



ANNUAL STATEMENT

For the Year Ended December 31, 2017
of the Condition and Affairs of the

Triple-S Salud, Inc.

NAIC Group Code.....4802, 0 (Current Period) (Prior Period) NAIC Company Code..... 55816 Employer's ID Number..... 660555677

Organized under the Laws of PR State of Domicile or Port of Entry PR Country of Domicile US

Licensed as Business Type.....Hospital, Medical and Dental Service or Is HMO Federally Qualified? Yes [] No []

Indemnity

Incorporated/Organized..... July 31, 1959 Commenced Business..... March 1, 1960

Statutory Home Office F.D. Roosevelt Ave. 1441..... San Juan PR 00920
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office F.D. Roosevelt Ave. 1441..... San Juan PR 00920 787-749-44949
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 363628..... San Juan PR 00936-3628
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records F.D. Roosevelt Ave. 1441..... San Juan PR 00920 787-749-4949
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.ssspr.com

Statutory Statement Contact Liliana Rivera Corcino CPA 787-749-4949 x4588
(Name) (Area Code) (Telephone Number) (Extension)
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(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Madeline Hernandez Urquiza CPA	President	2. Carlos L. Rodriguez Ramos ESQ	Secretary
3. Juan Jose Roman Jimenez CPA	Treasurer	4. Juan Jose Rodriguez Gilibertys CPA	Assistant Treasurer

OTHER

DIRECTORS OR TRUSTEES

Roberto Garcia Rodriguez ESQ Madeline Hernandez Urquiza CPA Carlos L Rodriguez Ramos ESQ Juan Jose Roman Jimenez CPA

State of.....
County of.....

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

_____ (Signature) Madeline Hernandez Urquiza CPA	_____ (Signature) Juan Jose Roman Jimenez CPA	_____ (Signature)
1. (Printed Name) President	2. (Printed Name) Treasurer	3. (Printed Name)
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____ 2018

a. Is this an original filing? Yes [X] No []

b. If no

1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	298,047,447		298,047,447	281,196,806
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	157,090,957		157,090,957	138,248,435
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$....45,432,121, Schedule E-Part 1), cash equivalents (\$....47,183, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	45,479,304		45,479,304	56,935,177
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....	18,917,782		18,917,782	7,353,428
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	519,535,490	.0	519,535,490	483,733,846
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	3,680,281		3,680,281	3,365,748
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	83,250,704	4,783,341	78,467,363	40,814,121
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	246,561		246,561	216,199
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....	38,894,174	933,648	37,960,526	50,650,754
18.1 Current federal and foreign income tax recoverable and interest thereon.....	3,124,561		3,124,561	9,990,572
18.2 Net deferred tax asset.....	46,593,600	2,890,000	43,703,600	30,413,590
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	5,740,278	2,992,834	2,747,444	604,297
21. Furniture and equipment, including health care delivery assets (\$.....0).....	15,719,608	15,719,608	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	55,147,040	.997	55,146,043	40,758,325
24. Health care (\$....20,333,964) and other amounts receivable.....	40,087,480	19,752,297	20,335,183	10,528,300
25. Aggregate write-ins for other-than-invested assets.....	11,902,180	11,902,180	.0	30,000,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	823,921,957	58,974,905	764,947,052	701,075,752
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	823,921,957	58,974,905	764,947,052	701,075,752

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Other assets.....	11,902,180	11,902,180	.0	
2502. Note receivable.....			.0	30,000,000
2503.....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	11,902,180	11,902,180	.0	30,000,000

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	175,299,175		175,299,175	192,620,542
2. Accrued medical incentive pool and bonus amounts.....	32,585,160		32,585,160	23,783,805
3. Unpaid claims adjustment expenses.....	2,994,500		2,994,500	2,893,180
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	13,460,352		13,460,352	85,555
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	1,646,722		1,646,722	2,611,708
9. General expenses due or accrued.....	90,040,743		90,040,743	51,854,530
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....	9,634,280		9,634,280	
11. Ceded reinsurance premiums payable.....	459,353		459,353	629,347
12. Amounts withheld or retained for the account of others.....	26,274,267		26,274,267	18,983,514
13. Remittances and items not allocated.....	747,183		747,183	217,654
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	744,562		744,562	444,144
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....	555,303		555,303	555,303
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	53,161,663	0	53,161,663	35,239,950
24. Total liabilities (Lines 1 to 23).....	407,603,263	0	407,603,263	329,919,232
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	30,412,542	0
26. Common capital stock.....	XXX	XXX	150,000,000	149,999,640
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	176,931,247	221,156,880
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	357,343,789	371,156,520
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	764,947,052	701,075,752

DETAILS OF WRITE-INS

2301. Federal Employees Health Benefit Program.....	52,286,667		52,286,667	34,364,953
2302. Interest Payable.....	874,996		874,996	874,997
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	53,161,663	0	53,161,663	35,239,950
2501. HIP Fees Special Surplus.....	XXX	XXX	30,412,542	
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	30,412,542	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	10,680,340	11,376,221
2. Net premium income (including \$.....0 non-health premium income).....	XXX	1,557,972,311	1,615,450,985
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	71,553	10,864,947
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX		
5. Risk revenue.....	XXX		
6. Aggregate write-ins for other health care related revenues.....	XXX	.0	.0
7. Aggregate write-ins for other non-health revenues.....	XXX	.0	.0
8. Total revenues (Lines 2 to 7).....	XXX	1,558,043,864	1,626,315,932
Hospital and Medical:			
9. Hospital/medical benefits.....		734,320,555	827,615,805
10. Other professional services.....			
11. Outside referrals.....			
12. Emergency room and out-of-area.....		101,883,585	137,588,648
13. Prescription drugs.....		474,905,834	459,895,153
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....			
16. Subtotal (Lines 9 to 15).....	.0	1,311,109,974	1,425,099,606
Less:			
17. Net reinsurance recoveries.....		462,697	1,700,084
18. Total hospital and medical (Lines 16 minus 17).....	.0	1,310,647,277	1,423,399,522
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....21,201,475 cost containment expenses.....		30,341,705	28,822,248
21. General administrative expenses.....		143,468,008	164,111,644
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).....	.0	1,484,456,990	1,616,333,414
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	73,586,874	9,982,518
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		11,474,017	10,920,654
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....		9,601,885	11,683,515
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	21,075,902	22,604,169
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.....	.0	4,879,265	5,743,807
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	99,542,041	38,330,494
31. Federal and foreign income taxes incurred.....	XXX	32,861,828	(46,146)
32. Net income (loss) (Lines 30 minus 31).....	XXX	66,680,213	38,376,640

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	.0	.0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX	.0	.0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901. Other income.....		4,879,265	5,743,807
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	4,879,265	5,743,807

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	371,156,521	404,827,505
34. Net income or (loss) from Line 32.....	66,680,213	38,376,640
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	47,449,696	(60,773,045)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	4,010,891	(1,954,890)
39. Change in nonadmitted assets.....	(15,749,987)	4,884,285
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.....	(90,000,000)	(7,000,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	(26,203,545)	(7,203,974)
48. Net change in capital and surplus (Lines 34 to 47).....	(13,812,732)	(33,670,984)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	357,343,789	371,156,521

DETAILS OF WRITE-INS

4701. Tax credits.....		(4,940,000)
4702. Capital contribution to wholly-owned subsidiary.....	(20,000,000)	(450,000)
4703. Other.....	(6,203,545)	(1,813,974)
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	(26,203,545)	(7,203,974)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	1,533,600,379	1,606,912,287
2. Net investment income.....	15,476,003	12,032,359
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	1,549,076,382	1,618,944,646
5. Benefit and loss related payments.....	1,319,197,651	1,417,117,001
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	118,122,305	168,919,639
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	27,753,654	5,238,393
10. Total (Lines 5 through 9).....	1,465,073,610	1,591,275,033
11. Net cash from operations (Line 4 minus Line 10).....	84,002,772	27,669,613
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	155,720,801	113,601,830
12.2 Stocks.....	40,057,622	42,702,452
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	7,480,704	242,086
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		261,224
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	203,259,127	156,807,592
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	176,387,454	125,541,562
13.2 Stocks.....	2,020,398	76,571,836
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	18,517,073	2,207,861
13.6 Miscellaneous applications.....		230,632
13.7 Total investments acquired (Lines 13.1 to 13.6).....	196,924,925	204,551,891
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	6,334,202	(47,744,299)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	90,000,000	7,000,000
16.6 Other cash provided (applied).....	(11,792,847)	(38,632,085)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(101,792,847)	(45,632,085)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(11,455,873)	(65,706,771)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	56,935,177	122,641,948
19.2 End of year (Line 18 plus Line 19.1).....	45,479,304	56,935,177

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	619,569,209	288,091	2,168,313	617,688,987
2. Medicare supplement.....	22,082,243			22,082,243
3. Dental only.....	1,618,627			1,618,627
4. Vision only.....				0
5. Federal employees health benefits plan.....	162,054,216			162,054,216
6. Title XVIII - Medicare.....				0
7. Title XIX - Medicaid.....	754,528,238			754,528,238
8. Other health.....				0
9. Health subtotal (Lines 1 through 8).....	1,559,852,533	288,091	2,168,313	1,557,972,311
10. Life.....				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11).....	1,559,852,533	288,091	2,168,313	1,557,972,311

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and 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.....	1,335,490,655	475,282,875	15,801,036	943,622		145,756,438		697,706,684		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	432,335	432,335								
1.4 Net.....	1,335,058,320	474,850,540	15,801,036	943,622	0	145,756,438	0	697,706,684	0	0
2. Paid medical incentive pools and bonuses.....	6,249,138							6,249,138		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	175,299,175	88,742,261	3,012,000			21,353,758		62,191,156		
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	175,299,175	88,742,261	3,012,000	0	0	21,353,758	0	62,191,156	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	32,585,160							32,585,160		
6. Net healthcare receivables (a).....	7,059,314	7,059,314								
7. Amounts recoverable from reinsurers December 31, current year.....	246,561	246,561								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	192,620,542	99,226,920	3,483,000			17,906,077		72,004,545		
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	192,620,542	99,226,920	3,483,000	0	0	17,906,077	0	72,004,545	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	23,783,805							23,783,805		
11. Amounts recoverable from reinsurers December 31, prior year.....	216,199	216,199								
12. Incurred benefits:										
12.1 Direct.....	1,311,109,974	457,738,902	15,330,036	943,622	0	149,204,119	0	687,893,295	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	462,697	462,697	0	0	0	0	0	0	0	0
12.4 Net.....	1,310,647,277	457,276,205	15,330,036	943,622	0	149,204,119	0	687,893,295	0	0
13. Incurred medical incentive pools and bonuses.....	15,050,493	0	0	0	0	0	0	15,050,493	0	0

(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	Comprehensive (Medical and Hospital)	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.....	23,294,845	17,954,146	609,381			217,758		4,513,560		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	23,294,845	17,954,146	609,381	0	0	217,758	0	4,513,560	0	0
2. Incurred but unreported:										
2.1 Direct.....	152,004,330	70,788,115	2,402,619			21,136,000		57,677,596		
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	152,004,330	70,788,115	2,402,619	0	0	21,136,000	0	57,677,596	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	175,299,175	88,742,261	3,012,000	0	0	21,353,758	0	62,191,156	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	175,299,175	88,742,261	3,012,000	0	0	21,353,758	0	62,191,156	0	0

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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	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		
1. Comprehensive (hospital and medical).....	75,796,679	391,964,186	16,363,979	72,378,282	92,160,658	99,226,920
2. Medicare supplement.....	2,601,000	13,200,036	254,000	2,758,000	2,855,000	3,483,000
3. Dental only.....	153,470	790,151			153,470	
4. Vision only.....					0	
5. Federal employees health benefits plan.....	15,480,221	130,276,217	1,246,000	20,107,758	16,726,221	17,906,077
6. Title XVIII - Medicare.....					0	
7. Title XIX - Medicaid.....	66,888,193	615,767,998	6,625,259	55,565,897	73,513,452	72,004,546
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	160,919,563	1,151,998,588	24,489,238	150,809,937	185,408,801	192,620,543
10. Healthcare receivables (a).....					0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	6,249,138		21,465,717	11,119,443	27,714,855	23,783,805
13. Totals (Lines 9 - 10 + 11 + 12).....	167,168,701	1,151,998,588	45,954,955	161,929,380	213,123,656	216,404,348

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

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

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	1,280,162	1,289,084	1,289,084	1,289,084	1,289,084
2. 2013.....	1,106,615	1,277,895	1,282,585	1,282,585	1,282,585
3. 2014.....	XXX	1,036,625	1,128,424	1,133,159	1,133,158
4. 2015.....	XXX	XXX	1,081,191	1,242,329	1,246,251
5. 2016.....	XXX	XXX	XXX	1,251,680	1,414,926
6. 2017.....	XXX	XXX	XXX	XXX	1,151,999

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

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.....	1,534,640	1,544,890	1,544,890	1,544,890	1,544,890
2. 2013.....	1,299,097	1,496,386	1,501,418	1,501,418	1,501,418
3. 2014.....	XXX	1,184,568	1,282,218	1,287,432	1,287,432
4. 2015.....	XXX	XXX	1,283,877	1,466,583	1,471,286
5. 2016.....	XXX	XXX	XXX	1,466,038	1,674,558
6. 2017.....	XXX	XXX	XXX	XXX	1,313,928

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	1,455,123	1,282,584	35,561	2.8	1,318,145	90.6			1,318,145	90.6
2. 2014.....	1,355,707	1,133,158	35,345	3.1	1,168,503	86.2			1,168,503	86.2
3. 2015.....	1,453,563	1,246,251	34,158	2.7	1,280,409	88.1	781	13	1,281,203	88.1
4. 2016.....	1,626,316	1,414,926	29,541	2.1	1,444,467	88.8	45,174	497	1,490,138	91.6
5. 2017.....	1,558,044	1,141,152	25,407	2.2	1,166,559	74.9	161,929	2,485	1,330,973	85.4

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

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	678,926	685,274	685,274	685,274	685,274
2. 2013.....	557,047	647,908	652,327	652,327	652,327
3. 2014.....	XXX	521,386	596,881	600,799	600,799
4. 2015.....	XXX	XXX	476,197	554,251	557,685
5. 2016.....	XXX	XXX	XXX	454,921	527,284
6. 2017.....	XXX	XXX	XXX	XXX	391,964

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

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.....	807,127	813,961	813,961	813,961	813,961
2. 2013.....	674,255	772,665	777,414	777,414	777,414
3. 2014.....	XXX	614,175	694,788	699,116	699,116
4. 2015.....	XXX	XXX	565,537	651,749	655,682
5. 2016.....	XXX	XXX	XXX	545,581	628,479
6. 2017.....	XXX	XXX	XXX	XXX	469,672

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	750,082	652,327	19,487	3.0	671,814	89.6			671,814	89.6
2. 2014.....	700,977	600,799	20,313	3.4	621,112	88.6			621,112	88.6
3. 2015.....	664,786	557,685	29,204	5.2	586,889	88.3	500	.8	587,397	88.4
4. 2016.....	644,981	527,284	12,618	2.4	539,902	83.7	10,535	.163	550,600	85.4
5. 2017.....	617,761	391,964	10,964	2.8	402,928	65.2	77,708	1,200	481,836	78.0

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

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	24,158	24,158	24,158	24,158	24,158
2. 2013.....	18,934	22,461	22,472	22,472	22,472
3. 2014.....	XXX	18,942	22,455	22,455	22,455
4. 2015.....	XXX	XXX	14,388	18,273	18,273
5. 2016.....	XXX	XXX	XXX	14,999	17,600
6. 2017.....	XXX	XXX	XXX	XXX	13,200

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

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.....	31,603	31,603	31,603	31,603	31,603
2. 2013.....	26,164	29,890	29,901	29,901	29,901
3. 2014.....	XXX	24,444	28,040	28,040	28,040
4. 2015.....	XXX	XXX	18,194	22,184	22,184
5. 2016.....	XXX	XXX	XXX	18,377	21,232
6. 2017.....	XXX	XXX	XXX	XXX	15,958

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	31,129	22,472	672	3.0	23,144	74.3			23,144	74.3
2. 2014.....	29,452	22,455	730	3.3	23,185	78.7			23,185	78.7
3. 2015.....	24,108	18,273	832	4.6	19,105	79.2			19,105	79.2
4. 2016.....	23,381	17,600	411	2.3	18,011	77.0	254	.4	18,269	78.1
5. 2017.....	22,082	13,200	366	2.8	13,566	61.4	2,758	42	16,366	74.1

12.MS

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

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....	602	689	689	689	689
3. 2014.....	XXX	680	813	813	813
4. 2015.....	XXX	XXX	749	899	899
5. 2016.....	XXX	XXX	XXX	809	962
6. 2017.....	XXX	XXX	XXX	XXX	790

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

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.....					
2. 2013.....	602	689	689	689	689
3. 2014.....	XXX	680	813	813	813
4. 2015.....	XXX	XXX	749	899	899
5. 2016.....	XXX	XXX	XXX	809	962
6. 2017.....	XXX	XXX	XXX	XXX	790

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SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	1,305	689	3	0.4	692	53.0			692	53.0
2. 2014.....	1,431	813	24	3.0	837	58.5			837	58.5
3. 2015.....	1,493	899	54	6.0	953	63.8			953	63.8
4. 2016.....	1,532	962	23	2.4	985	64.3			985	64.3
5. 2017.....	1,619	790	23	2.9	813	50.2			813	50.2

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

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	NONE				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

12.VO

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.....	NONE				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	NONE	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

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

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	132,590	133,690	133,690	133,690	133,690
2. 2013.....	128,626	141,028	141,286	141,286	141,286
3. 2014.....	XXX	131,596	144,254	145,070	145,070
4. 2015.....	XXX	XXX	130,847	141,352	141,841
5. 2016.....	XXX	XXX	XXX	141,206	156,197
6. 2017.....	XXX	XXX	XXX	XXX	130,276

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

12.FE

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.....	153,195	154,373	154,373	154,373	154,373
2. 2013.....	146,801	160,437	160,709	160,709	160,709
3. 2014.....	XXX	145,145	158,453	159,339	159,339
4. 2015.....	XXX	XXX	144,050	155,457	155,986
5. 2016.....	XXX	XXX	XXX	158,140	174,338
6. 2017.....	XXX	XXX	XXX	XXX	150,384

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	155,305	141,286	1,654	1.2	142,940	92.0			142,940	92.0
2. 2014.....	152,659	145,070	2,572	1.8	147,642	96.7			147,642	96.7
3. 2015.....	155,824	141,841	2,726	1.9	144,567	92.8	.39	.6	144,612	92.8
4. 2016.....	171,472	156,197	1,405	0.9	157,602	91.9	1,207	24	158,833	92.6
5. 2017.....	162,054	130,276	1,356	1.0	131,632	81.2	20,108	398	152,138	93.9

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

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	435,786	437,334	437,334	437,334	437,334
2. 2013.....	392,195	455,152	455,152	455,152	455,152
3. 2014.....	XXX	348,664	348,664	348,664	348,664
4. 2015.....	XXX	XXX		6	6
5. 2016.....	XXX	XXX	XXX		
6. 2017.....	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

12.XV

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.....	533,732	535,970	535,970	535,970	535,970
2. 2013.....	441,268	521,880	521,880	521,880	521,880
3. 2014.....	XXX	384,768	384,768	384,768	384,768
4. 2015.....	XXX	XXX		6	6
5. 2016.....	XXX	XXX	XXX		
6. 2017.....	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	524,078	455,152	13,033	2.9	468,185	89.3			468,185	89.3
2. 2014.....	506,071	348,664	9,706	2.8	358,370	70.8			358,370	70.8
3. 2015.....	454,288	6		0.0	6	0.0			6	0.0
4. 2016.....		0		0.0	0	0.0			0	0.0
5. 2017.....		0		0.0	0	0.0			0	0.0

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

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....					
3. 2014.....	XXX				
4. 2015.....	XXX	XXX	459,004	527,547	527,547
5. 2016.....	XXX	XXX	XXX	639,745	712,882
6. 2017.....	XXX	XXX	XXX	XXX	615,768

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

12.XI

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.....					
2. 2013.....					
3. 2014.....	XXX				
4. 2015.....	XXX	XXX	555,340	636,286	636,286
5. 2016.....	XXX	XXX	XXX	723,131	824,359
6. 2017.....	XXX	XXX	XXX	XXX	682,453

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		0		0.0	0	0.0			0	0.0
2. 2014.....		0		0.0	0	0.0			0	0.0
3. 2015.....	607,352	527,547	1,452	0.3	528,999	87.1			528,999	87.1
4. 2016.....	784,950	712,882	15,083	2.1	727,965	92.7	28,091	101,228	857,284	109.2
5. 2017.....	754,528	615,768	12,736	2.1	628,504	83.3	66,685	682,453	1,377,642	182.6

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

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	8,628	8,628	8,628	8,628	8,628
2. 2013.....	9,840	10,658	10,658	10,658	10,658
3. 2014.....	.XXX	15,357	15,357	15,357	15,357
4. 2015.....	.XXX	.XXX			
5. 2016.....	.XXX	.XXX	.XXX		
6. 2017.....	.XXX	.XXX	.XXX	.XXX	

SECTION B - INCURRED HEALTH CLAIMS - OTHER

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.....	8,984	8,984	8,984	8,984	8,984
2. 2013.....	10,007	10,825	10,825	10,825	10,825
3. 2014.....	.XXX	15,262	15,262	15,262	15,262
4. 2015.....	.XXX	.XXX			
5. 2016.....	.XXX	.XXX	.XXX		
6. 2017.....	.XXX	.XXX	.XXX	.XXX	

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SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	11,231	10,658	712	6.7	11,370	101.2			11,370	101.2
2. 2014.....	16,900	15,357	2,000	13.0	17,357	102.7			17,357	102.7
3. 2015.....		0		0.0	0	0.0			0	0.0
4. 2016.....		0		0.0	0	0.0			0	0.0
5. 2017.....		0		0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	14,002	14,002							
2. Additional policy reserves (a).....	13,446,350	13,446,350							
3. Reserve for future contingent benefits.....	0								
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income).....	0								
5. Aggregate write-ins for other policy reserves.....	0	0	0	0	0	0	0	0	0
6. Totals (gross).....	13,460,352	13,460,352	0	0	0	0	0	0	0
7. Reinsurance ceded.....	0								
8. Totals (net) (Page 3, Line 4).....	13,460,352	13,460,352	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims.....	0								
10. Reserve for future contingent benefits.....	0								
11. Aggregate write-ins for other claim reserves.....	0	0	0	0	0	0	0	0	0
12. Totals (gross).....	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded.....	0								
14. Totals (net) (Page 3, Line 7).....	0	0	0	0	0	0	0	0	0

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DETAILS OF WRITE-INS

0501.	0								
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0

(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).....			7,427,711		7,427,711
2. Salaries, wages and other benefits.....	12,099,632	1,269,697	62,237,688		75,607,017
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			21,228,870		21,228,870
4. Legal fees and expenses.....			1,607,821		1,607,821
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	10,116,015	3,940,340	24,135,956		38,192,311
7. Traveling expenses.....		848,586	1,979,628		2,828,214
8. Marketing and advertising.....	352,922	705,951	6,204,506		7,263,379
9. Postage, express and telephone.....		41,177	3,192,168		3,233,345
10. Printing and office supplies.....		19,617	906,126		925,743
11. Occupancy, depreciation and amortization.....		28,304	3,066,157		3,094,461
12. Equipment.....		16	908,680		908,696
13. Cost or depreciation of EDP equipment and software.....	100,346	66,160	1,453,059		1,619,565
14. Outsourced services including EDP, claims, and other services.....		1,934,492	5,282,382		7,216,874
15. Boards, bureaus and association fees.....	160	64,954	2,626,658		2,691,772
16. Insurance, except on real estate.....			2,317,582		2,317,582
17. Collection and bank service charges.....			1,415,187		1,415,187
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....	(2,465,850)	(1,063,060)	(18,150,235)		(21,679,145)
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			3		3
23.2 State premium taxes.....			6,421,281		6,421,281
23.3 Regulatory authority licenses and fees.....			201,200		201,200
23.4 Payroll taxes.....	953,116	71,500	4,081,200		5,105,816
23.5 Other (excluding federal income and real estate taxes).....		(31,555)	678,177		646,622
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	45,134	1,244,051	4,246,203	0	5,535,388
26. Total expenses incurred (Lines 1 to 25).....	21,201,475	9,140,230	143,468,008	0	(a).....173,809,713
27. Less expenses unpaid December 31, current year.....		2,994,500	90,040,743		93,035,243
28. Add expenses unpaid December 31, prior year.....		2,893,180	51,854,530		54,747,710
29. Amounts receivable relating to uninsured plans, prior year.....					0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	21,201,475	9,038,910	105,281,795	0	135,522,180

DETAILS OF WRITE-INS

2501.	45,134	1,244,051	4,246,203		5,535,388
2502.					0
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	45,134	1,244,051	4,246,203	0	5,535,388

(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).....10,664,329	.....7,488,872
1.1 Bonds exempt from U.S. tax.....	(a).....	
1.2 Other bonds (unaffiliated).....	(a).....	
1.3 Bonds of affiliates.....	(a).....	
2.1 Preferred stocks (unaffiliated).....	(b).....	
2.11 Preferred stocks of affiliates.....	(b).....	
2.2 Common stocks (unaffiliated).....	.....4,032,867	.....3,126,868
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).....58,641	.....58,641
7. Derivative instruments.....	(f).....	
8. Other invested assets.....	.....417,143	.....417,143
9. Aggregate write-ins for investment income.....	.....488,649	.....488,649
10. Total gross investment income.....	.....15,661,629	.....11,580,173
11. Investment expenses.....		(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....106,156
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....106,156
17. Net investment income (Line 10 minus Line 16).....		.....11,474,017

DETAILS OF WRITE-INS

0901. FEHBP Investment Income.....	.....488,649	.....488,649
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....488,649	.....488,649
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....		.....0

- (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 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(318,310)		.....(318,310)		
1.1 Bonds exempt from U.S. tax.....			.....0		
1.2 Other bonds (unaffiliated).....			.....0		
1.3 Bonds of affiliates.....			.....0		
2.1 Preferred stocks (unaffiliated).....			.....0		
2.11 Preferred stocks of affiliates.....			.....0		
2.2 Common stocks (unaffiliated).....	.....8,419,135	.....867,639	.....9,286,774	.....6,517,631	
2.21 Common stocks of affiliates.....			.....0	.....41,037,501	
3. Mortgage loans.....			.....0		
4. Real estate.....			.....0		
5. Contract loans.....			.....0		
6. Cash, cash equivalents and short-term investments.....			.....0		
7. Derivative instruments.....			.....0		
8. Other invested assets.....	.....682,243	.....(48,822)	.....633,421	.....(105,436)	
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	
10. Total capital gains (losses).....	.....8,783,068	.....818,817	.....9,601,885	.....47,449,696	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....		907,676	907,676
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	907,676	907,676
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	4,783,341	5,824,834	1,041,493
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....	933,648	764,030	(169,618)
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	2,890,000	777,000	(2,113,000)
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	2,992,834	2,334,014	(658,820)
21. Furniture and equipment, including health care delivery assets.....	15,719,608	2,125,272	(13,594,336)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	997	3,495,660	3,494,663
24. Health care and other amounts receivable.....	19,752,297	20,303,702	551,405
25. Aggregate write-ins for other-than-invested assets.....	11,902,180	6,692,730	(5,209,450)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	58,974,905	43,224,918	(15,749,987)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	58,974,905	43,224,918	(15,749,987)

DETAILS OF WRITE-INS

1101.....			0
1102.....			0
1103.....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Other non admitted assets.....	11,902,180	6,692,730	(5,209,450)
2502.....			0
2503.....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	11,902,180	6,692,730	(5,209,450)

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.....						
2. Provider service organizations.....						
3. Preferred provider organizations.....	524,994	505,848	498,393	492,498	491,053	6,049,024
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	397,918	389,130	386,070	379,199	384,462	4,631,316
7. Total.....	922,912	894,978	884,463	871,697	875,515	10,680,340

DETAILS OF WRITE-INS

0601. Medicaid.....	397,918	389,130	386,070	379,199	384,462	4,631,316
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	397,918	389,130	386,070	379,199	384,462	4,631,316

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The following are significant statutory accounting practices followed by the Company:

A. Accounting Practices

The accompanying statutory financial statements of the Company have been prepared in accordance with accounting practices prescribed or permitted by the Commissioner of Insurance, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The Company adopted the National Association of Insurance Commissioners' Statutory Accounting Practices (NAIC SAP) as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Puerto Rico Insurance Code or the Circular Letters issued by the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC) including its codification initiative contained in its accounting practices and procedures manual, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SAP; however, differences adopted by the Commissioner of Insurance do not have a significant effect on the net income and statutory capital and surplus of the Company.

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

	SSAP #	F/S Page	F/S Line	2017	2016
NET INCOME					
(1) Triple-S Salud, Inc. state basis (Page 4, Line 32, Columns 2 & 3)	1	xxx	xxx	\$ 66,680,213	\$ 38,376,640
(2) State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP				-	-
(4) NAIC SAP	1	xxx	xxx	<u>\$ 66,680,213</u>	<u>\$ 38,376,640</u>
SURPLUS					
(5) Triple-S Salud, Inc. state basis (Page 3, Line 33, Columns 3 & 4)	1	xxx	xxx	\$ 357,343,789	\$ 371,156,520
(6) State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP				-	-
(8) NAIC SAP	1	xxx	xxx	<u>\$ 357,343,789</u>	<u>\$ 371,156,520</u>

B. Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities to prepare these statutory financial statements in conformity with the accounting practices prescribed or permitted by the Commissioner of Insurance. Actual results could differ from those estimates. The most significant items on the statutory statement of admitted assets, liabilities, and capital and surplus that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the assessment of other than temporary impairments, the claims liabilities and deferred tax assets. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results. Although some variability is inherent in these estimates in the near future, the Company believes the amounts provided are adequate.

NOTES TO FINANCIAL STATEMENTS

C. Accounting Policy

Nonadmitted Assets

Certain assets designated as "nonadmitted assets" have been excluded from the admitted assets by a charge to surplus.

The nonadmitted assets charged to surplus during 2017 and 2016 are as follows:

	2017	2016
Deferred tax assets	\$ 2,890,000	\$ 777,000
Accounts receivable	25,469,286	26,892,566
Furniture and equipment	18,712,442	4,459,286
Investment in subsidiary	-	907,676
Due from affiliates	997	3,495,660
Other	11,902,180	6,692,730
	<u>\$ 58,974,905</u>	<u>\$ 43,224,918</u>

Depreciation expense on the related furniture and equipment designated as nonadmitted assets amounted to approximately \$2,373,851 and \$2,806,105 for the years ended December 31, 2017 and 2016, respectively. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Short-Term investments

Short-term investments which have maturities of less than one year are stated at cost. There are no short-term investments at December 31, 2017.

Cash Equivalents

The Company considers all highly liquid debt instruments with maturities of three months or less at the date of acquisition to be cash equivalents. Cash equivalents of \$47,183 and \$3,004,198 at December 31, 2017 and 2016, respectively, consist principally of money market funds with an original maturity of three months or less.

Investments

Debt and equity securities are valued in accordance with rules promulgated by the NAIC. Debt securities that are designated highest-quality and high-quality (NAIC designation 1 and 2) are reported at amortized cost, with all other debt securities reported at the lower of amortized cost or fair market value. Debt securities eligible for amortization under such rules are stated net of unamortized premiums or discounts. As of December 31, 2017 and 2016 there are no debt securities reported at fair value on the Statements of Admitted Assets, Liabilities, and Capital and Surplus.

Nonredeemable preferred stocks are stated at amortized cost. Common and redeemable preferred stocks are carried at estimated fair value. Adjustments reflecting the unrealized appreciation or depreciation of common stocks are shown as a component of surplus, and are not included in the determination of the net gain from operations.

Realized gains or losses on the sale of investments are included in operations and are derived using the specific-identification method for determining the cost of securities sold. Interest and dividend income is recognized when earned. Premiums and discounts are amortized or accreted over the life of the investment as an adjustment to yield using the effective-interest method.

The Company regularly invests in mortgaged-backed securities and other securities subject to prepayment and call risk. Significant changes in prevailing interest rates may adversely affect the timing and amount of cash flows on such securities. In addition, the amortization of market premium and accretion of market discount for mortgaged-backed securities is based on historical experience and estimates of future payment speeds on the underlying mortgage loans. Actual prepayment speeds will differ from original estimates and may result in material adjustments to amortization or accretion recorded in future periods.

A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other-than-temporary results in an impairment to reduce the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, market conditions, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Revenue Recognition

Subscriber premiums business are billed in advance of their respective coverage period and the related revenue is recorded as earned during the coverage period. Managed care premiums are billed in the month prior to the effective date of the policy with a grace period of up to two months. If the insured fails to pay, the policy can be canceled at the end of the grace period at the option of the Company. Premiums are reported as earned when due.

NOTES TO FINANCIAL STATEMENTS

For uncollectible premiums receivables, the Company follows SSAP No. 5R – *Liabilities, Contingencies and Impairments of Assets*. This guidance states that loss contingency or impairment of an asset (i.e. loss reserves) is defined as an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will be resolved when a future event occur or fail to occur (i.e. collection of receivables). SSAP No. 5R also states that any uncollectible receivable shall be written off and charged to income in the period the determination is made if the following two (2) conditions are met: (1) the loss is probable and (2) the amount of loss can be reasonably estimated. For the years ended December 31, 2017 and 2016, the Company recorded write-offs that were charged to income of \$1,249,799 and \$1,697,926, respectively.

Administrative service fees include revenue from certain groups that have managed care contracts that provide for the group to be at risk for all or a portion of their claims experience. For these groups, the Company is not at risk and only handles the administration of the insurance coverage for an administrative service fee. The Company pays claims under Commercial self-funded arrangements from its own funds, and subsequently receives reimbursement from these groups. The claims related to the administration of the Medicaid business are paid from a bank account owned and funded by the government of Puerto Rico. Claims paid under self-funded arrangements are excluded from the claims incurred in the accompanying financial statements. Administrative service fees under the self-funded arrangements are recognized based on the self-funded groups' membership or incurred claims for the period multiplied by an administrative fee rate plus other fees. Some of these self-funded groups purchase aggregate and/or specific stop-loss coverage. In exchange for a premium, the group's aggregate liability or the group's liability on any one episode of care is capped for the year. Premiums for the stop-loss coverage are actuarially determined based on experience and other factors and are recorded as earned over the period of the contract in proportion to the coverage provided. This fully insured portion of premiums is included within the premiums earned, net in the accompanying statements of earnings. The Medicaid contract with the Government of Puerto Rico contains a saving sharing provision whereby the Government of Puerto Rico shares with the Company a portion of the medical cost savings obtained with the administration of the regions served on an administrative service basis. Any savings sharing amount is recorded when earned as administrative service fees in the accompanying statements of earnings.

Health Care Receivable

The Company's methodology for estimating pharmaceutical rebate receivable is based on actual utilization experience and manufacturers' contracted rate.

Electronic Data Processing Equipment

Electronic data processing equipment is stated at cost. Maintenance and repairs are expensed as incurred. Cost of electronic data processing equipment is capitalized and amortized over the lesser of the estimated useful lives of the assets or three years. Depreciation expense on electronic data processing equipment amounted to approximately \$701,264 and \$916,365 for the years ended December 31, 2017 and 2016, respectively.

Investment in affiliates

The investment in affiliate TSA is accounted for using the equity method in accordance with SSAP No. 97.

Other invested assets

The Company accounts investments in joint venture, partnerships and limited liability companies in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies* and is recorded as other invested assets.

Claim Liabilities

Claims liabilities for health insurance policies represent the estimated amounts paid to providers based on experience and accumulated statistical data. Unpaid claims adjustment expenses related to such claims are accrued currently based on estimated future expenses necessary to process such claims.

Claim 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 the statutory statements of revenue and expenses in the period determined.

NOTES TO FINANCIAL STATEMENTS

Fair Value of Financial Instruments

The estimated fair value information for financial instruments in the accompanying statutory financial statements was determined as follows:

- Cash and Short-Term Investments – The carrying amount approximates estimated fair value because of the short-term nature of those instruments.
- Investment in Securities – The estimated fair value of investment in securities is based on quoted market prices for those or similar investments. Additional information pertinent to the estimated fair value of investment in securities is included in Note 5.

Fair Value Measurements

The Company follows the guidance in the provisions of SSAP No. 100, *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the statutory financial statements on a recurring basis. SSAP No. 100 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SSAP No. 100 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date. The Company follows SSAP No. 101, *Income Taxes*, which states that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. There are no deferred credits related to income tax credits as of December 31, 2017 and 2016.

The Company records any interest and penalties related to unrecognized tax benefits within the operating expenses in the statement of revenues and expenses.

Insurance-Related Assessments

The Company accounts for insurance-related assessments in accordance with the provisions of NAIC Statutory Accounting Principles No. 35, *Guaranty Fund and Other Assessments*. This SAP prescribes liability recognition when the following two conditions are met: (1) the assessment has been imposed or the information available prior to the issuance of the statutory financial statements indicates it is probable that an assessment will be imposed; and (2) the amount of the assessment can be reasonably estimated. Also, this SAP provides for the recognition of an admitted asset when the paid or accrued assessment is recoverable through either premium taxes or policy surcharges.

Reinsurance

In the normal course of business, the Company seeks to reduce the loss that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk with reinsurers. Premiums ceded and recoveries of losses have been reported as a reduction of premiums and claims incurred, respectively. The Company is ultimately responsible for reinsured risk.

D. Going concern

Based upon its evaluation of relevant conditions and events, management does not have substantial doubt about the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

Not Applicable

3. Business Combinations and Goodwill

Effective February 7, 2011, the Company completed the acquisition of 100% of the outstanding capital stock of American Health (now Triple-S Advantage), a provider of Medicare Advantage services in Puerto Rico.

The transaction was accounted for as statutory purchase. The cost was \$84,751,160, resulting in goodwill in the amount of \$61,376,000. Accumulated goodwill amortization for 2017 and 2016 amounted to \$42,451,914 and \$36,314,273, respectively, which resulted in \$907,676 to be considered as non admitted in 2016. No goodwill balance was deemed non admitted as of December 31, 2017. Goodwill amortization relating to the purchase of American Health was \$6,137,624 for the years ended December 31, 2017 and 2016, respectively.

4. Discontinued Operations

Not Applicable

NOTES TO FINANCIAL STATEMENTS

5. Investments

A. Mortgage Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

Not Applicable

E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowings

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowings

Not Applicable

H. Repurchase Agreements Transactions Accounted for as Sale

Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as Sale

Not Applicable

J. Real Estate

Not Applicable

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

L. Restricted Assets

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease) {1 minus 2}	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
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	-	-	-	-	-	-
capital stock	-	-	-	-	-	-
i FHLB capital stock	-	-	-	-	-	-
j. On deposit with states	-	-	-	-	-	-
k. On deposit with other regulatory bodies	1,139,937	1,140,553	(616)	1,139,937	0%	0%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-
o. Total restricted assets	-	-	-	-	-	-
p. Total Restricted Assets	\$ 1,139,937	\$ 1,140,553	\$ (616)	\$ 1,139,937	0%	0%

Investments with an amortized cost of \$613,269 and \$617,554 as of December 31, 2017 and 2016, respectively, (estimated fair value of \$628,914 and \$646,896 at December 31, 2017 and 2016, respectively), were deposited with the Commissioner of Insurance to comply with the deposit requirements of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code). Investments with an amortized cost of \$526,668 and \$522,999 as of December 31, 2017 and 2016, respectively, (estimated fair value of \$526,668 and \$522,999 as of December 31, 2017 and 2016, respectively), were deposited with the Commissioner of Insurance of the Government of the U.S. Virgin Islands.

NOTES TO FINANCIAL STATEMENTS

M. Working Capital Finance Investments*Not Applicable***N. Offsetting and Netting of Assets and Liabilities***Not Applicable***O. Structured Notes***Not Applicable***P. 5* Securities***Not Applicable***Q. Short Sales***Not Applicable***R. Prepayment and Acceleration Fees***Not Applicable***S. Debt Securities**

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of debt securities at December 31, 2017 and 2016 are as follows:

	2017			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
US Treasury and obligations of US governmental instrumentalities	\$ 59,943,219	\$ 15,107	\$ (225,106)	\$ 59,733,220
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	728,567	3,861	-	732,428
Municipal bonds	215,777,520	5,475,950	(335,537)	220,917,933
Mortgage-backed securities	21,598,141	-	(259,527)	21,338,614
	<u>\$ 298,047,447</u>	<u>\$ 5,494,918</u>	<u>\$ (820,170)</u>	<u>\$ 302,722,195</u>
	2016			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of government-sponsored enterprises	\$ 30,549,923	\$ 59,877	\$ -	\$ 30,609,800
US Treasury and obligations of US governmental instrumentalities	67,800,841	115,118	(7,044)	67,908,915
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	707,746	-	(2,979)	704,767
Municipal bonds	179,134,519	6,684,393	(276,656)	185,542,256
Corporate debt securities	3,003,777	5,343	-	3,009,120
	<u>\$ 281,196,806</u>	<u>\$ 6,864,731</u>	<u>\$ (286,679)</u>	<u>\$ 287,774,858</u>

NOTES TO FINANCIAL STATEMENTS

The above debt securities are presented in the statutory statements of admitted assets, liabilities, and capital and surplus as follows:

	2017	2016
Bonds and notes	\$ 275,720,739	\$ 280,489,060
Mortgage-backed securities	21,598,141	-
Zero coupons and certificates of accrual	728,567	707,746
	\$ 298,047,447	\$ 281,196,806

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2016 and 2015 are as follows:

	2017								
	Less Than 12 Months			12 Months or Longer			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
US Treasury and obligations of US governmental instrumentalities	\$ 52,462,120	\$ (225,106)	4	\$ -	\$ -	-	\$ 52,462,120	\$ (225,106)	4
Municipal bonds	40,443,401	(329,507)	8	8,415,148	(6,030)	1	48,858,549	(335,537)	9
Mortgage-backed securities	21,338,614	(259,527)	11	-	-	-	21,338,614	(259,527)	11
	\$ 114,244,135	\$ (814,140)	23	\$ 8,415,148	\$ (6,030)	1	\$ 122,659,283	\$ (820,170)	24

	2016								
	Less Than 12 Months			12 Months or Longer			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
US Treasury and obligations of US governmental instrumentalities	\$ 12,939,160	\$ (7,044)	1	\$ -	\$ -	-	\$ 12,939,160	\$ (7,044)	1
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	-	-	-	704,767	(2,979)	1	704,767	(2,979)	1
Municipal bonds	68,001,208	(276,656)	8	-	-	-	68,001,208	(276,656)	8
Corporate debt securities	-	-	-	-	-	-	-	-	-
	\$ 80,940,368	\$ (283,700)	9	\$ 704,767	\$ (2,979)	1	\$ 81,645,135	\$ (286,679)	10

The Company regularly monitors and evaluates the difference between the amortized cost and estimated fair value of investments. For investments with a fair value below amortized cost, the process includes evaluating: (1) the length of time and the extent to which the estimated fair value has been less than amortized cost for fixed maturity securities, or cost for equity securities, (2) the financial condition, near-term and long-term prospects for the issuer, including relevant industry conditions and trends, and implications of rating agency actions, (3) the Company's intent to sell or the likelihood of a required sale prior to recovery, (4) the recoverability of principal and interest for fixed maturity securities, or cost for equity securities, and (5) other factors, as applicable. This process is not exact and requires further consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its estimated fair value solely due to changes in interest rates, other-than temporary impairment may not be appropriate.

Due to the subjective nature of the Company's analysis, along with the judgment that must be applied in the analysis, it is possible that the Company could reach a different conclusion whether or not to impair a security if it had access to additional information about the investee. Additionally, it is possible that the investee's ability to meet future contractual obligations may be different than what the Company determined during its analysis, which may lead to a different impairment conclusion in future periods.

If after monitoring and analyzing impaired securities, the Company determines that a decline in the estimated fair value of any available-for-sale or held-to-maturity security below cost is other-than-temporary, the carrying amount of the security is reduced to its fair value in accordance with current accounting guidance. The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment, the impaired security is accounted for as if it had been purchased on the measurement date of the impairment. For debt securities, the discount (or reduced premium) based on the new cost basis may be accreted into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

The Company's process for identifying and reviewing invested assets for other-than temporary impairments during any quarter includes the following:

- Identification and evaluation of securities that have possible indications of other-than-temporary impairment, which includes an analysis of all investments with gross unrealized investment losses that represent 20% or more of their cost and all investments with an unrealized loss greater than \$100.
- For any other securities with a gross unrealized investment loss we might review and evaluate investee's current financial condition, liquidity, near-term recovery prospects, implications of rating agency actions, the outlook for the business sectors in which the investee operates and other factors.
- Consideration of evidential matter, including an evaluation of factors or triggers that may or may not cause individual investments to qualify as having other-than-temporary impairments.

NOTES TO FINANCIAL STATEMENTS

- Determination of the status of each analyzed security as other-than-temporary or not, with documentation of the rationale for the decision; and
- Equity securities are considered to be impaired based on market conditions and the length of time the funds have been in a loss position.

Obligations of Government-Sponsored Enterprises, Obligations of U.S. Government Instrumentalities and Municipal Securities: The unrealized losses on the Company's investments in obligations of Government Sponsored Enterprises, U.S. Government Instrumentalities, and Municipal Securities were mainly caused by fluctuations in interest rates and general market conditions. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the par value of the investment. In addition, these investments have investment grade ratings. Because the decline in fair value is attributable to changes in interest rates and not credit quality; because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and because the Company expects to collect all contractual cash flows, these investments are not considered other-than-temporarily impaired.

	Amortized Cost	Estimated Fair Value
Due in 1 year or less	\$ 6,521,508	\$ 6,570,197
Due after 1 year through 5 years	180,346,883	182,780,977
Due after 5 years through 10 years	100,691,825	101,105,125
Due after 10 years	10,487,231	12,265,896
	<u>\$ 298,047,447</u>	<u>\$ 302,722,195</u>

Proceeds from sales and maturities of debt securities during the year ended December 31, 2016 and 2015 were approximately \$155,720,801 and \$113,601,830, respectively. Gross gains and losses of approximately \$99,606 and (\$417,916) in 2017, respectively, and \$893,566 and \$379,881 in 2016, respectively, were realized on those sales.

No instruments were held in the trading portfolio as of December 31, 2017.

T. Equity Securities

The cost, gross unrealized gains, gross unrealized losses, and estimated fair value of the equity securities at December 31, 2017 and 2016 are as follows:

	2017			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities				
Common stocks	\$ 77,078,603	\$ 23,476,577	\$ -	\$ 100,555,180
	<u>\$ 77,078,603</u>	<u>\$ 23,476,577</u>	<u>\$ -</u>	<u>\$ 100,555,180</u>

	2016			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities				
Common stocks	\$ 106,771,623	\$ 17,238,319	\$ (354,304)	\$ 123,655,638
	<u>\$ 106,771,623</u>	<u>\$ 17,238,319</u>	<u>\$ (354,304)</u>	<u>\$ 123,655,638</u>

Proceeds from sales of equity securities during the year ended December 31, 2017 and 2016 were approximately \$40,057,622 and \$42,702,452, respectively. Gross gains of approximately \$8,419,136 in 2017 and gross gains and losses of approximately \$11,237,495 and \$33,028 in 2016, respectively, were realized on those sales.

The Company reviews the investment portfolios under the Company's impairment review policy. Given the current market conditions and the significant judgment involved, there is a continuing risk, that further declines in fair value may occur and additional material other-than-temporary impairments may be recorded in future periods. The Company from time to time may sell investments as part of its asset/liability management process or to reposition its investment portfolio based on current and expected market conditions. Impairment loss for the period ending December 31, 2016 amounted to \$261,000.

NOTES TO FINANCIAL STATEMENTS

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

7. Investment Income

Components of net investment income earned for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Debt securities		
Bonds and notes	\$ 7,254,709	\$ 7,120,326
Zero coupons and certificates of accrual	20,821	20,226
Collateralized mortgage obligations	213,342	-
Cash and short-term investments	58,641	99,665
Other	488,649	121,789
	<u>8,036,162</u>	<u>7,362,006</u>
Equity securities		
Common stocks	3,544,012	3,676,075
	<u>3,544,012</u>	<u>3,676,075</u>
	11,580,174	11,038,081
Less: Investment and interest expenses incurred	106,157	117,427
	<u>\$ 11,474,017</u>	<u>\$ 10,920,654</u>

8. Derivative Instruments

Not Applicable

9. Income Taxes

The Company is subject to Puerto Rico income taxes as an other than life insurance entity, as defined in the Puerto Rico Internal Revenue Code. The Company also is subject to U.S. federal income taxes for foreign source dividend income.

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

(in thousands)

	December 31, 2017			December 31, 2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross Deferred Tax Assets	59,405		59,405	41,483		41,483	17,922	-	17,922
b. Statutory Valuation Allowance Adjustments	(5,611)	-	(5,611)	(5,611)	-	(5,611)	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a-1b)	53,794	-	53,794	35,872	-	35,872	17,922	-	17,922
d. Deferred Tax Assets Nonadmitted	(2,890)		(2,890)	(777)		(777)	(2,113)	-	(2,113)
e. Subtotal Net Admitted Deferred Tax Asset (1c-1d)	50,904	-	50,904	35,095		35,095	15,809	-	15,809
f. Deferred Tax Liabilities	(2,528)	(4,673)	(7,201)	(1,304)	(3,377)	(4,681)	(1,224)	(1,296)	(2,520)
g. Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	48,376	(4,673)	43,703	33,791	(3,377)	30,414	14,585	(1,296)	13,289

Admission Calculation Components SSAP No. 101

(in thousands)

	December 31, 2017			December 31, 2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	-	-	-	-	-	-	-	-	-
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) Above After Application Of The Threshold Limitation. (The Lesser of 2(b)2 Below									
1 Adjusted Gross Deferred Tax Assets Expected To Be Realized Following The Balance Sheet Date	-	-	-	-	-	-	-	-	-
2 Adjusted Gross Deferred Tax Assets Allowed Per Limitation Threshold	50,904		50,904	35,095		35,095	15,809		15,809
c. Adjusted Gross Deferred Tax assets(Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) Above) Offset by Gross Deferred Tax Liabilities	(2,528)	(4,673)	(7,201)	(1,304)	(3,377)	(4,681)	(1,224)	(1,296)	(2,520)
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2(a) +2(b)+2(c)	48,376	(4,673)	43,703	33,791	(3,377)	30,414	14,585	(1,296)	13,289

	2017	2016
a. Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount	409%	612%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	313,028	349,755

NOTES TO FINANCIAL STATEMENTS

B. Deferres tax liabilities that are not recognized.

Not applicable

C. Current income taxes incurred consist of the following major components:

<i>(in thousands)</i>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>Change</u>
1. Current Income Tax			
(a) Federal	\$ 32,862	\$ (46)	\$ 32,908
(b) Foreign	-	-	-
(c) Subtotal	<u>32,862</u>	<u>(46)</u>	<u>32,908</u>
(d) Federal income tax on capital gains	-	-	-
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	32,862	(46)	32,908
2. Deferred Tax Assets			
(a)			
(1) Employee benefits plan	\$ 1,191	\$ 1,252	\$ (61)
(2) DTA intercompany	63	120	(57)
(3) Deferred compensation	1,602	1,576	26
(4) Contingency reserves	1,950	-	1,950
(5) Shared based compensation	3,618	1,404	2,214
(6) Severance	-	-	-
(7) Accumulated Value on Capital Assets	-	1,455	(1,455)
(8) Depreciation	7,381	8,799	(1,418)
(9) Impairment	10	52	(42)
(10) AMT	1,042	73	969
(11) Tax Credit	275	4,940	(4,665)
(12) Net operating loss	20,400	5,611	14,789
(13) Nonadmitted assets	<u>21,873</u>	<u>16,201</u>	<u>5,672</u>
Total gross deferred tax assets	59,405	41,483	17,922
(b) Statutory Valuation allowance	<u>(5,611)</u>	<u>(5,611)</u>	<u>-</u>
Adjusted Gross DTA	53,794	35,872	17,922
(c) Less: Nonadmitted deferred tax assets	<u>(2,890)</u>	<u>(777)</u>	<u>(2,113)</u>
(d) Admitted deferred tax assets	<u>50,904</u>	<u>35,095</u>	<u>15,809</u>
3. Deferred Tax liabilities			
(a) Ordinary			
(1) Venture Capital	(242)	(389)	147
(2) Employee benefits plan	(2,286)	(915)	(1,371)
(3) Unrealized on investment	<u>(4,673)</u>	<u>(3,377)</u>	<u>(1,296)</u>
(b) Total deferred tax liabilities	<u>(7,201)</u>	<u>(4,681)</u>	<u>(2,520)</u>
(c) Net deferred tax assets/liabilities (2d-3b)	<u>\$ 43,703</u>	<u>\$ 30,414</u>	<u>\$ 13,289</u>

The tax credits purchased by the Company are used against any income tax liability. The change in the net deferred tax asset at December 31, 2017 is as follows:

Change in total gross deferred tax assets	\$ 17,922
Change in total gross deferred tax liability	<u>(2,520)</u>
Change in net deferred taxes affecting surplus	<u>\$ 15,402</u>

Nonadmitted deferred tax assets increased \$2,113,000 and decreased \$4,026,000 for the years ended December 31, 2017 and 2016, respectively.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management believes that it is more likely than not that the Company will realize the benefits of these deductible differences.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Other Related Parties

The Company accounts transactions with related parties in accordance with SSAP No. 25, *Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*. Transactions between related parties must be in the form of a written agreement and the agreement must provide for a timely settlement of amounts owed with a specific due date. Amounts owed that are more than 90 days from the due date are nonadmitted. If the agreement does not contain a due date, the uncollected receivable amounts are nonadmitted. Receivable due from Salud in the amount of \$997 was recorded as nonadmitted assets as of December 31, 2017.

The Company has the following net balances due from (to) the Parent Company and affiliates at December 31, 2016, which are recorded as due from Parent Company and affiliates and other receivables or as other expenses due and accrued and other liabilities, as applicable, in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus:

(in thousands)	2017						
	Triple-S Vida, Inc.	Triple-S Propiedad, Inc.	Interactive Systems, Inc.	Triple-S Advantage Inc.	Triple-C Inc.	Salus	Triple-S Management Corporation
Net balances due from (to)							
Parent Company and affiliates	\$ 556	\$ 735	\$ (745)	\$ 40,972	\$ 118	\$ 1	\$ 12,765

(in thousands)	2016						
	Triple-S Vida, Inc.	Triple-S Propiedad, Inc.	Interactive Systems, Inc.	Triple-S Advantage Inc.	Triple-C Inc.	Triple-S International Inc.	Triple-S Management Corporation
Net balances due from (to)							
Parent Company and affiliates	\$ 607	\$ -	\$ 1,106	\$ 3,479	\$ -	\$ 17	\$ 39,046

The balance due from Triple-S Management Corporation includes a note receivable and accrued interest in the amount of \$17,260,000 and \$16,469,000 for December 31, 2017 and 2016, respectively. This Note, which was approved by the Commissioner of Insurance of Puerto Rico, bears interest at an annual rate of 4.70% and shall be due and payable in a single installment including principal and interests accrued, on December 31, 2020. The balance due from Triple-S Advantage, Inc includes a note receivable and accrued interest in the amount of \$32,087,000 for December 31, 2017. This Note, which was approved by the Commissioner of Insurance of Puerto Rico, bears interest at an annual rate of 4.70% and shall be due and payable in a single installment including principal and interests accrued, on December 29, 2021.

The following are other related-party transactions during the years ended December 31, 2017 and 2016:

	2017	2016
Rent charges from Parent Company and an affiliate	\$ 6,840,000	\$ 6,639,000
Note receivable from Parent Company	\$ 17,260,000	\$ 16,469,000
Note receivable from subsidiary	\$ 32,087,000	\$ 30,000,000
Data processing charges from an affiliate including commissions of \$510,000 and \$483,000 in 2017 and 2016, respectively	3,681,000	4,335,000
Net reimbursement of administrative charges from affiliates	36,008,000	8,052,000
Credentialing service charge (to) from an affiliate	-	(1,664,000)
Subscribers premiums billed to affiliates under rated and self-funded arrangements	8,576,000	8,874,000

11. Debt

Not applicable.

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

Non-contributory Defined benefit Pension Plan

The Company participates in the Parent Company's Non-contributory Retirement Program, a non-contributory defined benefit pension plan and a non-contributory supplemental pension plan (collectively referred as the Plans) covering the Company employees as well as other employees of affiliated companies who are age 21 or older and have completed one year of service. Pension benefits begin to vest after five years of vesting service, as defined, and are based on years of service and final average salary, as defined. The funding policy is to contribute to the plan as necessary to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, as amended, plus such additional amounts as the Company may determine to be appropriate from time to time. The measurement date used to determine pension benefit measures for the pension plan is December 31.

NOTES TO FINANCIAL STATEMENTS

The administration of the Plans resides in the Parent Company. In December 2016, the Company announced that effective January 31, 2017, it would freeze the pay and service amounts used to calculate pension benefits for active employees who participated in the pension plan. Therefore, as of the Effective Date, active employees in the pension plan will not accrue additional benefits for future service and eligible compensation received.

The pension costs are allocated to the Company by the Parent Company based on the percentage of total accumulated benefit obligations of Company employees to total accumulated benefit obligations of all employees covered in the Plans. Pension (benefit) expense allocated to the Company amounted to \$(630,000) and \$3,547,000 in 2017 and 2016, respectively. The Company's allocated contribution for the plan was \$2,847,000 for 2017 and \$7,193,000 for 2016.

13. Capital and Surplus

As a member of the Blue Cross and Blue Shield Association (BCBSA), the Company is required by membership standards of the association to maintain liquidity as defined by BCBSA, that is, to maintain net worth exceeding the Company action level as defined in the NAIC's *Risk-Based Capital for Insurers Model Act*. The Company is in compliance with this requirement. The Puerto Rico Insurance Code requires Insurance companies to comply with the requirements established by the NAIC's *Risk-Based Capital for Insurers Model Act*.

Common stock included as a component of stockholder's equity has a par value of \$40 per share and consists of 3,750,000 shares issued, authorized and outstanding at December 31, 2017 and 2016, respectively.

The accumulated earnings of the Company are restricted as to the payment of dividends by statutory limitations applicable to domestic insurance companies. Such limitations restrict the payment of dividends by insurance companies generally to unrestricted unassigned surplus reported for statutory purposes.

The Company paid a dividend of \$90,000,000 to the parent company on August 25, 2017.

14. Contingencies

Legal Proceedings

The Company's business is subject to numerous laws and regulations promulgated by Federal, Puerto Rico and USVI governmental authorities. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. The Commissioner of Insurance of Puerto Rico, as well as other Federal, Puerto Rico and USVI government authorities, regularly make inquiries and conduct audits concerning the Company's compliance with such laws and regulations. Penalties associated with violations of these laws and regulations may include significant fines and exclusion from participating in certain publicly funded programs and may require the Company to comply with corrective action plans or changes in our practices.

As of December 31, 2017, the Company is involved in various legal actions arising in the ordinary course of business. The Company is also defendant in various other litigations and proceedings, some of which are described below. Where the Company believes that a loss is both probable and estimable, such amounts have been recorded. Although the Company believes the estimates of such losses are reasonable, these estimates could change as a result of further developments in these matters. In other cases, it is at least reasonably possible that the Company may incur a loss related to one or more of the mentioned pending lawsuits or investigations, but the Company is unable to estimate the range of possible loss which may be ultimately realized, either individually or in the aggregate, upon their resolution. The outcome of legal proceedings is inherently uncertain and pending matters for which accruals have not been established have not progressed sufficiently to enable us to estimate a range of possible loss, if any. Given the inherent unpredictability of these matters, it is possible that an adverse outcome in one or more of these matters could have a material effect on the financial condition, operating results and/or cash flows of the Company.

Additionally, TSM and the Company may face various potential litigation claims that have not been asserted to date, including claims from persons purporting to have rights to acquire shares of TSM or the Company on favorable terms pursuant to agreements previously entered by our predecessor Company, Seguros de Servicios de Salud de Puerto Rico, Inc. (SSS), with physicians or dentists who joined our provider network to sell such new provider shares of SSS at a future date (Share Acquisition Agreements) or to have inherited such shares notwithstanding applicable transfer and ownership restrictions.

Claims by Heirs of Former Shareholders

TSM and the Company are defending eight individual lawsuits: Vera Sánchez, *et al.*, v. Triple-S; Olivella Zalduondo, *et al.*, v. Seguros de Servicios de Salud, *et al.*; Heirs of Dr. Juan Acevedo, *et al.*, v. Triple-S Management Corporation, *et al.*; Montilla López, *et al.*, v. Seguros de Servicios de Salud, *et al.*; Cebollero Santamaría v. Triple-S Salud, Inc., *et al.*; Ruiz de Porras, *et al.*, v. Triple-S Salud, Inc.; Irizarry Antonmattei, *et al.*, v. Seguros de Servicios de Salud, *et al.*; and Allende Santos, *et al.*, v. Triple-S Salud, *et al.* All claims were filed in the Puerto Rico Court of First Instance by persons who claim to have inherited a total of 113 shares of TSM or the Company or one of its predecessors or affiliates (before giving effect to the 3,000-for-one stock split). While each case presents unique facts and allegations, the lawsuits generally allege that the redemption of the shares by the Company pursuant to transfer and ownership restrictions contained in TSM or the Company's (or its predecessors' or affiliates') articles of incorporation and bylaws

NOTES TO FINANCIAL STATEMENTS

was improper. Consequently, the remedy requested by the plaintiffs is to be recognized as shareholders of TSM or the Company in the corresponding proportion.

As a result of the Puerto Rico Supreme Court's decision to deny the applicability of the statute of limitations contained in the local securities law, these claims are being litigated on their merits.

In re Blue Cross Blue Shield Antitrust Litigation

The Company is a co-defendant with multiple Blue Plans and the BCBSA in a multi-district class action litigation filed by a group of providers and subscribers on July 24, 2012 and October 1, 2012, respectively, that has since been consolidated by the United States District Court for the Northern District of Alabama, Southern Division, in the case captioned *In re Blue Cross Blue Shield Association Antitrust Litigation*. Essentially, provider plaintiffs allege that the exclusive service area requirements of the Primary License Agreements with the Blue Plans constitute an illegal horizontal market allocation under federal antitrust laws. As per provider plaintiffs, the *quid pro quo* for said "market allocation" is a horizontal price fixing and boycott conspiracy" implemented through the Inter-Plans Program Committee ("IPPC") and whose benefits are allegedly derived through the BCBSA's Blue Card/National Accounts Program. Among the remedies sought, provider plaintiffs seek increased compensation rates and operational changes. In turn, subscriber plaintiffs allege that the alleged conspiracy to allocate markets have prevented subscribers from being offered competitive prices and resulted in higher premiums for Blue Plan subscribers. Subscribers seek damages in the form of supra-competitive premiums allegedly charged by the Blue Plans and/or the difference between what subscribers have paid the Blues and the lower competitive premiums that non-competing Blues would have charged. Both actions seek injunctive relief.

Prior to consolidation, motions to dismiss were filed by several plans, including TSS - whose request was ultimately denied by the court without prejudice. On April 6, 2015, plaintiffs filed suit in the United States District Court of Puerto Rico against the Company. Said complaint, nonetheless, is believed not to preclude TSS' jurisdictional arguments. Since inception, the Company has joined BCBSA and other Blue Plans in vigorously contesting these claims. As of late, the court's scheduling order and ruling of dispositive motions concerning the standard of review has been held in abeyance as a result of settlement negotiations between the parties through mediation. Both the subscriber and provider plaintiffs' mediation sessions are presently ongoing.

Claims Relating to the Provision of Health Care Services

The Company is a defendant in several claims for collection of monies in connection with the provision of health care services. Among them are individual complaints filed before ASES by six community health centers alleging the Company breached their contracts with respect to certain capitation payments and other monetary claims. Such claims have an aggregate value of approximately \$9,600. Discovery is ongoing, and given the early stage of the cases, the Company cannot assess the probability of an adverse outcome or the reasonable financial impact that any such outcome may have on the Company. The Company believes many of these complaints are time-barred and will continue to conduct a vigorous defense.

On April 17, 2015, ASES notified the Company of a complaint from a medical service provider demanding payment amounting to \$5,073. Claimant alleges that the Company did not pay the claims, paid them incorrectly, or recovered payments from the provider for which the Company did not have the right. The Company answered the complaint and counterclaimed. The Company denies any wrongdoing and will continue to defend this matter vigorously.

On January 12, 2015, American Clinical Solutions LLC, a limited liability company that provides clinical laboratory services filed a complaint in Florida state court alleging that TSM and the Company failed to pay certain clinical laboratory services provided to Blue Cross Blue Shield members. The Company and TSM have filed a motion to dismiss alleging lack of jurisdiction. The Company and TSM also requested a transfer of the case to Puerto Rico. Plaintiff has requested jurisdictional discovery, which is ongoing. The claim amounts to \$5,000. The Company and TSM will continue to vigorously oppose this claim.

ASES Audits

The Company is subject to numerous audits in connection with the provision of services to private and governmental entities. These audits may include numerous aspects of our business, including claim payment practices, contractual obligations, service delivery, third-party obligations, and business practices, among others. Deficiencies in audits could have a material adverse effect on our reputation and business, including termination of contracts, significant increases in the cost of managing and remediating deficiencies, payment of contractual penal clauses, and others, any of which could have a material and adverse effect on our results of operations, financial position and cash flows.

On July 2, 2014, ASES notified the Company that the results of an audit conducted in connection with the government health plan contract for several periods between October 2005 and September 2013, reflected an overpayment of premiums made to the Company pursuant to prior contracts with ASES in the amount of \$7,900. The alleged overpayments were related to duplicated payments or payments made for deceased members, and ASES requested the reimbursement of the alleged overpayment. On January 16, 2015, the Company filed an injunction against ASES under the case *Triple-S Salud, Inc. v. Administración de Seguros de Salud de Puerto Rico*. The Company contends that ASES' request for reimbursement has no merits on several grounds, including a 2011 settlement between both parties covering the majority of the amount claimed by ASES, and that ASES, under the terms of the contracts, was responsible for certifying the membership. The Company also amended its claim to include the Puerto Rico Health Department (PRHD), as it asserts the PRHD is an indispensable party for the resolution of this matter and to seek the payment of approximately \$5,000, since the premiums paid to the Company should have been higher than what

NOTES TO FINANCIAL STATEMENTS

ASES actually paid given the additional risk assumed by the Company. The case was assigned to a Special Commissioner, who on March 17, 2017 issued a report recommending the court to dismiss the complaint in favor of the Company. On May 26, 2017, the court issued a partial judgement dismissing the complaint in favor of the Company with respect to the alleged overpayments for the period between October 2005 and September 2010, which represented approximately \$7,400 of the total alleged claim. After this partial dismissal, the only remaining claim pending to be adjudicated is for the alleged overpayments for the 2011-2013 period, which amounts to approximately \$500. On July 27, 2017, ASES appealed the court's partial judgement and on August 25, 2017 the Company filed its opposition to ASES' appeal. On January 31, 2018, the Puerto Rico Court of Appeals entered judgement in favor of the Company, thus validating the 2011 settlement agreement. No plea for reconsideration nor a writ of certiorari was filed by ASES before the Court of Appeals or the Puerto Rico Supreme Court. Settlement negotiations are ongoing for the remaining claim.

a. Guarantee Association

We are required by Puerto Rico law and by the BCBSA guidelines to participate in certain guarantee associations. To operate in Puerto Rico, the Company is required to be a member of the Asociación de Garantía de Seguros de Vida, Incapacidad y Salud, which is organized to pay policyholders contractual benefits on behalf of insurers declared insolvent. This association levy assessments, up to prescribed limits, on a proportional basis, to all member insurers in the line of business in which the insolvent insurer was engaged. In accordance with insurance laws and regulations assessments are recoverable through policy surcharges. During 2017 and 2016 no assessments were attributable to the Company. It is the opinion of management that any possible future guarantee association assessments will not have a material effect on our operating results and/or cash flows, although there is no ceiling on these payment obligations.

15. Leases

The Company leases its office building to the Parent Company, regional offices, certain equipment, and warehouse facilities under operating noncancelable leases. Minimum annual rental commitments at December 31, 2017 under existing agreements are summarized as follows:

Years Ending December 31,	Operating Leases
2018	\$ 7,524,000
2019	7,396,000
2020	7,287,000
2021	7,252,000
2022	4,272,000
Total	<u>\$ 33,731,000</u>

Rental expense for 2017 and 2016 was approximately \$8,008,000 and \$7,912,000, respectively, after deducting approximately \$101 and \$104, respectively, related to amounts reimbursed by Medicare.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk

A substantial majority of the Company's business activity is with insureds 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 Extinguishment of Liabilities

Not Applicable

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

The Company processes and pays claims as an Administrative Services Contract (ASC) plan for several private groups and as an Administrative Service Only (ASO) plan island-wide for Medicaid (formerly known as Mi Salud Program). The Medicaid ASO contract with the Government of Puerto Rico became effective November 1, 2011 and expired on March 31, 2015. Beginning April 1, 2015 the Company participates in the Medicaid business as a fully insured provider in two regions of Puerto Rico. In accordance with SSAP No. 47, *Uninsured Plans*, the premiums earned and benefits incurred related to administrative service contracts are excluded from the accompanying statutory statements of revenue and expenses. Also, the administrative fees and related reimbursements from the uninsured plans are presented as a deduction of operating expenses in the accompanying statutory statements of revenue and expenses.

A. ASO Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and uninsured portion of partially insured plans was as follows during 2016:

Uninsured ASC plans	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical costs incurred	\$ 279,925,641	\$ -	\$ 279,925,641
b. Gross administrative fees earned	21,679,145	-	21,679,145
c. Other income or expenses (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claims and administrative)	317,389,421	-	317,389,421
e. Total gain Net loss from operations	<u>\$ (15,784,635)</u>	<u>\$ -</u>	<u>\$ (15,784,635)</u>

19. Direct Premium Written/Produced by Managing General agents/Third Party Administration

Not Applicable

20. Fair Value Measurement**Fair Value Hierarchy**

Included in various investment related disclosures in the statutory financial statements are certain financial instruments disclosed 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 Company uses observable inputs when available. Fair value is based upon quoted market prices when available. If market prices are not available, the Company employs internally developed models that primarily use market-based inputs including yield curves, interest rates, volatilities, and credit curves, among others. The Company limits valuation adjustments to those deemed necessary to ensure that the security or derivative's fair value adequately represents the price that would be received or paid in the marketplace. Valuation adjustments may include consideration of counterparty credit quality and liquidity as well as other criteria. The estimated fair value amounts are subjective in nature and may involve uncertainties and matters of significant judgment for certain financial instruments. Changes in the underlying assumptions used in estimating fair value could affect the results. The fair value measurement levels are not indicative of risk of investment.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. 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 unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.
- 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.

NOTES TO FINANCIAL STATEMENTS

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2017:

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2017	Fair Value Measurements at Reporting Date Using			NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets					
Bonds					
US Treasury and obligations of US governmental instrumentalities	\$ 59,943,219	\$ 59,733,220	\$ -	\$ -	\$ -
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	728,567	-	732,428	-	-
Municipal bonds	215,777,520	-	220,917,933	-	-
Mortgage-backed securities	21,598,141	-	21,338,614	-	-
Total Bonds	<u>298,047,447</u>	<u>59,733,220</u>	<u>242,988,975</u>	<u>-</u>	<u>-</u>
Stocks					
Common Stocks	100,555,180	81,284,680	19,270,500	-	-
Total Stocks	<u>100,555,180</u>	<u>81,284,680</u>	<u>19,270,500</u>	<u>-</u>	<u>-</u>
Alternative Investments	10,029,430	-	-	-	10,029,430
Assets at fair Value	<u>\$ 408,632,057</u>	<u>\$ 141,017,900</u>	<u>\$ 262,259,475</u>	<u>\$ -</u>	<u>\$ 10,029,430</u>

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2016:

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2016	Fair Value Measurements at Reporting Date Using			NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets					
Bonds					
Obligations of government- sponsored enterprises	\$ 30,549,923	\$ -	\$ 30,609,800	\$ -	\$ -
US Treasury and obligations of US governmental instrumentalities	67,800,841	67,908,915	-	-	-
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	707,746	-	704,768	-	-
Municipal bonds	179,134,519	-	185,542,256	-	-
Corporate debt securities	3,003,777	-	3,009,120	-	-
Total Bonds	<u>281,196,806</u>	<u>67,908,915</u>	<u>219,865,944</u>	<u>-</u>	<u>-</u>
Stocks					
Common Stocks	123,655,637	95,464,810	17,215,555	10,975,272	-
Total Stocks	<u>123,655,637</u>	<u>95,464,810</u>	<u>17,215,555</u>	<u>10,975,272</u>	<u>-</u>
Assets at fair Value	<u>\$ 404,852,443</u>	<u>\$ 163,373,725</u>	<u>\$ 237,081,499</u>	<u>\$ 10,975,272</u>	<u>\$ -</u>

21. Other Items

Not Applicable

22. Events Subsequent

On January 1, 2018, the Company will be subject to an annual fee under section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2018 to be \$30,412,542. This amount is reflected in special

NOTES TO FINANCIAL STATEMENTS

surplus. This assessment is expected to impact risk based capital by approximately 9%. Reporting the ACA assessments as of December 31, 2017, would not have triggered an RBC action level.

During 2016, the Consolidated Appropriations Act of 2016 suspended the collection of the health insurance provider fee for the 2017 calendar year. Therefore there is no special surplus as of December 31, 2016.

Information regarding the ACA assessment follows:

	<u>Current Year</u>	<u>Prior Year</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)?	YES	
B. ACA fee assessment payable for the upcoming year	\$ 30,412,542	\$ -
C. ACA fee assessment paid	\$ -	\$ 25,244,648
D. Premiums written subject to ACA 9010 assessment	\$ 1,558,127,123	\$ -
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 357,343,789	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 326,931,247	
G. Authorized Control Level (Five-Year Historical Line 15)	\$ 76,739,483	
H. Would reporting the ACA assessment as of Dec. 31, 2017, have triggered an RBC action level (YES/NO)?	NO	

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as 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)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with the 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)

If yes, give full details.

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 premiums or other similar credit?

Yes () No (X)

- (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

- (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.

NOTES TO FINANCIAL STATEMENTS

- (2) Have any 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)

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

The activity in the claim liabilities during 2017 and 2016 is as follows (in thousands):

<i>(in thousands)</i>	2017	2016
Claim liabilities at beginning of year	\$ 219,298	\$ 213,929
Incurred claims		
Current period insured events	1,319,659	1,436,924
Prior periods insured events	<u>(9,012)</u>	<u>(13,524)</u>
Total incurred	<u>1,310,647</u>	<u>1,423,400</u>
Payment for claims		
Current period insured events	1,151,897	1,252,158
Prior periods insured events	<u>167,169</u>	<u>165,873</u>
Total paid	<u>1,319,066</u>	<u>1,418,031</u>
Claim liabilities at end of year	<u>\$ 210,879</u>	<u>\$ 219,298</u>

As a result of differences between actual amounts and estimates of insured events in prior years, the amounts included as incurred claims for prior periods insured events differ from anticipated claims incurred. The credits in the claims incurred and loss-adjustment expenses for prior period insured events for 2017 and 2016 are due primarily to better than expected utilization trends.

26. Intercompany Pooling Arrangements

Not Applicable

27. Structured Settlements

Not Applicable

28. Health Care Receivables

Pharmaceutical rebates arrangements are administered by the Company's Pharmacy Benefit Manager (PBM). The PBM contracts directly with the pharmaceutical companies the terms and conditions applicable for rebatable drugs. Billings of rebates is then performed by the PBM on a quarterly basis. Once collected from the pharmaceutical companies the PBM remits to the Company the Company's share of rebates received. An estimate of quarterly billable rebates is recorded as a reduction of claims expenses in the accompanying statement of earnings. Subsequent adjustments to such estimates are recorded in the period they become known by the Company.

The following table sets forth the estimated rebates recorded for each quarter, the actual rebates as confirmed by the PBM in their most recent Rebate Confirmation schedule and the allocation of such rebate amount to the respective aging collections category, based in the date they were originally billed.

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<i>(in thousands)</i>	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
Quarter Ended					
December 31, 2017	\$ 7,465	\$ 7,465	\$ -	\$ -	\$ -
September 30, 2017	7,004	7,312	-	-	-
June 30, 2017	7,527	7,678	-	4,711	1,163
March 31, 2017	7,087	7,651	-	5,206	1,247
December 31, 2016	\$ 6,534	\$ 7,055	\$ -	\$ 5,490	\$ 1,402
September 30, 2016	6,215	6,520	-	3,112	3,321
June 30, 2016	6,402	6,830	-	4,899	1,828
March 31, 2016	6,310	6,738	-	4,511	2,112
December 31, 2015	\$ 4,261	\$ 6,637	\$ -	\$ 2,887	\$ 3,714
September 30, 2015	4,200	6,432	-	4,152	2,223
June 30, 2015	4,200	5,647	-	2,956	2,629
March 31, 2015	4,200	5,270	-	3,030	2,157

29. Participating Policies

Not Applicable

30. Premium Deficiency Reserves

No premiums deficiency reserve was deemed necessary at 12/31/17.

31. Anticipated Salvage and Subrogation

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State regulating? _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 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. 12/31/2011
- 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. 12/31/2011
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____
- 3.4 By what department or departments? _____

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of 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
- 6.2 If yes, give full information: _____
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No
- 7.2 If yes, _____
- 7.21 State the percentage of foreign control _____ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. _____
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes No
- 8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte, 350 Carlos Chardon Avenue, San Juan, Puerto Rico 00918
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes No
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: _____
- 10.3 Has the insurer been granted any exemptions related to 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
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: _____
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A
- 10.6 If the response to 10.5 is no or n/a, please explain: _____

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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?
Marc A. Lambright, Three Logan Square, Suite 1100, Philadelphia, PA 19103
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

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 subordinator committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers 0
- 20.23 Trustees, supreme or grand (Fraternal only) 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 23,059,669

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes No
- 24.02 If no, give full and complete information, relating thereto:
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes No N/A
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A
- 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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes 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 sale – excluding FHLB Capital Stock \$ 0
- 25.27 FHLB Capital Stock \$ 0
- 25.28 On deposit with states \$ 0
- 25.29 On deposit with other regulatory bodies \$ 1,139,937
- 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
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
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
- 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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes 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 |
|---------------------------|--------------------------|
| | |
- 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
- 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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 []

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.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	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	\$ 298,047,447	\$ 302,722,195	\$ 4,674,748
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 298,047,447	\$ 302,722,195	\$ 4,674,748

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

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements for each self-designation 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 []

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? \$ 0

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

1 Name	2 Amount Paid
	\$

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

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

1 Name	2 Amount Paid
	\$

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]
1.2	If yes, indicate premium earned on U.S. business only.	\$	22,082,243
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.	\$	15,330,036
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$	22,082,243
1.62	Total incurred claims	\$	15,330,036
1.63	Number of covered lives		14,325
	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	2
		Current Year	Prior Year
2.1	Premium Numerator	\$1,557,972,311	\$ 1,615,160,350
2.2	Premium Denominator	\$1,557,972,311	\$ 1,615,160,350
2.3	Premium Ratio (2.1/2.2)	100.0%	100.0%
2.4	Reserve Numerator	\$221,344,687	\$ 216,489,902
2.5	Reserve Denominator	\$221,344,687	\$ 216,489,902
2.6	Reserve Ratio (2.4/2.5)	100.0%	100.0%
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?		Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
5.1	Does the reporting entity have stop-loss reinsurance?		Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
5.2	If no, explain:		
5.3	Maximum retained risk (see instructions)		
5.31	Comprehensive Medical		\$ 1,000,000
5.32	Medical Only		\$ 0
5.33	Medicare Supplement		\$ 0
5.34	Dental and Vision		\$ 0
5.35	Other Limited Benefit Plan		\$ 0
5.36	Other		\$ 100,000
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:		

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] 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 0
- 8.2 Number of providers at end of reporting year 0
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [X] No []
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees with rate guarantees between 15-36 months \$ 891,522
- 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 [X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses 0
- 10.22 Amount actually paid for year bonuses 0
- 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 [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 11.14 A Mixed Model (combination of above)? Yes [] No [X]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] 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. \$ 1,000,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area

- 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, authorized reinsurers? Yes [] No [] N/A []
- 14.2 If the answer to 14.1 is yes, please provide the following:

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
	0		\$	\$	\$	\$

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
- 15.3 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
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	764,947,052	701,075,752	734,630,571	653,632,964	714,192,085
2. Total liabilities (Page 3, Line 24).....	407,603,263	329,919,232	329,803,066	258,525,613	332,394,130
3. Statutory minimum capital and surplus requirement.....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4. Total capital and surplus (Page 3, Line 33).....	357,343,789	371,156,520	404,827,505	395,107,351	381,797,954
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	1,558,043,864	1,626,315,932	1,453,562,258	1,355,707,881	1,455,123,560
6. Total medical and hospital expenses (Line 18).....	1,310,647,277	1,423,399,522	1,266,851,185	1,171,615,421	1,281,468,531
7. Claims adjustment expenses (Line 20).....	30,341,705	28,822,248	31,219,791	36,233,466	35,214,484
8. Total administrative expenses (Line 21).....	143,468,008	164,111,644	148,527,032	121,370,215	133,587,819
9. Net underwriting gain (loss) (Line 24).....	73,586,874	9,982,518	6,964,250	26,488,779	10,852,728
10. Net investment gain (loss) (Line 27).....	21,075,902	22,604,169	22,339,465	27,198,038	14,004,519
11. Total other income (Lines 28 plus 29).....	4,879,265	5,743,807	2,546,049	1,766,439	3,056,272
12. Net income or (loss) (Line 32).....	66,680,213	38,376,640	28,448,888	42,490,974	23,964,569
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	84,002,772	27,669,613	135,821,188	(22,983,017)	18,907,320
Risk-Based Capital Analysis					
14. Total adjusted capital.....	357,343,789	371,156,520	404,827,505	395,107,353	381,797,954
15. Authorized control level risk-based capital.....	76,739,483	60,636,180	84,332,786	59,095,789	63,311,330
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	875,515	922,912	985,874	2,103,819	2,159,464
17. Total member months (Column 6, Line 7).....	10,680,340	11,376,221	10,759,491	25,357,492	21,404,367
Operating Percentage (Page 4) (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 (Line 18 plus Line 19).....	84.1	87.5	87.2	86.4	88.1
20. Cost containment expenses.....	1.4	1.2	1.3	0.7	1.2
21. Other claims adjustment expenses.....	0.6	0.6	0.8	1.9	1.3
22. Total underwriting deductions (Line 23).....	95.3	99.4	99.0	98.0	99.7
23. Total underwriting gain (loss) (Line 24).....	4.7	0.6	1.0	2.0	0.3
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5).....	213,123,656	194,982,358	104,360,321	207,540,462	221,032,084
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	216,404,348	210,557,953	121,385,829	220,493,049	239,289,129
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	56,535,775	15,500,476	77,879,400	35,345,314	56,279,340
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	56,535,775	15,500,476	77,879,400	35,345,314	56,279,340
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 []

If no, please explain:

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 and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama.....AL	..N								..0
2. Alaska.....AK	..N								..0
3. Arizona.....AZ	..N								..0
4. Arkansas.....AR	..N								..0
5. California.....CA	..N								..0
6. Colorado.....CO	..N								..0
7. Connecticut.....CT	..N								..0
8. Delaware.....DE	..N								..0
9. District of Columbia.....DC	..N								..0
10. Florida.....FL	..N								..0
11. Georgia.....GA	..N								..0
12. Hawaii.....HI	..N								..0
13. Idaho.....ID	..N								..0
14. Illinois.....IL	..N								..0
15. Indiana.....IN	..N								..0
16. Iowa.....IA	..N								..0
17. Kansas.....KS	..N								..0
18. Kentucky.....KY	..N								..0
19. Louisiana.....LA	..N								..0
20. Maine.....ME	..N								..0
21. Maryland.....MD	..N								..0
22. Massachusetts.....MA	..N								..0
23. Michigan.....MI	..N								..0
24. Minnesota.....MN	..N								..0
25. Mississippi.....MS	..N								..0
26. Missouri.....MO	..N								..0
27. Montana.....MT	..N								..0
28. Nebraska.....NE	..N								..0
29. Nevada.....NV	..N								..0
30. New Hampshire.....NH	..N								..0
31. New Jersey.....NJ	..N								..0
32. New Mexico.....NM	..N								..0
33. New York.....NY	..N								..0
34. North Carolina.....NC	..N								..0
35. North Dakota.....ND	..N								..0
36. Ohio.....OH	..N								..0
37. Oklahoma.....OK	..N								..0
38. Oregon.....OR	..N								..0
39. Pennsylvania.....PA	..N								..0
40. Rhode Island.....RI	..N								..0
41. South Carolina.....SC	..N								..0
42. South Dakota.....SD	..N								..0
43. Tennessee.....TN	..N								..0
44. Texas.....TX	..N								..0
45. Utah.....UT	..N								..0
46. Vermont.....VT	..N								..0
47. Virginia.....VA	..N								..0
48. Washington.....WA	..N								..0
49. West Virginia.....WV	..N								..0
50. Wisconsin.....WI	..N								..0
51. Wyoming.....WY	..N								..0
52. American Samoa.....AS	..N								..0
53. Guam.....GU	..N								..0
54. Puerto Rico.....PR	..L	..643,270,079		..754,528,238	..158,360,474			..1,556,158,791	
55. U.S. Virgin Islands.....VI	..L				..3,693,742			..3,693,742	
56. Northern Mariana Islands.....MP	..N							..0	
57. Canada.....CAN	..N							..0	
58. Aggregate Other alien.....OT	..XXX	..0	..0	..0	..0	..0	..0	..0	..0
59. Subtotal.....XXX		..643,270,079	..0	..754,528,238	..162,054,216	..0	..0	..1,559,852,533	..0
60. Reporting entity contributions for Employee Benefit Plans.....XXX								..0	
61. Total (Direct Business).....(a).....2		..643,270,079	..0	..754,528,238	..162,054,216	..0	..0	..1,559,852,533	..0

DETAILS OF WRITE-INS

58001.....								..0	
58002.....								..0	
58003.....								..0	
58998. Summary of remaining write-ins for line 58.....		..0	..0	..0	..0	..0	..0	..0	..0
58999. Total (Lines 58001 through 58003 + 58998).....		..0	..0	..0	..0	..0	..0	..0	..0

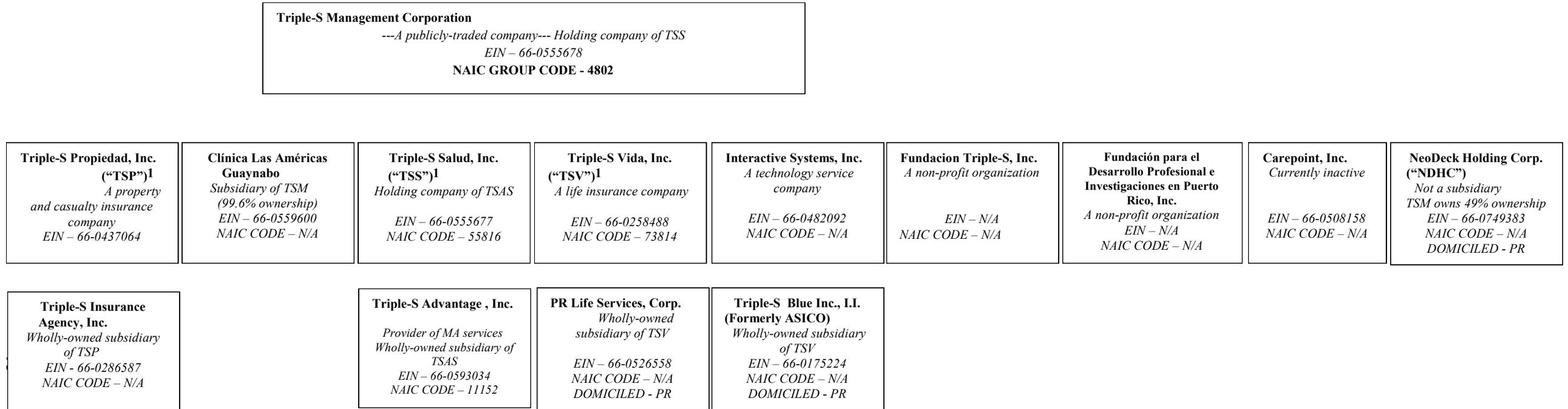
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

Individual policies were allocated based on the residence of the insured. Group policies were allocated based on the location of the employer.

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

Organizational Chart of Triple-S Management Corporation*



Notes:

* All companies are Puerto Rico companies, except for Socios Mayores en Salud Holdings, Inc., which is a Delaware company.

¹The Code of Insurance of Puerto Rico requires that directors of insurance companies be shareholders. Each director of TSP, TSV, TSS, and TSB respectively, acquires one (1) share of stock of the insurer during his or her tenure (each, a “Qualifying Share”). Qualifying Shares is returned by the director at the end of his or her tenure.

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