

**ANNUAL STATEMENT**  
**OF THE**  
**MCS Advantage Inc.**

**of**  
**San Juan**  
**in the state of**  
**Puerto Rico**

**TO THE**  
**Insurance Department**  
**OF THE STATE OF**  
**Puerto Rico**

**For the Year Ending**  
**DECEMBER 31, 2017**

**2017**



**ANNUAL STATEMENT**  
**For the Year Ending DECEMBER 31, 2017**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**MCS Advantage Inc.**

NAIC Group Code 1301 , 1301 NAIC Company Code 13022 Employer's ID Number 660642758  
(Current Period) (Prior Period)

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

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health[ ] Property/Casualty[ ] Hospital, Medical & Dental Service or Indemnity[ ]  
 Dental Service Corporation[ ] Vision Service Corporation[ ] Health Maintenance Organization[X]  
 Other[ ] Is HMO Federally Qualified? Yes[ ] No[ ] N/A[X]

Incorporated/Organized 03/17/2004 Commenced Business 02/01/2007

Statutory Home Office Suite 203 255 Ponce de León Avenue , San Juan, PR, 00917  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office Suite 203 255 Ponce de León Avenue  
(Street and Number)

San Juan, PR, 00917 (787)758-2500  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 193310 , San Juan, PR, 00917  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records Suite 203 255 Ponce de León Avenue  
(Street and Number)

San Juan, PR, 00917 (787)758-2500  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address N/A

Statutory Statement Contact David P Schaffer (787)758-2500-2920  
(Name) (Area Code)(Telephone Number)(Extension)

davids@medicalcardsystem.com  
(E-Mail Address) (Fax Number)

**OFFICERS**

Name	Title
Roberto Pando	President
David Schaffer	CFO
Rosa M Lázaro	Secretary

**OTHERS**

**DIRECTORS OR TRUSTEES**

Matthew Cantor  
 Gerald Landgraf  
 Garrett Hall  
 James O'Drobinak  
 Paul S Levy

Eugene Davis  
 Cyril Meduña  
 Keith A Maib  
 Brooks Powlen

State of Puerto Rico  
 County of \_\_\_\_\_ ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

_____ (Signature) <b>Roberto Pando</b> _____ (Printed Name) 1. <b>President</b> _____ (Title)	_____ (Signature) <b>David Schaffer</b> _____ (Printed Name) 2. <b>Chief Financial Officer</b> _____ (Title)	_____ (Signature) _____ (Printed Name) 3. <b>0</b> _____ (Title)
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Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018

- a. Is this an original filing? \_\_\_\_\_  
 b. If no, 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

Yes[X] No[ ]

\_\_\_\_\_  
 (Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	195,874,020		195,874,020	69,878,585
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common Stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....126,918,179, Schedule E Part 1), cash equivalents (\$.....6,969,269, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA) .....	133,887,448		133,887,448	95,802,676
6. Contract loans (including \$.....0 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 (Lines 1 to 11) .....	329,761,468		329,761,468	165,681,260
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	975,319		975,319	423,013
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	34,636,030		34,636,030	24,379,279
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....				11,652,851
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....				
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				30,175,522
18.1 Current federal and foreign income tax recoverable and interest thereon .....				4,638,660
18.2 Net deferred tax asset .....	4,941,333		4,941,333	
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	4,647,906		4,647,906	3,799,597
24. Health care (\$.....2,656,005) and other amounts receivable .....	4,200,552	1,544,547	2,656,005	3,736,554
25. Aggregate write-ins for other than invested assets .....	5,172,411	5,172,411	0	12,906,938
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	384,335,019	6,716,958	377,618,062	257,393,674
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	384,335,019	6,716,958	377,618,062	257,393,674
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Deferred Cost .....				12,906,938
2502. Prepays and other assets .....	172,411	172,411	0	
2503. Deposits .....	5,000,000	5,000,000		
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	5,172,411	5,172,411	0	12,906,938

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	95,747,250		95,747,250	112,984,333
2. Accrued medical incentive pool and bonus amounts .....	26,344,416		26,344,416	17,381,212
3. Unpaid claims adjustment expenses .....				
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	14,198,300		14,198,300	
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	54,275		54,275	46,914
9. General expenses due or accrued .....	21,454,935		21,454,935	17,424,442
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	28,141,518		28,141,518	
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	2,383,376		2,383,376	3,065,518
13. Remittances and items not allocated .....	15,134,138		15,134,138	23,389,187
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	656,026		656,026	21,973
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20. Reinsurance in unauthorized and certified (\$.....0) companies .....				
21. Net adjustments in assets and liabilities due to foreign exchange rates .....				
22. Liability for amounts held under uninsured plans .....	19,629,625		19,629,625	
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....	600,000		600,000	600,000
24. TOTAL Liabilities (Lines 1 to 23) .....	224,343,858		224,343,858	174,913,580
25. Aggregate write-ins for special surplus funds .....	X X X	X X X		
26. Common capital stock .....	X X X	X X X	1	1
27. Preferred capital stock .....	X X X	X X X		
28. Gross paid in and contributed surplus .....	X X X	X X X	639,999	639,999
29. Surplus notes .....	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	30,600,000	
31. Unassigned funds (surplus) .....	X X X	X X X	122,034,204	81,840,094
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	153,274,204	82,480,094
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	377,618,062	257,393,674
<b>DETAILS OF WRITE-INS</b>				
2301. Statutory Deposits .....	600,000		600,000	600,000
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	600,000		600,000	600,000
2501. ....	X X X	X X X		
2502. ....	X X X	X X X		
2503. ....	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		
3001. Federal Provider Fees (Data Year) .....	X X X	X X X	30,600,000	
3002. ....	X X X	X X X		
3003. ....	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X	30,600,000	

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months .....	X X X	2,355,081	2,467,445
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	1,682,279,772	1,763,161,459
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X		
5. Risk revenue .....	X X X		
6. Aggregate write-ins for other health care related revenues .....	X X X		
7. Aggregate write-ins for other non-health revenues .....	X X X		
8. TOTAL Revenues (Lines 2 to 7) .....	X X X	1,682,279,772	1,763,161,459
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		1,094,837,126	1,190,372,080
10. Other professional services .....			
11. Outside referrals .....			
12. Emergency room and out-of-area .....			
13. Prescription drugs .....		302,800,226	314,659,864
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments and bonus amounts .....		28,404,614	17,259,615
16. Subtotal (Lines 9 to 15) .....		1,426,041,967	1,522,291,559
<b>Less:</b>			
17. Net reinsurance recoveries .....			
18. TOTAL Hospital and Medical (Lines 16 minus 17) .....		1,426,041,967	1,522,291,559
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$.....0 cost containment expenses .....		6,457,072	13,980,534
21. General administrative expenses .....		165,163,162	170,026,384
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23. TOTAL Underwriting Deductions (Lines 18 through 22) .....		1,597,662,200	1,706,298,477
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	84,617,572	56,862,982
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		2,162,606	930,545
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		(1,020,973)	27,174
27. Net investment gains (losses) (Lines 25 plus 26) .....		1,141,632	957,719
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29. Aggregate write-ins for other income or expenses .....			(26,737,252)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	85,759,204	31,083,449
31. Federal and foreign income taxes incurred .....	X X X	34,472,019	4,245,319
32. Net income (loss) (Lines 30 minus 31) .....	X X X	51,287,186	26,838,130
<b>DETAILS OF WRITE-INS</b>			
0601. ....	X X X		
0602. ....	X X X		
0603. ....	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X		
0701. ....	X X X		
0702. ....	X X X		
0703. ....	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X		
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901. Federal Health Insurance Providers Fees .....			(26,737,252)
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			(26,737,252)

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	82,480,094	55,703,413
34. Net income or (loss) from Line 32 .....	51,287,186	26,838,130
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	(3,951,751)	(5,822,072)
39. Change in nonadmitted assets .....	23,458,675	5,760,624
40. Change in unauthorized and certified reinsurance .....		
41. Change in treasury stock .....		
42. Change in surplus notes .....		
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....		
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....		
48. Net change in capital and surplus (Lines 34 to 47) .....	70,794,110	26,776,681
49. Capital and surplus end of reporting year (Line 33 plus 48) .....	153,274,204	82,480,094
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. Statutory deposit .....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	1,697,881,533	1,784,930,740
2.	Net investment income .....	2,880,940	1,315,880
3.	Miscellaneous income .....		
4.	TOTAL (Lines 1 through 3) .....	1,700,762,472	1,786,246,620
5.	Benefit and loss related payments .....	1,434,768,017	1,555,303,607
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	117,784,593	213,705,647
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	1,177,804	0
10.	TOTAL (Lines 5 through 9) .....	1,553,730,414	1,769,009,254
11.	Net cash from operations (Line 4 minus Line 10) .....	147,032,059	17,237,366
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	3,445,431	42,099,449
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....	(606,084)	
12.7	Miscellaneous proceeds .....		0
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7) .....	2,839,347	42,099,449
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	131,126,396	41,695,044
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6) .....	131,126,396	41,695,044
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(128,287,049)	404,405
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	19,339,762	13,549,113
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	19,339,762	13,549,113
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	38,084,772	31,190,884
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	95,802,676	64,611,792
19.2	End of year (Line 18 plus Line 19.1) .....	133,887,448	95,802,676

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001			
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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	1,682,279,772						1,682,279,772			
2. Change in unearned premium reserves and reserve for rate credit .....										
3. Fee-for-service (net of \$.....0 medical expenses) .....										X X X
4. Risk revenue .....										X X X
5. Aggregate write-ins for other health care related revenues .....										X X X
6. Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. TOTAL Revenues (Lines 1 to 6) .....	1,682,279,772						1,682,279,772			
8. Hospital/medical benefits .....	1,094,837,126						1,094,837,126			X X X
9. Other professional services .....										X X X
10. Outside referrals .....										X X X
11. Emergency room and out-of-area .....										X X X
12. Prescription drugs .....	302,800,226						302,800,226			X X X
13. Aggregate write-ins for other hospital and medical .....										X X X
14. Incentive pool, withhold adjustments and bonus amounts .....	28,404,614						28,404,614			X X X
15. Subtotal (Lines 8 to 14) .....	1,426,041,967						1,426,041,967			X X X
16. Net reinsurance recoveries .....										X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16) .....	1,426,041,967						1,426,041,967			X X X
18. Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....0 cost containment expenses .....	6,457,072						6,457,072			
20. General administrative expenses .....	165,163,162						165,163,162			
21. Increase in reserves for accident and health contracts .....										X X X
22. Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22) .....	1,597,662,200						1,597,662,200			
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	84,617,572						84,617,572			
<b>DETAILS OF WRITE-INS</b>										
0501. ....										X X X
0502. ....										X X X
0503. ....										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page .....										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X
0601. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. ....										X X X
1302. ....										X X X
1303. ....										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page .....										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....				
2. Medicare Supplement .....				
3. Dental only .....				
4. Vision only .....				
5. Federal Employees Health Benefits Plan .....				
6. Title XVIII - Medicare .....	1,682,279,772			1,682,279,772
7. Title XIX - Medicaid .....				
8. Other health .....				
9. Health subtotal (Lines 1 through 8) .....	1,682,279,772			1,682,279,772
10. Life .....				
11. Property/casualty .....				
12. TOTALS (Lines 9 to 11) .....	1,682,279,772			1,682,279,772

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	1,414,874,436						1,414,874,436			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	1,414,874,436						1,414,874,436			
2. Paid medical incentive pools and bonuses .....	19,441,411						19,441,411			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	95,747,250						95,747,250			
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	95,747,250						95,747,250			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....	26,344,416						26,344,416			
6. Net healthcare receivables (a) .....										
7. Amounts recoverable from reinsurers December 31, current year .....										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	112,984,333						112,984,333			
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	112,984,333						112,984,333			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....	17,381,212						17,381,212			
11. Amounts recoverable from reinsurers December 31, prior year .....										
12. Incurred benefits:										
12.1 Direct .....	1,397,637,352						1,397,637,352			
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....										
12.4 Net .....	1,397,637,352						1,397,637,352			
13. Incurred medical incentive pools and bonuses .....	28,404,614						28,404,614			

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	61,282,422						61,282,422			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	61,282,422						61,282,422			
2. Incurred but Unreported:										
2.1 Direct .....	34,464,828						34,464,828			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	34,464,828						34,464,828			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	95,747,250						95,747,250			
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	95,747,250						95,747,250			

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....						
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	86,023,132	1,330,446,773	7,159,730	88,587,520	93,182,862	112,984,333
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	86,023,132	1,330,446,773	7,159,730	88,587,520	93,182,862	112,984,333
10.	Healthcare receivables (a) .....	1,544,547	50,923			1,544,547	
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....	13,151,988	6,289,423		26,344,416	13,151,988	17,381,212
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	97,630,573	1,336,685,273	7,159,730	114,931,935	104,790,303	130,365,544

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (\$000 Omitted)**

**Grand Total**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	95,592	93,099	92,118	90,543	89,650
2. 2013 .....	907,885	999,388	1,001,515	1,001,192	1,000,855
3. 2014 .....	X X X	1,171,454	1,297,563	1,299,903	1,296,909
4. 2015 .....	X X X	X X X	1,176,914	1,329,311	1,329,963
5. 2016 .....	X X X	X X X	X X X	1,410,477	1,511,679
6. 2017 .....	X X X	X X X	X X X	X X X	1,336,685

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	96,295	93,099	92,118	90,543	89,650
2. 2013 .....	1,011,495	999,388	1,001,518	1,001,652	1,000,855
3. 2014 .....	X X X	1,301,276	1,300,120	1,299,795	1,296,909
4. 2015 .....	X X X	X X X	1,345,743	1,338,432	1,329,963
5. 2016 .....	X X X	X X X	X X X	1,531,370	1,518,839
6. 2017 .....	X X X	X X X	X X X	X X X	1,451,617

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2013 .....	1,173,785	1,000,855	14,276	1.426	1,015,131	86.484			1,015,131	86.484
2. 2014 .....	1,462,836	1,296,909	16,299	1.257	1,313,208	89.771			1,313,208	89.771
3. 2015 .....	1,535,389	1,329,963	15,268	1.148	1,345,231	87.615			1,345,231	87.615
4. 2016 .....	1,763,161	1,511,679	12,864	0.851	1,524,543	86.466	7,160		1,531,703	86.873
5. 2017 .....	1,682,280	1,336,685	5,636	0.422	1,342,321	79.792	114,932		1,457,253	86.624

12 Total

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (\$000 Omitted)**

**Title XVIII - Medicare**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	95,592	93,099	92,118	90,543	89,650
2. 2013 .....	907,885	999,388	1,001,515	1,001,192	1,000,855
3. 2014 .....	X X X	1,171,454	1,297,563	1,299,903	1,296,909
4. 2015 .....	X X X	X X X	1,176,914	1,329,311	1,329,963
5. 2016 .....	X X X	X X X	X X X	1,410,477	1,511,679
6. 2017 .....	X X X	X X X	X X X	X X X	1,336,685

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior .....	96,295	93,099	92,118	90,543	89,650
2. 2013 .....	1,011,495	999,388	1,001,518	1,001,652	1,000,855
3. 2014 .....	X X X	1,301,276	1,300,120	1,299,795	1,296,909
4. 2015 .....	X X X	X X X	1,345,743	1,338,432	1,329,963
5. 2016 .....	X X X	X X X	X X X	1,531,370	1,518,839
6. 2017 .....	X X X	X X X	X X X	X X X	1,451,617

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2013 .....	1,173,785	1,000,855	14,276	1.426	1,015,131	86.484			1,015,131	86.484
2. 2014 .....	1,462,836	1,296,909	16,299	1.257	1,313,208	89.771			1,313,208	89.771
3. 2015 .....	1,535,389	1,329,963	15,268	1.148	1,345,231	87.615			1,345,231	87.615
4. 2016 .....	1,763,161	1,511,679	12,864	0.851	1,524,543	86.466	7,160		1,531,703	86.873
5. 2017 .....	1,682,280	1,336,685	5,636	0.422	1,342,321	79.792	114,932		1,457,253	86.624

12 Title XVIII-Medicare

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) .....	14,198,300						14,198,300		
5. Aggregate write-ins for other policy reserves .....									
6. TOTALS (Gross) .....	14,198,300						14,198,300		
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	14,198,300						14,198,300		
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
<b>DETAILS OF WRITE-INS</b>									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....									

(a) Includes \$.....0 premium deficiency reserve.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building) .....			1,034,570		1,034,570
2. Salaries, wages and other benefits .....			14,063,626		14,063,626
3. Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			10,347,424		10,347,424
4. Legal fees and expenses .....			480,335		480,335
5. Certifications and accreditation fees .....					
6. Auditing, actuarial and other consulting services .....			5,243,087		5,243,087
7. Traveling expenses .....			348,980		348,980
8. Marketing and advertising .....			4,703,344		4,703,344
9. Postage, express and telephone .....			402,517		402,517
10. Printing and office supplies .....			4,358		4,358
11. Occupancy, depreciation and amortization .....					
12. Equipment .....					
13. Cost or depreciation of EDP equipment and software .....		6,457,072			6,457,072
14. Outsourced services including EDP, claims, and other services .....					
15. Boards, bureaus and association fees .....			450,126		450,126
16. Insurance, except on real estate .....					
17. Collection and bank service charges .....			121,123		121,123
18. Group service and administration fees .....			122,309,156		122,309,156
19. Reimbursements by uninsured plans .....					
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					
23.2 State premium taxes .....					
23.3 Regulatory authority licenses and fees .....			727,745		727,745
23.4 Payroll taxes .....			1,284,854		1,284,854
23.5 Other (excluding federal income and real estate taxes) .....			(633)		(633)
24. Investment expenses not included elsewhere .....				179,744	179,744
25. Aggregate write-ins for expenses .....			3,560,661		3,560,661
26. TOTAL Expenses Incurred (Lines 1 to 25) .....		6,457,072	165,081,274	179,744	(a) 171,718,089
27. Less expenses unpaid December 31, current year .....			21,454,935		21,454,935
28. Add expenses unpaid December 31, prior year .....			17,424,442		17,424,442
29. Amounts receivable relating to uninsured plans, prior year .....					
30. Amounts receivable relating to uninsured plans, current year .....					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....		6,457,072	161,050,780	179,744	167,687,596
<b>DETAILS OF WRITE-INS</b>					
2501. Accrual for Contingencies .....			3,500,000		3,500,000
2502. Miscellaneous Expense .....			60,661		60,661
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			3,560,661		3,560,661

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 990,737	944,438
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,567,699	548,469
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 542,927	532,365
7. Derivative instruments	(f)	
8. Other invested assets		317,077
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	3,101,363	2,342,349
11. Investment expenses		(g) 179,744
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		179,744
17. Net Investment income (Line 10 minus Line 16)		2,162,606

**DETAILS OF WRITE-INS**

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

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

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(1,436)		(1,436)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(413,453)		(413,453)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments		(606,083)	(606,083)		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	(414,889)	(606,083)	(1,020,972)		

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....			
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums and contracts subject to redetermination .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....		514,036	514,036
18.2 Net deferred tax asset .....		8,893,084	8,893,084
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
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 .....		1,302,733	1,302,733
24. Health care and other amounts receivable .....	1,544,547	11,827	(1,532,720)
25. Aggregate write-ins for other than invested assets .....	5,172,411	19,453,953	14,281,542
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	6,716,958	30,175,632	23,458,675
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. TOTAL (Lines 26 and 27) .....	6,716,958	30,175,632	23,458,675
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. Deferred Cost .....		19,411,837	19,411,837
2502. Prepaids and Other assets .....	172,411	42,116	(130,295)
2503. Deposits .....	5,000,000		(5,000,000)
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	5,172,411	19,453,953	14,281,542

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

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	215,495	198,328	196,184	194,269	192,482	2,355,081
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. TOTAL .....	215,495	198,328	196,184	194,269	192,482	2,355,081
<b>DETAILS OF WRITE-INS</b>						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

## EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 TOTAL Individuals .....	27,231	24,540	22,031			73,802
0299998 Premiums due and unpaid not individually listed .....	1,822,711	1,954,425	4,100			3,781,236
0299999 TOTAL Group .....	1,822,711	1,954,425	4,100			3,781,236
0399999 Premiums due and unpaid from Medicare entities .....	30,646,994	88,617	32,828	12,553		30,780,992
0499999 Premiums due and unpaid from Medicaid entities .....						
0599999 Accident and health premiums due and unpaid (Page 2, Line 15) ..	32,496,936	2,067,581	58,959	12,553		34,636,030

### EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
<b>Pharmaceutical Rebate Receivables</b>						
.....				1,544,547	1,544,547	
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed .....						
0199999 Subtotal - Pharmaceutical Rebate Receivables .....				1,544,547	1,544,547	
0299998 Claim Overpayment Receivables - Not Individually Listed .....						
0299999 Subtotal - Claim Overpayment Receivables .....						
<b>Loans and Advances to Providers</b>						
.....	1,560,623		44,459			1,605,082
0399998 Loans and Advances to Providers - Not Individually Listed .....						
0399999 Subtotal - Loans and Advances to Providers .....	1,560,623		44,459			1,605,082
<b>Capitation Arrangements Receivables</b>						
.....	1,000,000					1,000,000
0499998 Capitation Arrangement Receivables - Not Individually Listed .....						
0499999 Subtotal - Capitation Arrangement Receivables .....	1,000,000					1,000,000
0599998 Risk Sharing Receivables - Not Individually Listed .....						
0599999 Subtotal - Risk Sharing Receivables .....						
<b>Other Receivables</b>						
Plan to Plan .....	28,115	19,516	3,292			50,923
0699998 Other Receivables - Not Individually Listed .....						
0699999 Subtotal - Other Receivables .....	28,115	19,516	3,292			50,923
0799999 Gross health care receivables .....	2,588,738	19,516	47,751	1,544,547	1,544,547	2,656,005

### EXHIBIT 3A - ANALYSIS OF HEALTH CARE RECEIVABLES COLLECTED AND ACCRUED

Type of Health Care Receivable	Health Care Receivables Collected During the Year		Health Care Receivables Accrued as of December 31 of Current Year		5	6
	1 On Amounts Accrued Prior to January 1 of Current Year	2 On Amounts Accrued During the Year	3 On Amounts Accrued December 31 of Prior Year	4 On Amounts Accrued During the Year	Health Care Receivables in Prior Years (Columns 1 + 3)	Estimated Health Care Receivables Accrued as of December 31 of Prior Year
1. Pharmaceutical rebate receivables .....		38,108,576	1,544,547		1,544,547	2,976,011
2. Claim overpayment receivables .....						
3. Loans and advances to providers .....				1,605,082		
4. Capitation arrangement receivables .....	750,000			1,000,000	750,000	750,000
5. Risk sharing receivables .....						
6. Other health care receivables .....	22,371			50,923	22,371	22,371
7. TOTALS (Lines 1 through 6) .....	772,371	38,108,576	1,544,547	2,656,005	2,316,918	3,748,381

Note that the accrued amounts in Columns 3, 4, and 6 are the total health care receivables, not just the admitted portion.

## EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

### Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....						
0399999 Aggregate Accounts Not Individually Listed - Covered .....	24,236,857	12,647,616	8,129,870	3,083,748	13,184,331	61,282,422
0499999 Subtotals .....	24,236,857	12,647,616	8,129,870	3,083,748	13,184,331	61,282,422
0599999 Unreported claims and other claim reserves .....						34,464,828
0699999 TOTAL Amounts Withheld .....						
0799999 TOTAL Claims Unpaid .....						95,747,250
0899999 Accrued Medical Incentive Pool and Bonus Amounts .....						26,344,416

## EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
<b>Individually listed receivables</b>							
MCS Life Insurance Company .....	3,029,968	805,435	809,680			4,645,083	
MCS General Insurance Agency .....	2,823					2,823	
0199999 Total - Individually listed receivables .....	3,032,791	805,435	809,680			4,647,906	
0299999 Receivables not individually listed .....							
0399999 TOTAL Gross Amounts Receivable .....	3,032,791	805,435	809,680			4,647,906	

## EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
<b>Individually Listed Payables</b>				
MCS Healthcare Holding .....	Operating Expenses .....	656,026	656,026	
0199999 Total - Individually Listed Payables .....	X X X .....	656,026	656,026	
0299999 Payables not Individually Listed .....	X X X .....			
0399999 TOTAL Gross Payables .....	X X X .....	656,026	656,026	

### EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
<b>Capitation Payments:</b>						
1. Medical groups .....	354,280,163	25.040				354,280,163
2. Intermediaries .....						
3. All other providers .....						
4. TOTAL Capitation Payments .....	354,280,163	25.040				354,280,163
<b>Other Payments:</b>						
5. Fee-for-service .....			X X X	X X X		
6. Contractual fee payments .....	1,060,594,273	74.960	X X X	X X X		1,060,594,273
7. Bonus/withhold arrangements - fee-for-service .....			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments .....			X X X	X X X		
9. Non-contingent salaries .....			X X X	X X X		
10. Aggregate cost arrangements .....			X X X	X X X		
11. All other payments .....			X X X	X X X		
12. TOTAL Other Payments .....	1,060,594,273	74.960	X X X	X X X		1,060,594,273
13. TOTAL (Line 4 plus Line 12) .....	1,414,874,436	100.000	X X X	X X X		1,414,874,436

### EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
<b>NONE</b>					
9999999	TOTALS .....		X X X	X X X	X X X

## EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
Description	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment .....						
2. Medical furniture, equipment and fixtures .....	<b>N O N E</b>					
3. Pharmaceuticals and surgical supplies .....						
4. Durable medical equipment .....						
5. Other property and equipment .....						
6. TOTAL .....						

## Notes to Financial Statements

MCS Advantage Inc. (the "Company") is a wholly owned subsidiary of MCS Healthcare Holding, Inc. ("MCS" and the Company's ultimate parent company) and operates as health insurance Company under the provisions of the Insurance Code and Insurance Regulations of the Commonwealth of Puerto Rico. On January 20, 2016, Medical Card System, Inc. (MCS) entered into a Restructuring and Exchange Agreement (the Exchange Agreement) pursuant to which the MCS agreed to contribute substantially all of its operating assets, agreements and obligations to a newly formed subsidiary, MCS Healthcare Holding, LLC ("MCSHH"), as a contribution to capital in exchange for 100% of the membership interests in the same. As a result of this, the Company is now a wholly owned subsidiary of MCS Healthcare Holding, LLC and Medical Card System, Inc., remained as the ultimately parent company.

The Company is primarily engaged in offering Medicare Advantage (MA) insurance coverage pursuant to one contract with Centers for Medicaid & Medicare Services (CMS) a federal agency within the U.S. Department of Health and Human Services.

Under the terms of the contract, CMS pays the Company a fixed amount for each healthcare member of its coordinated care plan and the Company provides the coverage to that member for the health services provided. The MA plans offered by the Company provide coverage to residents of Puerto Rico who are eligible for Medicare benefits.

These plans provide plan members with full Medicare benefits plus coverage of Medicare deductibles and copayment amounts and additional benefits that Medicare does not provide. Also, the Company provides enhanced benefit coverage to Medicaid-eligible members under the Medicare Platino Program sponsored by the Puerto Rico Health Insurance Administration.

### 1. Summary of Significant Accounting Policies and Going Concern

#### A. Accounting Practices

The accompanying financial statements have been prepared in conformity with the NAIC Accounting Practices and Procedures Manual. The Commissioner of Insurance of Puerto Rico adopted the NAIC Accounting Practices and Procedures Manual as long as it does not contradict the provisions of the Insurance Code. The accounting practices used in preparing these financial statements did not result in differences for net income or capital and surplus under the NAIC Accounting Practices and Procedures Manual and practices permitted or prescribed by the Insurance Commissioner of Puerto Rico.

Under statutory accounting practice prescribed or permitted by the Commissioner of Insurance, the total deferred cost related to the estimation of risk score premium to be collected in future periods should be considered to be a non-admitted assets and recorded as adjustment to unassigned funds (surplus) in the period the asset is recorded. As such, the Company recorded the amount as an adjustment in surplus for the fiscal year ended December 31, 2016. However, the Commissioner of Insurance has permitted the Company to recognize as admitted asset the amount of \$12,906,938 as of the year ended December 31, 2016.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Commissioner Insurance of Puerto Rico is shown below:

## Notes to Financial Statements

	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
<b>NET INCOME</b>					
(1) MCS Advantage state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 51,287,186	\$ 26,838,130
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:					
(3) State Permitted Practices that increase/(decrease) NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ 51,287,186	\$ 26,838,130
<b>SURPLUS</b>					
(5) MCS Advantage state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 153,274,204	\$ 82,480,094
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:					
(7) State Permitted Practices that increase/(decrease) NAIC SAP:	"00"				12,906,938
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 153,274,204	\$ 69,573,156

## B. Use of Estimates

Management used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with the NAIC Accounting Practices and Procedures Manual. The most significant items subject to estimates and assumptions are the actuarial determination for medical claims liability, useful life of intangibles, the Company's estimated risk adjustments payment receivable from CMS, accruals for medical incentive pools, and certain amounts recorded related to the Part D program. Actual results could differ from those estimates.

## C. Accounting Policies

**Premium Earned**

Premiums are recorded as revenue when due. Expenses incurred in connection to the acquisition of business, such as sales and broker commissions, are charged to operations as incurred.

The Company carries its premium receivables net of allowances for doubtful amounts based on the evaluation of the aging and other factors that deserve recognition.

**Nonadmitted Assets**

Certain assets designated as "non-admitted assets" have been excluded from the statutory statements of admitted assets, liabilities and capital and surplus by a charge to surplus.

Non-admitted assets as of December 31, 2017 and December 31, 2016 consist of the following:

<u>Non-Admitted Assets</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Prepaid and Deferred Costs	\$ 5,172,411	\$ 19,453,953
Prepaid tax credits	-	514,036
Healthcare receivables and other amount receivable	1,544,547	11,827
Due from affiliates	-	1,302,733
Deferred tax assets	-	8,893,084
	<u>\$ 6,716,958</u>	<u>\$ 30,175,632</u>

**Cash, Cash Equivalents, and Short-Term Investments**

Cash equivalent are highly liquid investments with original maturities of three month or less. Short-term investments are defined as short-term highly liquid investments that are readily convertible into a known amount of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Short-term investments having a maturity of less than one year are stated at cost, which approximates fair value. At December 31, 2017 and 2016, cash and cash equivalents consisted of cash deposited in financial institutions, certificates of deposits, and money market funds amounting to \$133,887,448 and \$95,802,676 respectively.

## Notes to Financial Statements

In addition, the company uses the following accounting policies:

1. Basis of valuation of short term investments - Short-term investments include debt securities with maturities of one year or less at the time of purchase and are stated at amortized cost, which approximates fair value.
2. Basis of valuation of bonds - Debt securities are valued in accordance with rules promulgated by the NAIC. Debt securities eligible for amortization under such rules (classified 1 through 5 by the Securities and Valuation Office (SVO) of the NAIC) are stated at amortized cost net of unamortized premiums and/or discounts. Debt securities classified 6 by the SVO are stated at the lower of amortized cost or fair market value.
3. Basis of valuation of common stocks - Investments in common stocks are presented at estimated fair value. Unrealized gains or losses on investments in common stock are accounted as direct increases or decreases in surplus.
4. Basis of valuation of preferred stock - Investments in nonredeemable preferred stock are presented at estimated fair value. Unrealized gains or losses on investments in nonredeemable preferred stock are accounted as direct increases or decreases in surplus. A decline in the estimated fair value of any investment in debt securities, nonredeemable preferred and common stock below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to operations and a new cost basis for the security is established.
5. The company has no mortgage loans or real state.
6. The Company applies the provisions of SAP No. 43, Loan-Backed and Structured Securities (SSAP No. 43), which requires insurers to separate other-than-temporary impairments between interest and noninterest-related declines in the value of all loan-backed and structured securities. Premiums and discounts are amortized or accreted over the life of the investment as an adjustment to yield using the effective-interest method. Interest and dividend income are recognized when earned. Realized gains or losses on the sale of investments are included in the statutory statements of operations and are determined on a specific-identification basis.
7. The company does not have investments in subsidiaries or affiliated entities.
8. The company does not have investments in joint venture, partnership and limited liability entities.
9. The company does not invest in derivatives.
10. The company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
11. Independent care providers such as hospitals, physicians, clinics, and others provide health services under contractual arrangements. Services rendered to insured members are billed and paid on a fee-for-service basis up to established limits based on eligible members. Claim payables represent accrued medical claims and related expenses (hospitalization and other outside medical services) for amounts billed and not paid and an estimate of cost incurred for unbilled services provided to the balance sheet date based on experience and accumulated statistical data on claims processed, incomplete and unreported. The above liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in current operations.
12. The company has not modified its capitalization policy from the prior period.
13. The company estimate anticipated pharmacy rebates receivable using the analysis of historical recovery.

D. Going Concern - None

### 2. Accounting Changes and Corrections of Errors

None

### 3. Business Combinations and Goodwill

## Notes to Financial Statements

- A. Statutory purchase method – None
- B. Statutory merge – None
- C. Assumption reinsurance – None
- D. Impairment loss – None

### 4. Discontinued Operations

- A. Discontinued Operations of or Classified as Held for Sale – None
- B. Change in Plan of Sales of Discontinued Operations – None
- C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal – None
- D. Equity Interest Retained in the Discontinued Operation After Disposal – None

### 5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – Not applicable
- B. Debt Restructuring – None
- C. Reverse Mortgage – None
- D. Loan-Backed Securities

1. Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker dealer survey values.

2. Other than –temporary impairment – None.

3. Each security, by CUSIP, with an Other-than-temporary impairment – None.

4. All impaired securities for which an other than temporary impairment has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$	1,311,399
2. 12 Months or longer	\$	723,263

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months	\$	144,979,424
2. 12 Months or longer	\$	41,592,592

The unrealized loss on investments in fixed-income securities were caused mainly by rising inflationary expectations and changes in interest rates during 2017. This had negative implications for fixed-income security prices. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than amortized cost of the investment. Because the company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. For the mortgage-backed securities, Management evaluated SSAP No. 43R and concluded that the company does not intend to sell such security, and it is more likely than not that it will not be required to sell such security prior to the recovery of its amortized cost basis.

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of all owned investment securities at December 31, 2017 and 2016 were as follows:

## Notes to Financial Statements

	2017			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Treasury securities and obligations of U.S. Government instrumentalities and states	\$ 184,062,464	\$ 29,046	\$ (1,985,348)	\$ 182,106,162
Corporate debt securities	10,156,373	147	(36,551)	10,119,970
Mortgage-backed securities	1,655,183	29,527	(12,763)	1,671,946
<b>Total</b>	<b>\$ 195,874,020</b>	<b>\$ 58,720</b>	<b>\$ (2,034,662)</b>	<b>\$ 193,898,079</b>

	2016			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Treasury securities and obligations of U.S. Government instrumentalities and states	\$ 67,096,059	\$ 31,816	\$ (1,042,001)	\$ 66,085,874
Obligations of the Commonwealth of PR and its instrumentalities	705,279	-	(6,306)	698,973
Corporate debt securities	250,000	28,250	-	278,250
Mortgage-backed securities	1,827,247	43,683	(24,540)	1,846,391
<b>Total</b>	<b>\$ 69,878,585</b>	<b>\$ 103,749</b>	<b>\$ (1,072,847)</b>	<b>\$ 68,909,487</b>

The amortized cost and estimated fair value of investment securities at December 31, 2017, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair value
Due less than one year	\$ 9,974,479	\$ 9,931,481
Due after one year through five years	184,244,359	182,294,651
Mortgage-backed securities	1,655,183	1,671,946
<b>Total</b>	<b>\$ 195,874,020</b>	<b>\$ 193,898,079</b>

The following tables show the Company's investments' gross unrealized losses and estimated fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2017.

	2017								
	Less than 12 months			12 months or more			Total		
	Estimated fair value	Gross Unrealized losses	Number of Securities	Estimated fair value	Gross Unrealized losses	Number of Securities	Estimated fair value	Gross Unrealized losses	Number of Securities
U.S. Treasury securities and obligations of U.S. government instrumentalities	135,826,179	(1,274,552)	151	41,068,311	(710,796)	69	176,894,490	(1,985,348)	220
Corporate debt securities	9,127,680	(36,551)	9	-	-	-	9,127,680	(36,551)	9
Mortgage-backed securities	25,565	(297)	1	524,281	(12,467)	16	549,846	(12,763)	17
<b>Total</b>	<b>144,979,424</b>	<b>(1,311,399)</b>		<b>41,592,592</b>	<b>(723,263)</b>		<b>186,572,016</b>	<b>(2,034,662)</b>	

## Notes to Financial Statements

For the mortgage-backed securities, Management evaluated SSAP No. 43R and concluded that the company does not intend to sell such security, and it is more likely than not that it will not be required to sell such security prior to the recovery of its amortized cost basis.

- E. Repurchase Agreements and/or Securities Lending Transactions – None
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – None
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – None
- H. Repurchase Agreements Transactions Accounted for as a Sale – None
- I. Reverse Repurchase Agreements Transactions Accounted for as Sale - None
- J. Real Estate – None
- K. Low-income housing tax credits (LHITC) – None
- L. Restricted Assets

### 1. Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	<u>Total Gross Restricted from Current Year</u>	<u>Total Gross Restricted From Prior Year</u>	<u>Increase / (Decrease) (1 minus 2)</u>	<u>Total Current Year Nonadmitted Restricted</u>	<u>Total Current Year Admitted Restricted</u>	<u>Percentage Gross Restricted to Total Assets</u>	<u>Percentage Admitted Restricted to Total Admitted Assets</u>
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -		0%	0%
b. Collateral held under security lending agreements			-				
c. Subject to repurchase agreements			-				
d. Subject to reverse repurchase agreements			-				
e. Subject to dollar repurchase agreements			-				
f. Subject to dollar reverse repurchase agreements			-				
g. Placed under option contracts			-				
h. Letter stock or securities restricted as to sale			-				
i. On deposit with states	600,000	600,000	-	-	600,000	0.156%	0.159%
j. On deposit with other regulatory bodies			-				
k. Pledged as collateral not captured in other categories			-				
l. Other restricted assets			-				
m. Total Restricted Assets	\$ 600,000	\$ 600,000	\$ -	\$ -	\$ 600,000	0.156%	0.159%

At December 31, 2017, the Company has on deposit with states of \$600,000 at the Office of the Commissioner of Insurance of Puerto Rico.

### 2. Detail of Assets Pledged as Collateral Not Captured in Other Categories – None

### 3. Detail of Other Restricted Assets – None

- M. Working Capital Finance Investment – None.
- N. Offsetting and Netting of Assets and Liabilities – None.
- O. Structure Note – None.
- P. 5\* Securities – None
- Q. Short Sales – None
- R. Prepayment Penalty and Acceleration Fees - None

### 6. Joint ventures, Partnerships and Limited Liability Companies

- A. The company has no investment in joint ventures, partnerships or limited liability companies.
- B. Write downs for impairments of joint ventures, partnerships or limited liability companies - None.

## Notes to Financial Statements

### 7. Investment Income

- A. Interest income is recognized when earned. Realized gains and losses from the sale of securities are determined using the specific identification method for determining the cost of the security sold.
- B. The company did not have any non-admitted due and accrued investment income as of December 31, 2017.

Component of Investment income for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Bonds and other debt securities	\$ 1,492,908	\$ 1,014,905
Cash and short-term investment	532,365	17,641
Other	317,077	-
	<u>\$ 2,342,350</u>	<u>\$ 1,032,546</u>
Less: Investment and interest expenses incurred	179,744	102,001
Total Net Investment Income	<u>\$ 2,162,606</u>	<u>\$ 930,545</u>

### 8. Derivative Instruments

- A. None

### 9. Income Taxes

The Company is currently only subject to Puerto Rico income taxes as operations are only conducted in Puerto Rico. The Company operates as a qualified domestic health insurance company and is subject to the alternative minimum tax and is also taxed on its capital gains. Deferred income taxes have been provided for the tax consequences of temporary differences between statutory and tax basis of assets and liabilities.

- A. The component of the net deferred tax assets (liabilities) at December 31, 2017 and December 31, 2016 are as follow:

	-1	-2	-3	-4	-5	-6	-7	-8	-9
	12/31/2017			12/31/2016			Change		
	-1	-2	-3 (Col 1+2)	-4	-5	-6 (Col 4+5)	-7 (Col 1-4)	-8 (Col 2-5)	-9 (Col 7+8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax									
(a) Assets	\$ 4,941,333	\$ -	\$ 4,941,333	\$ 8,893,084	\$ -	\$ 8,893,084	\$(3,951,751)	\$ -	\$(3,951,751)
Statutory Valuation									
(b) Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted Gross									
Deferred Tax Assets									
(c) (1a-1b)	4,941,333	-	4,941,333	8,893,084	-	8,893,084	(3,951,751)	-	(3,951,751)
Deferred Tax Assets									
(d) Nonadmitted	\$ -	-	-	\$ 8,893,084	-	8,893,084	(8,893,084)	-	(8,893,084)
Subtotal net Admitted									
Deferred Tax Asset (1c-									
(e) 1d)	4,941,333	-	4,941,333	-	-	-	4,941,333	-	4,941,333
(f) Deferred Tax Liabilities	-	-	-	-	-	-	-	-	-
Net Admitted Deferred									
Tax Asset / (Net									
Deferred Tax Liability)									
(g) (1e-1f)	\$ 4,941,333	\$ -	\$ 4,941,333	\$ -	\$ -	\$ -	\$ 4,941,333	\$ -	\$ 4,941,333

## Notes to Financial Statements

2

12/31/2017			12/31/2016			Change		
-1	-2	-3	-4	-5	-6	-7	-8	-9
		(Col 1+2)			(Col 4+5)	(Col 1-4)	(Col 2-5)	(Col 7+8)
Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total

Admission Calculation Components  
SSAP No. 101(a) Federal Income Taxes Paid In Prior  
Years Recoverable Through Loss  
Carrybacks.

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

(b) Adjusted Gross Deferred Tax  
Assets Expected To Be Realized  
(Excluding The Amount Of Deferred

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

1. Adjusted Gross Deferred Tax  
Assets Expected to be Realized  
Following the Balance Sheet Date.

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

2. Adjusted Gross Deferred Tax  
Assets Allowed per Limitation

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

(c) Adjusted Gross Deferred Tax  
Assets (Excluding The Amount Of

4,941,333		4,941,333				4,941,333		4,941,333
-----------	--	-----------	--	--	--	-----------	--	-----------

(d) Deferred Tax Assets Admitted as  
the result of application of SSAP No.

Total (2(a) + 2(b) + 2(c))

\$ 4,941,333	\$ -	\$ 4,941,333	\$ -	\$ -	\$ -	\$ 4,941,333	\$ -	\$ 4,941,333
--------------	------	--------------	------	------	------	--------------	------	--------------

B. The company has not recognized deferred tax liabilities as of December 31, 2017.

C. Deferred income taxes reflect the tax effects of: (a) temporary differences between carrying amounts of admitted assets and liabilities for financial reporting and income tax purposes. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2017 and December 31, 2016 are presented below:

	12/31/2017	12/31/2016	Change
<b>1. Current Income Tax</b>			
Federal	\$ -	\$ -	\$ -
Foreign			-
Subtotal	\$ -	\$ -	\$ -
Other	34,472,019	4,245,319	30,226,700
Federal and foreign income taxes incurred	\$34,472,019	\$ 4,245,319	\$ 30,226,700
<b>2.. Deferred Tax Assets:</b>			
<u>Ordinary</u>			
Receivables – nonadmitted	-	-	-
Net operating loss carry-forward	-	-	-
Tax credit carry-forward - AMT	-	-	-
Other (including items <5% of total ordinary tax assets)	4,941,333	8,893,084	(3,951,751)
Subtotal	\$ 4,941,333	\$ 8,893,084	\$ (3,951,751)
Nonadmitted	-	8,893,084	(8,893,084)
Admitted ordinary deferred tax assets	\$ 4,941,333	\$ -	\$ 4,941,333
<u>Capital:</u>			
Admitted deferred tax assets	\$ 4,941,333	\$ -	\$ 4,941,333
<b>3. Deferred Tax Liabilities:</b>			
<u>Ordinary</u>			
Subtotal	\$ -	\$ -	\$ -
<u>Capital:</u>			
Subtotal	\$ -	\$ -	\$ -
Deferred tax liabilities	\$ -	\$ -	\$ -
<b>4. Net deferred tax assets/liabilities</b>	\$ 4,941,333	\$ -	\$ 4,941,333

D. The company is a qualified domestic insurance company, which was incorporated under the law of the Commonwealth of Puerto Rico. The company is exempt from federal income tax.

## Notes to Financial Statements

- E. Operating loss and tax credit carry forwards - None
- F. Consolidated federal income tax return – None
- G. Federal or foreign income tax loss contingencies - None

### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. (applied for A, B, C & F) MCSHH, provide administrative claims processing, consulting, and other administrative services to the company. These services are provided through a service agreement approved by the Commissioner of Insurance. Administrative service fees under the service agreement are based on per member per month rates for all services provided. Total administrative service fees amounted to \$122.3 million for the period ended December 31, 2017.
- D. At December 31, 2017, the company has a balance receivable from MCS Life of \$4.6 million and from MCS General Insurance Agency of \$2,822. Also the company has a payable balance to MCS Healthcare of \$656,026.
- E. There are no guarantees or undertaking for the benefit of a subsidiary or affiliated party.
- G. All outstanding shares of the company are owned by the Company.
- H. The company owns no shares of the stock of its parent or any of its affiliate.
- I. Investment in subsidiaries – None
- J. Write down for impairment of investments in affiliates - Not applicable
- K. Investment in foreign insurance subsidiaries - Not applicable
- L. Investment in downstream noninsurance holding companies – None
- M. SCA Investment - None
- N. Investment in an insurance SCA – None.

### 11. Debt

The company had no debentures outstanding, no outstanding liability for borrowed money and does not have any reverse repurchase agreements.

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. (A thru D) - The company has no defined benefit plan.
- E. Defined Contribution Plans – The Company provides pension benefits to employees under a defined contribution plan. Under this plan, the company matches 25% of employee’s contributions up to 6% of total employee compensation. The Company’s contribution for the plan during as of December 31, 2017 was \$177,814.
- F. The company does not participate in a multiemployer plan.
- G. The company does not participate in a consolidated/holding company plan.
- H. Postemployment Benefits and Compensated Absences - None
- I. Impact or Medicare Modernization Act on postretirement benefit - Not applicable

### 13. Capital and Surplus, Shareholders’ Dividend restrictions and Quasi-Reorganizations

- 1. The company has 100 shares, authorized and 1 share issued and outstanding. All shares are common stocks, \$1 par value.
- 2. The company has no preferred stock authorized.

## Notes to Financial Statements

3. 4 & 5. The Company's surplus is restricted as to payment of dividends by statutory limitations applicable to insurance companies.

The Company is required to maintain a minimum capital and surplus of \$600,000. Generally, the payment of dividends is limited to unassigned surplus. Unassigned surplus is detailed as follows:

Accumulated earnings	\$ 159,351,162
Special Surplus - Health Insurance Provider Fees	(30,600,000)
Non-admitted assets	<u>(6,716,958)</u>
Unassigned surplus	<u>\$ 122,034,204</u>

The Commonwealth of Puerto Rico enacted Law No. 32 (the Law) to add a new Chapter 45, Risk-Based Capital (Chapter 45), to the Insurance Code of Puerto Rico. The RBC Model serves as a benchmark for the regulation of insurance companies by state insurance regulators. RBC provides for targeted surplus levels based on formulas that specify various weighting factors that are applied to the financial balances or various levels of activity based on the perceived degree of risk and are set forth in the RBC requirements. Such formulas focus on four general types of risk, which includes the risk with respect to the Company's assets (asset or default risk), the risk of adverse insurance experience with respect to the Company's liabilities and obligations (insurance or underwriting risk), the interest rate risk with respect to the Company's business (asset/liability matching), and all other business risks (management, regulatory action, and contingencies). The amount determined under such formulas is called the authorized control level RBC (ACLCL).

The RBC guidelines define specific capital levels based on a company's ACLCL that are determined by the ratio of the company's total adjusted capital (TAC) to its ACLCL. TAC is equal to statutory capital, plus or minus certain other specified adjustments. The specific capital levels, in declining order, and applicable ratios are generally as follows: "Company Action Level" where TAC is less than or equal to 200% ACLCL (or 250% ACLCL with negative trends); "Regulatory Action Level" where TAC is less than or equal to 150% ACLCL; "Authorized Control Level" where TAC is less than or equal to 100% ACLCL; and "Mandatory Control Level" where TAC is less than or equal to 70% ACLCL. Companies at the Company Action Level must submit a comprehensive financial plan to the Commissioner of Insurance. Companies at the Regulatory Action Level are subject to a mandatory examination or analysis by the Commissioner of Insurance and possible required corrective actions. At the Authorized Control Level, a company may be subject to, among other things, the Commissioner of Insurance placing it under regulatory control. At the Mandatory Control Level, the Commissioner of Insurance is required, to place a company under regulatory control.

The Law requires, among other things, that all health service organizations, authorized to conduct business in Puerto Rico to comply with the RBC requirements as adopted by the NAIC, to annually file an RBC report with the NAIC and the Commissioner of Insurance on or before March 31, and to maintain a minimum RBC level of 200% of the ACLCL. At December 31, 2017, the Company was in compliance with the requirement as the actual RBC was 318%. At December 31, 2016, the Company was not in compliance with the requirement as the actual RBC of the Company was 160%. The RBC level achieved at December 31, 2016 placed the Company within the scope of Company Action Level (Type 1 Event), which required the Company to file with the Commissioner of Insurance a comprehensive financial plan (RBC Plan). The most recent updated RBC Plan was filed by the Company in November 2016 and approved by the Commissioner of Insurance in December 2016.

Failure to meet the capital requirements and capital targets included in the Company's RBC Plan could expose the Company to regulatory sanctions that may include restrictions on operations and growth, mandatory asset dispositions, and placing the Company under regulatory control. The ultimate outcome of this situation cannot presently be determined. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The Company's surplus is restricted as to payment of dividends by statutory limitations applicable to insurance companies.

The Affordable Care Act (ACA) imposes an assessment on entities that issue health insurance for each calendar year beginning on or after January 1, 2014. Pursuant to Section 9010 of the ACA, a reporting entity's portion of the assessment is paid no later than September 30 of the applicable calendar year (the fee year) beginning in 2014. The amount of the assessment for the reporting entity is based on the ratio of the amount of an entity's subject net health premiums written for any U.S. health risk during the preceding calendar year (data year) to the aggregate amount of subject net health premiums written by all subject U.S. health insurance providers during the preceding calendar year.

6. Unassigned funds – None
7. There have been no advances to surplus.

## Notes to Financial Statements

8. Amount of stock held by the company for special purposes - \$0
9. Change in the balance of special surplus funds from prior year - \$30.6 million.
10. The portion of unassigned funds surplus represented or (reduced) by each item below is as follows:
  - Unrealized gain and losses - \$0
11. The company has not issued any surplus note or debentures or similar obligations.
12. Impact of quasi-reorganizations - Not applicable
13. Date of quasi-reorganizations - Not applicable

### 14. Contingencies

- A. Contingent commitments – None
- B. Assessment - None
- C. Gain contingencies – None
- D. Extra contractual obligations – None
- E. Joint and Several Liabilities – None
- F. Other Contingencies – None

### 15. Leases

- A. Lessee Leasing Arrangements – None
- B. Lesser Leasing Arrangements – None

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

- A. Financial instruments with off-balance-sheet risk – Not applicable
- B. Financial instruments with concentrations of credit risk
  - 1) Off-balance sheet credit exposure – Not applicable
  - 2) Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of premiums receivable, accrued interest receivable, and other receivables. The Company's business activity is for insured's located throughout Puerto Rico, and as such, the Company is subject to the risks associated with the Puerto Rico economy.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales – None
- B. Transfer and Servicing of Financial Assets – None
- C. Wash Sales – None

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

- A. ASO Plans – None
- B. ASC Plans – None
- C. Medicare or Similar Structured Cost Based Reimbursement Contract

The Company provides Medicare prescription drug coverage to eligible members with Medicare. As a result, the Company renewed its contracts with CMS to offer MAPD insurance coverage for medical and prescription drug benefits.

## Notes to Financial Statements

In general, pharmacy benefits under Part D plans (collectively referred to as Part D plans) may vary in terms of coverage levels and out-of-pocket costs for beneficiary premiums, deductibles, and coinsurance. However, all Part D plans must offer either "standard coverage" or its actuarial equivalent (with the Company's out-of-pocket threshold and deductible amounts that do not exceed those of standard coverage). These "defined standard" benefits represent the minimum level of benefits mandated by the U.S. Congress.

The payment the Company receives monthly from CMS generally represents the Company's bid amount for providing insurance coverage. The Company recognizes premium revenue for providing this insurance coverage ratably over the term of the annual contract. However, the payment is subject to 1) risk sharing through the risk corridor provisions, 2) reinsurance subsidy in order for the Company and CMS to share the risk associated with financing the ultimate costs of the Part D benefit, and 3) CMS coverage gap discount program (CGDP) subsidy.

The amount of revenue payable to a plan by CMS is subject to adjustment, positive or negative, based upon the application of risk corridors that compare a plan's revenues targeted in their bids (target amount) to actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company (risk-sharing receivable) or require the Company to refund to CMS (risk-sharing payable) a portion of the payments the Company received. Actual prescription drug costs subject to risk sharing with CMS are limited to the costs that are, or would have been, incurred under the CMS "defined standard" benefit plan (allowable risk corridor costs). The Company recognizes any changes in the risk-sharing receivable from or payable to CMS as an adjustment to premium revenue.

Reinsurance subsidies represent reimbursements from CMS for claims the Company paid for which the Company assumed no risk, including reinsurance payments. Claims paid above the out-of-pocket or catastrophic threshold for which the Company is not at risk are all reimbursed by CMS through the reinsurance subsidy for Part D plans offering the standard coverage. The Company accounts for these subsidies as a receivable for amounts due from uninsured plans. The Company does not recognize premium revenue or claims expense for these CMS subsidies.

Effective January 1, 2011, Part D sponsors must provide the discounts for applicable drugs in the Medicare Part D coverage gap (difference between the initial coverage limit and the catastrophic coverage threshold) at point of sale under the CGDP. Part D sponsors receive monthly prospective payments from CMS under the CGDP. These prospective payments provide cash flows to Part D sponsors for advancing the gap discounts at the point of sale. The Company accounts for these prospective payments or subsidies as a liability. For the year ended December 31, 2017, CGDP payments made monthly by CMS to MCS Advantage were lower than the actual gap discounts incurred and paid by MCS Advantage on behalf of CMS, resulting in a receivable from CMS approximately \$4,599 reported as part of amounts due from uninsured plans.

On an annual basis, CMS invoices manufacturers for discounts provided by Part D sponsors that are recorded as an account receivable from manufacturers as part of other receivables in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus. The manufacturers remit payments for invoiced amounts directly to Part D sponsors. The prospective payments made to Part D sponsors are reduced by the discount amounts invoiced to manufacturers. For the year ended December 31, 2017, the discount amounts invoiced to manufacturers exceeded the reductions applied by CMS to the prospective payments received, causing the Company to have an outstanding payable to CMS approximately \$7.2 million reported as part of remittances and items not allocated. The Company does not recognize premium revenue or claims expense for these CMS prospective payments or invoiced amounts to manufacturers.

These estimates of amounts due to or from CMS are primarily determined on the prescription drug benefit claim data submitted by plans to CMS in the form of Prescription Drug Event (PDE) data records. The Company used PDE submission reports and data, claims paid data, and actuarial assumptions pursuant to CMS risk-sharing and reinsurance guidelines in order to estimate the final settlement of amounts due to or from CMS.

At December 31, 2017, the Company has a Part D risk-sharing payable of \$14.1 million reported as aggregate health policy reserves in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus. At December 31, 2017, the Company recorded a payable of approximately \$23.1 million for Part D reinsurance subsidies reported as liability amount held under uninsured plans.

The Part D related accounting estimates for risk sharing and reinsurance due to or from CMS is necessarily based on estimates, and while management believes that amounts are adequate, the ultimate asset or liability may be in excess or less than the amount provided. The methodology for making such estimates and for establishing the resulting assets or liabilities are continually reviewed, and adjustments, if any, are reflected in the current year. The final Part D related estimates due to or from CMS are determined within one year after the contract year-end.

### 19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators

None

### 20. Fair Value Measurements

## Notes to Financial Statements

### A. Inputs used for assets measured and reported at fair value.

1. Included in various investment-related line items in the statutory financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock when carried at the lower of cost or market.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms, and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP 100. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for 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 within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the fair value hierarchy level for the company's assets and liabilities that are measured at fair market value at December 31, 2017 and 2016.

#### (1) Fair Value Measurements at reporting Date

Description for each class of asset or liability	2017			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Bonds				
Us Treasury Securities and Us Obligation of the US Gov Instr and States	-	\$ 182,106,162	-	\$ 182,106,162
Mortgage-backed Sec	-	1,671,946	-	1,671,946
Corporate debt securities	-	10,119,970	-	10,119,970
Money markets Funds	505,128	-	-	505,128
Total Bonds	\$ 505,128	\$ 193,898,079	\$ -	\$ 194,403,206
Total assets at fair value	\$ 505,128	\$ 193,898,079	\$ -	\$ 194,403,206

# Notes to Financial Statements

## (1) Fair Value Measurements at reporting Date

2016

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Bonds				
Us Treasury Securities and Us Obligation of the US Gov Instr and States		\$ 66,085,874	-	\$ 66,085,874
Mortgage-backed Sec	-	1,846,391	-	1,846,391
Obligation of the Commonwealth of PR and its Instrumentalities	-	698,973	-	698,973
Corporate debt securities	-	278,250	-	278,250
Money markets Funds	27,874,318	-	-	27,874,318
Total Bonds	<u>\$ 27,874,318</u>	<u>\$ 68,909,487</u>	<u>\$ -</u>	<u>\$ 96,783,806</u>
Total assets at fair value	<u>\$ 27,874,318</u>	<u>\$ 68,909,487</u>	<u>\$ -</u>	<u>\$ 96,783,806</u>

2. The company has no assets or liabilities measured at Fair Value in Level 3

3. (3 & 4) - No transfers into or out of Level 3

4. The company has no derivative assets and liabilities reporting.

B. Other Fair Value disclosures – Non applicable.

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

Type of financial Instruments	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 193,898,079	\$ 195,874,020		\$ 193,898,079		
Cash, cash equivalent and short-term investments	129,135,164	129,135,164	505,128			

D. Financial instruments for which it is not practicable to estimate fair values – Not applicable.

## 21. Other Items

A. Extraordinary Items - Not applicable.

B. Troubled Debt Restructuring - Not applicable.

C. A certificate of deposit of \$600,000 is deposited with the Commissioner of Insurance to comply with deposit requirements of the Insurance Code.

D. Business Interruption Insurance Recoveries – Not applicable.

E. State Transferable and Non-transferable tax credit – None. The company has not recognized impairment loss.

F. The company has no exposure to subprime mortgage risk.

G. Retained Assets – Not applicable.

H. Offsetting and Netting of Assets and Liabilities – Not applicable.

## 22. Events Subsequent

## Notes to Financial Statements

Information regarding the ACA assessment was as follow:

	<u>Current Year</u>	<u>Prior Year</u>
<u>A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?</u>	YES	
<u>B. ACA fee assessment payable for the upcoming year</u>	\$ 30,600,000	\$ -
<u>C. ACA fee assessment paid</u>	\$ -	\$ -
<u>D. Premium written subject to ACA 9010 assessment</u>	\$ 1,682,279,772	\$ -
<u>E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)</u>	\$ 153,274,204	
<u>F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)</u>	\$ 122,674,204	
<u>G. Authorized Control Level after surplus adjustment (Five-Year Historical Line 15)</u>	\$ 48,156,347	
<u>H. Would reporting the ACA assessment as of December 31, 2017, have triggered an RBC action level (YES/NO)?</u>	NO	

### 23. Reinsurance

#### A. Ceded Reinsurance Report

##### Section 1 - General Interrogatories

1. Are any of the reinsurers, listed in Schedule S and non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No ( X )

2. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes ( ) No ( X )

##### Section 2 - Ceded Reinsurance Report Part A

1. Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No ( X )

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$0.

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? \$0.

2. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No ( X )

##### Section 3 - Ceded Reinsurance Report Part B

## Notes to Financial Statements

1. What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.
2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No ( X )

- B. As of December 31, 2017, the Company had no uncollectible reinsurance balances written off through income and expenses.
- C. The company has not commuted any ceded reinsurance during the year.
- D. Certified Reinsurer Downgraded or Status Subject to Revocation – None

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Not accrued retrospective premiums were recorded.
- B. None
- C. None
- D. None

### 25. Change in Incurred Losses and Loss Adjustment Expenses

The activity in the unpaid medical claims for 2017 and 2016 is as follows:

	<u>12/31/2017</u>	<u>12/31/2016</u>
Unpaid medical claims, at beginning of year	\$ 112,984,333	\$ 160,179,616
<u>Incurred claims:</u>		
Current period insured events	1,417,438,823	1,511,083,230
Prior period insured events	(19,801,471)	(6,051,286)
Total incurred	<u>1,397,637,352</u>	<u>1,505,031,944</u>
<u>Payment for claims:</u>		
Current period insured events	1,330,395,850	1,407,570,994
Prior period insured events	84,478,585	144,656,233
Total paid	<u>1,414,874,436</u>	<u>1,552,227,227</u>
Unpaid medical claims, at end of year	<u>\$ 95,747,250</u>	<u>\$ 112,984,333</u>

The above table shows the components of changes in unpaid medical claims. Unpaid medical claims include claims in process as well as provisions for the estimate of incurred but not reported claims and provisions for disputed claim obligations. Such estimates are computed using actuarial principles and assumptions that consider, among other things, contractual requirements, historical utilization trends and payment patterns, benefit changes, medical inflation, seasonality, membership, and other relevant factors consider, among other things, contractual requirements, historical utilization trends and payment patterns, benefit changes, medical inflation, seasonality, membership, and other relevant factors.

Because unpaid claims include various actuarially developed estimates, the Company's actual medical costs and claims expense may be more or less than the Company's previously developed estimates. As a result of change in estimate of insured events in prior years, the incurred claims for prior period insured events during the period ended December 31, 2017 were lower due to a favorable development of claims that is attributed to lower-than-expected cost per service and utilization trends.

Management believes the amount of unpaid medical claims is reasonable and adequate to cover the Company's liability for unpaid medical claims and for claims incurred, but not yet reported as of December 31, 2017.

## Notes to Financial Statements

### 26. Intercompany Pooling Arrangements

None

### 27. Structured Settlements

None

### 28. Health Care Receivable

- A. The Company estimates the rebate receivable based on historical trends data and rebate's confirmation received from the Pharmacy Benefit Manager. The company balance of pharmacy rebate receivable as of December 31, 2017 is \$0. Also, the company has another receivables amounted of \$50,923 related plan to plan Rx Receivables, \$1.6 million of recoveries from providers and \$1.0 million of capitation arrangement.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 days of billing	Actual rebates received within 91 to 180 days of billing	Actual rebates received more than 180 days after billing
12/31/2017	-	8,076,738	9,020,834		
9/30/2017	9,357,468	7,733,733	9,357,468		
6/30/2017	10,199,624	8,680,562	10,199,624		
3/31/2017	9,530,650	8,682,616	9,530,650		
12/31/2016	9,828,476	9,680,890	9,386,689		
9/30/2016	9,063,220	9,249,065	6,567,255		
6/30/2016	9,169,385	9,148,085	9,148,085		
3/31/2016	8,659,255	8,642,295	8,642,295		
12/31/2015	6,860,893	7,373,329	-	8,626,921	
9/30/2015	7,205,567	7,584,808	6,674,631		2,620,674
6/30/2015	6,721,474	6,762,047	5,950,601	2,077,791	1,260,214
3/31/2015	7,244,004	6,776,621	5,963,426	1,280,577	437,594

- B. Risk Sharing Receivable – None

### 29. Participating Policies

None

### 30. Premium Deficiency Reserves

None

### 31. Anticipated Salvage and Subrogation

None

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[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. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 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). 10/31/2014
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[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]
- 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 the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC 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, 0.000%
- 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 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
		No	No	No	No

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG, San Juan Office
- 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 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 18A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[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?  
Matthew P. Chamblee, Milliman Tampa, FL
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[ ] No[X]

## GENERAL INTERROGATORIES (Continued)

- 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
- 0  
 \$ ..... 0
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?  
 13.3 Have there been any changes made to any of the trust indentures during the year?  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[ ] No[ ] N/A[X]  
 Yes[ ] No[ ] N/A[X]  
 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?  
 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?  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- Yes[ ] No[X]  
 Yes[ ] No[X]
- 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?  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- Yes[ ] No[X]

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

### 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?  
 17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?  
 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[ ]  
 Yes[X] No[ ]  
 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)?  
 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?  
 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?  
 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?  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes[ ] No[X]  
 \$ ..... 0  
 \$ ..... 0  
 \$ ..... 0  
 \$ ..... 0  
 \$ ..... 0  
 \$ ..... 0  
 \$ ..... 0  
 \$ ..... 0  
 Yes[ ] No[X]  
 \$ ..... 0  
 \$ ..... 0  
 \$ ..... 0  
 Yes[ ] No[X]  
 Yes[X] No[ ]  
 \$ ..... 4,647,906

### 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)  
 24.02 If no, give full and complete information, relating thereto  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs.  
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?  
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?  
 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[X] No[ ]  
 Yes[ ] No[ ] N/A[X]  
 \$ ..... 0  
 \$ ..... 0  
 Yes[ ] No[ ] N/A[X]  
 Yes[ ] No[ ] N/A[X]  
 Yes[ ] No[ ] N/A[X]

## GENERAL INTERROGATORIES (Continued)

- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
  - 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
  - 24.103 Total payable for securities lending reported on the liability page. \$ ..... 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[X] No[ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ ..... 0
  - 25.22 Subject to reverse repurchase agreements \$ ..... 0
  - 25.23 Subject to dollar repurchase agreements \$ ..... 0
  - 25.24 Subject to reverse dollar repurchase agreements \$ ..... 0
  - 25.25 Placed under option agreements \$ ..... 0
  - 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$ ..... 0
  - 25.27 FHLB Capital Stock \$ ..... 0
  - 25.28 On deposit with states \$ ..... 600,000
  - 25.29 On deposit with other regulatory bodies \$ ..... 0
  - 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ ..... 0
  - 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ ..... 0
  - 25.32 Other \$ ..... 0

25.3 For category (25.26) 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. \$ ..... 0

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 I, 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
UBS Financial Services .....	1161 Ashford Ave. San Juan, PR 00907-1228 .....
Merrill Lynch .....	Suite 210 Metro Office Park, Guaynabo, PR 00968 .....

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

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

- 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 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [ " that have access to the investment accounts"; " handle securities"]

1 Name of Firm or Individual	2 Affiliation

- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes[ ] No[X]
- 28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes[ ] No[X]
- 28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

## GENERAL INTERROGATORIES (Continued)

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total		

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

1 Name of Mutual Fund (from above table)	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

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	195,874,020	193,898,079	(1,975,941)
30.2 Preferred stocks			
30.3 Totals	195,874,020	193,898,079	(1,975,941)

30.4 Describe the sources or methods utilized in determining the fair values:  
Broker's statements

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

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

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 Investment Analysis Office been followed? Yes[X] No [ ]

32.2 If no, list exceptions:

33. By self-designation 5\*GI securities, the reporting entity is certifying the following elements for each self-designated 5\*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting-entity self-designated 5\*GI securities? Yes [ ] No[X]

### OTHER

34.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 0

34.2 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

35.1 Amount of payments for legal expenses, if any? \$ ..... 411,141

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

1 Name	2 Amount Paid
ONEILL & BORGES	320,120
DEL TORO & SANTANA	122,343

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 0

36.2 List the name of 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.

## GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....	.....

# GENERAL INTERROGATORIES (Continued)

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes  No
- 1.2 If yes, indicate premium earned on U.S. business only: \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
- 1.6 Individual policies - Most current three years:
- 1.61 TOTAL Premium earned \$ ..... 0
- 1.62 TOTAL Incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 TOTAL Premium earned \$ ..... 0
- 1.65 TOTAL Incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies - Most current three years:
- 1.71 TOTAL Premium earned \$ ..... 0
- 1.72 TOTAL Incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 TOTAL Premium earned \$ ..... 0
- 1.75 TOTAL Incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	1,682,279,772	1,763,161,459
2.2 Premium Denominator .....	1,682,279,772	1,763,161,459
2.3 Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4 Reserve Numerator .....	136,289,965	130,365,544
2.5 Reserve Denominator .....	136,289,965	130,365,544
2.6 Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes  No
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes  No
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes  No  N/A
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes  No
- 5.2 If no, explain:  
not considered necessary
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ ..... 0
- 5.32 Medical Only \$ ..... 0
- 5.33 Medicare Supplement \$ ..... 0
- 5.34 Dental & Vision \$ ..... 0
- 5.35 Other Limited Benefit Plan \$ ..... 0
- 5.36 Other \$ ..... 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year ..... 9,869
- 8.2 Number of providers at end of reporting year ..... 11,522
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes  No
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months ..... 0
- 9.22 Business with rate guarantees over 36 months ..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes  No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ ..... 0
- 10.22 Amount actually paid for year bonuses \$ ..... 19,441,411
- 10.23 Maximum amount payable withholds \$ ..... 0
- 10.24 Amount actually paid for year withholds \$ ..... 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes  No
- 11.13 An Individual Practice Association (IPA), or, Yes  No
- 11.14 A Mixed Model (combination of above)? Yes  No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.  
Puerto Rico
- 11.4 If yes, show the amount required. \$ ..... 600,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No
- 11.6 If the amount is calculated, show the calculation.
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
Puerto Rico .....

- 13.1 Do you act as a custodian for health savings accounts? Yes  No
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date: \$ ..... 0
- 13.3 Do you act as an administrator for health savings accounts? Yes  No
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date: \$ ..... 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, as authorized reinsurers? Yes  No  N/A
- 14.2 If the answer to 14.1 is yes, please provide the following:

## GENERAL INTERROGATORIES (Continued)

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written	\$	0
15.2 Total incurred claims	\$	0
15.2 Number of covered lives		0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

## FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	377,618,062	257,393,674	287,254,250	217,695,305	189,023,133
2. TOTAL Liabilities (Page 3, Line 24) .....	224,343,858	174,913,580	231,550,837	166,077,611	125,927,897
3. Statutory minimum capital and surplus requirement .....	600,000	600,000	600,000	600,000	600,000
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	153,274,204	82,480,094	55,703,413	51,617,694	63,095,236
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	1,682,279,772	1,763,161,459	1,535,388,592	1,462,836,477	1,173,785,058
6. TOTAL Medical and Hospital Expenses (Line 18) .....	1,426,041,967	1,522,291,559	1,345,735,581	1,285,972,439	989,073,690
7. Claims adjustment expenses (Line 20) .....	6,457,072	13,980,534	15,475,593	16,232,268	14,123,687
8. TOTAL Administrative Expenses (Line 21) .....	165,163,162	170,026,384	140,927,888	172,628,756	166,572,950
9. Net underwriting gain (loss) (Line 24) .....	84,617,572	56,862,982	33,249,530	(11,996,986)	4,014,732
10. Net investment gain (loss) (Line 27) .....	1,141,632	957,719	1,473,918	1,630,544	1,186,766
11. TOTAL Other Income (Lines 28 plus 29) .....		(26,737,252)	(27,632,027)	(16,782,854)	
12. Net income or (loss) (Line 32) .....	51,287,186	26,838,130	6,478,340	(27,281,216)	3,725,338
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	147,032,059	17,237,366	32,830,685	(3,272,083)	(40,600,863)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	153,274,204	82,480,094	55,703,413	51,617,694	63,095,236
15. Authorized control level risk-based capital .....	48,156,347	51,622,259	45,678,892	44,434,224	36,151,097
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	192,482	215,495	179,808	179,539	130,392
17. TOTAL Members Months (Column 6, Line 7) .....	2,355,081	2,467,445	2,098,688	2,048,997	1,490,072
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	84.8	86.3	87.6	87.9	84.3
20. Cost containment expenses .....					
21. Other claims adjustment expenses .....	0.4	0.8	1.0	1.1	1.2
22. TOTAL Underwriting Deductions (Line 23) .....	95.0	96.8	97.8	100.8	99.7
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	5.0	3.2	2.2	(0.8)	0.3
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	104,790,303	162,310,168	129,854,479	89,009,830	96,294,436
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	130,365,544	171,389,169	129,821,616	104,313,032	118,716,029
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3 - Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain:



## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION:      2. LOCATION:

NAIC Group Code 1301

BUSINESS IN THE STATE OF PUERTO RICO DURING THE YEAR

NAIC Company Code 13022

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefits Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>TOTAL Members at end of:</b>										
1. Prior Year .....	215,495							215,495		
2. First Quarter .....	198,328							198,328		
3. Second Quarter .....	196,184							196,184		
4. Third Quarter .....	194,269							194,269		
5. Current Year .....	192,482							192,482		
6. Current Year Member Months .....	2,355,081							2,355,081		
<b>TOTAL Member Ambulatory Encounters for Year:</b>										
7. Physician .....	2,616,283							2,616,283		
8. Non-Physician .....	71,932							71,932		
9. TOTAL .....	2,688,215							2,688,215		
10. Hospital Patient Days Incurred .....	198,212							198,212		
11. Number of Inpatient Admissions .....	34,257							34,257		
12. Health Premiums Written (b) .....	1,682,279,772							1,682,279,772		
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....	1,682,279,772							1,682,279,772		
15. Health Premiums Earned .....										
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	1,414,874,436							1,414,874,436		
18. Amount Incurred for Provision of Health Care Services .....	1,426,041,967							1,426,041,967		

(a) For health business: number of persons insured under PPO managed care products .....0 and number of persons insured under indemnity only products .....0.

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0



## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION:      2. LOCATION:

NAIC Group Code 1301

BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 13022

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefits Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>TOTAL Members at end of:</b>										
1. Prior Year .....	215,495							215,495		
2. First Quarter .....	198,328							198,328		
3. Second Quarter .....	196,184							196,184		
4. Third Quarter .....	194,269							194,269		
5. Current Year .....	192,482							192,482		
6. Current Year Member Months .....	2,355,081							2,355,081		
<b>TOTAL Member Ambulatory Encounters for Year:</b>										
7. Physician .....	2,616,283							2,616,283		
8. Non-Physician .....	71,932							71,932		
9. TOTAL .....	2,688,215							2,688,215		
10. Hospital Patient Days Incurred .....	198,212							198,212		
11. Number of Inpatient Admissions .....	34,257							34,257		
12. Health Premiums Written (b) .....	1,682,279,772							1,682,279,772		
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....	1,682,279,772							1,682,279,772		
15. Health Premiums Earned .....										
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	1,414,874,436							1,414,874,436		
18. Amount Incurred for Provision of Health Care Services .....	1,426,041,967							1,426,041,967		

(a) For health business: number of persons insured under PPO managed care products .....0 and number of persons insured under indemnity only products .....0.  
 (b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0

30 Grand Total

31 Schedule S - Part 1 - Section 2 ..... NONE

32 Schedule S - Part 2 ..... NONE

33 Schedule S - Part 3 - Section 2 ..... NONE

34 Schedule S - Part 4 ..... NONE

35 Schedule S - Part 5 ..... NONE

36 Schedule S - Part 6 ..... NONE

## SCHEDULE S - PART 7

### Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 12) .....	329,761,468		329,761,468
2. Accident and health premiums due and unpaid (Line 15) .....	34,636,030		34,636,030
3. Amounts recoverable from reinsurers (Line 16.1) .....			
4. Net credit for ceded reinsurance .....	X X X		
5. All other admitted assets (Balance) .....	13,220,564		13,220,564
6. TOTAL Assets (Line 28) .....	377,618,062		377,618,062
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1) .....	95,747,250		95,747,250
8. Accrued medical incentive pool and bonus payments (Line 2) .....	26,344,416		26,344,416
9. Premiums received in advance (Line 8) .....	54,275		54,275
10. Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19, first inset amount plus second inset amount) .....			
11. Reinsurance in unauthorized companies (Line 20 minus inset amount) .....			
12. Reinsurance with Certified Reinsurers (Line 20 inset amount) .....			
13. Funds held under reinsurance treaties with Certified Reinsurers (Line 19 third inset amount) .....			
14. All other liabilities (Balance) .....	102,197,918		102,197,918
15. TOTAL Liabilities (Line 24) .....	224,343,858		224,343,858
16. TOTAL Capital and Surplus (Line 33) .....	153,274,204	X X X	153,274,204
17. TOTAL Liabilities, Capital and Surplus (Line 34) .....	377,618,062		377,618,062
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
18. Claims unpaid .....			
19. Accrued medical incentive pool .....			
20. Premiums received in advance .....			
21. Reinsurance recoverable on paid losses .....			
22. Other ceded reinsurance recoverables .....			
23. TOTAL Ceded Reinsurance Recoverables .....			
24. Premiums receivable .....			
25. Funds held under reinsurance treaties with authorized and unauthorized reinsurers .....			
26. Unauthorized reinsurance .....			
27. Reinsurance with Certified Reinsurers .....			
28. Funds held under reinsurance treaties with Certified Reinsurers .....			
29. Other ceded reinsurance payables/offsets .....			
30. TOTAL Ceded Reinsurance Payables/Offsets .....			
31. TOTAL Net Credit for Ceded Reinsurance .....			

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	L		1,682,279,772					1,682,279,772	
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X		1,682,279,772					1,682,279,772	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) ... 1		1,682,279,772					1,682,279,772	
<b>DETAILS OF WRITE-INS</b>									
58001.	X X X								
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

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

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation by state, premiums by state, etc.: MCS Advantage, Inc. only has operations in State of Puerto Rico

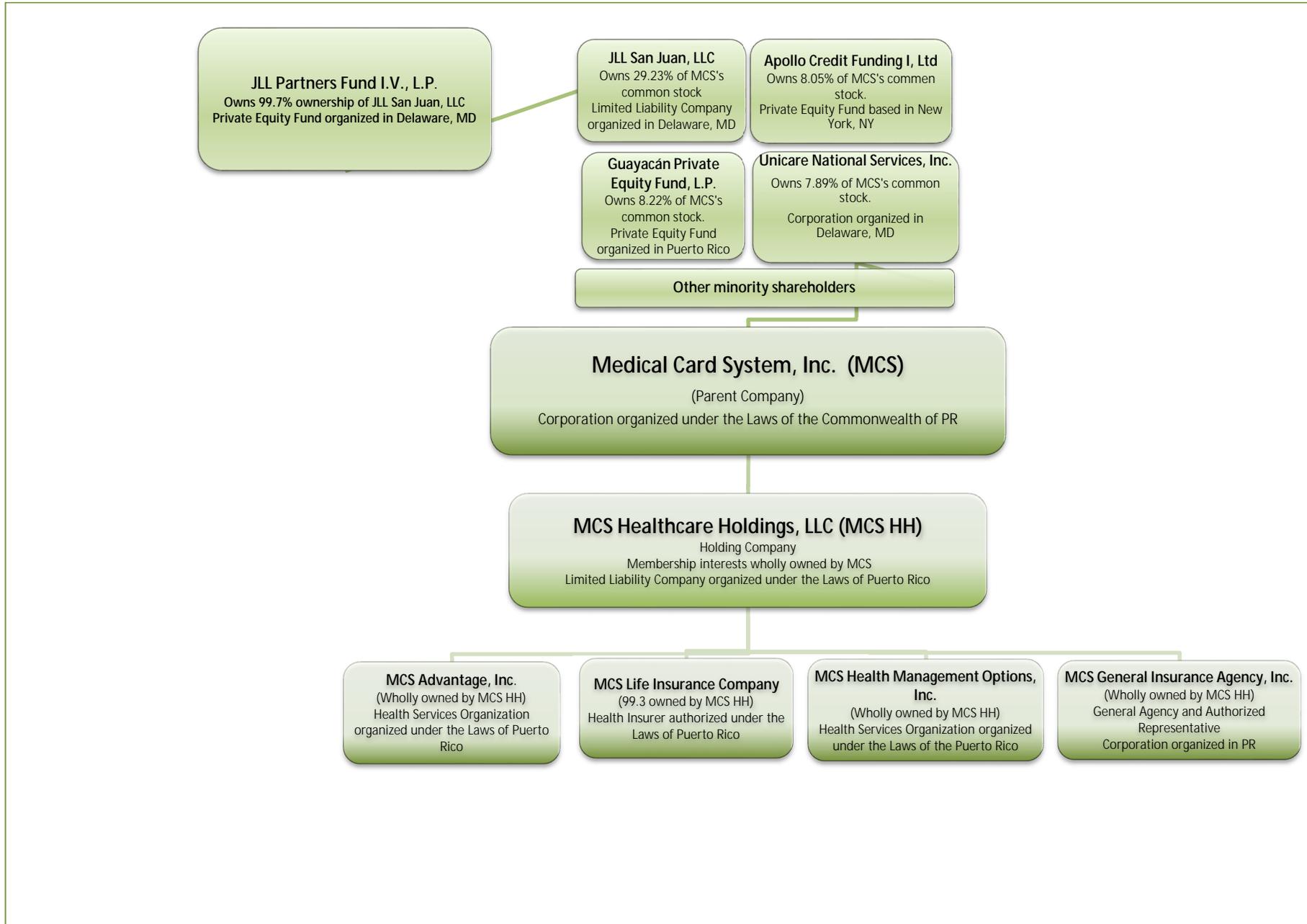
## SCHEDULE T - PART 2

### INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

Direct Business only						
	1	2	3	4	5	6
States, Etc.	Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama (AL) .....						
2. Alaska (AK) .....						
3. Arizona (AZ) .....						
4. Arkansas (AR) .....						
5. California (CA) .....						
6. Colorado (CO) .....						
7. Connecticut (CT) .....						
8. Delaware (DE) .....						
9. District of Columbia (DC) .....						
10. Florida (FL) .....						
11. Georgia (GA) .....						
12. Hawaii (HI) .....						
13. Idaho (ID) .....						
14. Illinois (IL) .....						
15. Indiana (IN) .....						
16. Iowa (IA) .....						
17. Kansas (KS) .....						
18. Kentucky (KY) .....						
19. Louisiana (LA) .....						
20. Maine (ME) .....						
21. Maryland (MD) .....						
22. Massachusetts (MA) .....						
23. Michigan (MI) .....						
24. Minnesota (MN) .....						
25. Mississippi (MS) .....						
26. Missouri (MO) .....						
27. Montana (MT) .....						
28. Nebraska (NE) .....						
29. Nevada (NV) .....						
30. New Hampshire (NH) .....						
31. New Jersey (NJ) .....						
32. New Mexico (NM) .....						
33. New York (NY) .....						
34. North Carolina (NC) .....						
35. North Dakota (ND) .....						
36. Ohio (OH) .....						
37. Oklahoma (OK) .....						
38. Oregon (OR) .....						
39. Pennsylvania (PA) .....						
40. Rhode Island (RI) .....						
41. South Carolina (SC) .....						
42. South Dakota (SD) .....						
43. Tennessee (TN) .....						
44. Texas (TX) .....						
45. Utah (UT) .....						
46. Vermont (VT) .....						
47. Virginia (VA) .....						
48. Washington (WA) .....						
49. West Virginia (WV) .....						
50. Wisconsin (WI) .....						
51. Wyoming (WY) .....						
52. American Samoa (AS) .....						
53. Guam (GU) .....						
54. Puerto Rico (PR) .....						
55. U.S. Virgin Islands (VI) .....						
56. Northern Mariana Islands (MP) .....						
57. Canada (CAN) .....						
58. Aggregate other alien (OT) .....						
59. TOTALS .....						

NONE

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP PART 1 - ORGANIZATIONAL CHART



## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	Is an SCA Filing Required? (Y/N)	*
1301	Medical Card System Inc .....	13022	66-0642758	.....	.....	.....	MCS ADVANTAGE INC .....	.. PR ..	.. IA ...	MCS Healthcare Holding, LLC .....	Ownership, Board of Directors .....	..... 100.0	JLL Partners Fund IV, LLC ..	..... N .....	.....
1301	Medical Card System Inc .....	60030	66-0520918	.....	.....	.....	MCS LIFE INS CO .....	.. PR ..	.. IA ...	MCS Healthcare Holding, LLC .....	Ownership, Board of Directors .....	..... 99.3	JLL Partners Fund IV, LLC ..	..... N .....	.....
1301	Medical Card System Inc .....	95779	66-0411947	.....	.....	.....	MCS HLTH MGMT OPTIONS INC .....	.. PR ..	.. IA ...	MCS Healthcare Holding, LLC .....	Ownership, Board of Directors .....	..... 100.0	JLL Partners Fund IV, LLC ..	..... N .....	.....
0000	Medical Card System Inc .....	00000	66-0845895	.....	.....	.....	MCS GENERAL INSURANCE AGENCY .....	.. PR ..	.. IA ...	MCS Healthcare Holding, LLC .....	Ownership, Board of Directors .....	..... 100.0	JLL Partners Fund IV, LLC ..	..... N .....	.....
0000	Medical Card System Inc .....	00000	66-0850198	.....	.....	.....	MCS HEALTHCARE HOLDING LLC .....	.. PR ..	.. UDP ..	Medical Card System Inc .....	Ownership, Board of Directors .....	..... 100.0	JLL Partners Fund IV, LLC ..	..... N .....	.....

Asterisk	Explanation
0000001	.....

## SCHEDULE Y

### PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 13022 .. .. 00000 ..	.. 66-0642758 .. .. 66-0850198 ..	MCS ADVANTAGE INC ..... MCS HEALTHCARE HOLDING LLC .....	.....	.....	.....	.....	.. 122,309,156 .. (122,309,156)	.....	.....	.....	.. 122,309,156 .. (122,309,156)	.....
9999999 Control Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

LTC Supplemental Interrogatories



1302220173060000

2017

Document Code: 306

Health Life Supplement - LHA Guaranty Association Reconciliation



13022201721100000

2017

Document Code: 211

Management's Report of Internal Control over Financial Reporting



13022201722300000

2017

Document Code: 223



## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities .....	2,982,485	0.904	2,982,485		2,982,485	0.904
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies .....	133,240,759	40.405	133,240,759		133,240,759	40.405
1.22 Issued by U.S. government sponsored agencies .....						
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities) .....						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations .....						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....	47,839,218	14.507	47,839,218		47,839,218	14.507
1.43 Revenue and assessment obligations .....						
1.44 Industrial development and similar obligations .....						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or Guaranteed by GNMA .....	1,655,184	0.502	1,655,184		1,655,184	0.502
1.512 Issued or Guaranteed by FNMA and FHLMC .....						
1.513 All other .....						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....						
1.523 All other .....						
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) .....	10,156,374	3.080	10,156,374		10,156,374	3.080
2.2 Unaffiliated Non-U.S. securities (including Canada) .....						
2.3 Affiliated securities .....						
3. Equity interests:						
3.1 Investments in mutual funds .....						
3.2 Preferred stocks:						
3.21 Affiliated .....						
3.22 Unaffiliated .....						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated .....						
3.32 Unaffiliated .....						
3.4 Other equity securities:						
3.41 Affiliated .....						
3.42 Unaffiliated .....						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated .....						
3.52 Unaffiliated .....						
4. Mortgage loans:						
4.1 Construction and land development .....						
4.2 Agricultural .....						
4.3 Single family residential properties .....						
4.4 Multifamily residential properties .....						
4.5 Commercial loans .....						
4.6 Mezzanine real estate loans .....						
5. Real estate investments:						
5.1 Property occupied by company .....						
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt) .....						
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt) .....						
6. Contract loans .....						
7. Derivatives .....						
8. Receivables for securities .....						
9. Securities Lending (Line 10, Asset Page reinvested collateral) .....				X X X	X X X	X X X
10. Cash, cash equivalents and short-term investments .....	133,887,448	40.601	133,887,448		133,887,448	40.601
11. Other invested assets .....						
12. TOTAL Invested assets .....	329,761,468	100.000	329,761,468		329,761,468	100.000

## SCHEDULE A - VERIFICATION BETWEEN YEARS

### Real Estate

1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 6) .....		
2.2 Additional investment made after acquisition (Part 2, Column 9) .....		
3. Current year change in encumbrances:		
3.1 TOTALS, Part 1, Column 13 .....		
3.2 TOTALS, Part 3, Column 11 .....		
4. TOTAL gain (loss) on disposals, Part 3, Column 18 .....		
5. Deduct amounts received on disposals, Part 3, Column 15 .....		
6. TOTAL foreign exchange change in book/adjusted	<b>NONE</b>	
6.1 TOTALS, Part 1, Column 15 .....		
6.2 TOTALS, Part 3, Column 13 .....		
7. Deduct current year's other-than-temporary impairment recognized:		
7.1 TOTALS, Part 1, Column 12 .....		
7.2 TOTALS, Part 3, Column 10 .....		
8. Deduct current year's depreciation:		
8.1 TOTALS, Part 1, Column 11 .....		
8.2 TOTALS, Part 3, Column 9 .....		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) .....		
10. Deduct total nonadmitted amounts .....		
11. Statement value at end of current period (Lines 9 minus 10) .....		

## SCHEDULE B - VERIFICATION BETWEEN YEARS

### Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 7) .....		
2.2 Additional investment made after acquisition (Part 2, Column 8) .....		
3. Capitalized deferred interest and other:		
3.1 TOTALS, Part 1, Column 12 .....		
3.2 TOTALS, Part 3, Column 11 .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease):		
5.1 TOTALS, Part 1, Column 9 .....		
5.2 TOTALS, Part 3, Column 8 .....		
6. TOTAL gain (loss) on disposals, Part 3, Column 18 .....		
7. Deduct amounts received on disposals, Part 3, Column 15 .....	<b>NONE</b>	
8. Deduct amortization of premium and mortgage interest .....		
9. TOTAL foreign exchange change in book value/recorded interest		
9.1 TOTALS, Part 1, Column 13 .....		
9.2 TOTALS, Part 3, Column 13 .....		
10. Deduct current year's other-than-temporary impairment recognized:		
10.1 TOTALS, Part 1, Column 11 .....		
10.2 TOTALS, Part 3, Column 10 .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12. TOTAL valuation allowance .....		
13. Subtotal (Lines 11 plus 12) .....		
14. Deduct total nonadmitted amounts .....		
15. Statement value of mortgages owned at end of current period (Line 13 minus Line 14) .....		

## SCHEDULE BA - VERIFICATION BETWEEN YEARS

### Other Long-Term Invested Assets

1.	Book/adjusted carrying value, December 31 of prior year .....		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 8) .....		
2.2	Additional investment made after acquisition (Part 2, Column 9) .....		
3.	Capitalized deferred interest and other:		
3.1	TOTALS, Part 1, Column 16 .....		
3.2	TOTALS, Part 3, Column 12 .....		
4.	Accrual of discount .....		
5.	Unrealized valuation increase (decrease):		
5.1	TOTALS, Part 1, Column 13 .....		
5.2	TOTALS, Part 3, Column 9 .....		
6.	TOTAL gain (loss) on disposals, Part 3, Column 19 .....		
7.	Deduct amounts received on disposals, Part 3, Column 16 .....		
8.	Deduct amortization of premium and depreciation .....		
9.	TOTAL foreign exchange change in book/adjusted carrying value:		
9.1	TOTALS, Part 1, Column 17 .....		
9.2	TOTALS, Part 3, Column 14 .....		
10.	Deduct current year's other-than-temporary impairment recognized:		
10.1	TOTALS, Part 1, Column 15 .....		
10.2	TOTALS, Part 3, Column 11 .....		
11.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12.	Deduct total nonadmitted amounts .....		
13.	Statement value at end of current period (Line 11 minus Line 12) .....		

## SCHEDULE D - VERIFICATION BETWEEN YEARS

### Bonds and Stocks

1.	Book/adjusted carrying value, December 31 of prior year .....		69,878,585
2.	Cost of bonds and stocks acquired, Part 3, Column 7 .....		131,126,396
3.	Accrual of Discount .....		93,478
4.	Unrealized valuation increase (decrease):		
4.1	Part 1, Column 12 .....		
4.2	Part 2, Section 1, Column 15 .....		
4.3	Part 2, Section 2, Column 13 .....		
4.4	Part 4, Column 11 .....		
5.	TOTAL gain (loss) on disposals, Part 4, Column 19 .....		(414,889)
6.	Deduction consideration for bonds and stocks disposed of, Part 4, Column 7 .....		3,445,431
7.	Deduct amortization of premium .....		1,364,119
8.	TOTAL foreign exchange change in book/adjusted carrying value:		
8.1	Part 1, Column 15 .....		
8.2	Part 2, Section 1, Column 19 .....		
8.3	Part 2, Section 2, Column 16 .....		
8.4	Part 4, Column 15 .....		
9.	Deduct current year's other-than-temporary impairment recognized:		
9.1	Part 1, Column 14 .....		
9.2	Part 2, Section 1, Column 17 .....		
9.3	Part 2, Section 2, Column 14 .....		
9.4	Part 4, Column 13 .....		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....		195,874,020
11.	Deduct total nonadmitted amounts .....		
12.	Statement value at end of current period (Line 10 minus Line 11) .....		195,874,020

## SCHEDULE D - SUMMARY BY COUNTRY

### Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States .....	137,878,428	136,419,831	138,259,241	137,694,609
	2. Canada .....				
	3. Other Countries .....				
	4. TOTALS .....	137,878,428	136,419,831	138,259,241	137,694,609
U.S. States, Territories and Possessions (Direct and guaranteed)	5. TOTALS .....				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. TOTALS .....	47,839,218	47,358,300	49,532,159	44,075,000
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. TOTALS .....				
Industrial and Miscellaneous, SVO Identified Funds and Hybrid Securities (unaffiliated)	8. United States .....	10,156,374	10,119,970	10,161,400	10,000,000
	9. Canada .....				
	10. Other Countries .....				
	11. TOTALS .....	10,156,374	10,119,970	10,161,400	10,000,000
Parent, Subsidiaries and Affiliates	12. TOTALS .....				
	13. TOTAL Bonds .....	195,874,020	193,898,101	197,952,800	191,769,609
<b>PREFERRED STOCKS</b>					
Industrial and Miscellaneous (unaffiliated)	14. United States .....				
	15. Canada .....				
	16. Other Countries .....				
	17. TOTALS .....				
Parent, Subsidiaries and Affiliates	18. TOTALS .....				
	19. TOTAL Preferred Stocks .....				
<b>COMMON STOCKS</b>					
Industrial and Miscellaneous (unaffiliated)	20. United States .....				
	21. Canada .....				
	22. Other Countries .....				
	23. TOTALS .....				
Parent, Subsidiaries and Affiliates	24. TOTALS .....				
	25. TOTAL Common Stocks .....				
	26. TOTAL Stocks .....				
	27. TOTAL Bonds and Stocks .....	195,874,020	193,898,101	197,952,800	

## SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Column 7 as a % of Line 10.7	9 Total From Column 7 Prior Year	10 % From Column 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
1. U.S. Governments												
1.1 NAIC 1	10,987,888	132,204,628	302,095	440,811	912,276	X X X	144,847,698	71.41	32,719,622	46.82	144,847,698	
1.2 NAIC 2						X X X						
1.3 NAIC 3						X X X						
1.4 NAIC 4						X X X						
1.5 NAIC 5						X X X						
1.6 NAIC 6						X X X						
1.7 TOTALS	10,987,888	132,204,628	302,095	440,811	912,276	X X X	144,847,698	71.41	32,719,622	46.82	144,847,698	
2. All Other Governments												
2.1 NAIC 1						X X X						
2.2 NAIC 2						X X X						
2.3 NAIC 3						X X X						
2.4 NAIC 4						X X X						
2.5 NAIC 5						X X X						
2.6 NAIC 6						X X X						
2.7 TOTALS						X X X						
3. U.S. States, Territories and Possessions, etc., Guaranteed												
3.1 NAIC 1						X X X						
3.2 NAIC 2						X X X						
3.3 NAIC 3						X X X						
3.4 NAIC 4						X X X						
3.5 NAIC 5						X X X						
3.6 NAIC 6						X X X						
3.7 TOTALS						X X X						
4. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed												
4.1 NAIC 1	5,955,860	40,633,400				X X X	46,589,260	22.97	36,695,893	52.51	46,589,260	
4.2 NAIC 2		1,249,958				X X X	1,249,958	0.62	213,070	0.30	1,249,958	
4.3 NAIC 3						X X X						
4.4 NAIC 4						X X X						
4.5 NAIC 5						X X X						
4.6 NAIC 6						X X X						
4.7 TOTALS	5,955,860	41,883,358				X X X	47,839,218	23.58	36,908,963	52.82	47,839,218	
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed												
5.1 NAIC 1						X X X						
5.2 NAIC 2						X X X						
5.3 NAIC 3						X X X						
5.4 NAIC 4						X X X						
5.5 NAIC 5						X X X						
5.6 NAIC 6						X X X						
5.7 TOTALS						X X X						

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## SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11	12
NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	No Maturity Date	Total Current Year	Column 7 as a % of Line 10.7	Total From Column 7 Prior Year	% From Column 8 Prior Year	Total Publicly Traded	Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)												
6.1 NAIC 1		9,097,182				X X X	9,097,182	4.48	250,000	0.36	9,097,182	
6.2 NAIC 2		1,059,191				X X X	1,059,191	0.52			1,059,191	
6.3 NAIC 3						X X X						
6.4 NAIC 4						X X X						
6.5 NAIC 5						X X X						
6.6 NAIC 6						X X X						
6.7 TOTALS		10,156,373				X X X	10,156,373	5.01	250,000	0.36	10,156,373	
7. Hybrid Securities												
7.1 NAIC 1						X X X						
7.2 NAIC 2						X X X						
7.3 NAIC 3						X X X						
7.4 NAIC 4						X X X						
7.5 NAIC 5						X X X						
7.6 NAIC 6						X X X						
7.7 TOTALS						X X X						
8. Parent, Subsidiaries and Affiliates												
8.1 NAIC 1						X X X						
8.2 NAIC 2						X X X						
8.3 NAIC 3						X X X						
8.4 NAIC 4						X X X						
8.5 NAIC 5						X X X						
8.6 NAIC 6						X X X						
8.7 TOTALS						X X X						
9. SVO Identified Funds												
9.1 NAIC 1	X X X	X X X	X X X	X X X	X X X							
9.2 NAIC 2	X X X	X X X	X X X	X X X	X X X							
9.3 NAIC 3	X X X	X X X	X X X	X X X	X X X							
9.4 NAIC 4	X X X	X X X	X X X	X X X	X X X							
9.5 NAIC 5	X X X	X X X	X X X	X X X	X X X							
9.6 NAIC 6	X X X	X X X	X X X	X X X	X X X							
9.7 TOTALS	X X X	X X X	X X X	X X X	X X X							

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## SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Column 7 as a % of Line 10.7	9 Total From Column 7 Prior Year	10 % From Column 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1 NAIC 1	(d) 16,943,748	181,935,210	302,095	440,811	912,276		200,534,140	98.86	X X X	X X X	200,534,140	
10.2 NAIC 2	(d)	2,309,149					2,309,149	1.14	X X X	X X X	2,309,149	
10.3 NAIC 3	(d)								X X X	X X X		
10.4 NAIC 4	(d)								X X X	X X X		
10.5 NAIC 5	(d)						(c)		X X X	X X X		
10.6 NAIC 6	(d)						(c)		X X X	X X X		
10.7 TOTALS	16,943,748	184,244,359	302,095	440,811	912,276		(b) 202,843,289	100.00	X X X	X X X	202,843,289	
10.8 Line 10.7 as a % of Column 7	8.35	90.83	0.15	0.22	0.45		100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1 NAIC 1	182,954	65,056,679	2,213,025	1,233,674	979,183		X X X	X X X	69,665,515	99.70	69,665,515	
11.2 NAIC 2		213,070					X X X	X X X	213,070	0.30	213,070	
11.3 NAIC 3							X X X	X X X				
11.4 NAIC 4							X X X	X X X				
11.5 NAIC 5							X X X	X X X	(c)			
11.6 NAIC 6							X X X	X X X	(c)			
11.7 TOTALS	182,954	65,269,749	2,213,025	1,233,674	979,183		X X X	X X X	(b) 69,878,585	100.00	69,878,585	
11.8 Line 11.7 as a % of Col. 9	0.26	93.40	3.17	1.77	1.40		X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1 NAIC 1	16,943,748	181,935,210	302,095	440,811	912,276		200,534,140	98.86	69,665,515	99.70	200,534,140	X X X
12.2 NAIC 2		2,309,149					2,309,149	1.14	213,070	0.30	2,309,149	X X X
12.3 NAIC 3												X X X
12.4 NAIC 4												X X X
12.5 NAIC 5												X X X
12.6 NAIC 6												X X X
12.7 TOTALS	16,943,748	184,244,359	302,095	440,811	912,276		202,843,289	100.00	69,878,585	100.00	202,843,289	X X X
12.8 Line 12.7 as a % of Col. 7	8.35	90.83	0.15	0.22	0.45		100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Col. 7, Section 10	8.35	90.83	0.15	0.22	0.45		100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1 NAIC 1											X X X	
13.2 NAIC 2											X X X	
13.3 NAIC 3											X X X	
13.4 NAIC 4											X X X	
13.5 NAIC 5											X X X	
13.6 NAIC 6											X X X	
13.7 TOTALS											X X X	
13.8 Line 13.7 as a % of Col. 7								X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Col. 7, Section 10								X X X	X X X	X X X	X X X	

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(a) Includes \$.....0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
 (b) Includes \$.....0 current year, \$.....0 prior year of bonds with Z designations and \$.....0 current year, \$.....0 prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
 (c) Includes \$.....0 current year, \$.....0 prior year of bonds with 5\* designations and \$.....0 current year, \$.....0 prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.  
 (d) Includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....6,969,269; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

## SCHEDULE D - PART 1A - SECTION 2

### Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Column 7 as a % of Line 10.6	9 Total From Column 7 Prior Year	10 % From Column 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed
Distribution by Type												
1. U.S. Governments												
1.1 Issuer Obligations	10,987,888	132,204,628				X X X	143,192,516	70.59	30,892,375	44.21	143,192,516	
1.2 Residential Mortgage-Backed Securities			302,095	440,812	912,276	X X X	1,655,183	0.82	1,827,247	2.61	1,655,183	
1.3 Commercial Mortgage-Backed Securities						X X X						
1.4 Other Loan-Backed and Structured Securities						X X X						
1.5 TOTALS	10,987,888	132,204,628	302,095	440,812	912,276	X X X	144,847,699	71.41	32,719,622	46.82	144,847,699	
2. All Other Governments												
2.1 Issuer Obligations						X X X						
2.2 Residential Mortgage-Backed Securities						X X X						
2.3 Commercial Mortgage-Backed Securities						X X X						
2.4 Other Loan-Backed and Structured Securities						X X X						
2.5 TOTALS						X X X						
3. U.S. States, Territories and Possessions, Guaranteed												
3.1 Issuer Obligations						X X X						
3.2 Residential Mortgage-Backed Securities						X X X						
3.3 Commercial Mortgage-Backed Securities						X X X						
3.4 Other Loan-Backed and Structured Securities						X X X						
3.5 TOTALS						X X X						
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed												
4.1 Issuer Obligations	5,955,860	41,883,358				X X X	47,839,218	23.58	36,908,963	52.82	47,839,218	
4.2 Residential Mortgage-Backed Securities						X X X						
4.3 Commercial Mortgage-Backed Securities						X X X						
4.4 Other Loan-Backed and Structured Securities						X X X						
4.5 TOTALS	5,955,860	41,883,358				X X X	47,839,218	23.58	36,908,963	52.82	47,839,218	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1 Issuer Obligations						X X X						
5.2 Residential Mortgage-Backed Securities						X X X						
5.3 Commercial Mortgage-Backed Securities						X X X						
5.4 Other Loan-Backed and Structured Securities						X X X						
5.5 TOTALS						X X X						
6. Industrial and Miscellaneous												
6.1 Issuer Obligations		10,156,373				X X X	10,156,373	5.01	250,000	0.36	10,156,373	
6.2 Residential Mortgage-Backed Securities						X X X						
6.3 Commercial Mortgage-Backed Securities						X X X						
6.4 Other Loan-Backed and Structured Securities						X X X						
6.5 TOTALS		10,156,373				X X X	10,156,373	5.01	250,000	0.36	10,156,373	
7. Hybrid Securities												
7.1 Issuer Obligations						X X X						
7.2 Residential Mortgage-Backed Securities						X X X						
7.3 Commercial Mortgage-Backed Securities						X X X						
7.4 Other Loan-Backed and Structured Securities						X X X						
7.5 TOTALS						X X X						
8. Parent, Subsidiaries and Affiliates												
8.1 Issuer Obligations						X X X						
8.2 Residential Mortgage-Backed Securities						X X X						
8.3 Commercial Mortgage-Backed Securities						X X X						
8.4 Other Loan-Backed and Structured Securities						X X X						
8.5 TOTALS						X X X						

## SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Column 7 as a % of Line 10.6	9 Total From Column 7 Prior Year	10 % From Column 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed
Distribution by Type												
9. SVO Identified Funds												
9.1 Exchange Traded Funds - as Identified by the SVO	X X X	X X X	X X X	X X X	X X X							
9.2 Bond Mutual Funds - as Identified by the SVO	X X X	X X X	X X X	X X X	X X X							
9.3 TOTALS	X X X	X X X	X X X	X X X	X X X							
10. Total Bonds Current Year												
10.1 Issuer Obligations	16,943,748	184,244,359				X X X	201,188,107	99.18	X X X	X X X	201,188,107	
10.2 Residential Mortgage-Backed Securities			302,095	440,812	912,276	X X X	1,655,183	0.82	X X X	X X X	1,655,183	
10.3 Commercial Mortgage-Backed Securities						X X X			X X X	X X X		
10.4 Other Loan-Backed and Structured Securities						X X X			X X X	X X X		
10.5 SVO-Designated Securities	X X X	X X X	X X X	X X X	X X X				X X X	X X X		
10.6 TOTALS	16,943,748	184,244,359	302,095	440,812	912,276		202,843,290	100.00	X X X	X X X	202,843,290	
10.7 Line 10.6 as a % of Col. 7	8.35	90.83	0.15	0.22	0.45		100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1 Issuer Obligations	182,954	65,269,749	1,987,857	610,778		X X X	X X X	X X X	68,051,338	97.39	68,051,338	
11.2 Residential Mortgage-Backed Securities			225,167	622,896	979,184	X X X	X X X	X X X	1,827,247	2.61	1,827,247	
11.3 Commercial Mortgage-Backed Securities						X X X	X X X	X X X				
11.4 Other Loan-Backed and Structured Securities						X X X	X X X	X X X				
11.5 SVO-Designated Securities	X X X	X X X	X X X	X X X	X X X		X X X	X X X				
11.6 TOTALS	182,954	65,269,749	2,213,024	1,233,674	979,184		X X X	X X X	69,878,585	100.00	69,878,585	
11.7 Line 11.6 as a % of Col. 9	0.26	93.40	3.17	1.77	1.40		X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1 Issuer Obligations	16,943,748	184,244,359				X X X	201,188,107	99.18	68,051,338	97.39	201,188,107	X X X
12.2 Residential Mortgage-Backed Securities			302,095	440,812	912,276	X X X	1,655,183	0.82	1,827,247	2.61	1,655,183	X X X
12.3 Commercial Mortgage-Backed Securities						X X X						X X X
12.4 Other Loan-Backed and Structured Securities						X X X						X X X
12.5 SVO-Designated Securities	X X X	X X X	X X X	X X X	X X X							X X X
12.6 TOTALS	16,943,748	184,244,359	302,095	440,812	912,276		202,843,290	100.00	69,878,585	100.00	202,843,290	X X X
12.7 Line 12.6 as a % of Col. 7	8.35	90.83	0.15	0.22	0.45		100.00	X X X	X X X	X X X	100.00	X X X
12.8 Line 12.6 as a % of Line 10.6, Col. 7, Section 10	8.35	90.83	0.15	0.22	0.45		100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1 Issuer Obligations						X X X					X X X	
13.2 Residential Mortgage-Backed Securities						X X X					X X X	
13.3 Commercial Mortgage-Backed Securities						X X X					X X X	
13.4 Other Loan-Backed and Structured Securities						X X X					X X X	
13.5 SVO-Designated Securities	X X X	X X X	X X X	X X X	X X X						X X X	
13.6 TOTALS											X X X	
13.7 Line 13.6 as a % of Col. 7								X X X	X X X	X X X	X X X	
13.8 Line 13.6 as a % of Line 10.6, Col. 7, Section 10								X X X	X X X	X X X	X X X	

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**SI10 Schedule DA - Verification ..... NONE**

**SI11 Schedule DB Part A Verification ..... NONE**

**SI11 Schedule DB Part B Verification ..... NONE**

**SI12 Schedule DB Part C Sn 1 - Rep. (Syn Asset) Transactions ..... NONE**

**SI13 Schedule DB Part C Sn 2 - Rep. (Syn Asset) Transactions ..... NONE**

**SI14 Schedule DB Verification ..... NONE**

## SCHEDULE E - PART 2 - VERIFICATION BETWEEN YEARS (Cash Equivalents)

	1	2	3	4
	Total	Bonds	Money Market Mutual Funds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year .....				
2. Cost of cash equivalents acquired .....	19,963,161	19,963,161		
3. Accrual of discount .....	2,296	2,296		
4. Unrealized valuation increase (decrease) .....				
5. TOTAL gain (loss) on disposals .....	3,812	3,812		
6. Deduct consideration received on disposals .....	13,000,000	13,000,000		
7. Deduct amortization of premium .....				
8. TOTAL foreign exchange change in book/adjusted carrying value .....				
9. Deduct current year's other-than-temporary impairment recognized .....				
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	6,969,269	6,969,269		
11. Deduct total nonadmitted amounts .....				
12. Statement value at end of current period (Lines 10 minus 11) .....	6,969,269	6,969,269		

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment:

**E01 Schedule A - Part 1 Real Estate Owned ..... NONE**

**E02 Schedule A - Part 2 Real Estate Acquired ..... NONE**

**E03 Schedule A - Part 3 Real Estate Disposed ..... NONE**

**E04 Schedule B Part 1 - Mortgage Loans Owned ..... NONE**

**E05 Schedule B Part 2 - Mortgage Loans Acquired ..... NONE**

**E06 Schedule B Part 3 - Mortgage Loans Disposed ..... NONE**

**E07 Schedule BA Part 1 - Long-Term Invested Assets Owned ..... NONE**

**E08 Schedule BA Part 2 - Long-Term Invested Assets Acquired ..... NONE**

**E09 Schedule BA Part 3 - Long-Term Invested Assets Disposed ..... NONE**

# SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	F O R E I G N	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other- Than- Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of Interest	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Stated Contractual Maturity Date
<b>U.S. Governments - Issuer Obligations</b>																					
3133EGD69	FFCB 01.320% Due May 07, 2020				1	992,300	98.1420	981,420	1,000,000	994,627		2,219			1.320	1.554	MN	1,980	13,200	12/13/2016	05/07/2020
3133EGPP4	FFCB 1.360% DUE 08/03/2020				1	502,325	98.0910	490,455	500,000	501,516		(573)			1.360	1.240	FA	2,796	6,800	08/03/2016	08/03/2020
3133EGDW2	FFCB 1.520% DUE 06/08/2020				1	604,758	97.6440	585,864	600,000	603,037		(1,220)			1.520	1.308	JD	583	9,120	08/03/2016	06/08/2020
3133EGBZ7	FFCB 1.660% DUE: MAY 25, 2021				1	996,280	98.2810	982,810	1,000,000	997,124		807			1.660	1.747	MN	1,660	16,600	12/13/2016	05/25/2021
3133EGAP0	FFCB 1.730% DUE: NOV 16, 2021				1	994,690	98.2650	982,650	1,000,000	995,771		1,033			1.730	1.843	MN	2,163	17,300	12/13/2016	11/16/2021
3133FXDS3	FFCB BOND 1.05% DUE 12/15/2019				1	500,000	97.8560	489,280	500,000	500,000					1.050	1.050	JD	233	5,250	12/13/2012	12/15/2019
3133EGG66	FFCB BOND 1.130% DUE 11/15/2019				1	1,977,367	98.5240	1,970,480	2,000,000	1,978,430					1.130	1.178	MN	2,134		11/27/2017	11/15/2019
3133EGAV7	FFCB BOND 1.17% DUE 05/17/2019				1	399,315	98.9630	395,852	400,000	399,495		180			1.170	1.262	MN	572	2,340	06/29/2017	05/17/2019
3133EFKU0	FFCB BOND 1.19% DUE 04/22/2019				1	499,503	99.0070	495,035	500,000	499,637		134			1.190	1.246	AO	1,025	2,975	06/29/2017	04/22/2019
3133EGLB9	FFCB bond 1.19% due 07-13-20				1	396,201	97.8880	391,552	400,000	396,910		709			1.190	1.502	JJ	2,221	2,380	05/26/2017	07/13/2020
3133EGJV8	FFCB BOND 1.20% DUE 01/06/2020				1	997,206	98.3240	983,240	1,000,000	997,545		339			1.200	1.324	JJ	3,633		09/18/2017	01/06/2020
3133ECA20	FFCB bond 1.20% due 12-17-19				1	997,267	98.4800	984,800	1,000,000	997,896		629			1.200	1.309	JD	467	12,000	05/25/2017	12/17/2019
3133EFWD5	FFCB Bond 1.23% due 1-25-2019				1	889,439	99.3870	884,544	890,000	889,643		203			1.230	1.268	JJ	4,744	5,474	05/12/2017	01/25/2019
3133EGLF0	FFCB BOND 1.29% DUE 07/13/20				1	750,900	98.1240	735,930	750,000	750,576		(223)			1.290	1.259	JJ	9,675	9,675	07/19/2016	07/13/2020
3133EGSA4	FFCB BOND 1.32% DUE 08/24/2020				1	1,750,193	98.2530	1,719,428	1,750,000	1,749,326		(597)			1.320	1.335	FA	8,149	18,150	08/22/2017	08/24/2020
3133EGMN2	FFCB BOND 1.320% 07/20/20				1	751,530	98.2030	736,523	750,000	750,984		(377)			1.320	1.268	JJ	4,428	9,900	07/20/2016	07/20/2020
3133EA2N7	FFCB BOND 1.375% DUE 09/26/2019				1	1,004,875	99.0200	990,200	1,000,000	1,001,255		(713)			1.375	1.301	MS	3,628	13,750	10/18/2012	09/26/2019
3133EGTM7	FFCB bond 1.375% due 09-8-20				1	298,379	98.0090	294,027	300,000	298,665		285			1.375	1.545	MS	1,295	2,063	05/26/2017	09/08/2020
3133EGWZ4	FFCB BOND 1.42% DUE 10/04/2021				1	802,000	96.4850	771,880	800,000	801,513		(391)			1.420	1.368	AO	2,745	11,360	10/07/2016	10/04/2021
3133EGMP7	FFCB BOND 1.440% DUE 01/19/21				1	752,250	97.8150	733,613	750,000	751,538		(491)			1.440	1.371	JJ	4,860	10,800	07/19/2016	01/19/2021
3133EFLZ8	FFCB BOND 1.46% DUE 10/28/2020				1	350,569	98.3690	344,292	350,000	350,511		(58)			1.460	1.407	AO	894	2,555	09/12/2017	10/28/2020
3133EAQY7	FFCB BOND 1.550% DUE 05/16/2019				1	488,204	99.5680	477,926	480,000	481,717		(1,231)			1.550	1.286	MN	930	7,440	08/02/2012	05/16/2019
3133EHYL1	FFCB BOND 1.59% DUE 09/14/2020				1	1,992,005	98.5810	1,971,620	2,000,000	1,992,479		474			1.590	1.733	MS	5,742		10/26/2017	09/14/2020
3133EGEV3	FFCB BOND 1.620% DUE 06/14/2021				1	757,125	97.7970	733,478	750,000	755,065		(1,422)			1.620	1.419	JD	574	12,150	07/19/2016	06/14/2021
3130A9NN7	FFCB bond 1.65% due 04-19-2022				1	247,066	97.0230	242,558	250,000	247,406		340			1.650	1.902	AO	825	2,063	05/26/2017	04/19/2022
3133EFBF3	FFCB BOND 1.65% DUE 08/27/2020				1	755,785	98.9830	742,373	750,000	755,199		(586)			1.650	1.383	FA	3,747		09/12/2017	08/27/2020
3133FXDZ7	FFCB BOND 1.650% DUE 02/15/2021				1	1,000,000	97.0970	970,970	1,000,000	1,000,000					1.650	1.650	FA	6,233	16,500	02/26/2013	02/15/2021
3133EHEN9	FFCB bond 1.67% due 4-3-2020				1	2,007,270	99.0840	1,981,680	2,000,000	2,005,965		(1,305)			1.670	1.535	AO	8,164	16,700	08/17/2017	04/03/2020
3133EGDH5	FFCB BOND 1.690% DUE 06/02/2021				1	1,009,500	98.2630	982,630	1,000,000	1,006,756		(1,913)			1.690	1.487	JD	1,361	16,900	07/25/2016	06/02/2021
3133EAN46	FFCB BOND 1.70% DUE 04/27/2020				1	308,403	99.2060	296,626	299,000	302,017		(1,273)			1.700	1.257	AO	904	5,083	11/09/2012	04/27/2020
3133EHZV8	FFCB BOND 1.70% DUE 09/25/2020				1	3,731,273	99.0190	3,713,213	3,750,000	3,731,966		694			1.700	1.177	MS			11/22/2017	09/25/2020
3133EC2B9	FFCB BOND 1.70% DUE 11/09/2021				1	2,016,825	98.1820	1,963,640	2,000,000	2,007,537		(1,884)			1.700	1.599	MN	4,911	34,000	12/12/2012	11/09/2021
3133EHXU2	FFCB BOND 1.80% DUE 09/07/2021				1	2,976,755	98.6110	2,958,330	3,000,000	2,977,373		618			1.800	2,014	MS	5,850		11/22/2017	09/07/2021
3133EGFP5	FFCB BOND 1.83% DUE 06/15/2022				1	249,130	97.9580	244,895	250,000	249,216		86			1.830	1.904	JD	203	2,288	06/23/2017	06/15/2022
3133EAGM4	FFCB BOND 1.85% DUE 03/09/2020				1	250,793	99.6160	239,078	240,000	243,320		(1,489)			1.850	1.207	MS	1,381	4,440	11/09/2012	03/09/2020
3133EHUS0	FFCB BOND 1.875% DUE 08/16/2021				1	555,000	98.7700	548,174	555,000	555,000					1.875	1.875	FA	1,734		11/01/2017	08/16/2021
3133EHXM0	FFCB BOND 1.93% DUE 12/06/2021				1	748,605	99.0840	743,130	750,000	748,650		45			1.930	1.978	JD	1,005	3,619	11/01/2017	12/06/2021
3133EG4F9	FFCB BOND 1.930% DUE 01/19/2021				1	603,000	99.4290	596,574	600,000	602,683		(317)			1.930	1.779	JJ	5,211		08/17/2017	01/19/2021
3133EG6N0	FFCB BOND 1.94% DUE 02/09/2021				1	2,003,500	98.6730	1,973,460	2,000,000	2,002,737		(763)			1.940	1.894	FA	15,304	19,400	02/17/2017	02/09/2021
3133EHQM8	FFCB BOND 1.95% DUE 10/05/2021				1	2,983,500	99.1550	2,974,650	3,000,000	2,983,919		419			1.950	2,099	AO	6,338		11/22/2017	10/05/2021
3133EHP31	FFCB BOND 1.95% DUE 11/02/2021				1	2,998,175	99.2860	2,978,580	3,000,000	2,998,200		24			1.950	1,966	MN	6,338		11/22/2017	11/02/2021
3133EHLR9	FFCB BOND 2.00% DUE 07/19/2021				1	1,006,650	99.1220	991,220	1,000,000	1,006,031		(619)			2.000	1.824	JJ	7,444		08/17/2017	07/19/2021
3133EHD83	FFCB BOND 2.00% DUE 10/05/2021				1	345,776	99.1570	342,092	345,000	345,741		(35)			2.000	1.940	AO	1,150		11/01/2017	10/05/2021
3133EHGS6	FFCB bond 2.03% due 04-25-22				1	2,007,505	98.0530	1,961,060	2,000,000	2,006,583		(923)			2.030	1.950	AO	7,443	20,300	05/22/2017	04/25/2022
3133EASX7	FFCB BOND 2.040% DUE 06/07/2022				1	230,646	99.1290	223,040	225,000	227,738		(589)			2.040	1.753	JD	306	4,590	11/21/2012	06/07/2022
3133EHJY0	FFCB bond 2.07% due 05-23-22				1	2,007,005	97.6620	1,953,240	2,000,000	2,006,182		(823)			2.070	1.996	MN	4,370	20,700	05/25/2017	05/23/2022
3133EHSB0	FFCB BOND 2.10% DUE 07/25/2022				1	1,004,200	98.4420	984,420	1,000,000	1,003,888		(312)			2.100	2,010	JJ	7,817		08/17/2017	07/25/2022
3133EHZK4	FFCB BOND 2.10% DUE 09/26/2022				1	1,000,000	98.8870	988,870	1,000,000	1,000,000					2.100	2,100	MS	3,500</			

## SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	F O R E I G N	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of Interest	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Stated Contractual Maturity Date
3130A8JZ7	FHLB BOND 1.22% DUE 12/30/2019				1	447,250	98.4440	442,998	450,000	447,828		578			1.220	1.466	JD	15	2,745	06/16/2017	12/31/2019
313381C94	FHLB BOND 1.25% DUE 12/13/2019				1	2,310,301	98.5870	2,272,430	2,305,000	2,305,985		(701)			1.250	1.228	JD	320	23,781	06/29/2017	12/13/2019
313379PE3	FHLB BOND 1.330% DUE 09/20/2018				1	2,031,827	99.7330	1,994,660	2,000,000	2,003,832		(5,290)			1.330	1.061	MS	7,463	26,600	08/02/2012	09/20/2018
313380Z75	FHLB BOND 1.37% DUE 10/24/2019				1	303,539	98.7920	298,555	302,206	302,568		(197)			1.370	1.303	AO	771	4,140	12/12/2012	10/24/2019
3130AAXX1	FHLB BOND 1.375% DUE 03/18/2019				1	1,005,129	99.4220	994,220	1,000,000	1,003,135		(1,994)			1.375	1.114	MS	3,934	7,181	03/21/2017	03/18/2019
313380FB8	FHLB BOND 1.375% DUE 09/13/2019				1	993,931	99.0730	990,730	1,000,000	994,035		104			1.375	1.733	MS	420		12/20/2017	09/13/2019
3130AA3R7	FHLB BOND 1.375% DUE 11/15/2019				1	2,488,612	98.9970	2,469,975	2,495,000	2,488,501		(111)			1.375	1.517	MN	3,698	13,674	11/27/2017	11/15/2019
3133813H6	FHLB BOND 1.43% DUE 10/29/19				1	301,205	98.9370	296,811	300,000	300,325		(176)			1.430	1.369	AO	739	4,290	11/09/2012	10/29/2019
3130A9MH1	FHLB BOND 1.47% DUE 09/30/2021				1	100,250	96.4260	96,426	100,000	100,186		(52)			1.470	1.419	MS	372	1,470	10/07/2016	09/30/2021
3133782M2	FHLB BOND 1.50% DUE 03/08/2019				1	2,526,728	99.5890	2,489,725	2,500,000	2,502,825		(4,710)			1.500	1.405	MS	5,396	15,000	12/20/2017	03/08/2019
3133812C8	FHLB BOND 1.50% DUE 05/08/2020				1	1,749,193	98.7160	1,727,530	1,750,000	1,747,311		(160)			1.500	1.567	MN	3,865	18,750	10/26/2017	05/08/2020
3130ACM92	FHLB BOND 1.50% DUE 10/21/2019				1	1,695,569	99.2710	1,687,607	1,700,000	1,695,778		209			1.500	1.640	AO	2,408		11/27/2017	10/21/2019
3130A8KL6	FHLB BOND 1.54% DUE 07/07/2021				1	100,700	97.7220	97,722	100,000	100,522		(144)			1.540	1.387	JJ	744	1,540	10/07/2016	07/07/2021
313380WC7	FHLB BOND 1.60% DUE 10/22/2020				1	275,963	98.5320	270,963	275,000	275,552		(122)			1.600	1.553	AO	843	4,400	11/13/2012	10/22/2020
3130A9WN7	FHLB BOND 1.60% DUE 10/28/2021				1	545,941	97.6080	536,844	550,000	546,390		450			1.600	1.778	AO	1,540	4,400	06/29/2017	10/28/2021
3130A8FC2	FHLB BOND 1.620% DUE 06/14/2021				1	903,555	98.0820	882,738	900,000	902,470		(744)			1.620	1.538	JD	689	10,530	09/12/2017	06/14/2021
3130ABVU7	FHLB BOND 1.625% DUE 07/27/2020				1	702,450	98.7920	691,544	700,000	702,142		(308)			1.625	1.503	JJ	4,234		08/17/2017	07/27/2020
313379EE5	FHLB BOND 1.625% DUE 06/14/19				1	388,707	99.6020	378,488	380,000	381,905		(1,291)			1.625	1.275	JD	292	6,175	08/02/2012	06/14/2019
3130ABNQ5	FHLB BOND 1.625% DUE 06/26/2020				1	600,804	99.0970	594,582	600,000	600,750		(54)			1.625	1.573	JD	135	4,875	11/01/2017	06/26/2020
313381AV7	FHLB BOND 1.625% DUE 12/10/2021				1	500,045	97.6180	488,090	500,000	500,019		(5)			1.625	1.624	JD	474	8,125	12/12/2012	12/10/2021
3130ACN83	FHLB BOND 1.70% DUE 05/15/2020				1	2,985,840	99.2100	2,976,300	3,000,000	2,986,424		584			1.700	1.896	MN	5,525		11/22/2017	05/15/2020
313376BR5	FHLB BOND 1.75% DUE 12/14/2018				1	1,013,075	99.8910	998,910	1,000,000	1,007,221		(5,853)			1.750	0.986	JD	826	17,500	03/21/2017	12/14/2018
313383HU8	FHLB BOND 1.75% DUE 06-12-20				1	1,011,235	99.3230	993,230	1,000,000	1,009,031		(2,205)			1.750	1.373	JD	924	17,500	05/22/2017	06/12/2020
3130ACBK9	FHLB BOND 1.75% DUE 08/23/2022				1	750,000	98.7830	740,873	750,000	750,000					1.750	1.750	FA	4,667		08/30/2017	08/23/2022
3130AAK52	FHLB BOND 1.75% DUE 08/25/2020				1	1,006,668	99.1950	991,950	1,000,000	1,005,176		(1,493)			1.750	1.550	FA	6,125	8,167	08/25/2020	08/25/2020
313382J53	FHLB BOND 1.75% DUE 09/28/2020				1	998,608	99.1450	981,536	990,000	997,244		(1,364)			1.750	1.476	MS	4,476	8,663	06/23/2017	09/28/2020
313378J77	FHLB BOND 1.875% DUE 03/13/2020				1	1,521,414	99.5570	1,493,355	1,500,000	1,516,535		(4,879)			1.875	1.364	MS	8,438	14,063	05/22/2017	03/13/2020
313383MB4	FHLB BOND 1.875% DUE 06/12/20				1	759,538	99.6330	747,248	750,000	758,091		(1,447)			1.875	1.425	JD	742	7,031	07/21/2017	06/12/2020
3130AABG2	FHLB BOND 1.875% DUE 11/29/2021				1	999,695	99.1650	991,650	1,000,000	999,685		(10)			1.875	1.883	MN	1,615	18,698	03/21/2017	11/29/2021
3133827M9	FHLB BOND 1.93% DUE 12/01/2021				1	914,477	99.0920	891,828	900,000	906,795		(1,664)			1.930	1.730	JD	1,448	17,370	03/28/2013	12/01/2021
3130ACKK9	FHLB BOND 2.00% DUE 04/25/2022				1	1,915,005	99.1450	1,898,627	1,915,000	1,914,990		(15)			2.000	2.000	AO	3,936		11/24/2017	04/25/2022
3130ACV66	FHLB BOND 2.00% DUE 11/25/2020				1	1,249,375	99.6590	1,245,738	1,250,000	1,249,382		7			2.000	2.018	MN	1,736		12/06/2017	11/25/2020
3130ACKL7	FHLB BOND 2.15% DUE 10/19/2022				1	772,680	98.9470	766,839	775,000	772,721		41			2.150	2.215	AO	1,805		11/22/2017	10/19/2022
3130ACKD5	FHLB BOND 2.25% DUE 10/24/2022				1	1,003,000	98.9960	989,960	1,000,000	1,002,891		(109)			2.250	2.186	AO	3,750		11/01/2017	10/24/2022
3130ACH64	FHLB BOND 2.25% DUE 10/26/2022				1	2,992,500	99.8410	2,995,230	3,000,000	2,992,624		124			2.250	2.304	AO	7,313		11/22/2017	10/26/2022
313378CR0	FHLB BOND 2.250% DUE 03/11/2022				1	1,013,565	100.1490	1,001,490	1,000,000	1,011,514		(2,052)			2.250	1.962	MS	6,875	11,250	03/21/2017	03/11/2022
3130ACH72	FHLB BOND 2.26% DUE 10/04/2022				1	2,996,400	99.2300	2,976,900	3,000,000	2,996,444		44			2.260	2.286	AO	7,345		11/22/2017	10/04/2022
3133EHDP5	FHLB BOND 2.27% DUE 03/23/2022				1	1,006,005	99.1510	991,510	1,000,000	1,005,104		(901)			2.270	2.143	MS	6,179	11,350	03/23/2017	03/23/2022
313376C94	FHLB BOND 2.625% DUE 12/10/2021				1	2,778,579	101.7530	2,772,769	2,725,000	2,778,246		(333)			2.625	2.106	JD	1,788		12/22/2017	12/10/2021
313375LS4	FHLB BOND 2.750% DUE 09/10/2021				1	1,073,615	102.2890	1,022,890	1,000,000	1,033,395		(8,674)			2.750	1.810	MS	8,479	27,500	03/08/2013	09/10/2021
3133712Y1	FHLB BOND 3.00% DUE 03/27/20				1	551,495	102.1690	510,845	500,000	515,942		(6,948)			3.000	1.545	MS	3,917	15,000	09/18/2012	03/27/2020
3130ACE26	FHLB BOND NTS 1.375% DUE 09/28/20				1	985,538	98.2570	982,570	1,000,000	985,691		153			1.375	1.913	MS	420		12/20/2017	09/28/2020
3134GB3W0	FHLM BOND 2.15% DUE 11/24/2021				1	2,997,000	99.5750	2,987,250	3,000,000	2,997,038		2,387			2.150	2.176	MN	5,913		11/30/2017	11/24/2021
3134GBX80	FHLM BOND 2.30% DUE 11/14/2022				1	2,997,420	99.4680	2,984,040	3,000,000	2,997,434		14			2.300	2.319	MN	5,942		11/30/2017	11/14/2022
912828VA5	US TREASURY NOTE 1.125% 4/30/20				1	1,483,716	98.2150	1,473,225	1,500,000	1,485,032		1,316			1.125	1.562	AO	2,859	8,438	10/26/2017	04/30/2020
912828ST8	US TREASURY NOTE 1.25% DUE 4/30/19				1	1,496,912	99.2070	1,488,105	1,500,000	1,497,453		541			1.250	1.379	AO	3,177	9,375	10/26/2017	04/30/2019
0199999	Subtotal - U.S. Governments - Issuer Obligations					136,588,001		134,747,877	136,091,206	136,223,244		(90,679)						380,926	896,190		
<b>U.S. Governments - Residential Mortgage-Backed Securities</b>																					
36295FCD4	GNMA PL 668868X				1	793,388	106.2950	811,872	763,791	788,352		(712)			5.000	4.485	MON	1,537	38,190	05/19/2009	09/15/2038
36234CV77	GNMA POOL 425582 UNIT 100				1	28,982	101.7050	27,992	28,474	27,523		(91)			6.500	5.405	MON	69	1,789	06/14/2011	07/15/2026
36234CWA9	GNMA POOL 425582 UNIT 97				1	26,275	99.9740	24,994	25,000	25,812		(83)			6.500	5.424	MON	61	1,625	06/14/2011	02/15/2026
36234CV93	GNMA POOL 425582 UNIT 98				1	26,288	100.9630	25,241	25,000	25,828		(83)			6.500	5.422	MON	62	1,625	06/14/2011	04/15/2026
36234CV85	GNMA POOL 425582 UNIT 99				1	26,300	101.5800	25,395	25,000	25,840		(83)			6.500	5.417	MON	62	1,625	06/14/2011	05/15/2026
36234CX26	GNMA POOL 425583 UNIT 100				1	42,406	101.6000	40,936	40,291	41,670		(132)			6.500	5.414	MON	101	2,619	06/14/2011	07/15/2026
36234CX42	GNMA POOL																				

# SCHEDULE D - PART 1

## Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value					Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Code	F O R E I G N	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of Interest	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Stated Contractual Maturity Date	
36235QRB1	GNMA POOL 487543 UNIT 94				1	26,288		106,2940	25,000	25,924		(66)			6.500	5.521	MON	68	1,625	06/14/2011	07/15/2028	
36235QRA3	GNMA POOL 487543 UNIT 95				1	26,288		106,5310	25,000	25,924		(66)			6.500	5.513	MON	68	1,625	06/14/2011	09/15/2028	
36235QQ89	GNMA POOL 487543 UNIT 97				1	26,300		106,7310	25,000	25,942		(65)			6.500	5.512	MON	69	1,625	06/14/2011	12/15/2028	
36235QQ71	GNMA POOL 487543 UNIT 98				1	26,300		106,8310	25,000	25,947		(64)			6.500	5.517	MON	69	1,625	06/14/2011	02/15/2029	
36235QQ63	GNMA POOL 487543 UNIT 99				1	26,313		106,9310	25,000	25,959		(64)			6.500	5.511	MON	69	1,625	06/14/2011	03/15/2029	
36235TPV3	GNMA POOL 498826 UNIT 100				1	33,179		101,7320	31,509	32,753		(77)			6.500	5.520	MON	89	2,048	06/14/2011	10/15/2029	
36235TPX9	GNMA POOL 498826 UNIT 98				1	26,300		101,2860	25,939	25,939		(65)			6.500	5.509	MON	69	1,625	06/14/2011	11/15/2028	
36235TPW1	GNMA POOL 498826 UNIT 99				1	26,313		101,6070	25,000	25,951		(65)			6.500	5.503	MON	69	1,625	06/14/2011	12/15/2028	
36235XXD5	GNMA POOL 515329 UNIT 100				1	45,572		105,2920	45,568	45,008		(102)			6.500	5.531	MON	123	2,948	06/14/2011	03/15/2030	
36235XXJ2	GNMA POOL 515329 UNIT 95				1	26,263		101,4620	25,000	25,930		(60)			6.500	5.552	MON	70	1,625	06/14/2011	06/15/2029	
36235XXH6	GNMA POOL 515329 UNIT 96				1	26,275		101,6220	25,000	25,944		(60)			6.500	5.549	MON	70	1,625	06/14/2011	08/15/2029	
36235XXG8	GNMA POOL 515329 UNIT 97				1	26,275		101,7470	25,000	25,947		(59)			6.500	5.551	MON	70	1,625	06/14/2011	09/15/2029	
36235XXE3	GNMA POOL 515329 UNIT 99				1	26,300		104,9580	25,000	25,975		(59)			6.500	5.543	MON	71	1,490	06/14/2011	01/15/2030	
38378TQ37	GNMA CMO 2013 2.75% DUE 06/2043				1	124,146		98,6570	122,011	123,924		(54)			2.750	2.665	MON	103	3,408	08/19/2013	06/20/2043	
0299999	Subtotal - U.S. Governments - Residential Mortgage-Backed Securities					1,671,240	XXX	1,671,954	1,603,403	1,655,184		(2,713)			XXX	XXX	XXX	3,556	88,242	XXX	XXX	
0599999	Subtotal - U.S. Governments					138,259,241	XXX	136,419,831	137,694,609	137,878,428		(93,392)			XXX	XXX	XXX	384,482	984,432	XXX	XXX	
<b>U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations</b>																						
010609CS2	ALABAMA ST PUB 5% DUE 06/01/2021				1	471,348		110,6800	400,000	449,849		(14,190)			5.000	1.262	JD	1,667	20,000	06/24/2016	06/01/2021	
015302H62	ALEXANDRIA VA 1.731% DUE 07/01/20				1	231,532		104,5630	200,000	210,748		(4,330)			1.731	(0.405)	JJ	1,731	8,100	03/26/2013	07/01/2020	
041042VP4	ARKANSAS ST 5% 10/01/2019				1	280,360		105,7880	250,000	267,538		(9,894)			5.000	0.948	AO	3,125	12,500	09/14/2016	10/01/2019	
050589NA4	AUBURN UNIV 5% DUE 06/01/2020				1	288,295		107,7870	250,000	274,569		(10,015)			5.000	0.881	JD	1,042	12,500	08/17/2016	06/01/2020	
052430LK9	AUSTIN TEX INDPT 5% 08/01/2021				1	594,920		111,1860	500,000	569,594		(18,970)			5.000	1.033	FA	10,417	22,986	08/31/2016	08/01/2021	
054213WWW9	AVON OHIO 2% DUE 12/01/2020				1	259,353		100,7910	250,000	255,783		(1,938)			2.000	1.191	JD	417	5,000	02/25/2016	12/01/2020	
054320AL0	AVONDALE ARIZ 5% 07/01/2020				1	288,430		108,0260	250,000	275,213		(9,926)			5.000	0.911	JJ	6,250	10,417	09/01/2016	07/01/2020	
091582ZD1	BISMARCK ND & IMPT 5% DUE 05/01/19				1	338,907		104,3090	300,000	315,354		(11,370)			5.000	1.121	MN	2,500	15,000	12/01/2015	05/01/2019	
13068LA96	CALIFORNIA 5% 10/01/2018				1	538,255		102,6850	500,000	515,086		(19,964)			5.000	0.951	AO	6,250	22,778	11/03/2016	10/01/2018	
13063CEC0	CALIFORNIA ST BOND 5% DUE 09/01/22				1	1,177,340		114,3390	1,000,000	1,167,472		(9,868)			5.000	1.290	MS	14,167		09/19/2017	09/01/2022	
167593TW2	CHICAGO ILL OHAR 5.000% JAN 1,2019				1	1,079,030		103,4320	1,000,000	1,038,366		(37,936)			5.000	1.131	JJ	25,000	28,611	12/05/2016	01/01/2019	
235219FT4	CITY OF DALLAS TX 1.4666% 02/15/20				1	307,670		106,7440	250,000	267,066		(6,255)			1.466	(1.680)	FA	1,385	12,500	03/26/2013	02/15/2020	
181000MF4	CLARK CNTY NEV 4% 07/01/2018				1	527,980		101,2370	500,000	507,838		(15,576)			4.000	0.852	JJ	10,000	20,000	09/15/2016	07/01/2018	
18347AHZ7	CLAY CNTY MO PUB 2% DUE 03/01/2021				1	311,346		100,4580	300,000	307,714		(2,378)			2.000	1.170	MS	2,000	6,000	06/20/2016	03/01/2021	
207758VG5	CONNECTICUT ST 5% 09/01/2020				1	573,040		107,5190	500,000	549,711		(18,242)			5.000	1.200	MS	8,333	23,125	09/20/2016	09/01/2020	
246428ZK5	DELAWARE TRANS 5% 07/01/2020				1	289,110		108,1540	250,000	275,737		(10,146)			5.000	0.831	JJ	6,250	12,500	09/06/2016	07/01/2020	
249182JS6	DENVER CITY&CNT 5.000% NOV 15,2019				1	551,320		106,2260	500,000	532,754		(17,143)			5.000	1.440	MN	3,194	23,889	12/01/2016	11/15/2019	
25476FSK5	DISTRICT COLUMB 5.000% JUN 01, 2021				1	562,380		110,7500	500,000	546,850		(15,072)			5.000	1.779	JJ	12,500	23,681	12/20/2016	01/01/2021	
269696DU1	EAGLE MNT SAGINAW TEX 5% 8/15/2021				1	120,071		111,5630	100,000	110,613		(2,801)			5.000	1.950	FA	1,889	5,000	07/17/2014	08/15/2021	
29270CYL3	ENERGY NORTHWEST 2.147% DUE7/1/18				1	256,125		100,1630	250,000	250,555		(1,097)			2.147	1.699	JJ	2,684	5,368	09/27/2012	07/01/2018	
30382ADW9	FAIRFAX CNTY VA 5% DUE 10/01/20				1	234,874		109,0630	200,000	220,033		(7,113)			5.000	1.281	AO	2,500	10,000	11/25/2015	10/01/2020	
34153QDK9	FLORIDA ST BRD 5% DUE 06/01/20				1	460,744		108,0090	400,000	438,099		(15,500)			5.000	1.001	JD	1,667	20,000	07/14/2016	06/01/2020	
360066NF7	FULTON CNTY GA 5% 01/01/2020				1	564,260		106,5460	500,000	539,391		(19,400)			5.000	1.011	JJ	12,500	25,000	09/19/2016	01/01/2020	
37358MCK5	GEORGIA ST RD 5% 06/01/2018				1	536,990		101,4150	500,000	508,860		(21,161)			5.000	0.732	JD	2,083	25,000	09/02/2016	06/01/2018	
407287MJ7	HAMILTON CNTY OHIO 5% 12/01/2018				1	273,543		103,1630	250,000	259,707		(10,517)			5.000	0.741	JD	1,042	12,500	09/07/2016	12/01/2018	
419787GG5	HAWAII ST 5% DUE 06/01/2019				1	559,650		104,7240	500,000	530,611		(21,441)			5.000	0.651	JD	2,083	25,000	08/23/2016	06/01/2019	
438701G40	HONOLULU HAWAII 5% 07/01/2021				1	595,055		111,0060	500,000	569,535		(19,447)			5.000	0.951	JJ	12,500	20,347	09/08/2016	07/01/2021	
446457WD1	HUNTINGTON NY PUB 2% DUE 12/01/19				1	258,640		100,8080	250,000	254,207		(2,160)			2.000	1.110	JD	417	5,000	12/08/2015	12/01/2019	
45204EJC3	ILLINOIS FIN AUTH 5% 07/01/2021				1	592,255		110,7910	500,000	567,682		(18,886)			5.000	1.051	JJ	12,500	20,069	09/12/2016	07/01/2021	
452152BH3	ILLINOIS ST 3.321% DUE 02/01/19				2	227,076		102,2370	205,000	209,225		(3,845)			3.321	1.397	FA	2,837	10,994	03/26/2013	02/01/2019	
45470RCN4	INDIANA FIN AUTH 5% 12/01/2020				1	585,225		109,4220	500,000	558,866		(19,831)			5.000	0.901	JD	2,083	31,181	09/02/2016	12/01/2020	
454898UB1	INDIANA MUN 5.000% DUE:JAN 1, 2020				1	548,875		106,3830	500,000	532,302		(15,745)			5.000	1.701	JJ	12,500	25,000	12/12/2016	01/01/2020	
46257TEJ4	IOWA ST SPL 5% DUE 06/15/21				1	593,455		110,7630	500,000	566,658		(18,841)			5.000	1.060	JD	1,111	25,000	07/28/2016	06/15/2021	
4913135A6	KENTUCKY INFRASTRUCTURE 5% 2/01/22				1	155,720		106,7920	135,000	149,044		(3,243)			5.000	2.315	FA	2,813	6,750	11/23/2015	02/01/2022	
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## SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	F O R E I G N	Bond CHAR	NAIC Designation	Actual Cost	Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of Interest	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Stated Contractual Maturity Date
592112EM4	MET GVT NASHVILLE 5% 07/01/2018				1	536,915	101,7830	508,915	500,000	510,325		(20,519)			5.000	0.852	JJ	12,500	25,000	09/14/2016	07/01/2018
592030D23	METRO NSH-DVD 5% DUE 05/15/2021				1	584,035	110,8210	554,105	500,000	562,416		(18,028)			5.000	1.211	MN	3,194	25,000	10/19/2016	05/15/2021
603790KU9	MINNEAPOLIS MIN BOND 5% DUE 2/1/22				1	1,139,080	112,6940	1,126,940	1,000,000	1,136,815		(2,265)			5.000	1.531	FA	3,472		12/06/2017	02/01/2022
603827XJ0	MINNEAPOLIS-ST 5% DUE 01/01/2021				1	583,300	109,6870	548,435	500,000	559,267		(19,372)			5.000	0.981	JJ	12,500	18,542	10/04/2016	01/01/2021
604146AU4	MINNESOTA ST GEN 5% 03/01/2020				1	567,235	107,1480	535,740	500,000	542,361		(19,239)			5.000	1.035	MS	25,000		09/15/2016	03/01/2020
60412PFB1	MINNESOTA ST MUN 3% 10/01/2018				1	261,643	101,0670	252,668	250,000	254,177		(5,535)			3.000	0.761	AO	1,875	8,250	08/25/2016	10/01/2018
606341GG4	MISSOURI ST 5% DUE 10/01/2021				1	294,490	111,9200	279,800	250,000	283,937		(8,782)			5.000	1.280	AO	3,125	12,500	10/18/2016	10/01/2021
606341KK0	MISSOURI ST BOND 5% DUE 04/01/2022				1	583,935	113,3680	566,840	500,000	578,249		(5,686)			5.000	1.211	AO	6,250		09/07/2017	04/01/2022
60636UCS6	MISSOURI ST ENVIRO 5% DUE 01/01/20				1	258,496	106,6680	240,003	225,000	241,725		(8,211)			5.000	1.226	JJ	5,625	11,250	12/11/2015	01/01/2020
6133407H5	MONTGOMERY CNTY 5% DUE 10/01/2022				1	1,167,090	115,0270	1,150,270	1,000,000	1,162,131		(4,959)			5.000	1.455	AO	7,500		11/07/2017	10/01/2022
63968AU86	NEBRASKA PUB 5% DUE 01/01/2022				1	572,510	112,1570	560,785	500,000	562,077		(10,433)			5.000	1.771	JJ	12,500	5,000	04/19/2017	01/01/2022
64465PYZ5	NEW HAMPSHIE BOND 5% DUE 08/15/202				1	1,175,170	114,3520	1,143,520	1,000,000	1,165,424		(9,746)			5.000	1.301	FA	14,028		09/20/2017	08/15/2022
646136Z46	NEW JERSEY 5% 06/15/2019				2FE	1,072,450	103,6970	1,036,970	1,000,000	1,040,733		(27,268)			5.000	2.142	JD	2,222	50,000	11/02/2016	06/15/2019
646140CF8	NEW JERSEY ST 2.536% DUE 01/01/21				1	1,000,000	99,7280	997,280	1,000,000	1,000,000					2.536	2.536	JJ	1,198		12/14/2017	01/01/2021
64711NK61	NEW MEXICO FIN 5% DUE 06/01/2019				1	276,528	104,7810	261,953	250,000	264,245		(9,943)			5.000	0.941	JD	1,042	12,500	10/06/2016	06/01/2019
64966MAP4	NEW YORK NY 5% 08/01/2021				1	595,655	111,2590	556,295	500,000	569,647		(18,985)			5.000	1.030	FA	10,417	25,000	08/17/2016	08/01/2021
650035D70	NEW YORK ST URBAN 5% DUE 03/15/20				1	248,256	107,2510	230,590	215,000	231,649		(7,381)			5.000	1.420	MS	3,165	10,750	09/24/2015	03/15/2020
65821DUE9	NORTH CAROLINA MCC 5% 06/01/18				1	537,720	101,4610	507,305	500,000	509,030		(21,580)			5.000	0.651	JD	2,083	25,000	09/02/2016	06/01/2018
65829QBP8	NORTH CAROLINA ST 5% 06/01/2021				1	1,143,180	110,9250	1,109,250	1,000,000	1,129,914		(13,266)			5.000	1.114	JD	4,167	25,000	08/23/2017	06/01/2021
65887PFJ3	NORTH DAKOTA 5% 10/01/2020				1	577,960	109,0630	545,315	500,000	553,641		(19,135)			5.000	1.033	AO	6,250	25,000	09/23/2016	10/01/2020
64971M2C9	NYC TRANS FIN 1.552% DUE 08/01/18				1	290,290	101,5770	253,943	250,000	253,931		(6,798)			1.552	(1.126)	FA	1,617	11,165	10/11/2012	08/01/2018
67884XBH9	Oklahoma bonds 5.0% due 8-15-2022				1	874,598	114,3040	857,280	750,000	859,523		(15,074)			5.000	1.701	FA	14,167	18,750	05/02/2017	08/15/2022
678514BX7	OKLAHOMA CAP BOND 5% DUE 07/01/22				1	585,250	113,7100	568,550	500,000	580,114		(5,136)			5.000	1.321	JJ	7,431		09/14/2017	07/01/2022
679111UH5	OKLAHOMA ST 5% 01/01/2019				1	272,713	103,4520	258,630	250,000	260,090		(9,996)			5.000	0.936	JJ	6,250	12,500	09/26/2016	01/01/2019
67919PMN0	OKLAHOMA ST WTR 5% DUE 04/01/2020				1	347,784	107,4640	322,392	300,000	325,131		(10,954)			5.000	1.214	AO	3,750	15,000	11/02/2015	04/01/2020
68608U2G0	OREGON ST HIGHER 5% 08/01/2019				1	278,733	105,3390	263,348	250,000	265,960		(9,963)			5.000	0.928	FA	5,208	12,500	09/19/2016	08/01/2019
686507GR9	ORLANDO FLA UTILS 5% DUE 10/01/20				1	464,688	108,6690	434,676	400,000	443,047		(15,359)			5.000	1.021	AO	5,000	20,000	08/03/2016	10/01/2020
702750CT5	PASSAIC CNTY 5.00% DUE 05/01/18				1	70,547	101,1110	60,667	60,000	60,653		(1,941)			5.000	1.705	MN	500	3,000	09/19/2012	05/01/2018
70914PLX8	PENNSYLVANIA ST 1.217% DUE 2/15/19				1	261,064	103,7460	223,054	215,000	223,333		(7,598)			1.217	(2.175)	FA	988	10,750	03/26/2013	02/15/2019
71883PKC0	PHOENIX AZ 5% 07/01/2020				1	1,135,910	108,0260	1,080,260	1,000,000	1,094,330		(36,974)			5.000	1.161	JJ	25,000	31,250	11/16/2016	07/01/2020
721799E34	PIMA CNTY ARIZ 4% DUE 07/01/2019				1	544,100	103,5000	517,500	500,000	523,343		(15,396)			4.000	0.861	JJ	10,000	17,000	08/25/2016	07/01/2019
762197SF9	RHODE ISL 5% DUE 09/15/2021				1	293,193	111,3260	278,315	250,000	282,863		(8,596)			5.000	1.351	MS	3,681	11,354	10/18/2016	09/15/2021
764603BC9	RICHMOND CNTY 4% DUE 01/01/2019				1	531,635	102,1890	510,945	500,000	514,424		(14,424)			4.000	1.061	JJ	10,000	13,667	10/25/2016	01/01/2019
765433JV0	RICHMOND VA 4.000% DUE:JAN 15 2018				1	516,390	100,0870	500,435	500,000	500,578		(14,826)			4.000	1.012	JJ	9,222	12,111	12/07/2016	01/15/2018
770873KY2	ROBINSON TWP PA 5.375% DUE 5/15/18				1	29,000	100,5300	25,133	25,000	25,259		(743)			5.375	2.326	MN	209	1,344	09/19/2012	05/05/2018
771694LE4	ROCHESTER NY 1.763% 02/01/2020				1	362,379	107,0690	321,207	300,000	318,464		(9,020)			1.763	(1.147)	FA	2,204	15,000	03/26/2013	02/01/2020
777152NK1	ROSE TREE MEDIA 2% DUE 02/01/2020				1	250,329	100,3440	245,843	245,000	247,713		(1,274)			2.000	1.458	FA	2,042	4,900	12/07/2015	02/01/2020
000000000	SALT LAKE CITY 5% DUE 07/01/2022				1	586,065	113,7560	568,780	500,000	572,311		(13,754)			5.000	1.652	JJ	12,500	8,889	02/09/2017	07/01/2022
79574CBL6	SALT RIV AGRIC AZ 5.000% JAN 1, 2021				1	1,133,860	109,6870	1,096,870	1,000,000	1,099,183		(32,021)			5.000	1.601	JJ	25,000	29,167	12/01/2016	01/01/2021
829594LK4	SIOUX FALLS SD 5% DUE 11/15/2021				1	570,155	112,1770	560,885	500,000	567,372		(2,783)			5.000	1.412	MN	3,194		11/02/2017	11/15/2021
837151NJ4	SOUTH CAROLINA 5% 12/01/2018				1	540,965	103,1730	515,865	500,000	518,125		(19,586)			5.000	1.016	JD	2,083	25,000	11/01/2016	12/01/2018
837151LV9	SOUTH CAROLINA ST 5% 01/01/2019				1	272,400	103,3210	258,303	250,000	259,884		(9,785)			5.000	1.016	JJ	6,250	12,500	09/20/2016	01/01/2019
8662032X3	SUMMIT NJ SCH 2% DUE 03/01/2021				1	208,400	100,9690	201,938	200,000	205,577		(1,721)			2.000	1.101	MS	1,333	5,456	05/09/2016	03/01/2021
882723MU0	TEXAS ST TRANSN 5% DUE 10/01/2020				1	134,221	108,9220	125,260	115,000	126,219		(3,977)			5.000	1.372	AO	5,750	10,000	12/22/2015	10/01/2020
882854XF4	TEXAS WTR 5% DUE 04/15/2019				1	275,010	104,4560	261,140	250,000	262,971		(9,959)			5.000	0.940	AO	2,639	12,569	10/13/2016	04/15/2019
914805ES1	UNIV PITTSBURGH 2.32% DUE 9/15/21				1	702,268	99,8860	699,202	700,000	702,199		(69)			2.320	2.231	MS	1,759		11/22/2017	09/15/2021
914399RA0	University bonds 4.0% due 3-1-2021				1	714,922	107,1960	696,774	650,000	704,459		(10,464)			4.000	1.291	MS	8,667	7,511	05/17/2017	03/01/2021
914455PJ3	UNIVERSITY MICH 5% DUE 04/01/2020				1	348,087	107,4410	322,323	300,000	325,285		(11,025)			5.000	1.192	AO	3,750	15,000	12/02/2015	04/01/2020
9151373V3	UNIVERSITY TEX 5% DUE 08/15/2022				1	1,156,380	114,3040	1,143,040	1,000,000	1,152,134		(4,246)			5.000	1.575	FA	6,867		11/13/2017	08/15/2022
927781G32	VIRGINIA COLLEGE 5% 09/01/2018				1	805,688	102,3250	767,438	750,000	770,374		(30,357)			5.000	0.902	MS	12,500	37,500	11/02/2016	09/01/2018
93978HFK6	WASHINGTON ST HEALTH 5% 10/01/22				1	472,524	114,0470	456,188	400,000	467,333		(5,191)			5.000	1.331	AO	5,000	10,000	08/15/2017	10/01/2022
93974AMH4	WASHINGTON ST MOTOR 0% 06/01/20				1	293,967	95,7490	301,609	315,000	303,100		4,465			5.000	1.600	JD			11/27/2015	06/01/2020
967338YZ1	WICHITA KANS 5% DUE 10/01/2020				1	581,985	108,5500	542,750	500,000	554,820		(19,585)			5.000	0.951	AO	6,250	2		

## SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Design- nation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 F O R E I G N	5 Bond CHAR			8 Rate Used to Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other- Than- Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of Interest	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Stated Contractual Maturity Date
66989HAM0	NOVARTIS CAPITAL 2.40% DUE 5/17/22				1	1,002,490	99,7460	997,460	1,000,000	1,002,429			(61)		2.400	2.341	MN	2,267		11/27/2017	05/17/2022
74432QBP9	PRUDENTIAL FINANCIAL 4.5% 11/15/20				2FE	1,061,370	105,6750	1,056,750	1,000,000	1,059,191			(2,179)		4.500	2.356	MN	4,875		11/22/2017	11/15/2020
747525AD5	QUALCOMM INC BOND 2.25 DUE 5/20/20				1	991,810	99,2290	992,290	1,000,000	992,143			333		2.250	2.591	MN	2,438		11/22/2017	05/20/2020
89236TBP9	TOYOTA MOTOR CREDIT 2.125% 7/18/19				1	1,001,900	100,0030	1,000,030	1,000,000	1,001,769			(131)		2.125	2.008	JJ	2,302		11/22/2017	07/18/2019
91324PCH3	UNITEDHEALTH GROUP 2.87% 12/15/21				1	1,018,380	101,2730	1,012,730	1,000,000	1,017,897			(483)		2.875	2.398	JJ	1,278	14,375	11/22/2017	12/15/2021
91159JAA4	US BANCORP 2.95% DUE 07/15/2022				1	1,020,790	101,3490	1,013,490	1,000,000	1,020,317			(473)		2.950	2.474	JJ	3,196		11/22/2017	07/15/2022
3299999	Subtotal - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					10,161,400	X X X	10,119,970	10,000,000	10,156,374			(5,026)		X X X	X X X	X X X	28,009	14,375	X X X	X X X
3899999	Subtotal - Industrial & Miscellaneous (Unaffiliated)					10,161,400	X X X	10,119,970	10,000,000	10,156,374			(5,026)		X X X	X X X	X X X	28,009	14,375	X X X	X X X
7799999	Subtotals - Issuer Obligations					196,281,560	X X X	192,226,147	190,166,206	194,218,836			(1,279,269)		X X X	X X X	X X X	971,767	2,357,725	X X X	X X X
7899999	Subtotals - Residential Mortgage-Backed Securities					1,671,240	X X X	1,671,954	1,603,403	1,655,184			(2,713)		X X X	X X X	X X X	3,556	88,242	X X X	X X X
8399999	Grand Total - Bonds					197,952,800	X X X	193,898,101	191,769,609	195,874,020			(1,281,982)		X X X	X X X	X X X	975,323	2,445,967	X X X	X X X

**E11 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned ..... NONE**

**E12 Schedule D - Part 2 Sn 2 Common Stocks Owned ..... NONE**

## SCHEDULE D - PART 3

### Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
<b>Bonds - U.S. Governments</b>								
3133EGG66	FFCB BOND 1.130% DUE 11/15/2019		11/27/2017	UBS Financial Services	X X X	1,977,367	2,000,000	753
3133EGAV7	FFCB BOND 1.17% DUE 05/17/2019		06/29/2017	UBS Financial Services	X X X	399,315	400,000	546
3133EFKU0	FFCB BOND 1.19% DUE 04/22/2019		06/29/2017	UBS Financial Services	X X X	499,503	500,000	1,107
3133EGLB9	FFCB bond 1.19% due 07-13-20		05/26/2017	UBS Financial Services	X X X	396,201	400,000	1,759
3133EGJV8	FFCB BOND 1.20% DUE 01/06/2020		09/18/2017	UBS Financial Services	X X X	997,206	1,000,000	2,200
3133ECA20	FFCB bond 1.20% due 12-17-19		05/25/2017	UBS Financial Services	X X X	997,267	1,000,000	5,267
3133EFWD5	FFCB Bond 1.23% due 1-25-2019		05/12/2017	Merrill Lynch	X X X	889,439	890,000	3,254
3133EGSA4	FFCB BOND 1.32% DUE 08/24/2020		08/22/2017	UBS Financial Services	X X X	745,693	750,000	4,895
3133EGTM7	FFCB bond 1.375% due 09-8-20		05/26/2017	UBS Financial Services	X X X	298,379	300,000	894
3133EFLZ8	FFCB BOND 1.46% DUE 10/28/2020		09/12/2017	UBS Financial Services	X X X	350,569	350,000	1,902
3133EHYL1	FFCB BOND 1.59% DUE 09/14/2020		10/26/2017	UBS Financial Services	X X X	1,992,005	2,000,000	3,710
3130A9NN7	FFCB bond 1.65% due 04-19-2022		05/26/2017	UBS Financial Services	X X X	247,066	250,000	424
3133EFBF3	FFCB BOND 1.65% DUE 08/27/2020		09/12/2017	UBS Financial Services	X X X	755,785	750,000	516
3133EHEN9	FFCB bond 1.67% due 4-3-2020		08/17/2017	Merrill Lynch	X X X	2,007,270	2,000,000	8,025
3133EHZV8	FFCB BOND 1.70% DUE 09/25/2020		11/22/2017	Merrill Lynch	X X X	3,731,273	3,750,000	9,633
3133EHXU2	FFCB BOND 1.80% DUE 09/07/2021		11/22/2017	UBS Financial Services	X X X	2,976,755	3,000,000	11,250
3133EGFP5	FFCB BOND 1.83% DUE 06/15/2022		06/23/2017	UBS Financial Services	X X X	249,130	250,000	102
3133EHUS0	FFCB BOND 1.875% DUE 08/16/2021		11/01/2017	Merrill Lynch	X X X	555,000	555,000	2,168
3133EHXM0	FFCB BOND 1.93% DUE 12/06/2021		11/01/2017	Merrill Lynch	X X X	748,605	750,000	2,211
3133EG4F9	FFCB BOND 1.930% DUE 01/19/2021		08/17/2017	Merrill Lynch	X X X	603,000	600,000	901
3133EG6N0	FFCB BOND 1.94% DUE 02/09/2021		02/17/2017	Merrill Lynch	X X X	2,003,500	2,000,000	862
3133EHQM8	FFCB BOND 1.95% DUE 10/05/2021		11/22/2017	Merrill Lynch	X X X	2,983,500	3,000,000	7,963
3133EHP31	FFCB BOND 1.95% DUE 11/02/2021		11/22/2017	UBS Financial Services	X X X	2,998,175	3,000,000	3,250
3133EHLR9	FFCB BOND 2.00% DUE 07/19/2021		08/17/2017	Merrill Lynch	X X X	1,006,650	1,000,000	1,556
3133EHD83	FFCB BOND 2.00% DUE 10/05/2021		11/01/2017	Merrill Lynch	X X X	345,776	345,000	498
3133EHGS6	FFCB bond 2.03% due 04-25-22		05/22/2017	UBS Financial Services	X X X	2,007,505	2,000,000	3,045
3133EHJY0	FFCB bond 2.07% due 05-23-22		05/25/2017	UBS Financial Services	X X X	2,007,005	2,000,000	230
3133EHSB0	FFCB BOND 2.10% DUE 07/25/2022		08/17/2017	Merrill Lynch	X X X	1,004,200	1,000,000	1,283
3133EHZX4	FFCB BOND 2.10% DUE 09/26/2022		11/01/2017	Merrill Lynch	X X X	1,000,000	1,000,000	2,042
3133EHKQ5	FFCB BOND 2.14% DUE 11/25/2022		11/30/2017	Merrill Lynch	X X X	3,681,836	3,700,000	4,304
3133EHCN1	FFCB Bond 2.14% due 3-16-2021		05/12/2017	Merrill Lynch	X X X	997,673	990,000	3,296
3133EFQ26	FFCB Bond 2.15% due 09-21-2022		05/12/2017	Merrill Lynch	X X X	999,900	1,000,000	3,046
3133EHE58	FFCB BOND 2.16% DUE 10/11/2022		11/22/2017	VARIOUS	X X X	2,398,211	2,400,000	4,644
3133EHS38	FFCB BOND 2.23% DUE 11/15/2022		11/30/2017	VARIOUS	X X X	4,987,945	5,000,000	3,903
3133EDQB1	FFCB BOND 2.35% DUE 07/09/2021		06/23/2017	UBS Financial Services	X X X	797,256	775,000	8,297
3133EDCT7	FFCB BOND 2.50% DUE 06/30/2020		03/21/2017	UBS Financial Services	X X X	515,630	500,000	2,813
3130A8Y72	FHLB bond 0.875% due 08-05-19		05/22/2017	UBS Financial Services	X X X	993,625	1,000,000	2,601
3130A9Z95	FHLB BOND 1% DUE 11/23/2021		06/16/2017	UBS Financial Services	X X X	992,818	1,000,000	639
3130A8QS5	FHLB BOND 1.125% DUE 07/14/2021		08/11/2017	UBS Financial Services	X X X	2,473,669	2,525,000	5,748
3130AARE0	FHLB BOND 1.15% DUE 10/31/2018		03/21/2017	UBS Financial Services	X X X	502,604	500,000	815
313383HQ7	FHLB BOND 1.20% DUE 06/27/2018		03/21/2017	UBS Financial Services	X X X	508,151	505,000	1,414
3130A8JZ7	FHLB BOND 1.22% DUE 12/30/2019		06/16/2017	UBS Financial Services	X X X	447,250	450,000	2,532
313381C94	FHLB BOND 1.25% DUE 12/13/2019		06/29/2017	UBS Financial Services	X X X	803,965	805,000	447
3130AAXX1	FHLB BOND 1.375% DUE 03/18/2019		03/21/2017	UBS Financial Services	X X X	1,005,129	1,000,000	420
313380FB8	FHLB BOND 1.375% DUE 09/13/2019		12/20/2017	UBS Financial Services	X X X	993,931	1,000,000	3,705
3130AA3R7	FHLB BOND 1.375% DUE 11/15/2019		11/27/2017	UBS Financial Services	X X X	2,488,612	2,495,000	5,421
3133782M2	FHLB BOND 1.50% DUE 03/08/2019		12/20/2017	UBS Financial Services	X X X	1,497,023	1,500,000	6,375
3133812C8	FHLB BOND 1.50% DUE 05/08/2020		10/26/2017	UBS Financial Services	X X X	996,005	1,000,000	7,000
3130ACM92	FHLB BOND 1.50% DUE 10/21/2019		11/27/2017	UBS Financial Services	X X X	1,695,569	1,700,000	3,117
3130A9WN7	FHLB BOND 1.60% DUE 10/28/2021		06/29/2017	UBS Financial Services	X X X	545,941	550,000	1,491
3130A8FC2	FHLB BOND 1.620% DUE 06/14/2021		09/12/2017	UBS Financial Services	X X X	499,755	500,000	1,980
3130ABVU7	FHLB BOND 1.625% DUE 07/27/2020		08/17/2017	Merrill Lynch	X X X	702,450	700,000	632
3130ABNQ5	FHLB BOND 1.625% DUE 06/26/2020		11/01/2017	Merrill Lynch	X X X	600,804	600,000	3,385

## SCHEDULE D - PART 3

### Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
3130ACN83	FHLB BOND 1.70% DUE 05/15/2020		11/22/2017	Merrill Lynch	X X X	2,985,840	3,000,000	3,400
313376BR5	FHLB BOND 1.75% 12/14/2018		03/21/2017	UBS Financial Services	X X X	1,013,075	1,000,000	4,715
313383HU8	FHLB bond 1.75% due 06-12-20		05/22/2017	UBS Financial Services	X X X	1,011,235	1,000,000	7,778
3130ACBK9	FHLB BOND 1.75% DUE 08/23/2022		08/30/2017	UBS Financial Services	X X X	750,000	750,000	
3130AAX52	FHLB BOND 1.75% DUE 08/25/2020		03/21/2017	UBS Financial Services	X X X	1,006,668	1,000,000	681
313382J53	FHLB BOND 1.75% DUE 09/28/2020		06/23/2017	UBS Financial Services	X X X	998,608	990,000	4,091
313378J77	FHLB BOND 1.875% DUE 03/13/2020		05/22/2017	UBS Financial Services	X X X	1,521,414	1,500,000	3,802
313383MB4	FHLB BOND 1.875% DUE 06/12/20		07/21/2017	UBS Financial Services	X X X	759,538	750,000	1,523
3130AABG2	FHLB BOND 1.875% DUE 11/29/2021		03/21/2017	UBS Financial Services	X X X	999,695	1,000,000	5,781
3130ACKK9	FHLB BOND 2.00% DUE 04/25/2022		11/24/2017	UBS Financial Services	X X X	1,915,005	1,915,000	3,085
3130ACVG6	FHLB BOND 2.00% DUE 11/25/2020		12/06/2017	Merrill Lynch	X X X	1,249,375	1,250,000	417
3130ACKL7	FHLB BOND 2.15% DUE 10/19/2022		11/22/2017	UBS Financial Services	X X X	772,680	775,000	1,527
3130ACKD5	FHLB BOND 2.25% DUE 10/24/2022		11/01/2017	Merrill Lynch	X X X	1,003,000	1,000,000	438
3130ACH64	FHLB BOND 2.25% DUE 10/26/2022		11/22/2017	Merrill Lynch	X X X	2,992,500	3,000,000	5,250
313378CR0	FHLB BOND 2.250% DUE 03/11/2022		03/21/2017	UBS Financial Services	X X X	1,013,565	1,000,000	625
3130ACH72	FHLB BOND 2.26% DUE 10/04/2022		11/22/2017	Merrill Lynch	X X X	2,996,400	3,000,000	9,417
3133EHDP5	FHLB BOND 2.27% DUE 03/23/2022		03/23/2017	UBS Financial Services	X X X	1,006,005	1,000,000	
313376C94	FHLB BOND 2.625% DYE 12/10/2021		12/22/2017	UBS Financial Services	X X X	2,778,579	2,725,000	2,384
3130ACE26	FHLB BOND NTS 1.375% DUE 09/28/20		12/20/2017	UBS Financial Services	X X X	985,538	1,000,000	3,132
3134GB3W0	FHLM BOND 2.15% DUE 11/24/2021		11/30/2017	Merrill Lynch	X X X	2,997,000	3,000,000	179
3134GBX80	FHLM BOND 2.30% DUE 11/14/2022		11/30/2017	Merrill Lynch	X X X	2,997,420	3,000,000	3,067
912828VA5	US TREASURY NOTE 1.125% 4/30/20		10/26/2017	UBS Financial Services	X X X	1,483,716	1,500,000	8,208
912828ST8	US TREASURY NOTE 1.25% DUE 4/30/19		10/26/2017	UBS Financial Services	X X X	1,496,912	1,500,000	9,120
0599999 Subtotal - Bonds - U.S. Governments						105,632,663	105,690,000	238,891
<b>Bonds - U.S. Political Subdivisions of States (Direct and Guaranteed)</b>								
13063CEC0	CALIFORNIA ST BOND 5% DUE 09/01/22		09/19/2017	Merrill Lynch	X X X	1,177,340	1,000,000	2,500
534272B57	LINCOLN NEB BOND 5% DUE 09/01/2021		09/12/2017	Merrill Lynch	X X X	575,740	500,000	764
56045RWQ8	MAIN MUN BD BK 5% DUE 11/01/2021		01/19/2017	Merrill Lynch	X X X	568,330	500,000	
57582PK74	MASSACHUSETTS ST 5% DUE 04/01/2019		01/17/2017	Merrill Lynch	X X X	432,796	400,000	5,889
603790KU9	MINNEAPOLIS MIN BOND 5% DUE 2/1/22		12/06/2017	Merrill Lynch	X X X	1,139,080	1,000,000	
606341KK0	MISSOURI ST BOND 5% DUE 04/01/2022		09/07/2017	Merrill Lynch	X X X	583,935	500,000	
6133407H5	MONTGOMERY CNTY 5% DUE 10/01/2022		11/07/2017	Merrill Lynch	X X X	1,167,090	1,000,000	
63968AU86	NEBRASKA PUB 5% DUE 01/01/2022		04/19/2017	Merrill Lynch	X X X	572,510	500,000	
64465PYZ5	NEW HAMPSHIE BOND 5% DUE 08/15/202		09/20/2017	Merrill Lynch	X X X	1,175,170	1,000,000	4,861
646140CF8	NEW JERSEY ST 2.536% DUE 01/01/21		12/14/2017	Merrill Lynch	X X X	1,000,000	1,000,000	
65829BP8	NORTH CAROLINA ST 5% 06/01/2021		08/23/2017	Merrill Lynch	X X X	1,143,180	1,000,000	12,083
67884XBH9	Oklahoma bonds 5.0% due 8-15-2022		05/02/2017	Merrill Lynch	X X X	874,598	750,000	8,021
678514BX7	OKLAHOMA CAP BOND 5% DUE 07/01/22		09/14/2017	Merrill Lynch	X X X	585,250	500,000	5,069
795576GA9	SALT LAKE CITY 5% DUE 07/01/2022		02/09/2017	Merrill Lynch	X X X	586,065	500,000	
829594LK4	SIOUX FALLS SD 5% DUE 11/15/2021		11/02/2017	Merrill Lynch	X X X	570,155	500,000	
914805ES1	UNIV PITTSBURGH 2.32% DUE 9/15/21		11/22/2017	Merrill Lynch	X X X	702,268	700,000	3,248
914399RA0	University bonds 4.0% due 3-1-2021		05/17/2017	Merrill Lynch	X X X	714,922	650,000	
9151373V3	UNIVERSITY TEX 5% DUE 08/15/2022		11/13/2017	Merrill Lynch	X X X	1,156,380	1,000,000	12,500
93978HFK6	WASHINGTON ST HEALTH 5% 10/01/22		08/15/2017	Merrill Lynch	X X X	472,524	400,000	7,444
97705MJT3	WISCONSIN ST GO 5% DUE 05/01/2020		12/11/2017	Merrill Lynch	X X X	50,000	50,000	
97705MJU0	WISCONSIN ST GO 5% DUE 05/01/2020		12/11/2017	Merrill Lynch	X X X	85,000	85,000	
2499999 Subtotal - Bonds - U.S. Political Subdivisions of States (Direct and Guaranteed)						15,332,333	13,535,000	62,379
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>								
06406RAA5	BANK OF NY MELLON 2.60% 02/07/22		11/22/2017	Merrill Lynch	X X X	1,006,600	1,000,000	7,944
05531FAV5	BB&T CORPORATION 2.05% DUE 5/10/21		11/22/2017	Merrill Lynch	X X X	990,430	1,000,000	968
46625HKA7	JP MORGAN CHASE 2.25% DUE 01/23/20		12/01/2017	Merrill Lynch	X X X	1,000,900	1,000,000	8,000

## SCHEDULE D - PART 3

### Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
63946BAE0 ...	NBC UNIVERSAL MEDIA 4.375% 4/01/21 .....		11/22/2017 .....	Merrill Lynch .....	X X X .....	1,066,730 .....	1,000,000 .....	6,806 .....
66989HAM0 ...	NOVARTIS CAPITAL 2.40% DUE 5/17/22 .....		11/27/2017 .....	Merrill Lynch .....	X X X .....	1,002,490 .....	1,000,000 .....	800 .....
74432QBP9 ...	PRUDENTIAL FINANCIAL 4.5% 11/15/20 .....		11/22/2017 .....	Merrill Lynch .....	X X X .....	1,061,370 .....	1,000,000 .....	1,500 .....
747525AD5 ...	QUALCOMM INC BOND 2.25 DUE 5/20/20 .....		11/22/2017 .....	Merrill Lynch .....	X X X .....	991,810 .....	1,000,000 .....	438 .....
89236TBP9 ...	TOYOTA MOTOR CREDIT 2.125% 7/18/19 .....		11/22/2017 .....	Merrill Lynch .....	X X X .....	1,001,900 .....	1,000,000 .....	7,615 .....
91324PCH3 ...	UNITEDHEALTH GROUP 2.87% 12/15/21 .....		11/22/2017 .....	Merrill Lynch .....	X X X .....	1,018,380 .....	1,000,000 .....	12,938 .....
91159JAA4 ...	US BANCORP 2.95% DUE 07/15/2022 .....		11/22/2017 .....	Merrill Lynch .....	X X X .....	1,020,790 .....	1,000,000 .....	10,817 .....
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) .....					10,161,400 .....	10,000,000 .....	57,826 .....
8399997	Subtotal - Bonds - Part 3 .....					131,126,396 .....	129,225,000 .....	359,096 .....
8399998	Summary item from Part 5 for Bonds .....							
8399999	Subtotal - Bonds .....					131,126,396 .....	129,225,000 .....	359,096 .....
8999998	Summary Item from Part 5 for Preferred Stocks .....						X X X .....	
8999999	Subtotal - Preferred Stocks .....						X X X .....	
9799998	Summary Item from Part 5 for Common Stocks .....						X X X .....	
9799999	Subtotal - Common Stocks .....						X X X .....	
9899999	Subtotal - Preferred and Common Stocks .....						X X X .....	
9999999	Totals .....					131,126,396 .....	X X X .....	359,096 .....

# SCHEDULE D - PART 4

## Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	Forfeiture	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization/Accretion)	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date
<b>Bonds - U.S. Governments</b>																				
36295FCD4	GNMA PL 668868X		03/15/2017	PRINCIPAL RECEIPT	X X X	25,000	25,000	25,969	25,827		(827)		(827)		25,000				313	09/15/2038
36235QRPO	GNMA POOL 487543 UNIT 82		02/15/2017	PRINCIPAL RECEIPT	X X X	25,000	25,000	25,825	25,595		(595)		(595)		25,000				271	10/15/2026
36235TPY7	GNMA POOL 498826 UNIT 97		11/30/2017	PRINCIPAL RECEIPT	X X X	25,000	25,000	26,300	26,004		(1,004)		(1,004)		25,000				1,490	09/15/2028
36235XXM5	GNMA POOL 515329 UNIT 92		03/20/2017	PRINCIPAL RECEIPT	X X X	25,000	25,000	25,825	25,638		(638)		(638)		25,000				406	02/15/2029
36235XXL7	GNMA POOL 515329 UNIT 93		03/20/2017	PRINCIPAL RECEIPT	X X X	25,000	25,000	26,250	25,974		(974)		(974)		25,000				406	03/15/2029
91282BA83	U.S. TREASURY NOTE 2.375% 12/31/20		02/06/2017	DISPOSAL	X X X	209,532	205,000	212,543	211,114		(146)		(146)		210,968		(1,436)	(1,436)	2,932	12/31/2020
38378TQ37	GNMA CMO 2013 2.75% DUE 06/2043		12/20/2017	MATURITY	X X X	39,676	39,676	40,370	40,315		(640)		(640)		492				492	06/20/2043
0599999 Subtotal - Bonds - U.S. Governments						374,208	369,676	383,082	380,467		(4,824)		(4,824)		375,644		(1,436)	(1,436)	6,310	X X X
<b>Bonds - U.S. Political Subdivisions of States (Direct and Guaranteed)</b>																				
088281RP7	BEXAR CNTY TEX BOND 5% DUE 6/15/27		02/10/2017	DISPOSAL	X X X	146,530	125,000	150,614	147,300		(200)		(200)		147,100		(570)	(570)	955	06/15/2027
232263FA6	CUYAHOGA CNTY 3.60% DUE 06/01/17		06/01/2017	MATURITY	X X X	60,000	60,000	65,996	60,547		(547)		(547)		60,000				1,080	06/01/2017
246381EH6	DELAWARE ST BOND 5% DUE 07/01/27		02/10/2017	DISPOSAL	X X X	88,802	75,000	91,009	88,730		(123)		(123)		88,607		196	196	2,281	07/01/2027
5288284H6	LEWISVILLE TEX BOND 5% 08/15/2025		04/05/2017	DISPOSAL	X X X	293,290	250,000	306,325	296,922		(1,276)		(1,276)		295,646		(2,356)	(2,356)	8,160	08/15/2025
590281MV0	MERRIMACK CNTY NH BOND 5% 11/15/27		02/10/2017	DISPOSAL	X X X	177,237	150,000	184,470	179,936		(257)		(257)		179,679		(2,442)	(2,442)	1,771	11/15/2027
59447PTX9	MICHIGAN FIN AUTH 5% 10/01/2024		03/22/2017	DISPOSAL	X X X	260,933	225,000	281,086	264,116		(1,025)		(1,025)		263,091		(2,158)	(2,158)	5,500	10/01/2024
666045AM1	NORTHERN VA BOND 5% DUE 6/1/2026		02/10/2017	DISPOSAL	X X X	88,739	75,000	91,058	88,555		(138)		(138)		88,417		322	322	719	06/01/2026
67759HENO	OHIO ST SPL OBLG BOND 5% 04/01/26		03/22/2017	DISPOSAL	X X X	235,618	200,000	247,914	240,575		(873)		(873)		239,702		(4,084)	(4,084)	4,889	04/01/2026
68608UWQ5	OREGON ST 5.00% 05/01/2023		03/22/2017	DISPOSAL	X X X	117,412	100,000	127,752	117,857		(596)		(596)		117,261		151	151	2,028	05/01/2023
688022CB6	OSCEOLA CNTY FL 4% DUE 10/01/17		10/01/2017	MATURITY	X X X	60,000	60,000	66,900	61,063		(1,063)		(1,063)		60,000				2,400	10/01/2017
745160PR6	PR ACUEDU SEWER 6.1% 07/01/2034		12/31/2017	W/OFF	X X X		300,000	189,261	188,994		8,014		8,014		197,008		(197,008)	(197,008)	18,300	07/01/2034
745185BF4	PR HWY & TRANS 5.55% 07/01/18		12/31/2017	CALL REDEMPTION	X X X	280,000	575,000	442,601	509,979		31,637		31,637		541,617		(261,617)	(261,617)	25,438	07/01/2018
770783KY2	ROBINSON TWP PA 5.375% DUE 5/15/18		05/15/2017	DISPOSAL	X X X	15,000	15,000	17,400	15,601		(164)		(164)		15,437		(437)	(437)	403	05/05/2018
795685EU6	SALT LAKE CNTY UTAH 5% 02/01/2023		03/22/2017	DISPOSAL	X X X	117,068	100,000	122,258	117,098		(597)		(597)		116,501		567	567	3,278	02/01/2023
84055QER7	SOUTH TEXAS CMNTY 5% DUE 08/15/25		03/22/2017	DISPOSAL	X X X	291,250	250,000	287,390	279,403		(662)		(662)		278,741		12,509	12,509	7,708	08/15/2025
791687BM7	ST LOUIS MO 5.25% DUE 08/15/17		08/15/2017	MATURITY	X X X	60,000	60,000	70,250	61,344		(1,344)		(1,344)		60,000				3,150	08/15/2017
914729PP7	UNIVERSITY NORTH TEX 5% 04/15/2020		09/13/2017	DISPOSAL	X X X	137,273	125,000	144,665	139,379		(3,005)		(3,005)		136,374		898	898	5,694	04/15/2020
93974CJ43	WASHINGTON ST BOND 5% 07/01/25		03/22/2017	DISPOSAL	X X X	115,286	100,000	120,111	117,038		(406)		(406)		116,632		(1,346)	(1,346)	3,694	07/01/2025
93974DDH8	WASHINGTON ST VAR 5% DUE 02/01/25		02/10/2017	DISPOSAL	X X X	89,150	75,000	88,931	85,678		(126)		(126)		85,552		3,597	3,597	1,969	02/01/2025
97705LC39	WISCONSIN ST BOND 5% DUE 05/01/20		12/11/2017	DISPOSAL	X X X	147,311	135,000	157,896	152,088		(4,777)		(4,777)		147,311				6,750	05/01/2020
2499999 Subtotal - Bonds - U.S. Political Subdivisions of States (Direct and Guaranteed)						2,780,898	3,055,000	3,253,887	3,212,203		22,472		22,472		3,234,676		(453,778)	(453,778)	106,167	X X X
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																				
40434D756	DJIA LIRN ISSUER HSBG DUE 09/27/19		03/24/2017	DISPOSAL	X X X	290,325		250,000	278,250		(28,250)		(28,250)		250,000		40,325	40,325		
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						290,325		250,000	278,250		(28,250)		(28,250)		250,000		40,325	40,325		X X X
8399997 Subtotal - Bonds - Part 4						3,445,431	3,424,676	3,886,969	3,870,920		(10,602)		(10,602)		3,860,320		(414,889)	(414,889)	112,477	X X X
8399998 Summary Item from Part 5 for Bonds																				X X X
8399999 Subtotal - Bonds						3,445,431	3,424,676	3,886,969	3,870,920		(10,602)		(10,602)		3,860,320		(414,889)	(414,889)	112,477	X X X
8999998 Summary Item from Part 5 for Preferred Stocks																				X X X
8999999 Subtotal - Preferred Stocks																				X X X
9799998 Summary Item from Part 5 for Common Stocks																				X X X
9799999 Subtotal - Common Stocks																				X X X
9899999 Subtotal - Preferred and Common Stocks																				X X X
9999999 Totals						3,445,431	X X X	3,886,969	3,870,920		(10,602)		(10,602)		3,860,320		(414,889)	(414,889)	112,477	X X X

E14

E15	Schedule D - Part 5 LT Bonds/Stocks Acquired/Disp	NONE
E16	Schedule D - Part 6 Sn 1	NONE
E16	Schedule D - Part 6 Sn 2	NONE
E17	Schedule DA - Part 1 Short-Term Investments Owned	NONE
E18	Schedule DB - Part A Sn 1 Opt/Cap/Floors/Collars/Swaps/Forwards Open	NONE
E19	Schedule DB - Part A Sn 2 Opt/Cap/Floors/Collars/Swaps/Forwards Term.	NONE
E20	Schedule DB - Part B Sn 1 Futures Contracts Open	NONE
E21	Schedule DB - Part B Sn 2 Futures Contracts Terminated	NONE
E22	Schedule DB - Part D Sn 1 Counterparty Exposure for Derivative Instruments	NONE
E23	Schedule DB - Part D Sn 2 - Collateral Pledged By Reporting Entity	NONE
E23	Schedule DB - Part D Sn 2 - Collateral Pledged To Reporting Entity	NONE
E24	Schedule DL - Part 1 - Securities Lending Collateral Assets	NONE
E25	Schedule DL - Part 2 - Securities Lending Collateral Assets	NONE

## SCHEDULE E - PART 1 - CASH

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *
<b>open depositories</b>						
Banco Popular .....			526,008		121,410,797	X X X
UBS Financial Services .....			238		6,330	X X X
Merril Lynch .....					498,797	X X X
Merril Lynch .....					250,000	X X X
Envision .....					4,752,255	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....						
			X X X			X X X
0199999 Totals - Open Depositories .....						
			526,245		126,918,179	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....						
			X X X			X X X
0299999 Totals - Suspended Depositories .....						
			X X X			X X X
0399999 Total Cash On Deposit .....						
			526,245		126,918,179	X X X
0499999 Cash in Company's Office .....						
			X X X	X X X	X X X	X X X
0599999 Total Cash .....						
			526,245		126,918,179	X X X

### TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January .....	114,937,462	4. April .....	114,473,345	7. July .....	90,355,979	10. October .....	182,455,443
2. February .....	114,279,630	5. May .....	101,258,307	8. August .....	115,539,896	11. November .....	140,138,228
3. March .....	257,727,602	6. June .....	231,760,784	9. September .....	296,793,916	12. December .....	126,918,179

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9
CUSIP	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
<b>Bonds - U.S. Governments - Issuer Obligations</b>								
	US TREASURY BILL DUE 03/22/2018 .....		12/22/2017 ...	1.322	03/22/2018 ...	6,969,269		
0199999	Subtotal - Bonds - U.S. Governments - Issuer Obligations .....					6,969,269		
0599999	Subtotal - Bonds - U.S. Governments .....					6,969,269		
6099999	Subtotal - Bonds - SVO Identified Funds .....							
7799999	Subtotals - Bonds - Issuer Obligations .....					6,969,269		
8399999	Subtotals - Bonds .....					6,969,269		
8899999	Total Cash Equivalents .....					6,969,269		

## SCHEDULE E - PART 3 - SPECIAL DEPOSITS

	States, Etc.	1	2	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
		Type of Deposit	Purpose of Deposit	3	4	5	6
				Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value
1.	Alabama (AL)						
2.	Alaska (AK)						
3.	Arizona (AZ)						
4.	Arkansas (AR)						
5.	California (CA)						
6.	Colorado (CO)						
7.	Connecticut (CT)						
8.	Delaware (DE)						
9.	District of Columbia (DC)						
10.	Florida (FL)						
11.	Georgia (GA)						
12.	Hawaii (HI)						
13.	Idaho (ID)						
14.	Illinois (IL)						
15.	Indiana (IN)						
16.	Iowa (IA)						
17.	Kansas (KS)						
18.	Kentucky (KY)						
19.	Louisiana (LA)						
20.	Maine (ME)						
21.	Maryland (MD)						
22.	Massachusetts (MA)						
23.	Michigan (MI)						
24.	Minnesota (MN)						
25.	Mississippi (MS)						
26.	Missouri (MO)						
27.	Montana (MT)						
28.	Nebraska (NE)						
29.	Nevada (NV)						
30.	New Hampshire (NH)						
31.	New Jersey (NJ)						
32.	New Mexico (NM)						
33.	New York (NY)						
34.	North Carolina (NC)						
35.	North Dakota (ND)						
36.	Ohio (OH)						
37.	Oklahoma (OK)						
38.	Oregon (OR)						
39.	Pennsylvania (PA)						
40.	Rhode Island (RI)						
41.	South Carolina (SC)						
42.	South Dakota (SD)						
43.	Tennessee (TN)						
44.	Texas (TX)						
45.	Utah (UT)						
46.	Vermont (VT)						
47.	Virginia (VA)						
48.	Washington (WA)						
49.	West Virginia (WV)						
50.	Wisconsin (WI)						
51.	Wyoming (WY)						
52.	American Samoa (AS)						
53.	Guam (GU)						
54.	Puerto Rico (PR)	C	Statutory Deposit Requirement	600,000	600,000		
55.	U.S. Virgin Islands (VI)						
56.	Northern Mariana Islands (MP)						
57.	Canada (CAN)						
58.	Aggregate Alien and Other (OT)	X X X	X X X				
59.	TOTAL	X X X	X X X	600,000	600,000		
<b>DETAILS OF WRITE-INS</b>							
5801.							
5802.							
5803.							
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X	X X X				
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	X X X				



# SUPPLEMENTAL COMPENSATION EXHIBIT

For the Year Ended DECEMBER 31, 2017  
(To be filed by March 1)

## PART 1 - INTERROGATORIES

1. Is the reporting insurer is a member of a group of insurers or other holding company system? Yes [ ] No [X]  
 If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies that are part of the group: Yes [ ] No [X]  
 or 2) allocation to each insurer: Yes [ ] No [X]
  
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes [ ] No [X]
  
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes [ ] No [X]

## PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position	2 Year	3 Salary	4 Bonus	5 Stock Awards	6 Option Awards	7 Sign-on Payments	8 Severance Payments	9 All Other Compensation	10 Totals
1. Current Principal Executive Officer .....	2017								
	2016								
	2015								
2. Current Principal Financial Officer .....	2017		<b>NONE</b>						
	2016		<b>NONE</b>						
	2015		<b>NONE</b>						
3. ....	2017								
	2016								
	2015								
4. ....	2017								
	2016								
	2015								
5. ....	2017								
	2016								
	2015								
6. ....	2017								
	2016								
	2015								
7. ....	2017								
	2016								
	2015								
8. ....	2017								
	2016								
	2015								
9. ....	2017								
	2016								
	2015								
10. ....	2017								
	2016								
	2015								

## PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation and Company (if Outside Director)	Paid or Deferred for Services as Director				6 All Other Compensation Paid or Deferred	7 Totals
	2 Direct Compensation	3 Stock Awards	4 Option Awards	5 Other		
	<b>NONE</b>					

## PART 4 NARRATIVE DESCRIPTION OF MATERIAL FACTORS

Provide a narrative description of any material factors necessary to gain an understanding of the information disclosed in the tables.



# SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended DECEMBER 31, 2017  
(To Be Filed by April 1)

Of The MCS Advantage Inc.  
 Address (City, State, Zip Code) San Juan, PR, 00917  
 NAIC Group Code 1301 NAIC Company Code 13022 Employer's ID Number 660642758

The Investment Risk Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.  
 Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ ..... 377,618,062

1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
<b>2. Ten largest exposures to a single issuer/borrower/investment.</b>			
2.01 Banco Popular de Puerto Rico .....	Cash .....	121,410,797	32.152
2.02 Salt Riv Agric AZ .....	Bond .....	1,099,183	0.291
2.03 Phoenix AZ .....	Bond .....	1,094,330	0.290
2.04 NBC Universal Media .....	Bond .....	1,064,636	0.282
2.05 California ST .....	Bond .....	1,167,472	0.309
2.06 New Hampshier .....	Bond .....	1,165,424	0.309
2.07 Montgomery Cnty .....	Bond .....	1,162,131	0.308
2.08 University Tex .....	Bond .....	1,152,134	0.305
2.09 Minneapolis Min .....	Bond .....	1,136,815	0.301
2.10 North Carolina .....	Bond .....	1,129,914	0.299

NAIC Designation	1 Amount	2 Percent
<b>3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.</b>		
<b>Bonds</b>		
3.01 NAIC 1 .....	200,534,140	53.105
3.02 NAIC 2 .....	2,309,149	0.612
3.03 NAIC 3 .....		
3.04 NAIC 4 .....		
3.05 NAIC 5 .....		
3.06 NAIC 6 .....		
<b>Preferred Stocks</b>		
3.07 P/RP-1 .....		
3.08 P/RP-2 .....		
3.09 P/RP-3 .....		
3.10 P/RP-4 .....		
3.11 P/RP-5 .....		
3.12 P/RP-6 .....		

4. Assets held in foreign investments:  
 4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes[X] No [ ]  
 If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

	1 Amount	2 Percent
4.02 TOTAL admitted assets held in foreign investments .....		
4.03 Foreign-currency-denominated investments .....		
4.04 Insurance liabilities denominated in that same foreign currency .....		

## SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

	1 Amount	2 Percent
NAIC Sovereign Designation		
5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:		
5.01 Countries designated NAIC 1 .....		
5.02 Countries designated NAIC 2 .....		
5.03 Countries designated NAIC 3 or below .....		

	1 Amount	2 Percent
NAIC Sovereign Designation		
6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:		
Countries designated NAIC 1:		
6.01 .....		
6.02 .....		
Countries designated NAIC 2:		
6.03 .....		
6.04 .....		
Countries designated NAIC 3 or below:		
6.05 .....		
6.06 .....		

	1 Amount	2 Percent
Description		
7. Aggregate unhedged foreign currency exposure .....		

	1 Amount	2 Percent
NAIC Sovereign Designation		
8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:		
8.01 Countries designated NAIC 1 .....		
8.02 Countries designated NAIC 2 .....		
8.03 Countries designated NAIC 3 or below .....		

	1 Amount	2 Percent
NAIC Sovereign Designation		
9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:		
Countries designated NAIC 1:		
9.01 .....		
9.02 .....		
Countries designated NAIC 2:		
9.03 .....		
9.04 .....		
Countries designated NAIC 3 or below:		
9.05 .....		
9.06 .....		

1 Issuer	2 NAIC Designation	3 Amount	4 Percent
10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:			
10.01 .....			
10.02 .....			
10.03 .....			
10.04 .....			
10.05 .....			
10.06 .....			
10.07 .....			
10.08 .....			
10.09 .....			
10.10 .....			

## SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:  
 11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

	1 Amount	2 Percent
11.02 TOTAL admitted assets held in Canadian Investments .....		
11.03 Canadian-currency-denominated investments .....		
11.04 Canadian-denominated insurance liabilities .....		
11.05 Unhedged Canadian currency exposure .....		

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.  
 12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

1 Contractual Sales Restrictions	2 Amount	3 Percent
12.02 Aggregate statement value of investments with contractual sales restrictions .....		
Largest 3 investments with contractual sales restrictions:		
12.03 .....		
12.04 .....		
12.05 .....		

13. Amounts and percentages of admitted assets held in the ten largest equity interests:  
 13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

1 Name of Issuer	2 Amount	3 Percent
Assets held in equity interests:		
13.02 .....		
13.03 .....		
13.04 .....		
13.05 .....		
13.06 .....		
13.07 .....		
13.08 .....		
13.09 .....		
13.10 .....		
13.11 .....		

## SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:  
 14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

1 Investment Category	2 Amount	3 Percent
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities .....		
Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03 .....		
14.04 .....		
14.05 .....		

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:  
 15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

1 Investments in General Partnerships	2 Amount	3 Percent
15.02 Aggregate statement value of investments held in general partnership interests .....		
Largest 3 investments in general partnership interests:		
15.03 .....		
15.04 .....		
15.05 .....		

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:  
 16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

1 Type (Residential, Commercial, Agricultural)	2 Amount	3 Percent
TOTAL admitted assets held in Mortgage Loans		
16.02 .....		
16.03 .....		
16.04 .....		
16.05 .....		
16.06 .....		
16.07 .....		
16.08 .....		
16.09 .....		
16.10 .....		
16.11 .....		

## SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

Description	Loans	
	2 Amount	3 Percent
Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:		
16.12 Construction loans .....	.....	.....
16.13 Mortgage loans over 90 days past due .....	.....	.....
16.14 Mortgage loans in the process of foreclosure .....	.....	.....
16.15 Mortgage loans foreclosed .....	.....	.....
16.16 Restructured mortgage loans .....	.....	.....

Loan-to-Value	Residential		Commercial		Agricultural	
	1 Amount	2 Percent	3 Amount	4 Percent	5 Amount	6 Percent
17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:						
17.01 Above 95% .....	.....	.....	.....	.....	.....	.....
17.02 91% to 95% .....	.....	.....	.....	.....	.....	.....
17.03 81% to 90% .....	.....	.....	.....	.....	.....	.....
17.04 71% to 80% .....	.....	.....	.....	.....	.....	.....
17.05 Below 70% .....	.....	.....	.....	.....	.....	.....

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:
- 18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

1 Description	2 Amount	3 Percent
Largest five investments in any one parcel or group of contiguous parcels of real estate:		
18.02 .....	.....	.....
18.03 .....	.....	.....
18.04 .....	.....	.....
18.05 .....	.....	.....
18.06 .....	.....	.....

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:
- 19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[ ]  
 If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

1 Description	2 Amount	3 Percent
19.02 Aggregate statement value of investments held in mezzanine real estate loans .....	.....	.....
Largest three investments held in mezzanine real estate loans:		
19.03 .....	.....	.....
19.04 .....	.....	.....
19.05 .....	.....	.....

## SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

Description	At Year-End		Amount at End of Each Quarter		
	1 Amount	2 Percent	3 1st Qtr	4 2nd Qtr	5 3rd Qtr
20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:					
20.01 Securities lending agreements (do not include assets held as collateral for such transactions) .....					
20.02 Repurchase agreements .....					
20.03 Reverse repurchase agreements .....					
20.04 Dollar repurchase agreements .....					
20.05 Dollar reverse repurchase agreements .....					

Description	Owned		Written	
	1 Amount	2 Percent	3 Amount	4 Percent
21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:				
21.01 Hedging .....				
21.02 Income generation .....				
21.03 Other .....				

Description	At Year-End		Amount at End of Each Quarter		
	1 Amount	2 Percent	3 1st Qtr	4 2nd Qtr	5 3rd Qtr
22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:					
22.01 Hedging .....					
22.02 Income generation .....					
22.03 Replications .....					
22.04 Other .....					

Description	At Year-End		Amount at End of Each Quarter		
	1 Amount	2 Percent	3 1st Qtr	4 2nd Qtr	5 3rd Qtr
23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:					
23.01 Hedging .....					
23.02 Income generation .....					
23.03 Replications .....					
23.04 Other .....					



# ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT FOR YEAR

United States Policy Forms Direct Business Only

For The Year Ended DECEMBER 31, 2017

NAIC Group Code: 1301

(To Be Filed By April 1)

NAIC Company Code: 13022

Supps

	1	2	3	4	5	6	7
	Premiums Earned	Incurred Claims Amount	Change in Contract Reserves	Loss Ratio (2 + 3) / 1	Number of Policies or Certificates as of Dec. 31	Number of Covered Lives as of Dec. 31	Member Months
<b>A. INDIVIDUAL BUSINESS</b>							
<b>1. Comprehensive Major Medical</b>							
1.1. With Contract Reserves .....							
1.2. Without Contract Reserves .....							
1.3. Subtotal .....							
<b>2. Short-Term Medical</b>							
2.1. With Contract Reserves .....							
2.2. Without Contract Reserves .....							
2.3. Subtotal .....							
<b>3. Other Medical (Non-Comprehensive)</b>							
3.1. With Contract Reserves .....							
3.2. Without Contract Reserves .....							
3.3. Subtotal .....							
<b>4. Specified/Named Disease</b>							
4.1. With Contract Reserves .....							
4.2. Without Contract Reserves .....							
4.3. Subtotal .....							
<b>5. Limited Benefit</b>							
5.1. With Contract Reserves .....							
5.2. Without Contract Reserves .....							
5.3. Subtotal .....							
<b>6. Student</b>							
6.1. With Contract Reserves .....							
6.2. Without Contract Reserves .....							
6.3. Subtotal .....							
<b>7. Accident Only or AD&amp;D</b>							
7.1. With Contract Reserves .....							
7.2. Without Contract Reserves .....							
7.3. Subtotal .....							
<b>8. Disability Income - Short-Term</b>							
8.1. With Contract Reserves .....							
8.2. Without Contract Reserves .....							
8.3. Subtotal .....							

## ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT FOR YEAR

Supp 9

	1	2	3	4	5	6	7
	Premiums Earned	Incurred Claims Amount	Change in Contract Reserves	Loss Ratio (2 + 3) / 1	Number of Policies or Certificates as of Dec. 31	Number of Covered Lives as of Dec. 31	Member Months
<b>A. INDIVIDUAL BUSINESS (Continued)</b>							
<b>9. Disability Income - Long-Term</b>							
9.1. With Contract Reserves .....							
9.2. Without Contract Reserves .....							
9.3. Subtotal .....							
<b>10. Long-Term Care</b>							
10.1. With Contract Reserves .....							
10.2. Without Contract Reserves .....							
10.3. Subtotal .....							
<b>11. Medicare Supplement (Medigap)</b>							
11.1. With Contract Reserves .....							
11.2. Without Contract Reserves .....							
11.3. Subtotal .....							
<b>12. Dental</b>							
12.1. With Contract Reserves .....							
12.2. Without Contract Reserves .....							
12.3. Subtotal .....							
<b>13. State Children's Health Insurance Program</b>							
13.1. With Contract Reserves .....							
13.2. Without Contract Reserves .....							
13.3. Subtotal .....							
<b>14. Medicare</b>							
14.1. With Contract Reserves .....	1,657,127,924	1,397,637,353		84.3	192,482	192,482	2,355,081
14.2. Without Contract Reserves .....							
14.3. Subtotal .....	1,657,127,924	1,397,637,353		84.3	192,482	192,482	2,355,081
<b>15. Medicaid</b>							
15.1. With Contract Reserves .....							
15.2. Without Contract Reserves .....							
15.3. Subtotal .....							
<b>16. Medicare Part D - Stand-Alone</b>							
16.1. With Contract Reserves .....							
16.2. Without Contract Reserves .....							
16.3. Subtotal .....							
<b>17. Other Individual Business</b>							
17.1. With Contract Reserves .....							
17.2. Without Contract Reserves .....							
17.3. Subtotal .....							
<b>18. Total Individual Business</b>							
18.1. With Contract Reserves .....	1,657,127,924	1,397,637,353		84.3	192,482	192,482	2,355,081
18.2. Without Contract Reserves .....							
<b>19. Grand Total Individual</b>	<b>1,657,127,924</b>	<b>1,397,637,353</b>		<b>84.3</b>	<b>192,482</b>	<b>192,482</b>	<b>2,355,081</b>

## ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT FOR YEAR

Supp10

	1	2	3	4	5	6	7
	Premiums Earned	Incurred Claims Amount	Change in Contract Reserves	Loss Ratio (2 + 3) / 1	Number of Policies or Certificates as of Dec. 31	Number of Covered Lives as of Dec. 31	Member Months
<b>B. GROUP BUSINESS</b>							
<b>Comprehensive Major Medical</b>							
<b>1. Single Employer</b>							
1.1. Small Employer .....							
1.2. Other Employer .....							
1.3. Single Employer Subtotal .....							
2. Multiple Employer Assns and Trusts .....							
3. Other Associations and Discretionary Trusts .....							
4. Other Comprehensive Major Medical .....							
5. Comprehensive/Major Medical Subtotal .....							
<b>Other Medical (Non-Comprehensive)</b>							
6. Specified/Named Disease .....							
7. Limited Benefit .....							
8. Student .....							
9. Accident Only or AD&D .....							
10. Disability Income - Short-Term .....							
11. Disability Income - Long-Term .....							
12. Long-Term Care .....							
13. Medicare Supplement (Medigap) .....							
14. Federal Employees Health Benefits Plans .....							
15. Tricare .....							
16. Dental .....							
17. Medicare .....							
18. Medicare Part D - Stand-Alone .....							
19. Other Group Care .....							
20. GRAND TOTAL Group Business .....							
<b>C. OTHER BUSINESS</b>							
1. Credit (Individual and Group) .....							
2. Stop Loss/Excess Loss .....							
3. Administrative Services Only .....	X X X	X X X	X X X	X X X			
4. Administrative Services Contracts .....	X X X	X X X	X X X	X X X			
5. GRAND TOTAL Other Business .....							
<b>D. TOTAL BUSINESS</b>							
1. TOTAL Non U.S. Policy Forms .....							
2. GRAND TOTAL Individual, Group and Other Business .....	1,657,127,924	1,397,637,353		84.3	192,482	192,482	2,355,081

**ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT FOR YEAR**

**PART 1 - INDIVIDUAL POLICIES SUMMARY**

Description	1 Premiums Earned	2 Incurred Claims Amount	3 Change in Contract Reserves	4 Loss Ratio (2 + 3) / 1
1. U.S. Forms Direct Business	1,657,127,924	1,397,637,353		84.341
2. Other Forms Direct Business				
3. TOTAL Direct Business	1,657,127,924	1,397,637,353		84.341
4. Reinsurance Assumed				
5. Less Reinsurance Ceded				
6. TOTAL	1,657,127,924	1,397,637,353		84.341

**PART 2 - GROUP POLICIES SUMMARY**

Description	1 Premiums Earned	2 Incurred Claims Amount	3 Change in Contract Reserves	4 Loss Ratio (2 + 3) / 1
1. U.S. Forms Direct Business				
2. Other Forms Direct Business				
3. TOTAL Direct Business				
4. Reinsurance Assumed				
5. Less Reinsurance Ceded				
6. TOTAL				

**PART 3 - CREDIT POLICIES (Individual and Group) SUMMARY**

Description	1 Premiums Earned	2 Incurred Claims Amount	3 Change in Contract Reserves	4 Loss Ratio (2 + 3) / 1
1. U.S. Forms Direct Business				
2. Other Forms Direct Business				
3. TOTAL Direct Business				
4. Reinsurance Assumed				
5. Less Reinsurance Ceded				
6. TOTAL				

**PART 4 - ALL INDIVIDUAL, GROUP AND CREDIT POLICIES SUMMARY**

Description	1 Premiums Earned	2 Incurred Claims Amount	3 Change in Contract Reserves	4 Loss Ratio (2 + 3) / 1
1. U.S. Forms Direct Business	1,657,127,924	1,397,637,353		84.341
2. Other Forms Direct Business				
3. TOTAL Direct Business	1,657,127,924	1,397,637,353		84.341
4. Reinsurance Assumed				
5. Less Reinsurance Ceded				
6. TOTAL	1,657,127,924	1,397,637,353		84.341



**MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT  
For The Year Ended DECEMBER 31, 2017**

**(To be filed by March 1)  
FOR THE STATE OF PUERTO RICO**

NAIC Group Code: 1301

NAIC Company Code: 13022

Address (City, State and Zip Code): San Juan, PR 00917

Person Completing This Exhibit:

Title:

Telephone Number:

1 Compliance with OBRA	2 Policy Form Number	3 Standardized Medicare Supplement Benefit Plan	4 Medicare Select	5 Plan Characteristics	6 Date Approved	7 Date Approval Withdrawn	8 Date Last Amended	9 Date Closed	10 Policy Marketing Trade Name	Policies Issued Through 2014				Policies Issued in 2015, 2016, 2017			
										11 Premiums Earned	12 Incurred Claims		14 Number of Covered Lives	15 Premiums Earned	16 Incurred Claims		18 Number of Covered Lives
											12 Amount	13 Percent of Premiums Earned			16 Amount	17 Percent of Premiums Earned	
<b>NONE</b>																	
0299999 Total Experience on Group Policies .....																	

GENERAL INTERROGATORIES

1. If response in Column 1 is no, give full and complete details:
2. Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
  - 2.1 Address:
  - 2.2 Contact Person and Phone Number:
3. Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B)
  - 3.1 Address:
  - 3.2 Contact Person and Phone Number:
4. Explain any policies identified above as policy type "O":

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**NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS**  
**SCHEDULE SIS**

**STOCKHOLDER INFORMATION SUPPLEMENT**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2017**

**(To Be Filed by March 1)**

**REQUIRED BY THE APPLICABLE QUESTION ON THE SUPPLEMENTAL EXHIBITS AND SCHEDULES**  
**INTERROGATORIES FOR THE PROPERTY / CASUALTY, LIFE ACCIDENT AND HEALTH, TITLE**  
**AND HEALTH INSURANCE BLANKS**

TO ANNUAL STATEMENT OF THE

**MCS Advantage Inc.**

---

COMPANY

## FINANCIAL REPORTING TO STOCKHOLDERS

1. Did the company distribute to its stockholders prior to the Annual Meeting during the year an Annual Report for the previous year? Yes[ ] No[X]  
If answer is "Yes" attach copy. If answer is "No" explain in detail below. Attach separate sheet if necessary.:
  
2. Will the company distribute to its stockholders prior to the Annual Meeting during the following year an Annual Report for the current year? Yes[ ] No[X]  
If answer is "Yes" a copy of the report shall be forwarded to the Insurance Commissioner of the company's domiciliary state at the same time as it is distributed to stockholders. If answer is "No" explain in detail below. Attach separate sheet if necessary.:
  
3. If an Annual Report to stockholders was distributed for the previous year; (1) was such distribution prior to or contemporaneous with the solicitation of proxies in respect to the Annual Meeting? Yes[ ] No[X]  
If answer is "No" explain in detail below. Attach separate sheet if necessary.  
(2) Did it contain the following financial statements (indicate answer in Column A) and were such financial statements prepared substantially on the basis (individual or consolidated) as required to be present in the Company's Annual Statement (indicate answer in Column B)?

	Column A	Column B
<b>To be answered by Life and A &amp; H Companies:</b>		
a. Statement of Assets, Liabilities, Surplus and Other Funds .....	No .....	No .....
b. Summary of Operations .....	No .....	No .....
c. Surplus Account .....	No .....	No .....
<b>To be answered by Property and Casualty Companies:</b>		
a. Statement of Assets, Liabilities, Surplus and Other Funds .....	No .....	No .....
b. Statement of Income - Underwriting and Investment Exhibit .....	No .....	No .....
c. Capital and Surplus Account .....	No .....	No .....
<b>To be answered by Title Insurance Companies</b>		
a. Statement of Assets, Liabilities, Surplus and Other Funds .....	No .....	No .....
b. Statement of Income - Operations and Investment Exhibit .....	No .....	No .....
c. Capital and Surplus Account .....	No .....	No .....
<b>To be answered by Health Insurance Companies:</b>		
a. Statement of Assets, Liabilities, Capital and Surplus .....	No .....	No .....
b. Statement of Revenue and Expenses .....	No .....	No .....
c. Capital and Surplus Account .....	No .....	No .....



## STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

(See Instructions Below)

1	2	3	Number of Shares					8	9	
			4	5	Disposed of During Current Year		Owned at End of Current Year			Percentage of Voting Stock Directly and Indirectly Owned or Controlled at the End of the Current Year
					6	7				
Name and Title of (a) Each Director and Each Officer with any ownership and (b) any other Owner of more than 10%	Title of Security	Nature of Ownership	Owned at end of Prior Year	Acquired During Current Year	Held Less Than 6 Months	Held 6 Months or More	Owned at End of Current Year	Percentage of Voting Stock Directly and Indirectly Owned or Controlled at the End of the Current Year		
.....	.....	.....	.....	.....	.....	.....	.....	.....		

Note: Answer "yes" or "no" as to whether the information concerning the number of shares owned at the end of the year (as shown in Column 8) by each Director and the three highest paid Officers whose aggregate direct remuneration exceeded \$100,000 during the year, has been or will be furnished to stockholders in a proxy statement or otherwise.     No     If answer is "no", explain in detail on a separate sheet.

State the number of stockholders of record of the company at the end of the year. Answer: \_\_\_\_\_

Has the state of domicile granted an exemption or disclaimer of control? Answer:     No    

If answer is "yes" explain:



## Medicare Part D Coverage Supplement (Net of Reinsurance)

NAIC Group Code: 1301

(To be Filed By March 1)

NAIC Company Code: 13022

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected					
1.1 Standard Coverage					
1.11 With Reinsurance Coverage		X X X		X X X	
1.12 Without Reinsurance Coverage		X X X		X X X	
1.13 Risk-Corridor Payment Adjustments		X X X		X X X	
1.2 Supplemental Benefits		X X X		X X X	
2. Premiums Due and Uncollected - change					
2.1 Standard Coverage					
2.11 With Reinsurance Coverage		X X X		X X X	X X X
2.12 Without Reinsurance Coverage		X X X		X X X	X X X
2.2 Supplemental Benefits		X X X		X X X	X X X
3. Unearned Premium and Advance Premium - change					
3.1 Standard Coverage					
3.11 With Reinsurance Coverage		X X X		X X X	X X X
3.12 Without Reinsurance Coverage		X X X		X X X	X X X
3.2 Supplemental Benefits		X X X		X X X	X X X
4. Risk-Corridor Payment Adjustments - change					
4.1 Receivable		X X X		X X X	X X X
4.2 Payable		X X X		X X X	X X X
5. Earned Premiums					
5.1 Standard Coverage					
5.11 With Reinsurance Coverage		X X X		X X X	X X X
5.12 Without Reinsurance Coverage		X X X		X X X	X X X
5.13 Risk-Corridor Payment Adjustments		X X X		X X X	X X X
5.2 Supplemental Benefits		X X X		X X X	X X X
6. TOTAL Premiums		X X X		X X X	
7. Claims Paid					
7.1 Standard Coverage					
7.11 With Reinsurance Coverage		<b>NONE</b>		X X X	
7.12 Without Reinsurance Coverage		<b>NONE</b>		X X X	
7.2 Supplemental Benefits		<b>NONE</b>		X X X	
8. Claim Reserves and Liabilities - change					
8.1 Standard Coverage					
8.11 With Reinsurance Coverage		X X X		X X X	X X X
8.12 Without Reinsurance Coverage		X X X		X X X	X X X
8.2 Supplemental Benefits		X X X		X X X	X X X
9. Healthcare Receivables - change					
9.1 Standard Coverage					
9.11 With Reinsurance Coverage		X X X		X X X	X X X
9.12 Without Reinsurance Coverage		X X X		X X X	X X X
9.2 Supplemental Benefits		X X X		X X X	X X X
10. Claims Incurred					
10.1 Standard Coverage					
10.11 With Reinsurance Coverage		X X X		X X X	X X X
10.12 Without Reinsurance Coverage		X X X		X X X	X X X
10.2 Supplemental Benefits		X X X		X X X	X X X
11. TOTAL Claims		X X X		X X X	
12. Reinsurance Coverage and Low Income Cost Sharing					
12.1 Claims Paid - Net of reimbursements applied	X X X		X X X		
12.2 Reimbursements Received but Not Applied - change	X X X		X X X		
12.3 Reimbursements Receivable - change	X X X		X X X		X X X
12.4 Healthcare Receivables - change	X X X		X X X		X X X
13. Aggregate Policy Reserves - change					X X X
14. Expenses Paid		X X X		X X X	
15. Expenses Incurred		X X X		X X X	X X X
16. Underwriting Gain/Loss		X X X		X X X	X X X
17. Cash Flow Result	X X X	X X X	X X X	X X X	

Supp18 Long Term Care Form 1 ..... NONE

Supp19 Long Term Care Form 2 ..... NONE

Supp20 Long Term Care Form 3 - Part A ..... NONE

Supp21 Long Term Care Form 3 - Part B ..... NONE

Supp22 Long Term Care Form 3 - Part C ..... NONE



**LONG-TERM CARE EXPERIENCE REPORTING FORM 4  
LIFE AND ANNUITY PRODUCTS WITH LTC ACCELERATED BENEFITS**

REPORTING YEAR 2017  
(To Be Filed By April 1)

NAIC Group Code: 1301

NAIC Company Code: 13022

Incurring Year	1 Number of Policies In Force	2 Number of Certificates	3 Death Claims	4 LTC Accelerated Claims	5 Total Reserves
<b>A. Individual</b>					
1. Current .....	.....	.....	.....	.....	.....
2. Prior .....	.....	.....	.....	.....	.....
3. 2nd Prior .....	.....	.....	.....	.....	.....
<b>B. Group</b>					
1. Current .....	.....	.....	.....	.....	.....
2. Prior .....	.....	.....	.....	.....	.....
3. 2nd Prior .....	.....	.....	.....	.....	.....
<b>C. Summary</b>					
1. TOTAL Inception-to-Date .....	.....	.....	.....	.....	.....

Total Reserves are reserves for these particular life products with LTC accelerated benefits.  
Incurred claims are only the policies that claims have been triggered due to acceleration.

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1**

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at [http://www.naic.org/documents/committees\\_e\\_app\\_blanks\\_related\\_shce\\_cautionary\\_statement.pdf](http://www.naic.org/documents/committees_e_app_blanks_related_shce_cautionary_statement.pdf))

REPORT FOR: 1. CORPORATION: MCS Advantage Inc. 2. LOCATION: San Juan, PR 00917



NAIC Group Code 13017

BUSINESS IN THE STATE OF Puerto Rico DURING THE YEAR 2017

NAIC Company Code 13022

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	Business Subject to MLR									10 Government Business (Excluded by Statute)	11 Other Health Business	12 Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	13 Subtotal (Cols. 1 thru 12)	14 Uninsured Plans	15 Total (Cols. 13 + 14)
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9 Student Health Plans						
	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group							
1. Premium:															
1.1 Health premiums earned (From Part 2, Line 1.11)												1,682,279,772	1,682,279,772	X X X	1,682,279,772
1.2 Federal high risk pools														X X X	
1.3 State high risk pools														X X X	
1.4 Premiums earned including state and federal high risk programs (Lines 1.1 + 1.2 + 1.3)												1,682,279,772	1,682,279,772	X X X	1,682,279,772
1.5 Federal taxes and federal assessments															
1.6 State insurance, premium and other taxes (Similar local taxes of \$.....0)												34,472,019	34,472,019		34,472,019
1.6A Community Benefit Expenditures (informational only)												727,745	727,745		727,745
1.7 Regulatory authority licenses and fees															
1.8 Adjusted Premiums Earned (Lines 1.4 - 1.5 - 1.6 - 1.7)												1,647,080,009	1,647,080,009	X X X	1,647,080,009
1.9 Net assumed less ceded reinsurance premiums earned														X X X	
1.10 Other adjustments due to MLR calculations - Premiums														X X X	
1.11 Risk Revenue														X X X	
1.12 Net adjusted premiums earned after reinsurance (Lines 1.8 + 1.9 + 1.10 + 1.11)												1,647,080,009	1,647,080,009	X X X	1,647,080,009
2. Claims:															
2.1 Incurred claims excluding prescription drugs												1,094,837,126	1,094,837,126	X X X	1,094,837,126
2.2 Prescription drugs												340,089,976	340,089,976	X X X	340,089,976
2.3 Pharmaceutical rebates												37,289,749	37,289,749	X X X	37,289,749
2.4 State stop-loss, market stabilization and claim/census based assessments (informational only)														X X X	
3. Incurred medical incentive pools and bonuses												28,404,614	28,404,614	X X X	28,404,614
4. Deductible Fraud and Abuse Detection/Recovery Expenses (for MLR use only)												340,928	340,928		340,928
5.0 TOTAL Incurred Claims (Lines 2.1 + 2.2 - 2.3 + 3) (From Part 2, Line 2.15)												1,426,041,967	1,426,041,967	X X X	1,426,041,967
5.1 Net assumed less ceded reinsurance claims incurred														X X X	
5.2 Other adjustments due to MLR calculations - Claims														X X X	
5.3 Rebates Paid											X X X	X X X		X X X	
5.4 Estimated rebates unpaid prior year											X X X	X X X		X X X	
5.5 Estimated rebates unpaid current year											X X X	X X X		X X X	
5.6 Fee for service and co-pay revenue														X X X	
5.7 Net incurred claims after reinsurance (Lines 5.0 + 5.1 + 5.2 + 5.3 - 5.4 + 5.5 - 5.6)												1,426,041,967	1,426,041,967	X X X	1,426,041,967
6. Improving Health Care Quality Expenses Incurred:															
6.1 Improve health outcomes												4,425,334	4,425,334		4,425,334
6.2 Activities to prevent hospital readmissions												436,580	436,580		436,580
6.3 Improve patient safety and reduce medical errors												687,696	687,696		687,696
6.4 Wellness and health promotion activities												761,341	761,341		761,341
6.5 Health Information Technology expenses related to health improvement												160,000	160,000		160,000
6.6 TOTAL of Defined Expenses Incurred for Improving Health Care Quality (Lines 6.1 + 6.2 + 6.3 + 6.4 + 6.5)												6,470,951	6,470,951		6,470,951
7. Preliminary Medical Loss Ratio: MLR (Lines 4 + 5.0 + 6.6 - Footnote 2.0) / Line 1.8											X X X	X X X	0.870	X X X	X X X
8. Claim Adjustment Expenses:															
8.1 Cost containment expenses not included in quality of care expenses in Line 6.6											6,457,072		6,457,072		6,457,072
8.2 All other claims adjustment expenses															
8.3 TOTAL Claims adjustment expenses (Lines 8.1 + 8.2)											6,457,072		6,457,072		6,457,072
9. Claims Adjustment Expense Ratio (Line 8.3 / Line 1.8)													X X X	X X X	X X X

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1 (Continued)**

(To Be Filed by April 1 - Not for Rebate Purposes)

	Business Subject to MLR									10 Government Business (Excluded by Statute)	11 Other Health Business	12 Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	13 Subtotal (Cols. 1 thru 12)	14 Uninsured Plans	15 Total (Cols. 13 + 14)
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9 Student Health Plans						
	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group							
10. General and Administrative (G&A) Expenses:															
10.1 Direct sales salaries and benefits												14,063,626	14,063,626		14,063,626
10.2 Agents and brokers fees and commissions												10,347,424	10,347,424		10,347,424
10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)												1,284,221	1,284,221		1,284,221
10.4 Other general and administrative expenses												131,928,266	131,928,266		131,928,266
10.4A Community Benefit Expenditures (informational only)															
10.5 TOTAL General and administrative (Lines 10.1 + 10.2 + 10.3 + 10.4)												157,623,538	157,623,538		157,623,538
11. Underwriting Gain/(Loss) (Lines 1.12 - 5.7 - 6.6 - 8.3 - 10.5)										(6,457,072)		56,943,553	50,486,481	X X X	50,486,481
12. Income from fees of uninsured plans	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
13. Net investment and other gain/(loss)	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
14. Federal income taxes (excluding taxes on Line 1.5 above)	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
15. Net gain or (loss) (Lines 11 + 12 + 13 - 14)	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	50,486,481	X X X	50,486,481
16. ICD-10 Implementation Expenses (informational only; already included in general expenses and Line 6.5)															
16A. ICD-10 Implementation Expenses (informational only; already included in Line 6.5)															
O. OTHER INDICATORS:															
O1. Number of Certificates / Policies												192,482	192,482		192,482
O2. Number of Covered Lives												192,482	192,482		192,482
O3. Number of Groups	X X X			X X X											
O4. Member Months												2,355,081	2,355,081		2,355,081

(a) Is run off business reported in Columns 1 through 9 or 12? Yes[ ] No[X]  
 (b) If yes, show the amount of premiums and claims included: Premiums \$.....0 Claims \$.....0

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AFFORDABLE CARE ACT (ACA) RECEIPTS, PAYMENTS, RECEIVABLES and PAYABLES				
	Current Year		Prior Year	
	Comprehensive Health Coverage		Comprehensive Health Coverage	
	1 Individual Plans	2 Small Group Employer Plans	3 Individual Plans	4 Small Group Employer Plans
<b>ACA Receivables and Payables</b>				
1. Permanent ACA Risk Adjustment Program				
1.0 Premium adjustments receivable/(payable)	29,220,568		43,835,119	
2. Transitional ACA Reinsurance Program				
2.0 Total amounts recoverable for claims (paid & unpaid)	(23,063,877)	X X X	9,671,103	X X X
3. Temporary ACA Risk Corridors Program				
3.1 Accrued retrospective premium			11,652,851	
3.2 Reserve for rate credits or policy experience refunds	14,198,300			
<b>ACA Receipts and Payments</b>				
4. Permanent ACA Risk Adjustment Program				
4.0 Premium adjustments receipts/(payments)	37,218,002		47,831,157	
5. Transitional ACA Reinsurance Program				
5.0 Amounts received for claims	4,947,331	X X X	4,278,013	X X X
6. Temporary ACA Risk Corridors Program				
6.1 Retrospective premium received				
6.2 Rate credits or policy experience refunds paid	(10,953,548)		(15,988,465)	

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2**

(To Be Filed By April 1 - Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION: MCS Advantage Inc. 2. LOCATION: San Juan, PR 00917

**BUSINESS IN THE STATE OF Puerto Rico DURING THE YEAR 2017**

**NAIC Group Code 1301**

**NAIC Company Code 13022**

		Business Subject to MLR								9	10	11	12	13
		Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans						
		1	2	3	4	5	6	7	8					
		Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Total (a)
1.	Health Premiums Earned													
1.1	Direct premiums written												1,682,279,772	1,682,279,772
1.2	Unearned premium prior year													
1.3	Unearned premium current year													
1.4	Change in unearned premium (Lines 1.2 - 1.3)													
1.5	Paid rate credits												10,953,548	10,953,548
1.6	Reserve for rate credits current year												14,198,300	14,198,300
1.7	Reserve for rate credits prior year													
1.8	Change in reserve for rate credits (Lines 1.6 - 1.7)												14,198,300	14,198,300
1.9	Premium balances written off													
1.10	Group conversion charges													
1.11	TOTAL Direct premiums earned (Lines 1.1 + 1.4 - 1.9 + 1.10)												1,682,279,772	1,682,279,772
1.12	Assumed premiums earned from non-affiliates													
1.13	Net assumed less ceded premiums earned from affiliates													
1.14	Ceded premiums earned to non-affiliates													
1.15	Other adjustments due to MLR calculation - Premiums													
1.16	Net premiums earned (Lines 1.11 - 1.5 - 1.8 + 1.12 + 1.13 - 1.14 + 1.15)												1,657,127,924	1,657,127,924
2.	Direct Claims Incurred:													
2.1	Paid claims during the year												1,414,874,436	1,414,874,436
2.2	Direct claim liability current year													
2.3	Direct claim liability prior year													
2.4	Direct claim reserves current year												95,747,250	95,747,250
2.5	Direct claim reserves prior year												112,984,333	112,984,333
2.6	Direct contract reserves current year													
2.7	Direct contract reserves prior year													
2.8	Paid rate credits													
2.9	Reserve for rate credits current year													
2.10	Reserve for rate credits prior year													
2.11	Incurred medical incentive pools and bonuses (Lines 2.11a + 2.11b - 2.11c)													
2.11A	Paid medical incentive pools and bonuses current year												28,404,614	28,404,614
2.11B	Accrued medical incentive pools and bonuses current year												19,441,411	19,441,411
2.11C	Accrued medical incentive pools and bonuses prior year												26,344,416	26,344,416
2.12	Net healthcare receivables (Lines 2.12a - 2.12b)													
2.12A	Healthcare receivables current year													
2.12B	Healthcare receivables prior year													
2.13	Group conversion charge													
2.14	Multi-option coverage blended rate adjustment													
2.15	TOTAL Incurred Claims (Lines 2.1 + 2.2 - 2.3 + 2.4 - 2.5 + 2.6 - 2.7 + 2.8 + 2.9 - 2.10 + 2.11 - 2.12 + 2.13 + 2.14)												1,426,041,967	1,426,041,967
2.16	Assumed Incurred Claims from non-affiliates													
2.17	Net Assumed less Ceded Incurred Claims from affiliates													
2.18	Ceded Incurred Claims to non-affiliates													
2.19	Other Adjustments due to MLR calculation - Claims													
2.20	Net Incurred Claims (Lines 2.15 - 2.8 - 2.9 + 2.10 + 2.16 + 2.17 - 2.18 + 2.19)												1,426,041,967	1,426,041,967
3.	Fraud and Abuse Recoveries that Reduced PAID Claims in Line 2.1 above (informational only)													

(a) Column 13, Line 1.1 includes direct written premium of \$.....0 for stand-alone dental and \$.....0 for stand-alone vision policies.

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**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3 (Continued)**  
 (To Be Filed By April 1 - Not for Rebate Purposes)

	All Expenses	Improving Health Care Quality Expenses					Claims Adjustment Expenses		9 General Administrative Expenses	10 Total Expenses (6 to 9)
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses		
4.	Individual Mini-Med Plans Expenses									
4.1	Salaries (including \$.....0 for affiliated services)									
4.2	Outsourced services									
4.3	EDP equipment and software (including \$.....0 for affiliated services)									
4.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
4.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
4.6	Other expenses (including \$.....0 for affiliated services)									
4.7	Subtotal before reimbursements and taxes (Lines 4.1 to 4.6)									
4.8	Reimbursements by uninsured plans and fiscal intermediaries									
4.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
4.10	TOTAL (Lines 4.7 to 4.9)									
4.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
5.	Small Group Mini-Med Plans Expenses									
5.1	Salaries (including \$.....0 for affiliated services)									
5.2	Outsourced services									
5.3	EDP Equipment and Software (including \$.....0 for affiliated services)									
5.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
5.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
5.6	Other expenses (including \$.....0 for affiliated services)									
5.7	Subtotal before reimbursements and taxes (Lines 5.1 to 5.6)									
5.8	Reimbursements by uninsured plans and fiscal intermediaries									
5.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
5.10	TOTAL (Lines 5.7 to 5.9)									
5.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
6.	Large Group Mini-Med Plans Expenses									
6.1	Salaries (including \$.....0 for affiliated services)									
6.2	Outsourced services									
6.3	EDP equipment and software (including \$.....0 for affiliated services)									
6.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
6.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
6.6	Other expenses (including \$.....0 for affiliated services)									
6.7	Subtotal before reimbursements and taxes (Lines 6.1 to 6.6)									
6.8	Reimbursements by uninsured plans and fiscal intermediaries									
6.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
6.10	TOTAL (Lines 6.7 to 6.9)									
6.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									

Supp43 Puerto Rico

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3 (Continued)**  
 (To Be Filed By April 1 - Not for Rebate Purposes)

	All Expenses	Improving Health Care Quality Expenses					Claims Adjustment Expenses		9 General Administrative Expenses	10 Total Expenses (Cols. 6 to 9)
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses		
7.	Small Group Expatriate Plans Expenses									
7.1	Salaries (including \$.....0 for affiliated services)									
7.2	Outsourced services									
7.3	EDP equipment and software (including \$.....0 for affiliated services)									
7.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
7.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
7.6	Other expenses (including \$.....0 for affiliated services)									
7.7	Subtotal before reimbursements and taxes (Lines 7.1 to 7.6)									
7.8	Reimbursements by uninsured plans and fiscal intermediaries									
7.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
7.10	TOTAL (Lines 7.7 to 7.9)									
7.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
8.	Large Group Expatriate Plans Expenses									
8.1	Salaries (including \$.....0 for affiliated services)									
8.2	Outsourced services									
8.3	EDP equipment and software (including \$.....0 for affiliated services)									
8.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
8.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
8.6	Other expenses (including \$.....0 for affiliated services)									
8.7	Subtotal before reimbursements and taxes (Lines 8.1 to 8.6)									
8.8	Reimbursements by uninsured plans and fiscal intermediaries									
8.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
8.10	TOTAL (Lines 8.7 to 8.9)									
8.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
9.	Student Health Plans Expenses									
9.1	Salaries (including \$.....0 for affiliated services)									
9.2	Outsourced services									
9.3	EDP equipment and software (including \$.....0 for affiliated services)									
9.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
9.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
9.6	Other expenses (including \$.....0 for affiliated services)									
9.7	Subtotal before reimbursements and taxes (Lines 9.1 to 9.6)									
9.8	Reimbursements by uninsured plans and fiscal intermediaries									
9.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
9.10	TOTAL (Lines 9.7 to 9.9)									
9.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									

Supp44 Puerto Rico

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1**

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at [http://www.naic.org/documents/committees\\_e\\_app\\_blanks\\_related\\_shce\\_cautionary\\_statement.pdf](http://www.naic.org/documents/committees_e_app_blanks_related_shce_cautionary_statement.pdf))

REPORT FOR: 1. CORPORATION: MCS Advantage Inc. 2. LOCATION: San Juan, PR 00917



NAIC Group Code 13017

BUSINESS IN THE STATE OF Grand Total DURING THE YEAR 2017

NAIC Company Code 13022

Supp39 Grand Total

	Business Subject to MLR									10 Government Business (Excluded by Statute)	11 Other Health Business	12 Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	13 Subtotal (Cols. 1 thru 12)	14 Uninsured Plans	15 Total (Cols. 13 + 14)	
	Comprehensive Health Coverage			Mini-Med Plans		Expatriate Plans		9 Student Health Plans								
	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group		8 Large Group							
1. Premium:																
1.1 Health premiums earned (From Part 2, Line 1.11)												1,682,279,772	1,682,279,772	X X X	1,682,279,772	
1.2 Federal high risk pools														X X X		
1.3 State high risk pools														X X X		
1.4 Premiums earned including state and federal high risk programs (Lines 1.1 + 1.2 + 1.3)												1,682,279,772	1,682,279,772	X X X	1,682,279,772	
1.5 Federal taxes and federal assessments																
1.6 State insurance, premium and other taxes (Similar local taxes of \$.....0)												34,472,019	34,472,019		34,472,019	
1.6A Community Benefit Expenditures (informational only)												727,745	727,745		727,745	
1.7 Regulatory authority licenses and fees																
1.8 Adjusted Premiums Earned (Lines 1.4 - 1.5 - 1.6 - 1.7)												1,647,080,009	1,647,080,009	X X X	1,647,080,009	
1.9 Net assumed less ceded reinsurance premiums earned														X X X		
1.10 Other adjustments due to MLR calculations - Premiums														X X X		
1.11 Risk Revenue														X X X		
1.12 Net adjusted premiums earned after reinsurance (Lines 1.8 + 1.9 + 1.10 + 1.11)												1,647,080,009	1,647,080,009	X X X	1,647,080,009	
2. Claims:																
2.1 Incurred claims excluding prescription drugs												1,094,837,126	1,094,837,126	X X X	1,094,837,126	
2.2 Prescription drugs												340,089,976	340,089,976	X X X	340,089,976	
2.3 Pharmaceutical rebates												37,289,749	37,289,749	X X X	37,289,749	
2.4 State stop-loss, market stabilization and claim/census based assessments (informational only)														X X X		
3. Incurred medical incentive pools and bonuses												28,404,614	28,404,614	X X X	28,404,614	
4. Deductible Fraud and Abuse Detection/Recovery Expenses (for MLR use only)												340,928	340,928		340,928	
5.0 TOTAL Incurred Claims (Lines 2.1 + 2.2 - 2.3 + 3) (From Part 2, Line 2.15)												1,426,041,967	1,426,041,967	X X X	1,426,041,967	
5.1 Net assumed less ceded reinsurance claims incurred														X X X		
5.2 Other adjustments due to MLR calculations - Claims														X X X		
5.3 Rebates Paid											X X X			X X X		
5.4 Estimated rebates unpaid prior year											X X X			X X X		
5.5 Estimated rebates unpaid current year											X X X			X X X		
5.6 Fee for service and co-pay revenue														X X X		
5.7 Net incurred claims after reinsurance (Lines 5.0 + 5.1 + 5.2 + 5.3 - 5.4 + 5.5 - 5.6)												1,426,041,967	1,426,041,967	X X X	1,426,041,967	
6. Improving Health Care Quality Expenses Incurred:																
6.1 Improve health outcomes												4,425,334	4,425,334		4,425,334	
6.2 Activities to prevent hospital readmissions												436,580	436,580		436,580	
6.3 Improve patient safety and reduce medical errors												687,696	687,696		687,696	
6.4 Wellness and health promotion activities												761,341	761,341		761,341	
6.5 Health Information Technology expenses related to health improvement												160,000	160,000		160,000	
6.6 TOTAL of Defined Expenses Incurred for Improving Health Care Quality (Lines 6.1 + 6.2 + 6.3 + 6.4 + 6.5)												6,470,951	6,470,951		6,470,951	
7. Preliminary Medical Loss Ratio: MLR (Lines 4 + 5.0 + 6.6 - Footnote 2.0) / Line 1.8											X X X		0.870	X X X	X X X	X X X
8. Claim Adjustment Expenses:																
8.1 Cost containment expenses not included in quality of care expenses in Line 6.6											6,457,072		6,457,072		6,457,072	
8.2 All other claims adjustment expenses																
8.3 TOTAL Claims adjustment expenses (Lines 8.1 + 8.2)											6,457,072		6,457,072		6,457,072	
9. Claims Adjustment Expense Ratio (Line 8.3 / Line 1.8)													X X X	X X X	X X X	

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1 (Continued)**

(To Be Filed by April 1 - Not for Rebate Purposes)

	Business Subject to MLR									10 Government Business (Excluded by Statute)	11 Other Health Business	12 Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	13 Subtotal (Cols. 1 thru 12)	14 Uninsured Plans	15 Total (Cols. 13 + 14)
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9 Student Health Plans						
	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group							
10. General and Administrative (G&A) Expenses:															
10.1 Direct sales salaries and benefits												14,063,626	14,063,626		14,063,626
10.2 Agents and brokers fees and commissions												10,347,424	10,347,424		10,347,424
10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)												1,284,221	1,284,221		1,284,221
10.4 Other general and administrative expenses												131,928,266	131,928,266		131,928,266
10.4A Community Benefit Expenditures (informational only)															
10.5 TOTAL General and administrative (Lines 10.1 + 10.2 + 10.3 + 10.4)												157,623,538	157,623,538		157,623,538
11. Underwriting Gain/(Loss) (Lines 1.12 - 5.7 - 6.6 - 8.3 - 10.5)										(6,457,072)		56,943,553	50,486,481	X X X	50,486,481
12. Income from fees of uninsured plans	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X
13. Net investment and other gain/(loss)	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X
14. Federal income taxes (excluding taxes on Line 1.5 above)	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X
15. Net gain or (loss) (Lines 11 + 12 + 13 - 14)	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	50,486,481		X X X
16. ICD-10 Implementation Expenses (informational only; already included in general expenses and Line 6.5)															
16A. ICD-10 Implementation Expenses (informational only; already included in Line 6.5)															
O. OTHER INDICATORS:															
O1. Number of Certificates / Policies												192,482	192,482		192,482
O2. Number of Covered Lives												192,482	192,482		192,482
O3. Number of Groups	X X X			X X X											
O4. Member Months												2,355,081	2,355,081		2,355,081

(a) Is run off business reported in Columns 1 through 9 or 12? Yes[ ] No[X]  
 (b) If yes, show the amount of premiums and claims included: Premiums \$.....0 Claims \$.....0

Supp40 Grand Total

AFFORDABLE CARE ACT (ACA) RECEIPTS, PAYMENTS, RECEIVABLES and PAYABLES				
	Current Year		Prior Year	
	Comprehensive Health Coverage		Comprehensive Health Coverage	
	1 Individual Plans	2 Small Group Employer Plans	3 Individual Plans	4 Small Group Employer Plans
<b>ACA Receivables and Payables</b>				
1. Permanent ACA Risk Adjustment Program				
1.0 Premium adjustments receivable/(payable)	29,220,568		43,835,119	
2. Transitional ACA Reinsurance Program				
2.0 Total amounts recoverable for claims (paid & unpaid)	(23,063,877)	X X X	9,671,103	X X X
3. Temporary ACA Risk Corridors Program				
3.1 Accrued retrospective premium			11,652,851	
3.2 Reserve for rate credits or policy experience refunds	14,198,300			
<b>ACA Receipts and Payments</b>				
4. Permanent ACA Risk Adjustment Program				
4.0 Premium adjustments receipts/(payments)	37,218,002		47,831,157	
5. Transitional ACA Reinsurance Program				
5.0 Amounts received for claims	4,947,331	X X X	4,278,013	X X X
6. Temporary ACA Risk Corridors Program				
6.1 Retrospective premium received				
6.2 Rate credits or policy experience refunds paid	(10,953,548)		(15,988,465)	

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2**

(To Be Filed By April 1 - Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION: MCS Advantage Inc. 2. LOCATION: San Juan, PR 00917

**BUSINESS IN THE STATE OF Grand Total DURING THE YEAR 2017**

**NAIC Group Code 1301**

**NAIC Company Code 13022**

Supp41 Grand Total

		Business Subject to MLR								9	10	11	12	13
		Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans						
		1	2	3	4	5	6	7	8					
		Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Total (a)
1.	Health Premiums Earned													
1.1	Direct premiums written												1,682,279,772	1,682,279,772
1.2	Unearned premium prior year													
1.3	Unearned premium current year													
1.4	Change in unearned premium (Lines 1.2 - 1.3)													
1.5	Paid rate credits												10,953,548	10,953,548
1.6	Reserve for rate credits current year												14,198,300	14,198,300
1.7	Reserve for rate credits prior year													
1.8	Change in reserve for rate credits (Lines 1.6 - 1.7)												14,198,300	14,198,300
1.9	Premium balances written off													
1.10	Group conversion charges													
1.11	TOTAL Direct premiums earned (Lines 1.1 + 1.4 - 1.9 + 1.10)												1,682,279,772	1,682,279,772
1.12	Assumed premiums earned from non-affiliates													
1.13	Net assumed less ceded premiums earned from affiliates													
1.14	Ceded premiums earned to non-affiliates													
1.15	Other adjustments due to MLR calculation - Premiums													
1.16	Net premiums earned (Lines 1.11 - 1.5 - 1.8 + 1.12 + 1.13 - 1.14 + 1.15)												1,657,127,924	1,657,127,924
2.	Direct Claims Incurred:													
2.1	Paid claims during the year												1,414,874,436	1,414,874,436
2.2	Direct claim liability current year													
2.3	Direct claim liability prior year													
2.4	Direct claim reserves current year												95,747,250	95,747,250
2.5	Direct claim reserves prior year												112,984,333	112,984,333
2.6	Direct contract reserves current year													
2.7	Direct contract reserves prior year													
2.8	Paid rate credits													
2.9	Reserve for rate credits current year													
2.10	Reserve for rate credits prior year													
2.11	Incurred medical incentive pools and bonuses (Lines 2.11a + 2.11b - 2.11c)													
2.11A	Paid medical incentive pools and bonuses current year												28,404,614	28,404,614
2.11B	Accrued medical incentive pools and bonuses current year												19,441,411	19,441,411
2.11C	Accrued medical incentive pools and bonuses prior year												26,344,416	26,344,416
2.12	Net healthcare receivables (Lines 2.12a - 2.12b)													
2.12A	Healthcare receivables current year													
2.12B	Healthcare receivables prior year													
2.13	Group conversion charge													
2.14	Multi-option coverage blended rate adjustment													
2.15	TOTAL Incurred Claims (Lines 2.1 + 2.2 - 2.3 + 2.4 - 2.5 + 2.6 - 2.7 + 2.8 + 2.9 - 2.10 + 2.11 - 2.12 + 2.13 + 2.14)												1,426,041,967	1,426,041,967
2.16	Assumed Incurred Claims from non-affiliates													
2.17	Net Assumed less Ceded Incurred Claims from affiliates													
2.18	Ceded Incurred Claims to non-affiliates													
2.19	Other Adjustments due to MLR calculation - Claims													
2.20	Net Incurred Claims (Lines 2.15 - 2.8 - 2.9 + 2.10 + 2.16 + 2.17 - 2.18 + 2.19)												1,426,041,967	1,426,041,967
3.	Fraud and Abuse Recoveries that Reduced PAID Claims in Line 2.1 above (informational only)													

(a) Column 13, Line 1.1 includes direct written premium of \$.....0 for stand-alone dental and \$.....0 for stand-alone vision policies.



**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3 (Continued)**  
 (To Be Filed By April 1 - Not for Rebate Purposes)

	All Expenses	Improving Health Care Quality Expenses					Claims Adjustment Expenses		9 General Administrative Expenses	10 Total Expenses (6 to 9)
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses		
4.	Individual Mini-Med Plans Expenses									
4.1	Salaries (including \$.....0 for affiliated services)									
4.2	Outsourced services									
4.3	EDP equipment and software (including \$.....0 for affiliated services)									
4.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
4.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
4.6	Other expenses (including \$.....0 for affiliated services)									
4.7	Subtotal before reimbursements and taxes (Lines 4.1 to 4.6)									
4.8	Reimbursements by uninsured plans and fiscal intermediaries									
4.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
4.10	TOTAL (Lines 4.7 to 4.9)									
4.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
5.	Small Group Mini-Med Plans Expenses									
5.1	Salaries (including \$.....0 for affiliated services)									
5.2	Outsourced services									
5.3	EDP Equipment and Software (including \$.....0 for affiliated services)									
5.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
5.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
5.6	Other expenses (including \$.....0 for affiliated services)									
5.7	Subtotal before reimbursements and taxes (Lines 5.1 to 5.6)									
5.8	Reimbursements by uninsured plans and fiscal intermediaries									
5.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
5.10	TOTAL (Lines 5.7 to 5.9)									
5.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
6.	Large Group Mini-Med Plans Expenses									
6.1	Salaries (including \$.....0 for affiliated services)									
6.2	Outsourced services									
6.3	EDP equipment and software (including \$.....0 for affiliated services)									
6.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
6.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
6.6	Other expenses (including \$.....0 for affiliated services)									
6.7	Subtotal before reimbursements and taxes (Lines 6.1 to 6.6)									
6.8	Reimbursements by uninsured plans and fiscal intermediaries									
6.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
6.10	TOTAL (Lines 6.7 to 6.9)									
6.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									

Supp43 Grand Total

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3 (Continued)**  
 (To Be Filed By April 1 - Not for Rebate Purposes)

	All Expenses	Improving Health Care Quality Expenses					Claims Adjustment Expenses		9 General Administrative Expenses	10 Total Expenses (Cols. 6 to 9)
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses		
7.	Small Group Expatriate Plans Expenses									
7.1	Salaries (including \$.....0 for affiliated services)									
7.2	Outsourced services									
7.3	EDP equipment and software (including \$.....0 for affiliated services)									
7.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
7.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
7.6	Other expenses (including \$.....0 for affiliated services)									
7.7	Subtotal before reimbursements and taxes (Lines 7.1 to 7.6)									
7.8	Reimbursements by uninsured plans and fiscal intermediaries									
7.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
7.10	TOTAL (Lines 7.7 to 7.9)									
7.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
8.	Large Group Expatriate Plans Expenses									
8.1	Salaries (including \$.....0 for affiliated services)									
8.2	Outsourced services									
8.3	EDP equipment and software (including \$.....0 for affiliated services)									
8.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
8.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
8.6	Other expenses (including \$.....0 for affiliated services)									
8.7	Subtotal before reimbursements and taxes (Lines 8.1 to 8.6)									
8.8	Reimbursements by uninsured plans and fiscal intermediaries									
8.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
8.10	TOTAL (Lines 8.7 to 8.9)									
8.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									
9.	Student Health Plans Expenses									
9.1	Salaries (including \$.....0 for affiliated services)									
9.2	Outsourced services									
9.3	EDP equipment and software (including \$.....0 for affiliated services)									
9.4	Other equipment (excluding EDP) (including \$.....0 for affiliated services)									
9.5	Accreditation and certification (including \$.....0 for affiliated services)		XXX	XXX	XXX	XXX				
9.6	Other expenses (including \$.....0 for affiliated services)									
9.7	Subtotal before reimbursements and taxes (Lines 9.1 to 9.6)									
9.8	Reimbursements by uninsured plans and fiscal intermediaries									
9.9	Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
9.10	TOTAL (Lines 9.7 to 9.9)									
9.11	TOTAL fraud and abuse detection/recovery expenses included in Column 7 (informational only)									

Supp44 Grand Total



## SUPPLEMENTAL HEALTH CARE EXHIBIT'S EXPENSE ALLOCATION REPORT

(To Be Filed by April 1)

NAIC Group Code: 1301

NAIC Company Code: 13022

Description of allocation methodology:

### Detailed Description of Quality Improvement Expenses:

1 Expense Type from Part 3	2 New	3 Detailed Description of Expense



# Statement of Actuarial Opinion



# Approval from State of Domicile for Relief related to 5-Year Rotation Requirement for Lead Audit Partner



# Approval from State of Domicile for Relief related to 1-Year Cooling Off Period for Independent CPA



## **Approval from State of Domicile for Relief related to the Requirement for Audit Committees**



13022201735000100

2017

Document Code: 350

## Management's Discussion and Analysis

This discussion provides an assessment by management of the current financial position, results of operations, cash flow and liquidity, and changes in financial position of the Company. Information presented in this discussion supplements the financial statements, exhibits and schedules in the Annual Statement.

MCS Advantage, Inc. (the Company) is a health maintenance organization operating under the provisions of the Insurance Code and Insurance Regulations of the Commonwealth of Puerto Rico. All of the Company's business activities are in the Commonwealth of Puerto Rico, which exposes the Company to geographical risk. The Company is a wholly owned subsidiary of MCS Healthcare Holding, LLC (MCSHH).

The Company is primarily engaged in offering Medicare Advantage (MA) insurance coverage pursuant to one contract with the Centers for Medicaid & Medicare Services (CMS), a federal agency within the U.S. Department of Health and Human Services. Under the terms, CMS pays the Company, a fixed premium for each healthcare member of its coordinated care plan and the Company provides the coverage to that member for the health services provided. The contract with CMS is for a period of one year commencing on January 1 and ending on December 31, and can be renewed for periods of one year, as defined in the contract.

The MA plans offered by the Company provide coverage to residents of Puerto Rico who are eligible for Medicare benefits. These plans provide plan members with full Medicare benefits plus coverage of Medicare deductibles and copayment amounts and additional benefits that Medicare does not provide. Also, the Company provides enhanced benefit coverage to Medicaid-eligible members under the Medicare Platino Program sponsored by the Puerto Rico Health Insurance Administration (ASES, for its acronyms in Spanish)

### Financial Position

The Company's financial position at December 31 was as follows:

(In thousands)

	<u>2017</u>	<u>2016</u>
Bonds	\$ 195,874	\$ 69,879
Cash and short-term investments	133,887	95,803
Cash and invested assets	<u>329,761</u>	<u>165,681</u>
Premiums due and unpaid	34,636	24,379
Prepaid income taxes	-	4,639
Healthcare receivables	2,656	3,737
Uninsured plan and retrospective premiums receivable	-	41,829
Deferred tax assets	4,941	
Deferred Cost	-	12,907
Other assets	5,623	4,223
Total admitted assets	<u>377,618</u>	<u>257,393</u>
Claims payable	122,092	130,366
General expensed due and accrued	21,455	17,424
Aggregate health claim reserve	14,198	-
Liability for amounts held under uninsured plans	19,630	-
Income taxes payable	28,142	-
Other liabilities	18,828	27,123
Total liabilities	<u>224,344</u>	<u>174,913</u>
Capital and Surplus	<u>153,274</u>	<u>82,480</u>
Total liabilities and capital and surplus	\$ 377,618	\$ 257,393
Cash & Invested assets to total admitted assets	87.33%	64.37%
Claims liab to capital & surplus	125.54%	63.27%
Claims to total admitted assets	32.34%	50.66%
Capital & surplus to total admitted assets	40.59%	32.04%

## Management's Discussion and Analysis

The Company maintains an adequate level of liquidity to respond for claims payable. Cash and invested assets amounts to \$329.8 million representing 87.3% of total admitted assets. In addition, the uncollected premium balance of \$34.6 million is mainly from CMS sources and considered highly liquid. In 2016, we had net receivable from CMS related to Part D settlements, those amounts were reported as accrued retroactive premiums (risk corridor premium) and uninsured plan receivable. In 2017, Part D settlements ended into a payable to CMS balances and are reported as aggregate reserves and liability for amount held under uninsured plan. Deferred tax assets are those resulting from temporary differences of certain expenses an included a tax asset related to non-admitted assets. Other admitted assets include healthcare receivables composed of advances to providers, balance receivable from affiliates and investment income receivable.

In 2016, an amount of \$12.9 million of deferred cost related to risk score premiums to be collected in 2017 was recorded as an admitted asset. None for 2017.

Claims payable amounted to \$122.1 million in 2017 or a 32% of total admitted assets.

Income tax payable of \$28.1 million is the result of 2017 pre-tax income.

Decrease in other payables of \$8.3 million is mainly due to decrease of \$8.3 million in remittances and items not allocated.

Capital and surplus amounts to \$153.3million, which represents 40.6% of total admitted assets. Within surplus an amount of \$30.7 million is recorded as special surplus funds, this is the estimate amount that the Company will need to pay for the Health Insurance Tax in 2018.

### Results of Operations

The Company's result of operations is summarized as follows:

(In thousands)

	<u>2017</u>	<u>2016</u>
Net Premiums	\$ 1,682,280	\$ 1,763,161
Medical costs	1,426,042	1,522,292
Claims adjustment expenses	6,457	13,981
Administrative expenses	165,163	170,026
Total	<u>1,597,662</u>	<u>1,706,298</u>
Net underwriting gain (loss)	84,618	56,863
Net investment income	1,142	958
other income or expenses	-	(26,737)
Income before taxes	<u>85,759</u>	<u>31,083</u>
Income taxes	34,472	4,245
Net Income	\$ 51,287	\$ 26,838
MLR	84.77%	86.34%
Expense rate	9.82%	9.64%

The result of operations at the end of December 31, 2017 is a net income of \$51.3 million an increase of \$24.3 million over 2016.

## Management's Discussion and Analysis

Net premiums in 2017 amounted to \$1,682.3 million, a decrease of \$80.9 million from 2016. Decrease in premiums is mainly due to a decrease of 112,364 of member month from 2,467,445 in 2016 to 2,355,081 in 2017.

Claims for medical services amounted to \$1,426.0 million in 2017, a decrease of \$96.3 million from 2016. Decrease is mainly due to the above-mentioned decrease in member months and a decrease in utilization especially due to the aftermath of Hurricane Maria. The claims ratio was 84.77% representing a positive trend from the 86.34 % in 2016.

Administration expenses amounted to \$165.2 million in 2017 a decrease of \$4.9 million from 2016. The ratio of administrative cost to net premium income was 9.8%.

Other expense of \$26.8 in 2016 represents the federal health provider insurance tax. This tax was waived by the Federal government for 2017.

Net investment income for 2017 amounted to \$1.1 million.

### Cash Flow and Liquidity

The Company cash flows are summarized as follows:

	<u>2017</u>	<u>2016</u>
Cash provided from operating activities	\$ 147,032	\$ 17,237
Cash from investing activities	(128,287)	404
Cash from financing activities and other activities	19,340	13,549
Net change in cash	<u>\$ 38,085</u>	<u>\$ 31,191</u>



# Audited Financial Report



# Accountant's Letter of Qualification



## Communication of Internal Control Related Matters Noted in an Audit



# Management's Report of Internal Control over Financial Reporting

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# Amended Explanation Page

## Prior Period Data for Non-required Crosschecks

Prior Period Statement Location	1 Amount
1. 2016 Annual, Page 2, Assets, Line 05, Column 1 .....	95,802,676
2. 2016 Annual, Page 2, Assets, Line 28, Column 3 .....	257,393,674
3. 2016 Annual, Page 3, Liabilities, Line 01, Column 3 .....	112,984,333
4. 2016 Annual, Page 3, Liabilities, Line 02, Column 3 .....	17,381,212
5. 2016 Annual, Page 3, Liabilities, Line 04, Column 3 .....	
6. 2016 Annual, Page 3, Liabilities, Line 07, Column 3 .....	
7. 2016 Annual, Page 4, Statement of Revenue and Expenses, Line 02, Column 2 .....	1,763,161,459
8. 2016 Annual, Page 5, Statement of Revenue and Expenses (cont.), Line 49, Column 1 .....	82,480,094
9. 2016 Annual, Page 8, Underwriting & Investment Exhibit - Part 1, Line 12, Column 1 .....	1,763,161,459
10. 2016 Annual, Page 31, Schedule S Part 1 Section 2, Line 0799999, Column 7 .....	
11. 2016 Annual, Page 31, Schedule S Part 1 Section 2, Line 1099999, Column 7 .....	
12. 2016 Annual, Page SI02, Schedule A Verification, Line 09, Column 2 .....	
13. 2016 Annual, Page SI02, Schedule B Verification, Line 11, Column 2 .....	
14. 2016 Annual, Page SI03, Schedule BA Verification, Line 11, Column 2 .....	
15. 2016 Annual, Page SI03, Schedule D Verification, Line 10, Column 2 .....	69,878,585
16. 2016 Annual, Page SI11, Schedule DB Part A Verification, Line 09, Column 2 .....	
17. 2016 Annual, Page SI11, Schedule DB Part B Verification, Line 06, Column 4 .....	
18. 2016 Annual, Page SI13, Schedule DB Part C, Section 2, Line 07, Column 9 .....	
19. 2016 Annual, Page SI13, Schedule DB Part C, Section 2, Line 07, Column 10 .....	
20. 2016 Annual, Page E17, Schedule DA Part 1, Line 9199999, Column 8 .....	
21. 2016 Annual, Page E20, Schedule DB Part B, Section 1, Line 1449999, Column 15 .....	
22. 2016 Annual, Page E20, Schedule DB Part B, Section 1, Line 1449999, Column 17 .....	
23. 2016 Annual, Page E20, Schedule DB Part B, Section 1, Line 1449999, Column 18 .....	
24. 2016 Annual, Page E20, Schedule DB Part B, Section 1, Line 1449999, Column 19 .....	
25. 2016 Annual, Page E27, Schedule E Part 2, Line 8699999, Column 6 .....	
26. 2016 Annual, Page Supp29, Schedule S Part 1 Section 1, Line 0799999, Column 9 .....	
27. 2016 Annual, Page Supp29, Schedule S Part 1 Section 1, Line 1099999, Column 9 .....	
28. 2016 Annual, Page Supp80, Supplemental Health Care Exhibit - Part 1 (Grand Total), Line 05.5, Col. 15 .....	