtotal	-	-	-
(b)	Statutory valuation allowance adjustment			-
(c)	Nonadmitted	-	-	-
(d)	Admitted ordinary deferred tax assets (2a99-2b-2c)	-	-	-
(e)	Capital:			-
✓ (1)	Investments			-
✓ (2)	Net capital loss carry-forward			-
✓ (3)	Real estate			-
✓ (4)	Other (including items <5% of total capital tax assets)			-
✓ (99)	Subtotal	-	-	-
(f)	Statutory valuation allowance adjustment			-
(g)	Nonadmitted			-
(h)	Admitted capital deferred tax assets (2e99-2f-2)	-	-	-
(i)	Admitted deferred tax assets (2d+2H)	-	-	-

3. Deferred Tax Liabilities

As of December 31, 2013, Cooperativa de Seguros Múltiples de Puerto Rico had no Deferred Tax Liabilities.

NOTES TO FINANCIAL STATEMENTS

	(1) 12/31/2013	(2) 12/31/2012	(3) (Col 1-2) Total
(a) Ordinary:			-
(1) Investments			-
(2) Fixed assets			-
(3) Deferred and uncollected premium			-
(4) Policyholders reserves			-
(5) Other (including items <5% of total ordinary tax assets)			-
(6) Additional acquisition costs-installment premiums			-
(7) Discount of accrued salvage and subrogation			-
(8) Guaranty funds receivable			-
(99) Subtotal	-	-	-
(b) Capital:			-
(1) Investments			-
(2) Real estate			-
(3) Other (including items <5% of total capital tax assets)			-
(99) Subtotal	-	-	-
(c) Deferred tax liabilities (3a99+3b99)	-	-	-

4. Net Deferred Tax Assets/ Liabilities (2i-3c)

As of December 31, 2013, Cooperativa de seguros Multiples de Puerto Rico had no Net Deferred Tax Assets.

	12/31/2013	12/31/2012	Total
Net Deferred Tax Assets/Liabilities (2i-3C)	-	-	-

D. Cooperative's income tax expense and change in DTA/DTL differs from the amount obtained by applying the statutory tax rate to gain from operations for the following reasons:

	12/31/2013	
	Amount	Tax Effect
(1) Income (Loss) before taxes	19,708,222	-
(2) State Tax Expense	-	-
(3) Tax exempt income	-	-
(4) Non deductible expenses	-	-
(5) Accrued losses from prior years	-	-
Taxable Income (Loss)	19,708,222	-

E. At December 31, 2013, Cooperative had \$12,921,183 of operating losses carry forwards, originating in December 31, 2010 and 2009 which would expire as follow:

Year	Amount
2029	\$ -
2030	12,921,183
Total	\$ 12,921,183

The operating loss carry forward for the year 2030 changed from \$3,200,587 to \$12,921,183 because of the effect of the income of \$19,708,222, resulting from the operations for the period ended December 31, 2013.

Note 10 - Information Concerning Parents, Subsidiaries and Affiliates

A. Nature of Relationships

Not applicable.

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

Not applicable.

C. Change in Terms of Intercompany Arrangements

Not applicable.

D. Amounts Due to or from Related Parties

Cooperative reported the following due to/from affiliate:

NOTES TO FINANCIAL STATEMENTS

Affiliate	12/31/2013		12/31/2012	
	Due From	Due To	Due From	Due To
CSM INVESTORS	32,022,080	419,661	32,695,386	1,144,486
REAL LEGACY ASSURANCE	402,917	-	738,747	-
MNIC	3,690	-	-	-
MULTI MORTGAGE	3,199	18,297	879	18,297
	-	-	-	-
Total	\$ 32,431,886	\$ 437,958	\$ 33,435,012	\$ 1,162,783

For 12/31/2013:

Subsidiary	Investment Amount	Assets	Liabilities	Net Income
CSM Investors, Inc.	\$ 2,707,595	\$ 41,249,938	\$ 38,542,343	\$ (3,165,609)
Real Legacy Assurance, Inc.	58,040,059	158,397,202	100,357,143	4,090,337
Martingale National Insurance Company	2,511,491	2,742,965	231,474	(32,230)
Multiples Mortgage Corporation	2,346,375	2,641,367	294,992	(223,637)
	<u>\$ 65,605,520</u>	<u>\$ 205,031,472</u>	<u>\$ 139,425,952</u>	<u>\$ 668,861</u>

For 12/31/2012:

Subsidiary	Investment Amount	Assets	Liabilities	Net Income
CSM Investors, Inc.	\$ 991,495	\$ 39,569,054	\$ 38,577,559	\$ (5,105,873)
Real Legacy Assurance, Inc.	62,624,176	162,234,164	99,609,988	1,711,212
Martingale National Insurance Company	2,543,721	2,768,735	225,014	(52,926)
Multiples Mortgage Corporation	2,292,725	2,921,219	628,494	44,170
	<u>\$ 68,452,117</u>	<u>\$ 207,493,172</u>	<u>\$ 139,041,055</u>	<u>\$ (3,403,417)</u>

E. Guarantees or Contingencies for Related Parties

None

F. Management, Service Contracts, Cost Sharing Arrangements

Cooperativa has agreed to provide certain management services to MNIC and invoice an amount established for this.

G. Nature of Relationship that Could Affect Operations

None

H. Amount Deducted for Investment in Upstream Company

None

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

As of December 31, 2013, Cooperativa owns 100% interest in CSM Investors, Inc., Real Legacy Assurance Inc. and Martingale National Insurance Company and 70% interest in Multi Mortgage Inc. (formerly Wall Street Mortgage). Cooperativa carries a non-insurance company CSM Investors, Inc. and Multi Mortgage Inc. at GAAP equity.

J. Write-downs for Impairment of Investments in Affiliates

None

K. Foreign Subsidiary Valued Using CARVM

None

L. Downstream Holding Company Valued Using Look-Through Method

None

Note 11 - Debt

A. Debt consists of the following obligations as of the end of the current period:

None

B. Funding Arrangements with Federal Loan Bank (FHLB)

None

Note 12 - Retirement Plans, Deferred Compensation, Post-employment, and Compensated Absences and Others

NOTES TO FINANCIAL STATEMENTS

Postretirement Benefit Plans

A. Defined Benefit Plan

Cooperativa has a contributory defined benefit pension plans for substantially all of its employees. Pension benefits begin to vest after the employee's first year of service. These benefits are based on years of service rendered and average salary, as defined. The funding policy is to contribute to the plan as necessary to meet the minimum funding requirements as set forth in the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Contributions made to the plan are intended to cover services rendered to date and those to be rendered in the future.

A summary of assets, obligations and assumptions of the Pension Plan are as follows at December 31, 2013 and December 31, 2012:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Cooperativa de Seguros Múltiples de Puerto Rico		
A. Components of net periodic pension cost (\$):		
1. Services cost	2,113,253	2,302,288
2. Interest cost	3,191,861	4,134,329
3. Expected return on plan assets	(3,522,696)	(3,611,785)
4. Amortization of transition (asset)/obligation	504,582	504,582
5. Amortization of prior service cost	(692,496)	(152,232)
6. Amortization of net actuarial (gain) / loss	2,292,655	2,327,401
7. Net periodic pension cost	3,887,159	5,504,583
B. Change in vested projected benefit obligation (\$):		
1. Vested projected benefit obligation at beginning of year	74,634,787	76,386,460
2. Service cost	2,113,253	2,302,288
3. Interest cost	3,191,861	4,134,329
4. Amendments	-	(8,965,724)
5. Net actuarial loss/(gain)	(6,865,355)	6,309,420
6. (Benefits paid)	(6,866,324)	(5,877,500)
7. (Administrative expenses paid)	(692,617)	(505,667)
8. Employee contributions	56	528,591
9. Settlement	-	-
10. Vested projected benefits obligation at end of year	65,515,661	74,312,197
C. Non - vested projected benefit obligation at end of year (\$):		
	-	322,590
D. Change in plan assets (\$):		
1. Fair value of assets at beginning of plan year	51,732,848	46,291,973
2. Actual return on plan assets	2,196,130	3,395,451
3. Employer contributions	3,372,178	7,900,000
4. Employee contributions	56	528,591
5. (Benefits paid)	(6,866,324)	(5,877,500)
6. (Administrative expenses paid)	(692,617)	(505,667)
7. Settlement	-	-
8. Fair value of assets at end of year	49,672,271	51,732,848
E. Net amount recognized (\$):		
1. Funded status	-	(22,579,349)
2. Unrecognized transition (asset)/obligation	1,787,051	4,036,661
3. Unrecognized prior service cost	514,981	(9,934,216)
4. Unrecognized net actuarial (gain)/loss	-	34,569,832
5. Prepaid (accrued) pension cost	5,577,947	6,092,928
6. Intangible asset	-	-
F. Change in Additional Minimum Liability Recognized (\$):		
	15,843,390	19,010,144

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, less allowable intangible assets, net of tax benefit, is reported as income in the Income Statement. At December 31, 2013 and December 31, 2012, the additional minimum liability amounts to \$24.1 and \$24.1, respectively.

Assumptions used to determine the benefit at December 31, 2013 and December 31, 2012 were as follows:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Discount Rate	5.40%	5.50%
Expected rate of return on plan assets	7.12%	7.50%
Rate of compensation increase	0.00%	0.00%

The expected long-term rate of the plan assets amounts to 7.50%. For purposes of the selection the future long-term rate of return of the plan assets, Cooperativa believes that the expected average rate of the financial instruments invested will result in the necessary returns to the plan. Such assumption considers that the plan assets distribution and the estimated long-term rate of return will be generated during the plan duration.

(a) Plan Assets

NOTES TO FINANCIAL STATEMENTS

The weighted average asset allocation of the Company's pension benefits at September 30, 2013 and December 31, 2012 were as follows:

Asset category:	<u>12/31/2013</u>	<u>12/31/2012</u>
Equity securities	30.29%	30.29%
Debt securities	48.73%	48.73%
Other	20.98%	20.98%
Total	<u>100.00%</u>	<u>100.00%</u>

The Cooperativa's investment policies and strategies for the pension benefits plan do not use target allocations for the individual asset categories. The Cooperativa's investment goals are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in common stocks, bonds and notes of the United States government and its agencies and interest-bearing deposits. These financial instruments are readily marketable and can be sold to fund benefit payment obligations as they become payable.

(b) Cash Flows

The Company expects to contribute \$3 million to its pension plan in 2013.

The benefits expected to be paid from the pension plans in the next five years and subsequent years are as follows:

Year ending December 31:		
2014	\$	5,375,264
2015		4,529,710
2016		4,778,746
2017		4,584,164
2018		4,429,472
Later years, through 2022		<u>22,767,838</u>
Total benefits expected to be paid:	\$	<u>46,465,194</u>

The expected benefits are based on the same assumptions used to measure the Company's benefit obligation at December 31 and include estimated future employee service.

B. Defined Contribution Plan

Beginning January 1st, 2013 the Cooperativa employees are covered by a qualified defined contribution pension plan sponsored by the company. Contribution of 1% of each employee's compensations are made each year for employees whose employment date is prior to January 1, 2013; and 4% for employees whose employment date is later than that date. The Cooperativa contribution for the plan was \$149,099 for 2013. At December 31, 2013 the fair value of plan assets was \$934,082.

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

A and B.

Cooperative is authorized to issue capital stock up to \$80 million. The member's contributions composition at

	<u>Authorized</u>	<u>Issued and outstanding</u>		<u>9/30/2013</u>	<u>2012</u>
		<u>12/31/2013</u>	<u>2013</u>		
Preferred stock, Class A, \$1 par value, cumulative for three years, at no less than 3% nor more than 5% annually, non participating and nonpreferred in liquidation	100,000	39,224	38,081	\$ 39,224	38,081
Preferred stock, Class B, \$1 par value, cumulative for three years at 5% annually; preferred in liquidation with respect to accumulated dividends and par value	500,000	223,462	212,821	223,462	212,821
Preferred stock, Class C, \$10 par value, cumulative for three years at 5% annually; preferred in liquidation with respect to accumulated dividends and par value	1,940,000	—	—	—	—
Common stock, \$10 par value	6,000,000	4,044,783	3,825,248	40,447,833	38,252,480
				<u>\$ 40,710,519</u>	<u>38,503,382</u>

member 31, 2013 and December 31, 2012 are as follows:

C. Dividends Restrictions

The Board of Directors may declare the payment of dividends on common stock issued and outstanding limited to 8%

NOTES TO FINANCIAL STATEMENTS

of the par value of the stock, which is the maximum rate permitted by the Commissioner of Insurance.

D. Special surplus funds at December 31, 2013 and December 31, 2012 is comprised of the following:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Contingencies for catastrophe losses and other		
operating losses	\$ 87,716,922	\$ 87,716,922
Legal	86,856	86,856
Loan guarantee bonds	6,918,000	6,918,000
Fidelity insurance	4,754,000	4,754,000
Catastrophic loss reserve fund	34,063,815	33,357,344
	<u>\$ 133,539,593</u>	<u>\$ 132,833,122</u>

Note 14 - Contingencies**A. Contingent Commitments**

In accordance with Chapter No. 41 of the Insurance Code and Rule No. 56 of the Insurance Regulations of the Commonwealth of Puerto Rico, Cooperativa participates in the Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria and in the Sindicato de Aseguradores de Responsabilidad Profesional para Médicos. Both syndicates were organized to subscribe insurance coverage of medical and hospital malpractice risks. As a participant, Cooperativa shares the risk proportionately with other participants, based on a formula established by the Insurance Code. If the above-mentioned syndicates do not satisfy their obligations, their liabilities are distributed among the participants. At December 31, 2013 and 2012, no assessments were made to Cooperativa.

Additionally, pursuant to Article 12 of Rule LXIX of the Insurance Code of the Commonwealth of Puerto Rico, Cooperativa participates in the Compulsory Vehicle Liability Insurance Joint Underwriting Association (the Association). This Association was organized during 1997 to subscribe insurance coverage of motor vehicle property damage liability risks commencing on January 1, 1998. As a participant, Cooperativa shares the risk proportionately with other participants, based on a formula established by the Insurance Code. At December 31, 2013 and December 31, 2012, the Cooperative recovered assessments from the Association amounting to \$22,746,887 and \$2,304,524, respectively. These amounts were recorded as other income in the accompanying statutory statements of income. The amount at December 31, 2013 includes a special dividend amounting to \$20,842,141 pursuant to Act #60 of July 15, 2013.

Cooperativa is also a member of the Property and Casualty Guaranty Fund Association. As a member, Cooperativa is required to provide funds to pay losses and reimbursements of unearned premiums of insolvent insurers. At December 31, 2013 and 2012, no assessment was imposed or accrued.

Pursuant to Act #73 of August 12, 1994 and Chapter 25 of Puerto Rico Insurance Code, Cooperativa creates and maintains a trust fund for catastrophe loss payments. The establishment of this trust fund will increase Cooperativa's financial capacity in order to offer protection for those insurers exposed to catastrophe losses. This fund will be used solely and exclusively to pay catastrophe losses covered under policies written in Puerto Rico. The balance of the catastrophe reserve presented in the aggregate write-in for special surplus funds amounted to \$34,063,815 and \$33,357,344 at December 31, 2013 and December 31, 2012, respectively.

Cooperativa issues financial guaranty bonds, known as loan guaranty bonds, to cooperative institutions. The maximum loss exposure is equal to the outstanding amount of these loans, reduced by the deposits and stocks held by the borrower in the cooperative institution at the time of default and a deductible from the lending cooperative of approximately 5%. The maximum exposure per guaranteed loan is \$40,000. At December 31, 2013 and December 31, 2012, Cooperativa maintains a reserve for possible losses on these bonds of approximately \$6,918,000.

B. Assessments

None

C. Gain Contingencies

None

D. Extra Contractual Obligation and Bad Faith Losses

None

E. All other Contingencies

Cooperativa is subject to various legal claims arising during the ordinary course of business, including legal claims associated with insurance policies. While the final outcome of these claims is uncertain, management, with the advice of its legal counsel, believes that such claims will not have a significant effect over the financial position of Cooperativa.

Note 15 – Leases

Cooperativa leases branch offices spaces under various non-cancelable operating lease agreements. Rental expenses for December 31, 2013 and 2012 amounted to \$1,494,274 and \$1,781,757, respectively. Certain rental commitments have renewal options and are subject to adjustments in future periods. At December 31, 2013, the minimum aggregate rental commitments are as follows:

NOTES TO FINANCIAL STATEMENTS

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1.....2013	\$ 1,494,274
2.....2014	\$ 1,318,696
3.....2015	\$ 817,877
4.....2016	\$ 335,847
5.....2017	\$ 187,200
6.....Over 2017	\$ 1,113,750

Note 16- Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None

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

None

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

None

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

None

Note 20- Fair Value

A. Inputs used for Assets and Liabilities Measured at Fair Value

(1) Assets and Liabilities Measured and Reported at Fair Value: Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured and reported at fair value into the three-level fair value hierarchy as reflected in the following table:

Fair Value Measurements at Reporting Date Using

	<u>As reflected on the statutory statement of admitted assets, liabilities, surplus, and other funds as of December 31, 2013</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Bonds	\$ -	-	-	-
Industrial and Miscellaneous	-	-	-	-
Common stocks				
Industrial and Miscellaneous	33,330,540	31,313,521	2,017,019	-
Perpetual Preferred Stocks				
Industrial and Miscellaneous	3,427,200	2,427,200	-	-
	<u>\$ 36,757,740</u>	<u>33,740,721</u>	<u>2,017,019</u>	<u>-</u>

(1) Roll forward of Level 3 Items

The Company has no assets or liabilities measured at fair value in this level.

(2) Transfers Between Levels

The Company has not made transfers between levels.

(3) Inputs Techniques used for Fair Value in Levels 2 and 3

As of December 31, 2013 the company has no assets or liabilities reported in Level 3. The reported fair value of investments in Level 2 was \$2,017,019, which includes common stocks of two public non-traded Real Estate Investment Trust. The price to measure fair value was determined by the issuer.

(4) Not applicable.

B. Other Fair Value Disclosure

None

C. The aggregate fair value for all financial instruments for period ended 12/31/2013 is as follows:

NOTES TO FINANCIAL STATEMENTS

Type of Financial Instrument	Aggregate Fair					Not Practicable (Carrying Value)
	Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	
Bonds	\$ 164,103,629	177,387,733	-	164,103,629		
Cash Equivalent	5,000,000	5,000,000		5,000,000		
Common Stocks	34,190,209	34,190,209	31,313,521	2,017,019		859,669
Perpetual Preferred Stocks	3,528,255	3,528,255	3,427,200			101,055
Redeemable Preferred Stocks	2,030,000	2,050,000	1,445,000	535,000	0	50,000
Mortgage Backed Securities	33,681,287	34,711,271		33,681,287		
	<u>\$ 242,533,380</u>	<u>256,867,468</u>	<u>36,185,721</u>	<u>205,336,935</u>	<u>-</u>	<u>1,010,724</u>

D. Reasons not Practical to Estimate Fair Value

Type of Financial Instrument	Carrying Value	Effective Interest	
		Rate	Maturity Date
Common Stocks	859,669	-	-
Redeemable Preferred Stocks	50,000	3%	12/19/2017
Perpetual Preferred Stocks	101,055	-	-
	<u>\$ 1,010,724</u>		

As of December 31, 2013, the investment categorized in Not Practicable to Estimate Fair Value was \$1,010,724. These securities are Common and Preferred Stocks within the cooperative movement to sponsor the development and growth of new and existing Cooperatives. There are no markets for these securities.

Note 21- Other Items

Borrow money consist of two loans secured by Cooperative's corporate vehicles is included in miscellaneous liabilities. The first is from Cooperativa Ahorro y Crédito de Rincón issued on November 1st, 2009 for \$526,587 with monthly interest and principal payments of \$12,168 and with no carrying value at December 31, 2013. The second is from Baxter Credit Union issued on December 18, 2009 for \$166,629 with monthly interest and principal payments of \$2,407 and a carrying value of \$5,070. Interest paid for the year ended on December 31, 2013 and December 31, 2012 for these loans was \$3,782 and \$12,948, respectively.

Note 22- Events Subsequent

Subsequent events have been considered through the date of issuance of these statutory financial statements. There were no events subsequent to the end of the year that merited recognition or disclosure in these statements.

Note 23- Reinsurance

A. Unsecured Reinsurance Recoverable

Cooperativa does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsures, authorized or unauthorized, exceeds 3% of Cooperativa's policyholder surplus.

B. Reinsurance Recoverable in Dispute

None

C. Reinsurance Assumed and Ceded

- A summary of significant assumed and ceded reinsurance are as follows:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 595,718	\$ -	\$ -	\$ -	\$ 595,718	\$ -
b. All Other	381,194	-	3,293,467	-	(2,912,273)	-
c. Total	<u>\$ 976,912</u>	<u>\$ -</u>	<u>\$ 3,293,467</u>	<u>\$ -</u>	<u>\$ (2,316,555)</u>	<u>\$ -</u>
d. Direct Unearned Premium Reserve			<u>\$ 95,469,647</u>			

NOTES TO FINANCIAL STATEMENTS

2. The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

REINSURANCE

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
a. Contingent Commission	\$ -	\$ -	\$ 42,719	\$ -
b. Sliding Scale Adjustments	-	-	-	-
c. Other Porofit Commission Arrangements	-	-	-	-
d. TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,719</u>	<u>\$ -</u>

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

None

F. Retroactive Reinsurance

None

G. Reinsurance Accounted for as a Deposit

None

Note 24- Retrospective Rated Contracts & Contracts Subject to Redetermination

None

Note 25- Changes in Incurred Losses and Loss Adjustment Expenses

None

Note 26- Intercompany Pooling Arrangements

None

Note 27- Structured Settlements

None

Note 28- Health Care Receivables

None

Note 29- Participating Policies

None

Note 30- Premium Deficiency Reserve

None

Note 31- High Deductible

None

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

None

Note 33- Asbestos/ Environmental Reserve

None

Note 34- Subscriber Saving Accounts

None

Note 35- Multiples Peril Crop

None

Note 36- Financial Guaranty Insurance

None

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes () No (X)
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes () No () N/A (X)
- 1.3 State Regulating? 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 (X)
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 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). 01/30/2012
- 3.4 By what department or departments?
.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes (X) No () N/A ()
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No () N/A ()
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes () No (X)
4.12 renewals? Yes () No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes () No (X)
4.22 renewals? Yes () No (X)

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)

5.2 If yes, provide the name of entity, the NAIC company code, and state of domicile (use two-letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

6.2 If yes, give full information:
.....

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

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

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

1 Nationality	2 Type of Entity
------------------	---------------------

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

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No ()

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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
---------------------	-----------------------------	----------	----------	-----------	----------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes () No (X)
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes () No (X)
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with domiciliary state insurance laws? Yes (X) No () N/A ()
- 10.6 If the response to 10.5 is no or n/a, please explain:
.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
TOWERS WATSON - MARTHA A. WISLOW, FCAS, MAA, CERA SENIOR CONSULTANT
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes () No (X)
- 12.11 Name of real estate holding company
.....
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$
- 12.2 If yes, provide explanation
.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes () No (X)
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes () No (X)
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes () No () N/A (X)
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code. Yes (X) No ()
- 14.11 If the response to 14.1 is No, please explain:
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes () No (X)
- 14.21 If the response to 14.2 is Yes, provide information related to amendment(s).
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes () No (X)
- 14.31 If the response to 14.3 is Yes, provide the nature of any waiver(s).
.....
- 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 (X)
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

BOARD OF DIRECTORS

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

FINANCIAL

- | | | |
|------|--|---------------------|
| 19. | Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? | Yes () No (X) |
| 20.1 | Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans): | |
| | 20.11 To directors or other officers | \$ |
| | 20.12 To stockholders not officers | \$ |
| | 20.13 Trustees, supreme or grand (Fraternal only) | \$ |
| 20.2 | Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans): | |
| | 20.21 To directors or other officers | \$ |
| | 20.22 To stockholders not officers | \$ |
| | 20.23 Trustees, supreme or grand (Fraternal only) | \$ |
| 21.1 | Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? | Yes () No (X) |
| 21.2 | If yes, state the amount thereof at December 31 of the current year: | |
| | 21.21 Rented from others | \$ |
| | 21.22 Borrowed from others | \$ |
| | 21.23 Leased from others | \$ |
| | 21.24 Other | \$ |
| 22.1 | Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? | Yes () No (X) |
| 22.2 | If answer is yes: | |
| | 22.21 Amount paid as losses or risk adjustment | \$ |
| | 22.22 Amount paid as expenses | \$ |
| | 22.23 Other amounts paid | \$ |
| 23.1 | Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? | Yes (X) No () |
| 23.2 | If yes, indicate any amounts receivable from parent included in the Page 2 amount: | \$ 32,431,886 |

GENERAL INTERROGATORIES
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 (X) No ()
- 24.02 If no, give full and complete information relating thereto:
.....
.....
- 24.03 For the security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 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 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 security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes () No () N/A (X)
- 24.08 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 reinvented 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 () No (X)
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|--|----------|
| | 25.21 Subject to repurchase agreements | \$ |
| | 25.22 Subject to reverse repurchase agreements | \$ |
| | 25.23 Subject to dollar repurchase agreements | \$ |
| | 25.24 Subject to reverse dollar repurchase agreements | \$ |
| | 25.25 Pledged as collateral | \$ |
| | 25.26 Placed under option agreements | \$ |
| | 25.27 Letter stock or securities restricted as to sale | \$ |
| | 25.28 On deposit with state or other regulatory body | \$ |
| | 25.29 Other | \$ |

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
----------------------------	------------------	-------------

- 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
SANTANDER SECURITIES	B7 TABONUCO STREET 1800, GUAYNABO PR 00968
MERRILL LYNCH	BANCO POPULAR CENTER SUITE 1830, SAN JUAN PR 00918
POPULAR SECURITIES	209 MUNOZ RIVERA, POPULAR CENTER, SAN JUAN PR 00918
UBS FINANCIAL	AMERICAN INTERNATIONAL PLAZA 250 MUNOZ RIVERA SAN JUAN PR 00918
BANCO POPULAR DE PUERTO RICO	PO BOX 362708 SAN JUAN PR 00936-2708
ORIENTAL FINANCIAL	997 SAN ROBERTO STREET ORIENTAL TOWER 9TH FLOOR
PARITER SECURITIES	243 CARRETERA #2 GUAYNABO, PR 00966
SAMUEL A. RAMIREZ & COMPANY, INC.	POPULAR CENTER 209 MUNOZ RIVERA AVE, SUITE 1000, SAN JUAN 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)
--------------	------------------	------------------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
BBVA SECURITIES	ORIENTAL FINANCIAL	01/22/2013	ORIENTAL FINANCIAL ACQUIRED BBVA

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

1 Central Registration Depository Number(s)	2 Name	3 Address
	SCHAFFER CULLEN CAPITAL	645 FIFTH AVE NEW YORK NY 10022
	BLACKROCK	PO BOX 9074 PRINCETON NJ 08543-9074

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 (X) No ()

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
74441R-10-2	Prudential Short Term Corp Bond Fund	5,931,978
880208-10-3	Templeton Global Bond Fund	4,947,289
29.2999 - Total		10,879,267

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

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Prudential Short Term Corp Bond Fund	US 2YR Note Mar14	747,904	12/31/2013
Prudential Short Term Corp Bond Fund	C 3.953 06/15/2016	65,904	12/31/2013
Prudential Short Term Corp Bond Fund	VZ 3.65 09/14/18	39,507	12/31/2013
Prudential Short Term Corp Bond Fund	JPM 6.3 04/23/2019	38,143	12/31/2013
Prudential Short Term Corp Bond Fund	APC 6.375 09/15/17	35,058	12/31/2013
Templeton Global Bond Fund	IRISH 5 10/18/2020	155,246	12/31/2013
Templeton Global Bond Fund	POLGB 6.25 10/24/2015	128,283	12/31/2013
Templeton Global Bond Fund	KORMSB 2.76 06/02/15	122,940	12/31/2013
Templeton Global Bond Fund	POLGB 5.50 04/25/2015	107,950	12/31/2013
Templeton Global Bond Fund	KOMINS 2.25 05/05/2014	89,398	12/31/2013

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	\$ 217,099,004	\$ 202,784,916	\$ (14,314,088)
30.2 Preferred stocks	\$ 7,578,255	\$ 7,558,255	\$ (20,000)
30.3 Totals	\$ 224,677,259	\$ 210,343,171	\$ (14,334,088)

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

The fair values were determined by broker or custodian, exchanges and bloomberg.

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:
.....
.....

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ 458,829

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Service Office	\$ 458,829
.....	\$
.....	\$
.....	\$

34.1 Amount of payments for legal expenses, if any? \$ 756,228

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

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

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

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

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding:

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$

1.62 Total incurred claims \$

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned \$

1.65 Total incurred claims \$

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$

1.72 Total incurred claims \$

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned \$

1.75 Total incurred claims \$

1.76 Number of covered lives

2. Health Test:

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

3.1 Does the reporting entity issue both participating and non-participating policies? Yes () No (X)

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies \$

3.22 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes () No (X)

4.2 Does the reporting entity issue non-assessable policies? Yes () No (X)

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

5. For Reciprocal Exchanges only:

5.1 Does the exchange appoint local agents? Yes () No ()

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes () No () N/A (X)

5.22 As a direct expense of the exchange Yes () No () N/A (X)

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

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes () No (X)

5.5 If yes, give full information.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 N/A
- 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:
 Computer software Link 11.0 from RMS for hurricane and earthquake risks.
- 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?
 Catastrophe Reinsurance Program
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes (X) No ()
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | |
|---|----------|
| 12.11 Unpaid losses | \$ |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ |
- 12.2 Of the amount on Line 15.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes () No () N/A (X)
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | |
|------------|--------|
| 12.41 From |% |
| 12.42 To |% |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes () No (X)
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- | | |
|----------------------------------|----------|
| 12.61 Letters of credit | \$ |
| 12.62 Collateral and other funds | \$ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 10,000,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes () No (X)
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes () No (X)
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

* Disclose type of coverage:

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

Incurring but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5.

Provide the following information for this exemption:

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

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2013	2 2012	3 2011	4 2010	5 2009
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	37,863,182	40,314,069	40,034,294	41,586,132	40,710,646
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	121,298,899	114,668,697	104,229,614	94,503,517	92,059,147
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	19,116,335	22,159,450	26,820,681	30,531,036	28,587,173
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	11,256,254	10,889,111	10,045,932	9,961,162	9,338,853
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)	389,856	238,675			
6. Total (Line 35)	189,924,526	188,270,002	181,130,521	176,581,847	170,695,819
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	36,511,209	38,928,614	38,790,725	39,964,636	39,140,498
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	110,113,349	103,448,708	94,038,323	83,704,620	83,435,367
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	7,325,947	8,123,290	9,617,192	14,793,567	12,531,728
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	7,464,746	7,049,225	6,281,765	6,124,351	5,480,000
11. Nonproportional reinsurance lines (Line 31, 32 and 33)	389,856	238,675			
12. Total (Line 35)	161,805,107	157,788,512	148,728,005	144,587,174	140,587,593
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(17,597,460)	(15,489,122)	(15,633,601)	(38,631,058)	(26,248,006)
14. Net investment gain (loss) (Line 11)	13,345,664	20,945,893	14,180,978	11,603,838	6,189,269
15. Total other income (Line 15)	23,980,715	2,779,706	2,540,439	2,555,368	2,576,892
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	20,697				(550,685)
18. Net income (Line 20)	19,708,222	8,236,477	1,087,816	(24,471,852)	(16,931,160)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	500,041,694	481,098,728	467,182,214	472,043,621	467,437,390
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	4,756,253	5,123,729	5,105,262	5,541,983	5,760,037
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	320,743,261	302,766,023	283,294,878	274,167,876	254,142,990
22. Losses (Page 3, Line 1)	27,813,261	27,917,738	37,307,323	43,150,963	34,545,188
23. Loss adjustment expenses (Page 3, Line 3)	8,487,307	8,671,924	10,685,435	11,972,590	8,132,940
24. Unearned premiums (Page 3, Line 9)	95,469,647	96,641,166	93,761,198	91,830,828	91,544,567
25. Capital paid up (Page 3, Line 30 and Line 31)	40,710,519	38,503,381	36,669,029	34,643,889	31,315,425
26. Surplus as regards policyholders (Page 3, Line 37)	179,298,433	178,332,705	183,887,336	197,875,745	213,294,400
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	33,692,551	14,543,442	17,987,530	(604,197)	(27,991,189)
Risk-Based Capital Analysis					
28. Total adjusted capital	179,298,433	178,332,705	183,887,336	197,875,745	213,294,400
29. Authorized control level risk-based capital	22,385,231	20,423,599	19,470,949	25,646,393	29,014,729
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	46.8	35.8	46.0	46.0	50.9
31. Stocks (Line 2.1 and Line 2.2)	23.1	27.9	30.9	31.4	29.0
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)	2.2	2.2	2.4	2.3	2.6
34. Cash, cash equivalents and short-term investments (Line 5)	26.1	32.2	18.7	18.3	15.2
35. Contact loans (Line 6)					
36. Derivatives (Line 7)					X X X
37. Other invested assets (Line 8)	1.8	1.9	1.9	2.0	2.3
38. Receivables for securities (Line 9)			0.1		
39. Securities lending reinvested collateral assets (Line 10)					X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)	64,852,452	68,452,117	77,883,078	78,073,009	70,528,031
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)			90,183	110,183	280,183
46. Affiliated mortgage loans on real estate					
47. All other affiliated			2,353,064	338,089	391,186
48. Total of above Line 42 through Line 47	64,852,452	68,452,117	80,326,325	78,521,281	71,199,400
49. Total investment in parent included in Line 42 through Line 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)	36.2	38.4	43.7	39.5	33.2

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2013	2 2012	3 2011	4 2010	5 2009
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(8,816,827)	(7,325,117)	(7,066,925)	11,316,026	18,780,103
52. Dividends to stockholders (Line 35)	(2,207,293)	(1,632,888)	(1,523,763)	(1,409,142)	(1,173,049)
53. Change in surplus as regards policyholders for the year (Line 38)	965,728	(5,554,631)	(13,968,409)	(15,418,655)	263,185
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	19,327,342	22,135,501	22,348,514	24,615,779	23,775,597
55. Property lines (Lines 1, 2, 9, 12, 21 and 26)	72,527,778	67,160,157	56,678,973	46,400,572	50,110,865
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	9,198,370	12,091,984	13,946,663	13,810,902	10,183,457
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	4,142,978	3,956,978	4,547,354	6,653,889	7,254,107
58. Nonproportional reinsurance lines (Lines 31, 32, and 33)	30,952	6,481			
59. Total (Line 35)	105,227,420	105,351,101	97,521,504	91,481,142	91,324,026
Net Losses Paid (Page 9, Part 2, Column 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	18,884,507	22,149,156	21,634,222	24,239,776	23,286,317
61. Property lines (Lines 1, 2, 9, 12, 21 and 26)	72,374,691	66,895,106	56,359,491	46,111,095	49,925,219
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	5,627,025	12,028,107	13,200,525	13,232,762	9,483,477
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	2,012,584	1,768,616	2,050,211	4,437,318	5,325,997
64. Nonproportional reinsurance lines (Lines 31, 32, and 33)	30,952	6,481			
65. Total (Line 35)	98,929,759	102,847,466	93,244,449	88,020,951	88,021,010
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)	60.6	60.3	59.5	67.0	61.5
68. Loss expenses incurred (Line 3)	7.9	8.3	10.6	13.5	10.9
69. Other underwriting expenses incurred (Line 4)	42.2	41.3	40.5	46.3	45.5
70. Net underwriting gain (loss) (Line 8)	(10.8)	(10.0)	(10.6)	(26.8)	(17.9)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	27.7	38.8	38.3	44.5	45.7
72. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	68.6	68.7	70.2	80.4	72.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	90.2	88.5	80.9	73.1	65.9
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, Column 11)	(1,247)	1,513	(2,628)	6,041	5,422
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, Column 1 x 100.0)	(0.7)	0.8	(1.3)	2.8	2.5
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, Column 12)	972	(1,973)	3,965	7,698	1,626
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, Column 2 x 100.0)	0.5	(1.0)	1.9	3.6	0.7

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

Yes () No ()

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	589	403	32	39	1	1,136	19	(956)	X X X
2. 2004	203,658	27,433	176,225	141,279	10,279	2,852	142	12,175	85	11,896	145,800	X X X
3. 2005	209,848	26,481	183,367	117,995	2,019	1,564	36	12,940	30	11,595	130,414	X X X
4. 2006	210,894	28,037	182,857	115,448	2,456	1,929	88	11,867	58	10,452	126,642	X X X
5. 2007	202,113	29,564	172,549	108,067	2,609	3,274	197	11,821	35	9,801	120,321	X X X
6. 2008	189,991	30,698	159,293	92,741	2,498	2,752	1	12,161	24	8,739	105,131	X X X
7. 2009	177,466	29,570	147,896	92,754	2,667	2,968	2	12,018	37	8,794	105,034	X X X
8. 2010	175,272	30,971	144,301	97,496	5,958	3,715	548	12,270	45	8,319	106,930	X X X
9. 2011	180,675	33,877	146,798	91,778	3,763	1,276	140	13,515	42	9,796	102,624	X X X
10. 2012	186,398	31,490	154,908	91,615	2,342	320		10,218	4	12,317	99,807	X X X
11. 2013	191,204	28,228	162,976	83,823	2,668	32		9,905	5	6,049	91,087	X X X
12. Totals	X X X	X X X	X X X	1,033,585	37,662	20,714	1,193	118,891	1,501	97,777	1,132,834	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	57		3		2				4			57	X X X
2.			45		67	1			19	2	4	9	X X X
3.	340	30	31		47				14	1	6	420	X X X
4.	226		45		67	30			19	2	6	335	X X X
5.	203	85	41		174	19			38	3	19	214	X X X
6.	490	205	118		344	81			81	6	24	593	X X X
7.	1,003	330	399		1,025	361			197	11	126	1,410	X X X
8.	2,268	705	1,141	506	1,170	188			387	28	161	3,048	X X X
9.	2,990	422	460	93	1,451	6			593	27	667	4,276	X X X
10.	4,230	1	1,451	99	1,916	4			1,981	30	7,715	7,282	X X X
11.	8,061	68	7,317	517								18,656	X X X
12.	19,868	1,846	11,006	1,215	5,953	690			3,333	109	8,738	36,300	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	X X X	X X X	X X X	X X X	X X X	X X X			X X X	57	6
2.	156,315	10,506	145,809	76.8	38.3	82.7				3	79
3.	132,951	2,117	130,834	63.4	8.0	71.4				341	64
4.	129,581	2,604	126,977	61.4	9.3	69.4				271	55
5.	123,492	2,957	120,535	61.1	10.0	69.9				159	190
6.	108,474	2,750	105,724	57.1	9.0	66.4				403	338
7.	109,567	3,123	106,444	61.7	10.6	72.0				1,072	850
8.	118,112	8,134	109,978	67.4	26.3	76.2				2,198	1,341
9.	111,576	4,676	106,900	61.8	13.8	72.8				2,935	1,701
10.	109,568	2,479	107,089	58.8	7.9	69.1				5,581	3,863
11.	113,035	3,292	109,743	59.1	11.7	67.3				14,793	
12.	X X X	X X X	X X X	X X X	X X X	X X X			X X X	27,813	8,487

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 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	11 One Year	12 Two Year	
1. Prior	18,271	16,983	17,656	16,198	15,727	15,605	15,375	18,602	20,812	15,170	(5,642)	(3,432)	
2. 2004	131,913	133,113	134,607	134,073	134,009	134,227	134,252	134,217	133,842	133,715	(127)	(502)	
3. 2005	X X X	118,422	119,154	118,503	119,073	118,770	118,721	118,294	117,804	117,911	107	(383)	
4. 2006	X X X	X X X	114,520	115,044	115,451	115,797	115,749	115,583	115,109	115,151	42	(432)	
5. 2007	X X X	X X X	X X X	106,680	105,180	107,726	108,823	108,837	108,953	108,731	(222)	(106)	
6. 2008	X X X	X X X	X X X	X X X	89,591	92,328	93,809	93,243	93,448	93,552	104	309	
7. 2009	X X X	X X X	X X X	X X X	X X X	88,905	92,670	92,719	93,851	94,388	537	1,669	
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	96,253	95,701	96,213	97,567	1,354	1,866	
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	91,085	91,944	93,068	1,124	1,983	
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	94,833	96,309	1,476	X X X	
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	97,892	X X X	X X X	
											12. Totals	(1,247)	972

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 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0	6,176	10,677	12,076	13,329	14,436	14,797	14,118	14,934	15,113	X X X	X X X
2. 2004	107,255	125,650	129,337	130,491	131,546	132,739	133,345	133,324	133,715	133,710	X X X	X X X
3. 2005	X X X	99,987	113,599	114,999	116,154	116,934	117,239	117,198	117,282	117,504	X X X	X X X
4. 2006	X X X	X X X	93,011	108,796	110,849	112,776	114,120	114,343	114,756	114,833	X X X	X X X
5. 2007	X X X	X X X	X X X	86,744	98,669	102,617	106,544	107,888	108,363	108,535	X X X	X X X
6. 2008	X X X	X X X	X X X	X X X	72,608	85,349	89,436	91,142	92,613	92,994	X X X	X X X
7. 2009	X X X	X X X	X X X	X X X	X X X	69,191	83,620	88,046	91,108	93,053	X X X	X X X
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	66,596	83,206	92,180	94,705	X X X	X X X
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	72,310	86,292	89,151	X X X	X X X
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	77,831	89,593	X X X	X X X
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	81,187	X X X	X X X

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013
1. Prior	1,263	270	11	46	47	(31)			22	
2. 2004	11,491	1,130	297	89	15	(40)	16	2	3	3
3. 2005	X X X	9,094	912	157	37	(49)	49	37	34	31
4. 2006	X X X	X X X	9,155	834	321	(98)	94	80	49	45
5. 2007	X X X	X X X	X X X	9,237	985	429	318	87	42	41
6. 2008	X X X	X X X	X X X	X X X	7,077	937	699	170	82	118
7. 2009	X X X	X X X	X X X	X X X	X X X	7,042	2,003	530	278	399
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	10,024	2,499	76	635
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,306	1,007	367
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,990	1,352
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,800

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1		4	5	6	7	8	9	
	Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken							
		2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. Dist. Columbia	DC	N							
10. Florida	FL	N			5,028,692	1,813,572	3,161,939		
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	186,632,870	186,840,234	98,430,231	97,829,848	25,463,773	22,815	745,400
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	X X X							
59. Totals	(a)	1	186,632,870	186,840,234	103,458,923	99,643,420	28,625,712	22,815	745,400
DETAILS OF WRITE-INS									
58001.		X X X							
58002.		X X X							
58003.		X X X							
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X							
58999. Totals (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)		X X X							

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

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

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



Property and Casualty

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