



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE

Real Legacy Assurance Company, Inc

NAIC Group Code 3526, NAIC Company Code 36749 Employer's ID Number 660357766

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

Country of Domicile PR

Incorporated/Organized December 10, 1974 Commenced Business January 1, 1978

Statutory Home Office Metro Office Park Street 1 Lot 4, Guaynabo, Puerto Rico 00968-1805

Main Administrative Office Metro Office Park Street 1 Lot 4, Guaynabo, Puerto Rico 00968-1805 (787) 273-7800

Mail Address PO Box 71467, San Juan, Puerto Rico 00936-8567

Primary Location of Books and Records Metro Office Park Street 1 Lot 4, Guaynabo, Puerto Rico 00968-1805

Internet Website Address www.reallegacyassurance.com

Statutory Statement Contact Aleida Alsina (Name) 787-273-7800 (Area Code) (Telephone Number) (Extension)
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OFFICERS

Gidel H Mendez Martinez (President)
Aleida Alsina Rivera (Finance Director)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Roberto Castro Hiraldo
Gidel H Mendez Martinez
Edwin Quinones Suarez
Juan Gonzalez Feliciano
Enrique A Lopez Pereira

State of }
County of } 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.

Gidel H Mendez Martinez
President

Aleida Alsina Rivera
Finance Director

Subscribed and sworn to before me this
day of 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) .....	100,578,534		100,578,534	100,469,798
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	(6,064,570)		(6,064,570)	611,552
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 13,688,052 , Schedule E - Part 1), cash equivalents (\$ ..... , Schedule E - Part 2) and short-term investments (\$ ..... , Schedule DA) .....	13,688,052		13,688,052	23,782,861
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Line 1 through Line 11) .....	108,202,016		108,202,016	124,864,211
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	727,582		727,582	635,851
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	33,833,163	4,611,539	29,221,624	23,875,785
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 .....	10,938,182		10,938,182	8,688,565
16.2 Funds held by or deposited with reinsured companies .....	2,500,000		2,500,000	
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 .....	55,461		55,461	237,001
18.2 Net deferred tax asset .....	6,091,554	6,050,746	40,808	
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	2,676,400		2,676,400	1,964,131
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	2,338,239		2,338,239	1,968,620
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other-than-invested assets .....	564,015	269,561	294,454	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	167,926,612	10,931,846	156,994,766	162,234,164
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Line 26 and Line 27) .....	167,926,612	10,931,846	156,994,766	162,234,164
<b>DETAILS OF WRITE-INS</b>				
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. Other Assets .....	564,015	269,561	294,454	
2502. Prepaid Pension Costs .....				
2503. Intangible Asset .....				
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) .....	564,015	269,561	294,454	

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	15,922,755	18,197,454
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	3,936,171	4,466,136
4. Commissions payable, contingent commissions and other similar charges .....	92,023	276,629
5. Other expenses (excluding taxes, licenses and fees) .....	3,282,032	788,674
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	231,679	118,704
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	39,321	39,321
7.2 Net deferred tax liability .....		211,068
8. Borrowed money \$ ..... and interest thereon \$ .....	7,000,000	
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 18,116,172 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) .....	46,867,554	45,353,132
10. Advance premium .....	5,811,128	46,365
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	7,992,054	8,603,729
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 .....	301,709	567,711
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 8) .....	530,600	530,600
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	972,001	621,679
20. Derivatives .....		
21. Payable for securities .....		12,595,000
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 .....	6,728,748	7,193,786
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25) .....	99,707,775	99,609,988
27. Protected cell liabilities .....		
28. Total liabilities (Line 26 and Line 27) .....	99,707,775	99,609,988
29. Aggregate write-ins for special surplus funds .....	42,225,060	41,041,522
30. Common capital stock .....	3,000,000	3,000,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....		
35. Unassigned funds (surplus) .....	12,061,931	18,582,654
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) .....	57,286,991	62,624,176
38. Totals (Page 2, Line 28, Column 3) .....	156,994,766	162,234,164
<b>DETAILS OF WRITE-INS</b>		
2501. Minimum Retention on Catastrophe Exposure .....		
2502. Pension Plan Minimum Liability .....	6,728,748	7,193,786
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) .....	6,728,748	7,193,786
2901. RESERVE FOR CATASTROPHE INSURANCE LOSSES PURSUANT TO CH. 25 OF THE INS. CODE OF PR .....	42,225,060	41,041,522
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....	42,225,060	41,041,522
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) .....	36,206,857	32,057,688
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7) .....	12,670,319	9,206,618
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	3,941,861	4,572,340
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	20,185,185	19,095,387
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Line 2 through Line 5) .....	36,797,365	32,874,345
7. Net income of protected cells .....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(590,508)	(816,657)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	2,451,508	2,496,616
10. Net realized capital gains (losses) less capital gains tax of \$ .....	101,870	31,253
11. Net investment gain (loss) (Line 9 plus Line 10) .....	2,553,378	2,527,869
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ....., amount charged off \$ .....) .....		
13. Finance and service charges not included in premiums .....		
14. Aggregate write-ins for miscellaneous income .....	3,012,277	
15. Total other income (Line 12 through Line 14) .....	3,012,277	
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) .....	4,975,147	1,711,212
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) .....	4,975,147	1,711,212
19. Federal and foreign income taxes incurred .....	181,581	
20. Net income (Line 18 minus Line 19) (to Line 22) .....	4,793,566	1,711,212
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	62,624,176	67,382,743
22. Net income (from Line 20) .....	4,793,566	1,711,212
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	(6,676,123)	(2,741,331)
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....	2,789,565	994,812
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) .....	(4,789,793)	(1,173,285)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		(318,400)
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes:		
32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments:		
33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....		
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 .....	(1,454,400)	(3,231,575)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37) .....	(5,337,185)	(4,758,567)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	57,286,991	62,624,176
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....		
1401. Other Income .....	3,012,277	
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....	3,012,277	
3701. Catastrophe Reserve Reclassification .....		
3702. Pension Plan Minimum Liability .....	465,038	(3,231,575)
3703. Pension Plan Amendment Loss .....	(1,919,438)	
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) .....	(1,454,400)	(3,231,575)

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

- A. Real Legacy Assurance Company, Inc. (the Company) is organized under the laws of the Commonwealth of Puerto Rico to write principally commercial multiple peril and auto liability/physical insurance. The Company is a wholly owned subsidiary of Cooperativa de Seguros Múltiples de Puerto Rico (Parent Company or Cooperativa). The Company's business activities are with insureds located within Puerto Rico, the United States, and British Virgin Islands.

Business written through general insurance agents is collected by the general agents and remitted to the Company, net of commissions. Remittances are due 55 days after the closing date of the general agent's current account.

The accompanying financial statements of Real Legacy Assurance, Inc. have been prepared on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (Commissioner of Insurance) which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).

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

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. The Commissioner of Insurance has adopted certain permitted accounting practices, which differ from those found in NAIC SAP. To that effect, the Commissioner of Insurance permitted the derecognition of the deferred tax liability resulting from the contributions made over the years to the catastrophe loss reserve trust fund that would otherwise resulted under NAIC SAP.

The Commissioner of Insurance also permitted the Company the recognition of the actuarial loss related to an early retirement window that occurred in 2013 as a charge to unassigned funds (surplus) and to be amortized into net periodic pension cost within three years.

The monetary effects on statutory capital and surplus of using accounting practices permitted by the Commissioner of Insurance at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Statutory capital and surplus per accompanying statutory financial statements	\$57,286,991	\$62,624,176
Practice of not recognizing deferred tax liability for catastrophe loss reserve trust fund contributions.	(11,406,434)	(8,419,119)
Statutory capital and surplus in accordance with NAIC SAP	\$45,880,557	\$54,205,057

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. 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

## NOTES TO FINANCIAL STATEMENTS

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management believes the amount is adequate, the ultimate liability may be in excess or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined. Actual results could differ from these estimates.

### C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at cost.
2. Investments are valued in accordance with rules promulgated by National Association of Insurance Commissioners (NAIC). Bonds are stated at cost adjusted for amortization of premiums and accretion of discounts. The disclosures of estimated fair values are based on NAIC -quoted prices when available. If quoted prices are not available, fair values are based on quoted market prices of comparable instruments or values obtained from independent pricing services. Investment transactions are included on the basis of the trade date. The company has unsettled transactions of \$0 and \$12,595,000 at December 31, 2013 and 2012, respectively. The interest method is used to record bond amortization. The Company monitors the difference between the cost and estimated fair value of their investments. A decline in the fair value below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value with a charge to operations and a new cost basis for the security is established.
3. Common stocks from investment in subsidiary are accounted for under the statutory equity method and adjusted to reflect the equity in the results of operations as an increase or decrease in surplus.
4. The Company does not own preferred stocks.

#### Note 2- Accounting Changes and corrections of errors

Not applicable

#### Note 3- Business Combinations and Goodwill

Not applicable

#### Note 4- Discontinued Operations

Not applicable

#### 5. Note 5- Investments

##### A. Mortgage loans or real estate.

Not applicable

##### B. Debt restructuring

Not applicable

##### C. Reverse mortgages

Not applicable

##### D. Loan – backed securities

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

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E. Repurchase agreements  
Not applicable

F. Real Estate  
Not applicable

G. Low income housing tax credits  
Not applicable

Note 6- Joint Ventures, Partnerships and Limited Liability Companies  
Not applicable

Note 7- Investment Income

There are no exclusions from investment income due and accrued since the balance is admitted in its entirety.

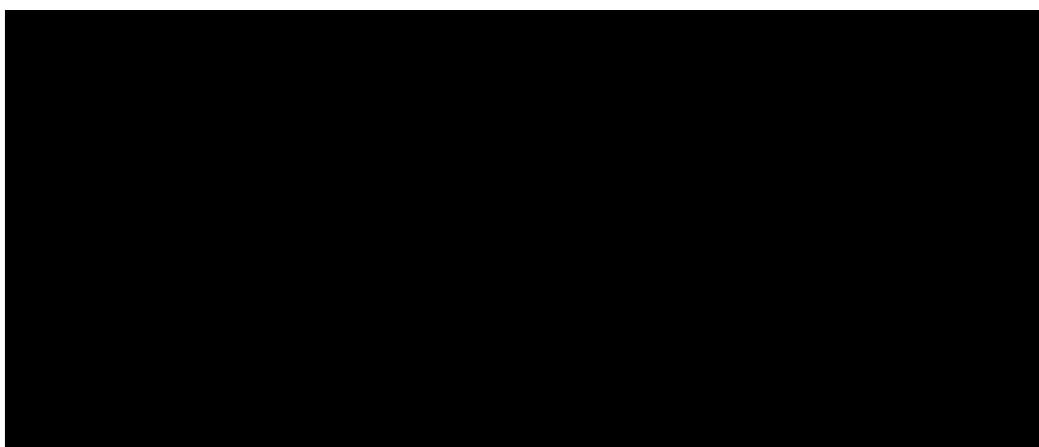
Note 8- Derivative Instruments  
The Company does not own derivatives.

Note 9 - Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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

The Company recognizes deferred tax assets for the future tax consequences attributable to differences between the financial statements carrying amounts and the respective tax bases for income tax expense calculations. The components of the net deferred tax assets recognized in the Company's statements are as follows:



**NOTES TO FINANCIAL STATEMENTS**

## Current Income Tax

Current income taxes incurred consist of the following major components:

Description	June 30, 2013	December 2012
Current Income Tax Expense	\$181,581	-0-
Taxes recovered – Prior year under/(over) accrual of tax reserves		
Current income taxes incurred		

Income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes mainly as a result of the exempt interest income and catastrophe reserve deduction.

## Operating Loss and Tax Credit Carryforwards

1. At December 31, 2013, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. At December 31, 2013, the amount of \$55,395 corresponding to an overaccrual of income taxes for a previous year is available for recoupment in the event of future net income.

## F. Consolidated Federal Income Tax Return

Not applicable

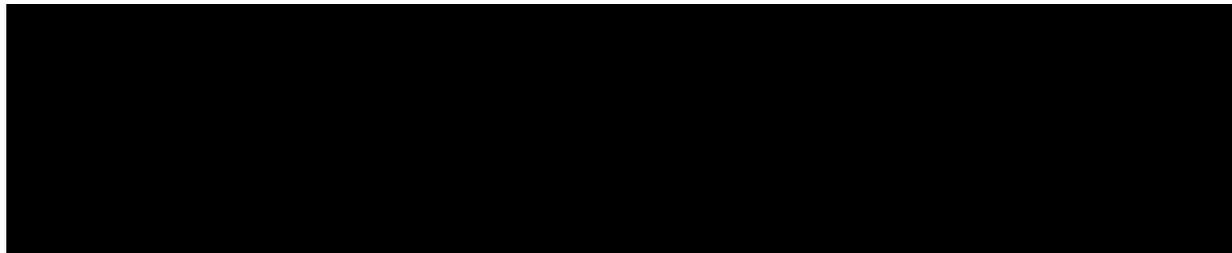
## Note 10- Information concerning Parent, Subsidiary and Affiliated companies:

The Company is the owner of 100% of the outstanding common stock of Overseas Insurance Agency, Inc. The Company accounts for this investment under the statutory equity method. After making the necessary adjustments to account for this investment, the unassigned surplus was charged \$4,385,638 and \$2,741,331 in 2013 and 2012, respectively. The Agency charges the Company a monthly fee for the use of certain property and equipment. Related party transactions also include an allocation of rental from the Company of the office space occupied by the Agency. The company also charges the Agency for other administrative expenses associated with the operation of the Agency.

The gross premiums written placed through Overseas amounted to \$56,886,821 and \$58,844,416 in 2013 and 2012 respectively. The following is a summary of other transactions with Overseas during the years ended December 31, 2013 and 2012.

**NOTES TO FINANCIAL STATEMENTS**

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At December 31, 2013 and December 31, 2012 the company reported a balance (due to)/from its subsidiary of \$2,338,242 and \$1,968,620 respectively. These arrangements require that intercompany balances be settled within 60 days.

**Management Service Contracts, Cost Sharing Arrangements**

The Company has agreed to provide certain management and data processing services to its wholly-owned subsidiary. The Parent has agreed to provide certain management services to the Company.

**Nature of Relationships that Could Affect Operations**

100% of the outstanding shares of the Company are owned by Cooperativa de Seguros Multiples de Puerto Rico, an insurance company based in San Juan, Puerto Rico.

**Note 11 Debt**

The Company has a revolving line of credit with Scotiabank in the amount of \$12 million bearing interest at Libor plus 150 basis points. The Company has carve-out \$250,000 of the line of credit and has this amount available in favor of the British Virgin Islands Financial Services Commission as a requirement to perform business on the British Virgin Islands. The outstanding balance on this line at December 31, 2013 is \$7,000,000. There was no outstanding balance at December 31, 2012. The Company has a margin account with Santander Securities. The Company is required to maintain a collateral security deposit with the lender. Assets in such security deposit are required to be maintained in a fair value amount at least equal to the outstanding principal.

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

The Company sponsors a non-contributory defined benefit pension plan covering all of its employees and those of its wholly owned subsidiary. The benefits are based on the years of service and employees' average annual compensation as defined in the plan document. The measurement date used to determine pension benefit measures for the defined benefit pension plan is December 31.

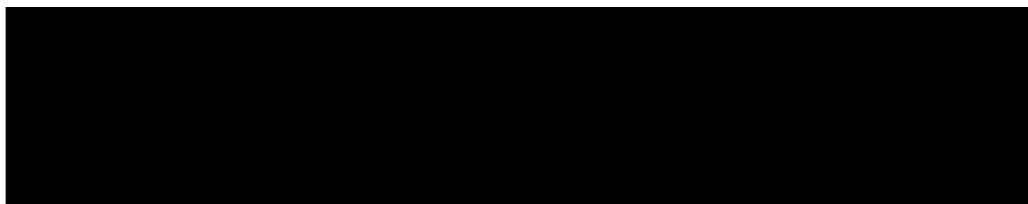
The Company's funding policy is to contribute annually the minimum funding requirement under the Employee Retirement Income Security Act of 1974 and related regulations. For year 2013 and 2012 the actuarial valuation indicated a minimum employer contribution requirement of \$1,500,000 and \$1,600,000 respectively. Each year the Company charges as pension expense the amount funded during the year and the plan is funded in accordance with ERISA requirements subject to management's discretion and IRS minimum and maximum limitations.

Statement of Statutory Accounting Principles (SSAP No. 102) became effective Jan. 1, 2013. This SSAP requires that any underfunded defined benefit pension amounts, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R. At transition, the unrecognized transition

**NOTES TO FINANCIAL STATEMENTS**

obligations/assets, prior service costs/credits, and unrecognized gains/losses amounted to \$2,641,247.

Accumulated plan benefit information and net assets of the plan available for benefits covering the employees of the Company and its subsidiary estimated by consulting actuaries at December 31, 2013, latest actuarial update, were as follows:



The discount rate assumed rate of return used to determine the actuarial present value of the accumulated plan benefits was 5.40% and 4.30% at December 31, 2013 and 2012, respectively. The actuarial cost method used to calculate the pension contribution was the aggregate cost method. Plan assets consist mainly of investments in U.S. Government securities, mutual funds and cash.

The following sets forth the plan's benefit obligation, nonvested pension benefit obligation, fair value of plan assets, funded status and prepaid benefit cost at December 31, 2013:

	<u>2013</u>	<u>2012</u>
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$ 27,358,350	\$ 23,270,601
Projected benefit obligation for Non-Vested	65,690	-
Service cost	628,047	748,692
Interest cost	1,249,838	1,258,842
Benefit payments	(1,367,978)	(532,711)
Actuarial loss	(2,159,841)	2,678,616
Projected benefit obligation at end of year	<u>\$ 25,774,106</u>	<u>\$ 27,424,040</u>
Accumulated benefit obligation at end of year	\$ 24,377,625	\$ 24,827,510

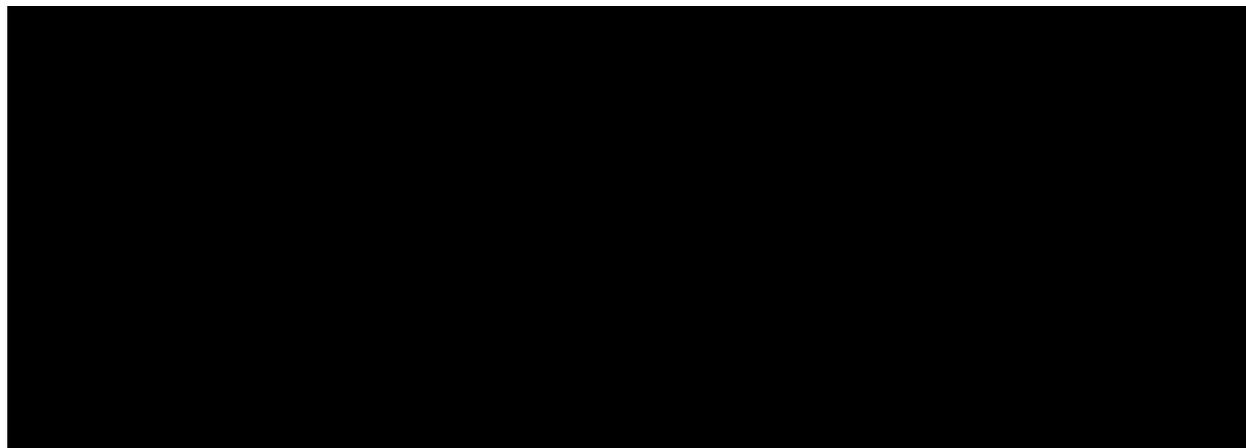
The following sets forth the plan's benefit obligation, fair value of plan assets, funded status, and prepaid benefit cost at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Projected benefit obligation at December 31	24,473,562	27,424,040
Fair value of plan assets at December 31	17,015,511	17,589,007
Unfunded Status	7,458,051	9,835,033
Prepaid benefit cost recognized in the statutory statements of admitted assets, liabilities, and capital and surplus	(2,029,848)	791,452

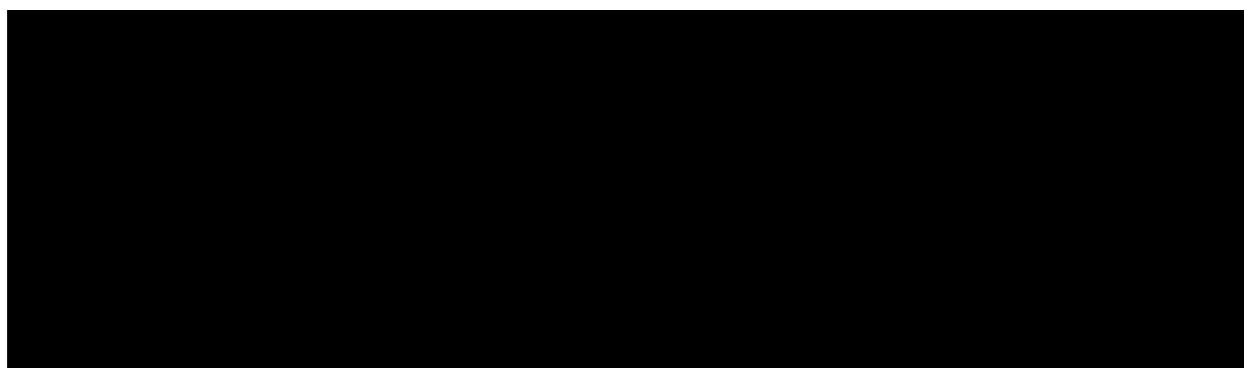
Weighted average assumptions used to determine benefit obligation and net cost at December 31, 2013 and 2012 were as follows:

**NOTES TO FINANCIAL STATEMENTS**

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The components of net periodic benefit cost for the years ended December 31, 2013 and 2012 are as follows:



***Plan Assets***

The following table present assets and liabilities that are measured at fair value on a recurring basis at December 31, 2013 and 2012:

## NOTES TO FINANCIAL STATEMENTS

		Fair Value measurements at December 31, 2013			
		Quoted price in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
Asset category:	<u>Total</u>				
Cash	\$ 934,139	\$ 934,139			-
Mutual Funds	\$ 7,197,189	\$ 7,197,189			-
Fixed Income securities:					
U.S. governments bonds	\$ 2,582,606		\$ 2,582,606		-
Corporate bonds	\$ 304,622		\$ 304,622		-
Municipal Bonds	\$ 2,433,466		\$ 2,433,466		-
Asset-backed securities	\$ 3,563,489		\$ 3,563,489		-
Certificate of deposits	\$ -		\$ -		-
<b>Total</b>	<b>\$ 17,015,510</b>	<b>\$ 8,131,328</b>	<b>\$ 8,884,182</b>	<b>\$ -</b>	<b>-</b>

		Fair Value measurements at December 31, 2012			
		Quoted price in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
Asset category:	<u>Total</u>				
Cash	\$ 633,900	\$ 633,900	\$ -		-
Mutual Funds	\$ 5,323,949	\$ 5,323,949	\$ -		-
Fixed Income securities:					
U.S. governments bonds	\$ 3,564,807	\$ -	\$ 3,564,807		-
Corporate bonds	\$ 468,129	\$ -	\$ 468,129		-
Municipal Bonds	\$ 4,166,308	\$ -	\$ 4,166,308		-
Asset-backed securities	\$ 3,292,067	\$ -	\$ 3,292,067		-
Certificate of deposits	\$ -	\$ -	\$ -		-
<b>Total</b>	<b>\$ 17,449,160</b>	<b>\$ 5,957,849</b>	<b>\$ 11,491,311</b>	<b>\$ -</b>	<b>-</b>

The asset allocations of the Company's pension benefits as of the December 31, 2013 measurement dates were as follows:

Asset category:	
Debt securities	53.0%
Mutual funds	43.0%
Cash and cash equivalents	4.0%
	<b>100%</b>

The Company's investment policies and strategies for the pension benefits plan do not use target allocations for the individual asset categories. The Company's investment goals are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and prohibit direct investments in corporate debt and equity securities and derivative financial instruments. The Company addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

The Company expects to contribute \$1,500,000 to its pension plan in 2013.

The benefits expected to be paid by the pension plan are as follows:

Year ending December 31:

**NOTES TO FINANCIAL STATEMENTS**

2014	1,484,996
2015	1,468,500
2016	1,451,942
2017	1,434,633
2018	1,429,150
2019-2022	7,534,820

The expected benefits are based on the same assumptions used to measure the Company's benefits obligation at December 31, 2013 and include estimated future employee service.

**D. Defined Contribution Plans**

Real Legacy Assurance Company employees are covered by a qualified defined contribution plan sponsored by the Company. Each plan participant can make contributions to the plan up to an amount not exceeding the maximum deferral amount specified by local law. The Company contributes 25% of the participant's contribution not to exceed 4% of the participant's compensation. The Company's contribution for the plan was \$34,692 and \$72,257 in 2013 and 2012, respectively.

**E. Multi-employer Plans**

Not applicable.

**F. Consolidated/Holding Company Plans**

Not applicable.

**G. Post-employment Benefits and Compensated Absences**

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacations. The liability for earned but untaken vacations has been accrued.

**H. Impact of Medicare Modernization Act on Postretirement Benefits**

Not Applicable.

**Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations****A. Outstanding Shares**

The Company has 300,000 shares of \$10 par value common stock authorized issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

**B. The Company has no preferred stock outstanding.****C. Dividend Restrictions**

Dividends on common stock are paid as declared by the Board of Directors of the Company. Under applicable Puerto Rico insurance laws and regulations, the Company is required to maintain minimum capital stock of \$3,000,000. The payment of dividends is limited to unassigned surplus reported using statutory accounting principles.

**NOTES TO FINANCIAL STATEMENTS**

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Under local government regulations, the Company is required to establish a reserve for insurance written subject to catastrophic losses. The amount needed to comply with the catastrophe reserve requirement is based on the net direct catastrophe insurance premiums written in Puerto Rico. The Commissioner of Insurance of Puerto Rico will determine each year the percentage of contribution required. For 2013 this was 1.0% of the direct catastrophe premiums written subject to the reserve.

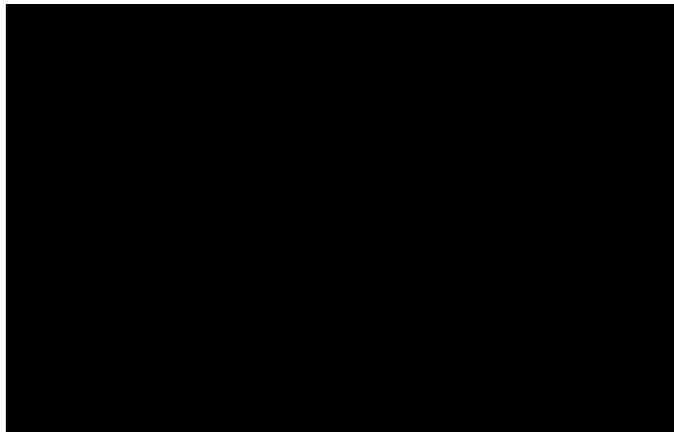
In addition, in August 1994, the Commissioner of Insurance issued a rule which limited the additions to the reserve if the ratio of the catastrophe reserve over the balance of capital and unassigned surplus is greater than the ratio of net direct catastrophe premiums over total premiums for the year. During 2006 a change to this requirement was made allowing insurers to increase the catastrophe reserve until it reaches an amount equal to 2% of its probable maximum loss (PML). If this reserve exceeds this figure, then the Company could be able to withdraw any excess after a written request to the Commissioner of Insurance.

**Changes in Special Surplus Funds**

During 2013, Special Surplus Funds increased by \$1,183,538 as a result of interest earned on securities during the year.

**Changes in Unassigned Funds**

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:



**Surplus Notes**

Not applicable

**Quasi Reorganizations**

Not applicable

**Note 14 - Contingencies**

**A. Contingent Commitments**

The Company has no commitments to affiliates or other entities. The Company has made no guarantees on behalf of affiliates.

**B. Assessments**

The Company is subject to guaranty fund and other assessments. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be

**NOTES TO FINANCIAL STATEMENTS**

accrued either at the time of assessments or, in the case of premium based assessments, at the time the premiums were written.

For the period ended December 31, 2013 there was no guaranty fund assessment declared by the Puerto Rico Guaranty Fund Assessment Association. These represent management's best estimates based on information available from the P. R. Guaranty Insurance Association and may change due to many factors including the Company's share of the ultimate cost of current insolvencies. There is also a premium tax expense of \$754,819 related to our business operations in the U.S. Virgin Islands.

Pursuant to Article 12 of Rule LXIX of the Insurance Code, the Company participates in the Compulsory Vehicle Liability Insurance Joint Underwriting Association. The Association was organized during 1997 to subscribe insurance coverage of motor vehicles property damage liability risk commencing on January 1, 1998. As a participant, the Company shares the risk proportionately with other participants, based on a formula established by the Insurance Code. During 2013 and 2012, the company credited operations by approximately \$3,765,346 and \$428,661, respectively, for experience refunds received from the Association.

The Company is subject to various claims and lawsuits in the ordinary course of business, primarily relating to insurance policy claims. While the outcome of these lawsuits cannot be predicted, management is of the opinion, based on the advice of our legal counsel, that the Company's liability from these lawsuits, if any, will not have a material adverse effect upon the Company's financial position.

C. Gain contingencies  
Not Applicable

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits  
Not Applicable

E. All Other Contingencies

The Company is a member of Syndicate for the Joint Underwriting of Medical-Hospital Professional Liability Insurance ("SIMED"). SIMED was created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event SIMED cannot meet its obligations. During 2013 and 2012 no assessments or payments were incurred for this contingency.

The Company is a member of the Puerto Rico Property Casualty Insurance Guaranty Association. As a member, the company is required to provide funds to pay losses and reimbursements of unearned premiums of insolvent insurers. On July 1, 2013 the Puerto Rico Property & Casualty Insurance Association issued an assessment order to cover cost of disbursements for companies that were declared insolvent by the court, after August 17, 1991. This assessment for the Company amounted to \$363,113. During 2012, there was no assessment levied to guarantee the payment of the losses or reimbursement of unearned premium reserve.

Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company. The Company has no asset that it considers to be impaired.

Note 15 - Leases

A. Lessee Leasing Arrangements

The Company has a non-cancellable five year lease agreement for office facilities which includes escalation clauses which provide for increased rentals based on increases in taxes and other costs. Rent expense, net of rental income from an affiliate, amounted to

**NOTES TO FINANCIAL STATEMENTS**

\$595,521 and \$687,693 for 2013 and 2012, respectively. Total rental income for 2013 and 2012 was \$249,435 and \$365,626 respectively. Approximate future minimum lease payments under non-cancellable operating leases are as follows:

Year	Future Minimum Lease Payments
2014	\$312,764

Note 16 - Information About Financial Instrument with Off-Balance Sheet Risk and With concentrations of Credit Risk

A. Financial Instruments with Off-Balance Sheet Risk

Not applicable

B. Financial Instrument with Concentrations of Credit Risk

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

Note 19 - Direct Premiums Written/Produced by Managing General Agents/ Third party Administrator

**NOTES TO FINANCIAL STATEMENTS**

<b>Authority</b>	<b>Name</b>	<b>FEI Number</b>	<b>Premium Written</b>
B,U,P	Overseas Insurance Agency	66-0442203	\$56,886,821
B,U,P	Global Insurance	66-0356202	14,782,321
B,U,P	Colonial Insurance	66-0381156	10,694,586
B,U,P	Seguros N Colon Inc	66-0531812	7,322,919
B,U,P	J. Jaramillo Insurance	66-0727754	6,851,401

## Note 20- Fair Value Measurements

## (a) Fair value hierarchy

The Company follows SSAP 100 which establishes an accounting standard for fair value measurement of financial assets and financial liabilities and for fair values measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The accounting standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair values hierarchy are as follows:

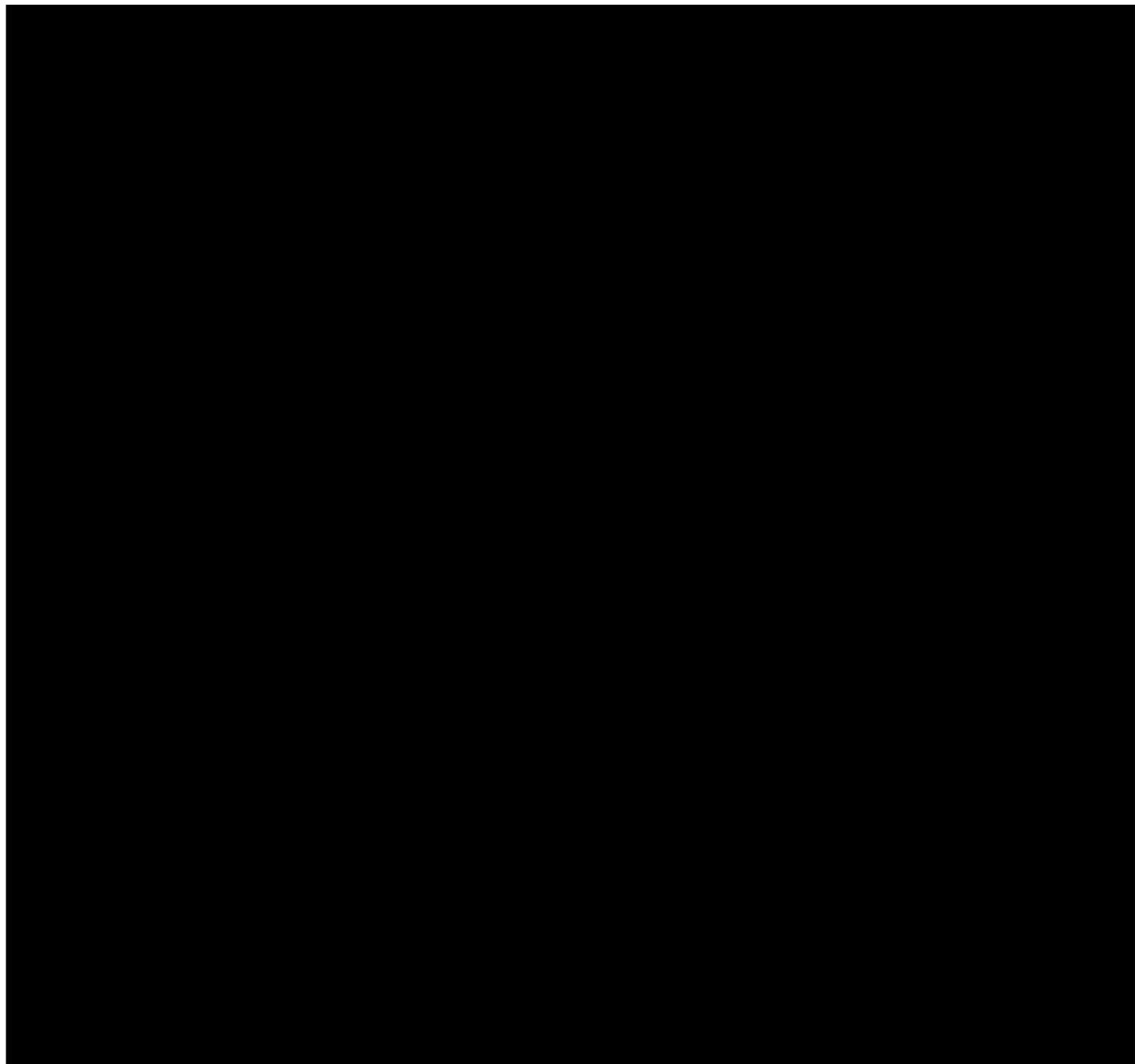
- Level 1 inputs are quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either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

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

The following table presents assets and liabilities that are measured at fair value on a recurring basis at Decemembr 31, 2013 and 2012.

**NOTES TO FINANCIAL STATEMENTS**

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Note 21- Other Items

A. Extraordinary items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures.

Assets in the amount of \$42,225,060 and \$41,041,522 at December 31, 2013 and 2012 respectively, were on deposit with government authorities or trustees as required by law. Assets valued at \$8,210,000 and 7,100,000 at December 31, 2013 and December 31, 2012 respectively were maintained as compensating balances or pledged as collateral for bank loans and other financing agreements.

D. Accounts receivable for uninsured plans

Not applicable

E. Business interruption insurance recoveries

Not applicable

## NOTES TO FINANCIAL STATEMENTS

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- F. State transferable tax credits  
Not applicable
- G. Subprime-Mortgage-Related Risk Exposure  
Not applicable

### Note 22 Events subsequent

There were no events subsequent to balance sheet date meriting disclosure.

### Note 23 – Reinsurance

#### A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of policyholders' surplus.

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

#### C. Reinsurance Assumed and Ceded

#### D. Uncollectible Reinsurance

Not applicable

#### E. Commutation of Ceded Reinsurance

Not applicable

#### F. Retroactive Reinsurance

Not applicable

#### G. Reinsurance Accounted for as a Deposit

Not applicable

### Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

### Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2013 and 2012 were \$19,858 and 22,663 millions, respectively. As of December 2013 and 2012, \$9,160 and \$9,804 respectively have been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$13,870 millions as a result of re-estimation of unpaid losses and loss adjustment expenses principally on multiple perils and the other accident lines. Therefore, there has been a \$817 favorable prior year development since December 31, 2012. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes available regarding individual claims.

**NOTES TO FINANCIAL STATEMENTS**

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Note 26- Intercompany Pooling Arrangements

Not Applicable

Note 27- Structured Settlements

Not Applicable

Note 28- Health Care Receivables

Not Applicable

Note 29- Participating Policies

Not Applicable

Note 30- Premium Deficiency Reserves

Not Applicable

Note 31- High Deductibles

Not Applicable

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

Not applicable

Note 33 - Asbestos and Environment Reserves

Not applicable

Note 34 - Subscriber Savings Accounts

Not applicable

Note 35- Multiple Peril Crop Insurance

Not applicable

Note 36- Financial Guaranty Insurance

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

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**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 (X) No ( )  
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 (X) No ( ) N/A ( )
- 1.3 State Regulating? Puerto Rico
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (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). 11/30/2011
- 3.4 By what department or departments?  
COMMISSIONER OF INSURANCE OF PUERTO RICO
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes (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 (X)

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

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

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

7.22 State the nationality(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 (X)

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

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any 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
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**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

GENERAL

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG, LLP AMERICAN INTERNATIONAL PLAZA, SUITE 1100, 250 MUNOZ RIVERA AVE., HATO REY, PUERTO RICO 00918-1819
- 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?  
MARTHA A WINSLOW, FCAS, MAAA SENIOR CONSULTANT, TOWERS WATSON 8400 NORMANDALE LAKE BLVD SUITE 1700, MN 55437-3838
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)
- 12.11 Name of real estate holding company  
.....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value \$ .....
- 12.2 If yes, provide explanation  
.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes ( ) No ( )
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No ( )
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code. Yes (X) No ( )
- 14.11 If the response to 14.1 is No, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)
- 14.21 If the response to 14.2 is Yes, provide information related to amendment(s).  
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)
- 14.31 If the response to 14.3 is Yes, provide the nature of any waiver(s).  
.....
- 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 (X) No ( ) |

FINANCIAL

- |   |                    |
|---|--------------------|
| 19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?                               | Yes ( ) No (X)     |
| 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):   |                    |
| 20.11 To directors or other officers  | \$ .....           |
| 20.12 To stockholders not officers  | \$ .....           |
| 20.13 Trustees, supreme or grand (Fraternal only)   | \$ .....           |
| 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  |                    |
| 20.21 To directors or other officers  | \$ .....           |
| 20.22 To stockholders not officers  | \$ .....           |
| 20.23 Trustees, supreme or grand (Fraternal only)   | \$ .....           |
| 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? | Yes ( ) No (X)     |
| 21.2 If yes, state the amount thereof at December 31 of the current year:   |                    |
| 21.21 Rented from others  | \$ .....           |
| 21.22 Borrowed from others  | \$ .....           |
| 21.23 Leased from others  | \$ .....           |
| 21.24 Other   | \$ .....           |
| 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?                   | Yes ( ) No (X)     |
| 22.2 If answer is yes:  |                    |
| 22.21 Amount paid as losses or risk adjustment  | \$ .....           |
| 22.22 Amount paid as expenses   | \$ .....           |
| 22.23 Other amounts paid  | \$ .....           |
| 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?  | Yes (X) No ( )     |
| 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:   | \$ ..... 2,338,239 |

**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 (X) No ( )
- 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   | \$ ..... 43,725,060 |
|  | 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
SCOTIABANK .....	SAN JUAN, PUERTO RICO .....
BANCO POPULAR DE PUERTO RIO .....	SAN JUAN, PUERTO RICO .....
CITIBANK .....	SAN JUAN, PUERTO RICO .....
SANTANDER SECURITIES .....	SAN JUAN, PUERTO RICO .....

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 ( ) No (X)

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

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

28.05 Identify all investment advisors, 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
--	-----------	--------------

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

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

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
--	--	---	------------------------

**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 .....	\$ ..... 100,578,534	\$ ..... 94,945,698	\$ ..... (5,632,836)
30.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
30.3 Totals .....	\$ ..... 100,578,534	\$ ..... 94,945,698	\$ ..... (5,632,836)

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

.....  
.....

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

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

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? \$ ..... 399,219

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE .....	\$ ..... 389,219
.....	\$ .....
.....	\$ .....
.....	\$ .....

34.1 Amount of payments for legal expenses, if any? \$ ..... 157,563

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
MARIO ARROYO LAW OFFICES .....	\$ ..... 72,451
SCHUSTER & AGUILO .....	\$ ..... 41,486
.....	\$ .....
.....	\$ .....

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?  
 .....
- 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:  
 .....
- 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?  
 .....
- 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 ( ) No ( ) N/A (X)
- 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): \$ ..... 1,000,000
- 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 ( ) No (X)
- 14.5 If the answer to 14.4 is no, please explain:  
 .....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes ( ) No (X)
- 15.2 If yes, give full information.  
 .....

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

\* Disclose type of coverage:  
.....  
.....

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

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

Provide the following information for this exemption:

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

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

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

18.1 Do you act as a custodian for health savings 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. \$ .....



**EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)**  
**BUSINESS IN THE STATE OF PUERTO RICO DURING THE YEAR 2013**

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire	8,735,320	9,236,189		5,166,264	989,497	197,020	5,196,748	201,632	162,017	52,516	1,183,597	48,649
2.1 Allied lines	18,953,745	19,873,502		11,272,453	546,132	(75,662)	787,922	55,932	26,312	46,228	2,487,355	105,558
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril	6,430,676	6,418,639		3,357,271	2,242,966	1,995,446	508,334	89,947	54,407	24,761	1,535,237	35,814
5.1 Commercial multiple peril (non-liability portion)	23,650,295	19,258,653		16,497,195	2,805,156	1,492,182	5,517,445	434,814	337,328	105,559	5,403,476	131,714
5.2 Commercial multiple peril (liability portion)	4,659,225	3,576,558		3,236,010	2,085,437	925,971	3,975,816	1,092,026	886,517	644,116	1,050,271	25,948
6. Mortgage guaranty												
8. Ocean marine	1,094,039	1,140,368		522,347	199,993	251,571	62,453	20,011	23,896		169,674	6,093
9. Inland marine	530,962	521,364		279,366	7,140	15,832	55,212		(500)	6,132	72,793	2,957
10. Financial guaranty												
11. Medical professional liability												
12. Earthquake	9,930,708	10,155,118		5,851,107	(83,406)	(95,400)	30,561	6,457	457	500	1,421,961	55,307
13. Group accident and health (b)												
14. Credit A and H (group and individual)												
15.1 Collectively renewable A and H (b)												
15.2 Non-cancelable A and H (b)												
15.3 Guaranteed renewable A and H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 Medicare Title XVIII exempt from state taxes or fees												
15.7 All other A and H (b)												
15.8 Federal Employees Health Benefits Plan premium (b)												
16. Workers' compensation												
17.1 Other liability - occurrence	3,901,091	3,617,335		2,171,119	2,000,154	2,135,349	3,838,213	338,677	295,234	167,877	894,974	21,726
17.2 Other liability - claims-made												
17.3 Excess workers' compensation												
18. Products liability	86,923	84,428		50,256	140	2,000	2,860	300		700	21,468	484
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability	2,213,727	1,997,595		1,198,849	1,740,743	1,465,529	1,303,222	90,248	352	121,037	503,004	12,329
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability	4,173,016	3,691,561		2,385,434	3,296,173	2,160,866	2,861,845	175,446	79,736	311,663	993,063	23,241
21.1 Private passenger auto physical damage	8,352,960	6,386,323		4,668,255	4,381,860	4,846,912	1,262,610	35,287	6,137	115,224	1,599,282	46,520
21.2 Commercial auto physical damage	3,224,060	3,145,118		2,032,642	1,651,318	1,947,538	615,009	23,473	10,769	84,231	1,055,861	17,956
22. Aircraft (all perils)												
23. Fidelity												
24. Surety	433,493	368,582		201,843	295,654	280,132	16,085	3,316	2,316		122,672	2,414
26. Burglary and theft												
27. Boiler and machinery	331,182	329,943		229,418		(3,785)	116,346				49,121	1,844
28. Credit												
30. Warranty												
34. Aggregate write-ins for other lines of business												
35. TOTALS (a)	96,701,422	89,801,276		59,119,829	22,158,957	17,541,501	26,150,681	2,567,566	1,884,978	1,680,544	18,563,809	538,554
<b>DETAILS OF WRITE-INS</b>												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)												

19PR

(a) Finance and service charges not included in Line 1 to Line 35 \$ .....  
 (b) For health business on indicated lines report: Number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



**EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)**  
**BUSINESS IN THE STATE OF U.S. VIRGIN ISLANDS DURING THE YEAR 2013**

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire	512,827	508,032		243,403		(26)	792				64,811	25,641
2.1 Allied lines	458,361	473,899		216,863		1,559	15,550	1,945	1,945		59,852	22,918
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril	11,155,971	11,237,103		5,570,082	338,270	61,639	25,547	39,714	(8,157)	3,897	1,309,512	557,798
5.1 Commercial multiple peril (non-liability portion)	167,194	153,356		40,780		(3,521)	44,743			(54,989)	36,473	8,360
5.2 Commercial multiple peril (liability portion)						50,000	100,000	2,461		18,623		
6. Mortgage guaranty												
8. Ocean marine						(3)	85					
9. Inland marine						(30)	914					
10. Financial guaranty												
11. Medical professional liability												
12. Earthquake	224,410	234,606		103,974	116,708	116,686	695				29,239	11,220
13. Group accident and health (b)												
14. Credit A and H (group and individual)												
15.1 Collectively renewable A and H (b)												
15.2 Non-cancelable A and H (b)												
15.3 Guaranteed renewable A and H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 Medicare Title XVIII exempt from state taxes or fees												
15.7 All other A and H (b)												
15.8 Federal Employees Health Benefits Plan premium (b)												
16. Workers' compensation												
17.1 Other liability - occurrence	2,313,045	2,337,028		1,152,485		24,747	124,131	31,774	40,427	15,653	272,667	115,652
17.2 Other liability - claims-made												
17.3 Excess workers' compensation												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability	112,726	111,519		55,072	75,423	81,146	15,542	25,129	26,129	1,000	11,651	5,636
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability	23,786	24,253		2,912	4,614	4,509	3,229	4,347	4,348		5,947	1,189
21.1 Private passenger auto physical damage	124,572	126,364		63,141	104,140	99,905	7,226	16,895	15,895		13,319	6,229
21.2 Commercial auto physical damage	3,493	3,745		565	11,991	11,991					873	175
22. Aircraft (all perils)												
23. Fidelity												
24. Surety		47				(12)	366					
26. Burglary and theft												
27. Boiler and machinery						(86)	2,644					
28. Credit												
30. Warranty												
34. Aggregate write-ins for other lines of business												
35. TOTALS (a)	15,096,385	15,209,952		7,449,277	651,146	448,504	341,464	122,265	80,587	(15,816)	1,804,344	754,818
<b>DETAILS OF WRITE-INS</b>												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)												

(a) Finance and service charges not included in Line 1 to Line 35 \$ .....  
 (b) For health business on indicated lines report: Number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



**EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)**  
**BUSINESS IN THE STATE OF OTHER ALIEN DURING THE YEAR 2013**

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire	311,619	269,792		167,850	2,208,566	839,937	1,403,960	43,480	11,521	5,037	60,799	
2.1 Allied lines	206,707	178,100		112,584		7,796	77,751				40,345	
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril	1,567,162	1,526,936		741,108	5,415	5,257	20,728		500	500	311,246	
5.1 Commercial multiple peril (non-liability portion)	633,978	722,624		266,523		(17,602)	223,717				124,338	
5.2 Commercial multiple peril (liability portion)	46,658	48,832		15,847							9,275	
6. Mortgage guaranty												
8. Ocean marine						(14)	426					
9. Inland marine						(149)	4,570					
10. Financial guaranty												
11. Medical professional liability												
12. Earthquake	277,080	239,783		150,797		(113)	3,473				54,075	
13. Group accident and health (b)												
14. Credit A and H (group and individual)												
15.1 Collectively renewable A and H (b)												
15.2 Non-cancelable A and H (b)												
15.3 Guaranteed renewable A and H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 Medicare Title XVIII exempt from state taxes or fees												
15.7 All other A and H (b)												
15.8 Federal Employees Health Benefits Plan premium (b)												
16. Workers' compensation												
17.1 Other liability - occurrence	169,644	160,973		79,652		4,449	180,657				33,837	
17.2 Other liability - claims-made												
17.3 Excess workers' compensation												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability	11,984	8,164		6,248		(1,389)	42,710				2,661	
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability	45,653	32,819		21,057	7,706	7,180	16,146		1,000		10,244	
21.1 Private passenger auto physical damage	12,870	7,767		6,683	845	(330)	36,130				2,875	
21.2 Commercial auto physical damage	30,263	26,523		18,817							6,780	
22. Aircraft (all perils)												
23. Fidelity												
24. Surety						(60)	1,827					
26. Burglary and theft												
27. Boiler and machinery						(430)	13,221					
28. Credit												
30. Warranty												
34. Aggregate write-ins for other lines of business												
35. TOTALS (a)	3,313,618	3,222,313		1,587,166	2,222,532	844,532	2,025,316	43,480	12,021	6,537	656,475	
<b>DETAILS OF WRITE-INS</b>												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)												

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(a) Finance and service charges not included in Line 1 to Line 35 \$  
 (b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products



**EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)**  
**BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2013**

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire	9,559,766	10,014,013		5,577,517	3,198,063	1,036,931	6,601,500	245,112	173,538	57,553	1,309,207	74,290
2.1 Allied lines	19,618,813	20,525,501		11,601,900	546,132	(66,307)	881,223	57,877	28,257	46,228	2,587,552	128,476
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril	19,153,809	19,182,678		9,668,461	2,586,651	2,062,342	554,609	129,661	46,750	29,158	3,155,995	593,612
5.1 Commercial multiple peril (non-liability portion)	24,451,467	20,134,633		16,804,498	2,805,156	1,471,059	5,785,905	434,814	337,328	50,570	5,564,287	140,074
5.2 Commercial multiple peril (liability portion)	4,705,883	3,625,390		3,251,857	2,085,437	975,971	4,075,816	1,094,487	886,517	662,739	1,059,546	25,948
6. Mortgage guaranty												
8. Ocean marine	1,094,039	1,140,368		522,347	199,993	251,554	62,964	20,011	23,896		169,674	6,093
9. Inland marine	530,962	521,364		279,366	7,140	15,653	60,696		(500)	6,132	72,793	2,957
10. Financial guaranty												
11. Medical professional liability												
12. Earthquake	10,432,198	10,629,507		6,105,878	33,302	21,173	34,729	6,457	457	500	1,505,275	66,527
13. Group accident and health (b)												
14. Credit A and H (group and individual)												
15.1 Collectively renewable A and H (b)												
15.2 Non-cancelable A and H (b)												
15.3 Guaranteed renewable A and H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 Medicare Title XVIII exempt from state taxes or fees												
15.7 All other A and H (b)												
15.8 Federal Employees Health Benefits Plan premium (b)												
16. Workers' compensation												
17.1 Other liability - occurrence	6,383,780	6,115,336		3,403,256	2,000,154	2,164,545	4,143,001	370,451	335,661	183,530	1,201,478	137,378
17.2 Other liability - claims-made												
17.3 Excess workers' compensation												
18. Products liability	86,923	84,428		50,256	140	2,000	2,860	300		700	21,468	484
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability	2,338,437	2,117,278		1,260,169	1,816,166	1,545,286	1,361,474	115,377	26,481	122,037	517,316	17,965
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability	4,242,455	3,748,633		2,409,403	3,308,493	2,172,555	2,881,220	179,793	84,084	312,663	1,009,254	24,430
21.1 Private passenger auto physical damage	8,490,402	6,520,454		4,738,079	4,486,845	4,946,487	1,305,966	52,182	22,032	115,224	1,615,476	52,749
21.2 Commercial auto physical damage	3,257,816	3,175,386		2,052,024	1,663,309	1,959,529	615,009	23,473	10,769	84,231	1,063,514	18,131
22. Aircraft (all perils)												
23. Fidelity												
24. Surety	433,493	368,629		201,843	295,654	280,060	18,278	3,316	2,316		122,672	2,414
26. Burglary and theft												
27. Boiler and machinery	331,182	329,943		229,418		(4,301)	132,211				49,121	1,844
28. Credit												
30. Warranty												
34. Aggregate write-ins for other lines of business												
35. TOTALS (a)	115,111,425	108,233,541		68,156,272	25,032,635	18,834,537	28,517,461	2,733,311	1,977,586	1,671,265	21,024,628	1,293,372
<b>DETAILS OF WRITE-INS</b>												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)												

19GT

(a) Finance and service charges not included in Line 1 to Line 35 \$  
 (b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

**SCHEDULE P INTERROGATORIES**

- 1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.
- 1.1 Does the company issue Medical Professional Liability Claims Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes ( ) No (X)  
 If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions:
- 1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)? \$ .....
- 1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes ( ) No ( )
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes ( ) No (X)
- 1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A - Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes ( ) No ( ) N/A (X)
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred	DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
	1 Section 1: Occurrence	2 Section 2: Claims-Made
1.601 Prior .....	.....	.....
1.602 2004 .....	.....	.....
1.603 2005 .....	.....	.....
1.604 2006 .....	.....	.....
1.605 2007 .....	.....	.....
1.606 2008 .....	.....	.....
1.607 2009 .....	.....	.....
1.608 2010 .....	.....	.....
1.609 2011 .....	.....	.....
1.610 2012 .....	.....	.....
1.611 2013 .....	.....	.....
1.612 TOTALS .....	.....	.....

- 2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes (X) No ( )
- 3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Yes (X) No ( )
- 4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes ( ) No (X)  
 If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Column 32 and Column 33.  
 Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.  
 Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.
- 5. What were the net premiums in force at the end of the year for: 5.1 Fidelity \$ .....  
 (in thousands of dollars) 5.2 Surety \$ ..... 142
- 6. Claim count information is reported per claim or per claimant. (Indicate which). per Claim  
 If not the same in all years, explain in Interrogatory 7.
- 7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes ( ) No (X)
- 7.2 An extended statement may be attached:  
 .....  
 .....  
 .....

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

**Allocated by States and Territories**

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. Dist. Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	L	96,701,422	89,801,276	22,158,956	17,541,501	26,150,681		
55. U.S. Virgin Islands	VI	L	15,096,385	15,209,952	651,146	448,504	341,464		
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	X X X	3,313,618	3,222,313	2,222,532	844,532	2,025,316		
59. Totals	(a)	2	115,111,425	108,233,541	25,032,634	18,834,537	28,517,461		
<b>DETAILS OF WRITE-INS</b>									
58001. BVI	X X X		3,313,618	3,222,313	2,222,532	844,532	2,025,316		
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		3,313,618	3,222,313	2,222,532	844,532	2,025,316		

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

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

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



**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	RESPONSES
1. Will an actuarial opinion be filed by March 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 440:	
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 460:	
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 390:	
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 390:	
<b>APRIL FILING</b>	
5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 270:	
6. Will Management's Discussion and Analysis be filed by April 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 350:	
7. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 285:	
<b>MAY FILING</b>	
8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 201:	

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (Continued)

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

### JUNE FILING

9. Will an audited financial report be filed by June 1? YES

EXPLANATION:

BARCODE:  
Document Identifier 220:

10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1? YES

EXPLANATION:

BARCODE:  
Document Identifier 221:

### AUGUST FILING

11. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1? YES

EXPLANATION:

BARCODE:  
Document Identifier 222

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

### MARCH FILING

12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? YES

EXPLANATION:

BARCODE:  
Document Identifier 420:

13. Will the Financial Guaranty Insurance Exhibit be filed by March 1? NO

EXPLANATION:

BARCODE:  
Document Identifier 240:



14. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:  
Document Identifier 360:



15. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed by March 1? NO

EXPLANATION:

BARCODE:  
Document Identifier 455:



16. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:  
Document Identifier 490:



**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES  
(Continued)**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	RESPONSES
17. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	NO
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 385:	3 6 7 4 9 2 0 1 3 3 8 5 0 0 0 0 0 
18. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 401:	
19. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 365:	3 6 7 4 9 2 0 1 3 3 6 5 0 0 0 0 0 
20. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 441:	
21. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 399:	
22. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?	YES
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 400:	
23. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1?	NO
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 500:	3 6 7 4 9 2 0 1 3 5 0 0 0 0 0 0 0 
24. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
<b>EXPLANATION:</b>	
<b>BARCODE:</b> Document Identifier 505:	3 6 7 4 9 2 0 1 3 5 0 5 0 0 0 0 0 

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES  
(Continued)**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**MARCH FILING**

**RESPONSES**

25. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 224:



26. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 225:



27. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 226:



**APRIL FILING**

28. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 230:



29. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 306:



30. Will the Accident and Health Policy Experience Exhibit be filed by April 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 210:



31. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 216:



**APRIL FILING**

32. Will the regulator only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1?

NO

**EXPLANATION:**

**BARCODE:**  
Document Identifier 217:



**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES  
(Continued)**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**AUGUST FILING**

**RESPONSES**

33. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?

NO

**EXPLANATION:**

**BARCODE:**

Document Identifier 223:

