



**ANNUAL STATEMENT**  
 FOR THE YEAR ENDED DECEMBER 31, 2018  
 OF THE CONDITION AND AFFAIRS OF THE  
**MULTINATIONAL INSURANCE COMPANY**

NAIC Group Code 4804, 4804 NAIC Company Code 14153 Employer's ID Number 660774694  
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated/Organized October 11, 2011 Commenced Business November 2, 2011

Statutory Home Office 510 Munoz Rivera Avenue, Hato Rey, Puerto Rico, US 00918  
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 510 Munoz Rivera Avenue, Hato Rey, Puerto Rico, US 00918 787-758-0909  
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 366107, San Juan, Puerto Rico, US 00936-6107  
(Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 510 Munoz Rivera Avenue, Hato Rey, Puerto Rico, US 00918  
(Street and Number, City or Town, State, Country and Zip Code)  
787-758-0909  
(Area Code) (Telephone Number)

Internet Website Address www.multinationalpr.com

Statutory Statement Contact Oscar Rivera 787-758-0909  
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**OFFICERS**

Luis M. Pimentel Zerbi (Executive President)  
 Yadira Mercado (Senior Vice President Finance-Treasurer)

**OTHER OFFICERS**

Oscar Rivera (Vice President Finance)  
 Elizabeth Colon (Vice President Underwriting)  
 Raymond Perez (Vice President Claims)  
 Maria T. Marrero (Vice President Marketing & Sales)  
 Cesar Alvarez (Vice President Reinsurance)

**DIRECTORS OR TRUSTEES**

Tobias Carrero Nacar  
 Carlos Iguina Oharriz  
 Yelitza Cruz Melendez  
 Tobias Enrique Carrero Valentiner  
 Luis Pimentel Zerbi  
 Rafael Andres Carrero Valentiner  
 Miguel Vazquez Deynes  
 Fernando Rivera Munoz  
 Juan Carlos Puig  
 Bartolome Gamundi Cestero  
 Luis Alejandro Carrero Valentiner#

State of \_\_\_\_\_ }  
 County of \_\_\_\_\_ } SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions there from 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.

\_\_\_\_\_  
 Luis M. Pimentel Zerbi  
 Executive Presidente

Subscribed and sworn to before me this \_\_\_\_\_  
 day of \_\_\_\_\_ 2019

\_\_\_\_\_  
 Yadira Mercado  
 Senior Vice President Finance-Treasurer

\_\_\_\_\_  
 Cesar Alvarez  
 Vice President Reinsurance

- 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) .....	16,380,384		16,380,384	13,543,625
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....	10,576,868	96,923	10,479,945	10,482,070
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	243,333		243,333	250,833
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 26,309,557, Schedule E-Part 1), cash equivalents (\$ ..... Schedule E-Part 2) and short-term investments (\$ ..... Schedule DA) .....	26,309,557		26,309,557	38,710,776
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	53,510,142	96,923	53,413,219	62,987,304
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	158,400		158,400	210,129
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	27,292,697	399,916	26,892,781	5,194,410
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	24,339,641		24,339,641	1,219,266
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	852,836	239,515	613,321	414,997
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	125,996	125,996		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other-than-invested assets .....	697,050	667,812	29,238	1,182,690
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	106,976,762	1,530,162	105,446,600	71,208,796
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	106,976,762	1,530,162	105,446,600	71,208,796
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Account Receivable Other & Taxes .....	25,664		25,664	1,179,116
2502. Prepaid .....	667,812	667,812		
2503. Account Receivable Payroll .....	3,574		3,574	3,574
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	697,050	667,812	29,238	1,182,690

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE MULTINATIONAL INSURANCE COMPANY

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	9,558,378	6,334,286
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	788,853	479,962
4. Commissions payable, contingent commissions and other similar charges .....	3,549,028	708,025
5. Other expenses (excluding taxes, licenses and fees) .....	2,295,994	641,336
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 51,463,000 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....	22,120,943	12,968,357
10. Advance premium .....	2,174,045	1,976,921
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	25,968,262	2,244,852
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) .....	11,069,000	29,272,251
14. Amounts withheld or retained by company for account of others .....	1,027,861	772,068
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 3 Column 78) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	481,270	102,408
20. Derivatives .....		
21. Payable for securities .....	2,008,334	
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....		
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	81,041,968	55,500,466
27. Protected cell liabilities .....		
28. Total liabilities (Lines 26 and 27) .....	81,041,968	55,500,466
29. Aggregate write-ins for special surplus funds .....	1,453,977	558,989
30. Common capital stock .....	3,000,000	3,000,000
31. Preferred capital stock .....	600,000	600,000
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	10,900,000	10,900,000
35. Unassigned funds (surplus) .....	8,450,655	649,338
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)		
36.2 ..... shares preferred (value included in Line 31 \$ .....)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....	24,404,632	15,708,327
38. Totals (Page 2, Line 28, Col. 3) .....	105,446,600	71,208,793
<b>DETAILS OF WRITE-INS</b>		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....		
2901. Puerto Rico Catastrophic Reserve .....	1,453,977	558,989
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	1,453,977	558,989
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above) .....		

## STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4) .....	27,944,726	15,227,127
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7) .....	12,136,500	5,467,498
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	1,663,905	1,180,940
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	6,085,035	9,479,545
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Lines 2 through 5) .....	19,885,440	16,127,983
7. Net income of protected cells .....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	8,059,286	(900,856)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	392,581	485,992
10. Net realized capital gains (losses) less capital gains tax of \$ .....	(2,722,200)	(4,557)
11. Net investment gain (loss) (Lines 9 plus 10) .....	(2,329,619)	481,435
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ....., amount charged off \$ .....) .....		
13. Finance and service charges not included in premiums .....		
14. Aggregate write-ins for miscellaneous income .....	1,215,991	1,123,431
15. Total other income (Lines 12 through 14) .....	1,215,991	1,123,431
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8+11+15) .....	6,945,658	704,010
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	6,945,658	704,010
19. Federal and foreign income taxes incurred .....	1,719,456	
20. Net income (Line 18 minus Line 19) (to Line 22) .....	5,226,202	704,010
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	15,708,328	10,161,903
22. Net income (from Line 20) .....	5,226,202	704,010
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	4,435,985	5,092,812
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....		128,094
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....	(665,883)	413,265
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes:		
32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments:		
33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....	(300,000)	(300,000)
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....		(491,756)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	8,696,304	5,546,425
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	24,404,632	15,708,328
DETAILS OF WRITE-INS		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....		
1401. Other Income .....	1,215,991	1,123,431
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....	1,215,991	1,123,431
3701. Catastrophe Reserve PR (Losses Paid Irma & Maria OCS CN-2018-240-D) .....		(491,756)
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) .....		(491,756)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	39,056,894	19,104,367
2. Net investment income	612,175	716,719
3. Miscellaneous income	1,215,991	1,123,431
4. Total (Lines 1 through 3)	40,885,060	20,944,517
5. Benefit and loss related payments	31,993,053	5,698,840
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	2,944,281	10,064,910
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	1,719,456	
10. Total (Lines 5 through 9)	36,656,790	15,763,750
11. Net cash from operations (Line 4 minus Line 10)	4,228,270	5,180,767
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	3,307,671	1,748,436
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	3,761,957	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	7,069,628	1,748,436
13. Cost of investments acquired (long-term only):		
13.1 Bonds	4,524,138	2,443,851
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate	232,845	215,990
13.5 Other invested assets		
13.6 Miscellaneous applications	1,608,077	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	6,365,060	2,659,841
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	704,568	(911,405)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	300,000	300,000
16.6 Other cash provided (applied)	(17,033,957)	28,133,025
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(17,333,957)	27,833,025
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Lines 11 plus 15 plus 17)	(12,401,119)	32,102,387
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	38,710,776	6,608,389
19.2 End of year (Line 18 plus Line 19.1)	26,309,657	38,710,776
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Col. 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1+2-3)
1. Fire	783,391	218,126	78,512	923,005
2. Allied lines	983,317	335,175	735,945	582,547
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril	22,133,192	7,175,438	13,908,215	15,400,415
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	534,044	114,896	270,948	377,992
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	372,478	298,449	422,422	248,505
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	3,037,107	1,049,798	1,599,362	2,487,543
17.2 Other liability - claims-made				
17.3 Excess workers' compensation				
18.1 Products liability - occurrence	68,757	18,364	37,063	50,058
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	2,432,583	942,494	1,276,306	2,098,771
19.3, 19.4 Commercial auto liability	2,491,944	1,031,169	1,306,185	2,216,928
21. Auto physical damage	3,368,797	1,464,539	1,950,795	2,882,541
22. Aircraft (all perils)				
23. Fidelity				
24. Surety	500,911	270,028	303,156	467,783
26. Burglary and theft				
27. Boiler and machinery	390,792	49,881	232,035	208,638
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - nonproportional Assumed Property				
32. Reinsurance - nonproportional Assumed Liability				
33. Reinsurance - nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	37,097,313	12,968,357	22,120,944	27,944,726
<b>DETAILS OF WRITE-INS</b>				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A-RECAPITULATION OF ALL PREMIUMS**

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	78,512				78,512
2. Allied lines	735,945				735,945
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril	13,908,215				13,908,215
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	263,327	7,621			270,948
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	422,422				422,422
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence	1,599,362				1,599,362
17.2 Other liability - claims-made					
17.3 Excess workers' compensation					
18.1 Products liability - occurrence	37,063				37,063
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	1,276,306				1,276,306
19.3, 19.4 Commercial auto liability	1,306,185				1,306,185
21. Auto physical damage	1,926,155	24,640			1,950,795
22. Aircraft (all perils)					
23. Fidelity					
24. Surety	273,728	29,428			303,156
26. Burglary and theft					
27. Boiler and machinery	232,035				232,035
28. Credit					
29. International					
30. Warranty					
31. Reinsurance - Nonproportional Assumed Property					
32. Reinsurance - Nonproportional Assumed Liability					
33. Reinsurance - Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	22,059,255	61,689			22,120,944
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					22,120,944
<b>DETAILS OF WRITE-INS</b>					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B-PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	12,525,938				11,742,547	783,391
2. Allied lines	9,823,853				8,840,536	983,317
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril	68,435,537				46,302,345	22,133,192
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	1,726,274				1,192,230	534,044
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	10,450,370				10,077,892	372,478
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	3,189,588				152,481	3,037,107
17.2 Other liability - claims-made						
17.3 Excess workers' compensation						
18.1 Products liability - occurrence	71,754				2,997	68,757
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	7,888,479				5,455,896	2,432,583
19.3, 19.4 Commercial auto liability	4,210,489				1,718,545	2,491,944
21. Auto physical damage	11,203,454				7,834,657	3,368,797
22. Aircraft (all perils)						
23. Fidelity						
24. Surety	500,911					500,911
26. Burglary and theft						
27. Boiler and machinery	1,497,012				1,106,220	390,792
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - nonproportional assumed property	X X X					
32. Reinsurance - nonproportional assumed liability	X X X					
33. Reinsurance - nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	131,523,659				94,426,346	37,097,313
<b>DETAILS OF WRITE-INS</b>						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

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

If yes: 1. The amount of such installment premiums \$ .....  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ .....

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE MULTINATIONAL INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1+2-3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4+5-6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	40,994		6,079	34,915	25,059	32,615	27,359	3.0
2. Allied lines	21,745,820		21,522,099	223,721	154,342	78,707	299,356	51.4
3. Farmowners multiple peril								
4. Homeowners multiple peril					945	838	107	
5. Commercial multiple peril	118,245,066		114,892,744	3,352,322	7,054,024	4,076,643	6,329,703	41.1
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	27,366		10,306	17,060	47,561	10,054	54,567	14.4
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake	36,410		36,410		161	196	(35)	
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	280,563			280,563	459,497	467,539	272,521	11.0
17.2 Other liability - claims-made								
17.3 Excess workers' compensation								
18.1 Products liability - occurrence	8,000			8,000		3,800	4,200	8.4
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	3,919,985		2,527,299	1,392,686	387,918	331,328	1,449,276	69.1
19.3, 19.4 Commercial auto liability	1,918,860		1,037,685	881,175	908,164	791,794	997,545	45.0
21. Auto physical damage	6,855,797		4,299,285	2,556,512	409,263	501,132	2,464,643	85.5
22. Aircraft (all perils)								
23. Fidelity								
24. Surety	66,638			66,638	111,444	39,640	138,442	29.6
26. Burglary and theft								
27. Boiler and machinery	1,068,372		969,556	98,816			98,816	47.4
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - nonproportional assumed property	X X X							
32. Reinsurance - nonproportional assumed liability	X X X							
33. Reinsurance - nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	154,213,871		145,301,463	8,912,408	9,558,378	6,334,286	12,136,500	43.4
<b>DETAILS OF WRITE-INS</b>								
3401								
3402								
3403								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE MULTINATIONAL INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Cols. 1+2-3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	40,000		40,000		39,354		14,295	25,059	3,258
2. Allied lines	1,267,091		1,208,851	58,240	107,360		11,258	154,342	16,279
3. Farmowners multiple peril									
4. Homeowners multiple peril					1,050		105	945	123
5. Commercial multiple peril	48,808,066		44,112,353	4,695,713	11,424,290		9,065,979	7,054,024	578,724
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine	89,500		51,800	37,700	23,720		13,859	47,561	3,732
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake					5,150		4,989	161	20
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence	380,981			380,981	78,516			459,497	34,971
17.2 Other liability - claims-made									
17.3 Excess workers' compensation									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	678,136		447,161	230,975	505,762		348,819	387,918	35,416
19.3, 19.4 Commercial auto liability	1,408,347		701,961	706,386	1,259,751		1,057,973	908,164	72,146
21. Auto physical damage	899,125		602,975	296,150	371,885		258,772	409,263	33,954
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	65,496			65,496	45,948			111,444	10,230
26. Burglary and theft									
27. Boiler and machinery	158,602		158,602		186,425		186,425		
28. Credit									
29. International									
30. Warranty									
31. Reinsurance - nonproportional Assumed Property	X X X				X X X				
32. Reinsurance - nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance - nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	53,795,344		47,323,703	6,471,641	14,049,211		10,962,474	9,558,378	788,853
<b>DETAILS OF WRITE-INS</b>									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403+3498) (Line 34 above)									

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	8,387,136			8,387,136
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	6,723,231			6,723,231
1.4 Net claim adjustment services (1.1+1.2-1.3)	1,663,905			1,663,905
2. Commission and brokerage:				
2.1 Direct excluding contingent		21,444,129		21,444,129
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent				
2.4 Contingent - direct		(26,976,677)		(26,976,677)
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		(5,532,548)		(5,532,548)
3. Allowances to manager and agents		629,783		629,783
4. Advertising		299,717		299,717
5. Boards, bureaus and associations		266,245		266,245
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		4,335,336		4,335,336
8.2 Payroll taxes		313,075		313,075
9. Employee relations and welfare		500,767		500,767
10. Insurance		138,479		138,479
11. Directors' fees		22,275		22,275
12. Travel and travel items		295,131		295,131
13. Rent and rent items		110,412		110,412
14. Equipment		121,245		121,245
15. Cost or depreciation of EDP equipment and software		1,226,391		1,226,391
16. Printing and stationery		123,029		123,029
17. Postage, telephone and telegraph, exchange and express		68,401		68,401
18. Legal and auditing		397,307		397,307
19. Totals (Lines 3 to 18)		8,847,593		8,847,593
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		931,401		931,401
20.2 Insurance department licenses and fees		43,500		43,500
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		22,460		22,460
20.5 Total taxes, licenses and fees (20.1+20.2+20.3+20.4)		997,361		997,361
21. Real estate expenses		532,765		532,765
22. Real estate taxes		71,442		71,442
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		1,168,422	52,535	1,220,957
25. Total expenses incurred	1,663,905	6,085,035	52,535	(a) 7,801,475
26. Less unpaid expenses - current year	788,852	4,877,446		5,666,298
27. Add unpaid expenses - prior year	479,962	1,360,615		1,840,577
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,355,015	2,568,204	52,535	3,975,754
<b>DETAILS OF WRITE-INS</b>				
2401. Professional Services (Underwriting, Accounting, etc.)		664,453		664,453
2402. Supplies Expense		63,228		63,228
2403. Investment Expense			52,535	52,535
2498. Summary of remaining write-ins for Line 24 from overflow page		440,741		440,741
2499. Totals (Lines 2401 through 2403 plus Line 2498) (Line 24 above)		1,168,422	52,535	1,220,957

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a) (5,306)	(21,687)
1.2 Other bonds (unaffiliated)	(a) 252,934	252,934
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	(b)	
2.21 Common stocks of affiliates	(b)	
3. Mortgage loans	(c)	
4. Real estate	(d) 237,564	237,564
5. Contract loans	(d)	
6. Cash, cash equivalents and short-term investments	(e) 121,851	121,850
7. Derivative instruments	(f)	
8. Other invested assets	(f)	
9. Aggregate write-ins for investment income		
10. Total gross investment income	607,043	590,661
11. Investment expenses		(g) 52,534
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 145,546
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		198,080
17. Net investment income (Line 10 minus Line 16)		392,581
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

(a) Includes \$ 1,798 accrual of discount less \$ 95,288 amortization of premium and less \$ 6,483 paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.  
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.  
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.  
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.  
 (g) Includes \$ 52,535 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.  
 (i) Includes \$ 145,547 depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax				328,531	
1.2 Other bonds (unaffiliated)	(1,114,123)	(1,608,077)	(2,722,200)	4,107,451	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	(1,114,123)	(1,608,077)	(2,722,200)	4,435,982	
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)					

## EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	96,923		(96,923)
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	96,923		(96,923)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued		74,375	74,375
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	399,916	137,335	(262,581)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	239,515	385,349	145,834
21. Furniture and equipment, including health care delivery assets	125,996	81,852	(44,144)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	667,812	185,368	(482,444)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,530,162	864,279	(665,883)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,530,162	864,279	(665,883)
<b>DETAILS OF WRITE-INS</b>			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expense	667,812	185,368	(482,444)
2502. Other Accounts Receivable			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	667,812	185,368	(482,444)

## NOTES TO FINANCIAL STATEMENTS

### Note 1: Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of the Multinational Insurance Company are presented based on accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico.

Effective January 1, 2001, the Insurance Commissioner of Puerto Rico required that insurance companies domiciled in the Commonwealth of Puerto Rico prepare their statutory basis financial statements in accordance with the NAIC "Accounting Practices and Procedures Manual" (version effective January 1, 2001), subject to any deviations prescribed or permitted by the Insurance Commissioner of Puerto Rico.

A reconciliation of the policyholders' surplus between the amounts presented in the accompanying financial statements (PR State basis) and NAIC SAP as of December 31, 2018 and 2017 is shown below:

	2018	2017
Statutory Surplus - PR State Basis	\$ 24,404,632	\$ 15,708,328
Puerto Rico prescribed practices:		
Real Estate at value authorized by the Office of the Commissioner of PR	(5,357,476)	(5,357,476)
Statutory Surplus - NAIC SAP	\$ 19,047,156	\$ 10,350,852

The Company insures real and personal property against loss and damages and writes other casualty lines. The business is primarily written through general agents who collect the premiums from the insurers and remit them to the Company, net of commissions.

The Office of the Commissioner of Insurance of Puerto Rico authorized a permitted practice to recognize a market value adjustment to the Real Estate –Home Office located in San Juan, PR. The value determined by the Commissioner in 2017 was \$10.4 million.

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

The preparation of financial statements in conformity with statutory accounting practices prescribed or permitted by the Commissioner of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### C. Accounting Policies

Premiums written are taken into income on a pro rata basis over the periods covered by the policies, whereas the related acquisition and commission costs are expensed when incurred. The unearned premiums are computed based on the monthly pro rata method and presented net of unearned premiums ceded under reinsurance contracts.

Investments in debt securities designated as highest and high quality (NAIC designation 1 and 2) are generally stated at amortized cost and any premium or discount is amortized to income using the interest method. All other debt securities are reported at the lower of amortized cost or fair market value. As permitted by rules promulgated by the NAIC's designation, redeemable preferred stocks are accounted for at amortized cost, until the investment reaches the lower of its par or redemption value.

Equity securities (common stock), other than those from an affiliated company, are stated at market value. Common stock from an affiliated insurance company is presented at the

**NOTES TO FINANCIAL STATEMENTS**

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Company's equity in the affiliated company's statutory capital and surplus. The unrealized gain or loss on common stock is accounted for as a direct increase or decrease of unassigned surplus. Short Term investments are stated at amortized cost. Bonds not backed by other loans are stated at either amortized cost, using the interest method or the lower of amortized cost or fair market value.

Redeemable Preferred stocks in good standing are carried at amortized cost. Perpetual preferred stocks in good standing are carried at fair market value. Other preferred stocks not in good standing are carried at the lower of amortized cost or fair market value.

Loan backed securities are stated at either amortized cost, using the interest method or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities, EITF 99-20 eligible securities or securities where the yield had become negative, that are valued using the prospective method. Declines in the market value of invested assets below cost are evaluated for other than temporary impairment losses.

Impairment losses for declines in value of fixed maturity investments and equity securities below cost attributable to issuer-specific events are based upon all relevant facts and circumstances for each investment and are recognized when appropriate in accordance with SAP and related guidance. For fixed maturity investments with unrealized losses due to market conditions or industry-related events where the Company has the positive intent and ability to hold the investment for a period enough to allow a market recovery or to maturity, declines in value below cost are assumed to be temporary.

Mortgage loans and note receivable are presented at their outstanding unpaid principal balance.

Investment transactions are recorded based on trade date. Realized gains and losses on sales of investments are determined using the specific identification method.

Prepayments assumptions for Mortgage-Backed Securities, Collateralized Mortgage Obligations and Other Structured Securities were generated using a purchased prepayment model. The prepayment model uses several factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover), term and age of the underlying collateral (burnout, seasoning). On an ongoing basis, we monitor the rate of prepayment and calibrate the model to reflect actual experience, market factors, and viewpoint.

Cash includes non-negotiable certificates of deposit with original maturities of one year or less, saving accounts and other interest-bearing accounts with banks, as well as cash on hand and on deposit.

Electronic data processing (EDP) equipment is presented at cost, net of accumulated depreciation up to a maximum of 3% of the capital and surplus. Depreciation is provided on the straight-line method over the estimated useful life of the equipment. Depreciation expense for the years ended on December 31, 2018 and 2017 amounted to approximately \$363,230 and \$53,488; respectively.

Equipment, furniture and fixtures and leasehold improvements are classified as non-admitted assets. Depreciation is provided under the straight-line method over the estimated useful life of the assets. Depreciation expense for the years ended on December 31, 2018 and 2017 amounted to approximately \$14,497 and \$9,331; respectively.

Real Estate investments represent properties occupied by the Company or held to produce income and are presented at cost, net of accumulated depreciation, or as adjusted by the market value adjustment under acceptance by the Commissioner. A useful life of real estate was estimated at approximately 40 years. Depreciation expense for the years ended on December 31, 2018 and 2017 amounted to \$145,547 and \$140,753; respectively.

**NOTES TO FINANCIAL STATEMENTS**

Real Estate as of December 31, 2018 and 2017 consists of the following:

	<u>Dec-18</u>	<u>Dec-17</u>
Property Occupied by the Company, Home Office including market value adjustment under special acceptance by the Commissioner of \$ 5,357,476	\$ 10,411,000	\$ 10,411,000
Property Occupied - Other net	68,944	71,070
Sub-total	<u>\$ 10,479,944</u>	<u>\$ 10,482,070</u>
Property held for production of income, net	243,333	250,833
Real Estate, net	<u>\$ 10,723,278</u>	<u>\$ 10,732,903</u>

The Company's reserves for loss and loss adjustment expenses represent individual case estimates for reported claims, estimates for unreported losses based on experience modified for current trends and estimates of expenses for investigating and settling claims. The total of such liability is reduced for portions ceded to other insurers. Management believes that the reserve for losses and loss adjustment expenses at December 31, 2018, is reasonable and reflective of anticipated ultimate experience. Because of the length of time required for ultimate liability losses and loss adjustment expenses to be determined, the net amounts that will ultimately be paid to settle the liability may vary from the estimated amounts provided for in the statutory statements of admitted assets, liabilities, surplus and other funds. The resulting difference between the estimates and the actual loss, as subsequently determined, is reflected in operations in the period such difference arises.

**Recent Accounting Developments**

In November 2017, effective January 1, 2018, the NAIC substantially revised SSAP No. 100R, *Fair Value*, to allow net asset value as a practical expedient to fair value, either when specifically named in a SSAP or when specific conditions exist.

In December 2016, effective December 31, 2017, the NAIC substantially revised SSAP No.2R, *Cash, Cash Equivalents, Drafts, and Short-Term Investments*, to reclassify money market mutual funds to cash equivalents and clarifies that money market mutual funds shall be valued at fair value, allowing net asset value as a practical expedient. The revision of this SSAP did not influence the Company's statutory financial statements.

In December 2016, effective January 1, 2017, the NAIC substantially revised SSAP No. 35R, *Guaranty Fund and Other Assessments*, to require discounting of long-term care guaranty fund assessments and related assets.

In June 2016, effective January 1, 2017, the NAIC substantially revised SSAP No. 103, *Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*, to incorporate accounting guidance for short sales. This revision supersedes SSAP No. 91R. The revision of this SSAP did not influence the Company's statutory financial statements.

In June 2016, effective January 1, 2017, the NAIC substantially revised SSAP No. 51R, *Life Contracts*, and SSAP No.54R, *Individual and Group Accident and Health Contract*, to reference the *Valuation Manual* and update the change in valuation basis guidance as part of PBR implementation. This revision supersedes SSAP No. 80. The revision of these SSAP's did not influence the Company's statutory financial statements.

In April 2016, effective January 1, 2017, the NAIC substantially revised SSAP No.41R, *Surplus Notes*, to change the measurement guidance for holders of surplus notes. The revision of this SSAP did not influence the Company's statutory financial statements.

During the year ended on December 31, 2018 no new accounting development has emerged that might have any impact in the accompanying statutory financial statements.

**Note 2: Accounting Changes and Corrections of Errors**

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

### Note 3: Business Combinations and Goodwill

Not Applicable.

### Note 4: Discontinued Operations

Not Applicable.

### Note 5: Investments

The amortized cost, gross unrealized gains and losses, and estimated fair values of debt securities as of December 31, 2018 and 2017, are as follows:

December 31, 2018				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Obligations of the Commonwealth of PR and its agencies and its instrumentalities	\$ 2,982,184	\$ -	\$ 696,781	\$ 2,285,403
United States government, agencies and instrumentalities	13,227,755	88,184	217,324	\$ 13,098,615
Corporate bonds	654,237	-	10,795	643,442
<b>Total</b>	<b>\$ 16,864,176</b>	<b>\$ 88,184</b>	<b>\$ 924,900</b>	<b>\$ 16,027,460</b>
December 31, 2017				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Obligations of the Commonwealth of PR and its agencies and its instrumentalities	\$ 6,339,749	\$ -	\$ 4,919,774	\$ 1,419,975
United States government, agencies and instrumentalities	11,468,465	100,797	168,384	11,400,878
Corporate bonds	655,185	15,162	-	670,347
<b>Total</b>	<b>\$ 18,463,399</b>	<b>\$ 115,959</b>	<b>\$ 5,088,158</b>	<b>\$ 13,491,200</b>

The amortized cost and estimated market value of investments as of December 31, 2018 and 2017 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

December 31, 2018		
	Amortized Cost	Fair Value
Due after one year through five years	7,423,521	7,330,039
Due after five year through ten years	5,893,252	5,488,029
Due over ten years	3,547,404	3,209,393
<b>Total</b>	<b>\$16,864,177</b>	<b>\$ 16,027,461</b>
December 31, 2017		
	Amortized Cost	Fair Value
Due one year or less	\$ 2,403,451	\$ 576,000
Due after one year through five years	8,077,825	6,126,184
Due after five year through ten years	6,205,268	5,226,918
Due over ten years	1,776,855	1,562,098
<b>Total</b>	<b>\$18,463,399</b>	<b>\$ 13,491,200</b>

## NOTES TO FINANCIAL STATEMENTS

The following table shows the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2018 and 2017:

	December 31, 2018					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of the Commonwealth of Puerto Rico and its agencies and its instrumentalities	\$ 1,838,203	\$ (212,989)	\$ 447,200	\$ (483,792)	\$ 2,285,403	\$ (696,781)
United States government, agencies and instrumentalities	1,068,375	(10,085)	7,739,250	(207,239)	8,807,625	(217,324)
Corporate bonds	643,442	(10,795)	-	-	643,442	(10,795)
<b>Total</b>	<b>\$ 3,550,020</b>	<b>\$ (233,869)</b>	<b>\$ 8,186,450</b>	<b>\$ (691,031)</b>	<b>\$ 11,736,470</b>	<b>\$ (924,900)</b>

	December 31, 2017					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of the Commonwealth of Puerto Rico and its agencies and its instrumentalities	\$ -	\$ -	\$ 1,419,975	\$ 4,919,774	\$ 1,419,975	\$ 4,919,774
United States government, agencies and instrumentalities	3,184,216	43,255	5,321,609	125,129	8,505,825	168,384
Corporate bonds	-	-	-	-	-	-
<b>Total</b>	<b>\$ 3,184,216</b>	<b>\$ 43,255</b>	<b>\$ 6,741,584</b>	<b>\$ 5,044,903</b>	<b>\$ 9,925,800</b>	<b>\$ 5,088,158</b>

During the years ended December 31, 2018 and 2017 proceeds from redemption and sale of debt securities amounted to \$70,000 and \$1,668,550 with a realized net loss of \$3,718 and \$4,442, respectively. In addition, in 2018 and 2017 a total of \$84,674 and \$79,886 was received as principal paydown respectively. For the period ended December 31 2018 and 2017, investment acquired amounted to \$2,001,850 and \$ 2,443,851 respectively. As of December 31, 2018, and December 31, 2017, debt securities with a face amount of \$3,597,000 and \$5,800,000 and a carrying value of \$2,390,300 and \$1,660,555 respectively, were on deposit with the Commissioner of Insurance.

These investments continue to be owned by the Company, but their use is restricted based on the provisions of the Insurance Code.

Since February 2014, the investments rating agencies Moody's, Standard and Poor's and Fitch downgraded the general obligations bonds of the Commonwealth of Puerto Rico and some other instrumentalities. As of December 31, 2018, and 2017, Multinational Insurance Company ("the Company") possessed investments in Puerto Rico (P.R.) obligations and other instrumentalities with an amortized cost in the amount of \$2.9 million and \$6.3 million; and market value of \$2.3 million and \$ 1.4 million, respectively. Puerto Rico obligations represented 5.85%, and 2.72 %%% of the investment portfolio as of December 31, 2018 and 2017; respectively.

**NOTES TO FINANCIAL STATEMENTS**

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The Statement of Statutory Accounting Principle Number 26 ("SSAP No. 26") establishes that bonds shall be valued and reported in accordance with this statement, the Purposes and Procedures Manual of the National Association of Insurance Commissioner ("NAIC") Securities Valuation Office ("SVO"), and the designation assigned in the NAIC Valuations of Securities product prepared by the SVO. For reporting entities that maintain an Asset Valuation Reserve ("AVR"), the bonds shall be reported as amortized cost, except those with a NAIC designation of 6, which shall be reported at the lower of amortized cost or fair value. For reporting entities that do not maintain an AVR, bonds that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) shall be reported at amortized cost; with all other bonds (NAIC designations 3 to 6) reported at the lower of amortized cost or fair value.

Property and Casualty Insurance Companies do not maintain an Asset Valuation Reserve, and as a result bonds with classification 1 and 2 at amortized cost and those with NAIC designation of 3 to 6 should be reported at the lower of cost or fair value.

As of December 31, 2018 and 2017, bonds in Puerto Rico Obligations presented in the accompanying financial statements which were classified by the SVO with a classification of 6 had an amortized cost of \$930 thousand, and \$6.3 million, respectively. As a result of the abovementioned downgrade, such investments were recorded at fair value of \$447 thousand and \$1.4 million, with a valuation allowance charged to surplus amounting to \$484 thousand and \$4.9 million as of December 31, 2018 and 2017; respectively.

In order to address Puerto Rico fiscal and economic crisis, on June 30, 2016, the U.S. Congress enacted the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA" or the "Act"), which, among other things, established a Federally-appointed oversight board (the "Oversight Board"), comprised of seven members with ample powers over the finances of the Commonwealth and its instrumentalities.

PROMESA or the Act" was enacted into law on June 30, 2016. The Senate had passed PROMESA on June 29, 2016, and President Obama signed the Act into law on June 30, 2016. The Oversight Board is provided with broad authority over Puerto Rico and instrumentalities of Puerto Rico which the Oversight Board designates as "covered" instrumentalities. The Oversight Board is generally an autonomous body that has broad authority and discretion over Puerto Rico, including the ability to place Puerto Rico itself and a "covered" instrumentality into a debt restructuring proceeding established under the Act, require and approve a fiscal plan, require and approve a budget, oversee operations and implement changes that are necessary to comply with an approved fiscal plan or budget, approve the issuance of debt, hold hearings and issue subpoenas in furtherance of its functions, enter into its own contracts, analyze a territory's pensions and pension liability, approve voluntary settlements with creditors, and become a direct party in litigation against Puerto Rico or an instrumentality. The Oversight Board is, in effect, considered a division of the territory and can hire officers, professionals and legal counsel.

The Act also established a temporary stay on litigation to enforce rights or remedies related to financial liabilities of the Commonwealth, its instrumentalities and municipalities, which was initially scheduled to expire on February 15, 2017 but was extended by the Oversight Board until May 1, 2017. The Act finally established two separate mechanisms to restructure the debts of the Commonwealth, its public corporations and municipalities. The first mechanism permits modifications of financial indebtedness with the consent of a supermajority of affected financial creditors. The second mechanism is a court-supervised debt-adjustment process, which is modeled after Chapter 9 of the U.S. Bankruptcy Code. Pursuant to PROMESA, the Oversight Board required the Commonwealth to submit a fiscal plan in October 2016. The fiscal plan submitted by the Commonwealth projected that, under current policies, consolidated expenditures (including debt service on tax-supported debt) would, in the aggregate, exceed consolidated resources by approximately \$58.7 billion from fiscal year 2017 to fiscal year 2026.

The plan estimated that, even assuming the successful implementation of the measures set forth therein, there would still be a material cumulative financing gap before the payment of debt service during the ten-year period covered by the fiscal plan in the absence of federal Affordable Care Act funding for the Government's health programs. The Oversight Board rejected the prior Administration's plan in November 2016 and requested that the new Administration of Governor

**NOTES TO FINANCIAL STATEMENTS**

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Ricardo Rossello Nevarez deliver a new fiscal plan by January 15, 2017, which was later extended until February 28, 2017. In a letter dated January 18, 2017, the Oversight Board recommended to the Governor a series of measures for inclusion in the fiscal plan, including a \$1.0 billion reduction in health care spending by fiscal year 2019, the elimination of budgetary subsidies to municipalities, and important reductions in payroll expenditures and pension and/or pension-related benefits. On February 28, 2017, the Governor of Puerto Rico submitted a 10-year fiscal plan to the Fiscal Oversight Board established by PROMESA, for its review and approval. As part of the proposed plan, the Puerto Rico government intends to make significant changes to the Government Health Plan, including cost reduction of around \$300 million over the first two years and \$2.5 billion over the plan period. After certain revisions, a final plan was approved by the Board on March 13, 2017, which includes spending reductions of \$25.7 billion. The plan implies larger concessions from bondholders since there would be approximately \$8 billion available for debt service payments over the next 10 years as compared to around \$35 billion that is owed over such period. The plan also proposes certain significant changes to the Commonwealth's healthcare delivery model in order to reduce expenses and the elimination of subsidies to the municipalities. Nevertheless, the plan does not provide details about the proposed changes or the timeline for their implementation.

On May 2, Governor Rossello notified to the Fiscal Oversight Board that the Government of Puerto Rico wished to seek protection under Title III of the PROMESA Act. He stated that after extensive discussions in good faith and the opening of the financial books of the Government of Puerto Rico to the creditors, there had not been enough progress in the negotiations, so that Title III of the PROMESA Act would allow for a special court to restructure the public debt of Puerto Rico.

Between June and August 2017, the Oversight Board certified fiscal plans for the Commonwealth and certain of its instrumentalities. However, subsequently in December they requested that the government submit revised fiscal plans, considering the impact of the hurricanes Maria and Irma, which impacted Puerto Rico in September 2017. The government has submitted several drafts of such fiscal plans to the Oversight Board, which are currently under its review. The Oversight Board has indicated that they expect to certify the revised plans submitted for the Commonwealth, the Puerto Rico Aqueduct and Sewer Authority, and the Puerto Rico Electric Power Authority by the end of June 2018.

On November 29, 2018, the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF", by its Spanish acronym) and the Government Development Bank for Puerto Rico ("GDB") announced the consummation of the qualifying modification (the "Qualifying Modification") for GDB under Title VI of the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"). The completion of the Qualifying Modification for GDB marked the first successful use of the collective action procedures under Title VI of PROMESA and the first Puerto Rico debt restructuring transaction closed under PROMESA.

The consummation of this transaction, provided combined debt service savings to the majority of Puerto Rico's municipalities of approximately \$55 million during the January 1 and July 1, 2019 payments, while also providing GDB's diverse creditor constituency with adequate recoveries given the financial circumstances of the GDB.

The GDB Debt Recovery Authority, a newly formed statutory public trust and governmental instrumentality (the "Issuer"), issued \$2,597,754,625 of 7.500% GDB Debt Recovery Authority Bonds (Taxable) due 2040 (the "DRA Bonds") to holders of participating bond claims of GDB, with each holder receiving \$550 of DRA Bonds for each \$1,000 of participating bond claims of GDB that they previously held. The DRA Bonds were delivered on November 30, 2018.

The Company had \$2.4 million in GDB bonds accounted at fair value before November 30, 2018, the exchange date, which were part of abovementioned transaction. As a result of the exchange the Company received a DRA Bonds accounted for at market value of \$2.5 million as of November 30, 2018, the exchange date. Those bonds has been recorded at its amortized cost as of December 31, 2018, which is \$2.1 million, as a result of principal payment received during December 2018.

## NOTES TO FINANCIAL STATEMENTS

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As of December 31, 2018, and 2017 the Company has direct exposure to the Puerto Rico government obligations with a book value in the amount of \$2.5 million and \$1.4 million as of December 31, 2018 and 2017.

A. Mortgage Loans

Not Applicable.

B. Trouble Debt Restructuring for Creditors

Not Applicable.

C. Reverse Mortgage

Not Applicable.

D. Loan Backed Securities

Not Applicable

E. Repurchase Agreements

Not Applicable.

F. Write-downs for Impairments of Real Estate and Retail Land Sales

Not Applicable.

G. Low income Housing Credits

Not Applicable.

**Note 6: Joint Ventures, Partnership and Limited Liability Company**

Not Applicable.

**Note 7: Investment Income**

A. Accrued Investment income

The Company non-admitted investment income due and accrued if amounts are over 90 days past due.

B. Amounts none admitted

As of December 31, 2018, investment income due and accrued was not recognized amount as non-admitted and in 2017 recognized \$74,375 as non-admitted.

**Note 8: Derivatives Instruments**

The Company does not have derivative instruments.

**Note 9: Income Taxes**

The Company is taxed on taxable income determined based on the annual statements filed with the Insurance Commissioner of Commonwealth of Puerto Rico at rates ranging from 20% to 39%. In addition, the Company is subject to an alternative minimum income tax which is calculated based on a formula established by existing tax laws.

**NOTES TO FINANCIAL STATEMENTS**

Provision for income taxes for the year ended December 31, 2018 amounted to \$1.7 million. There was no provision for income taxes for the year 2017.

On June 30, 2013, the Governor of the Commonwealth of Puerto Rico signed into law Puerto Rico's Act No. 40 known as Tax burden Adjustment and Redistribution Act, which introduces substantial changes to the 2011 tax reform. The law established a tax to the insurance companies of 1% on net premiums earned after June 30, 2013. The Office of the Commissioner of Insurance of PR (OCS) issued Normative Letter CN-2014-170-AF providing guidance for this special tax calculation pursuant to section 7.022 of the Insurance Code.

In 2014, the OCS published and provided Form No. OCS-AF-2015-001 "Special Premium Tax Calculation" for Property and Casualty Companies and the 1% was applied to the Direct Premiums Earned following the calculation form. This tax expense for the years ended December 31, 2018 and 2017 amounted to \$207,630 and \$146,213; respectively.

**Note 10: Information Concerning Parent, Subsidiaries and Affiliates****A Nature of Relationship**

Multinational Insurance Company was incorporated and domiciled in San Juan, Puerto Rico and licensed to do property and casualty insurance business in PR on October 11, 2011 and began operations on November 2, 2011. The Company is a wholly-owned subsidiary of Ancon SA, an insurance company licensed in Panama.

**B. Detail of transactions Greater than ½% of Admitted Assets**

Not Applicable

**C. Change in Terms of Inter-Company Arrangements**

Not Applicable

**D. Amount Due to or from Related Parties**

As of December 31, 2018, and 2017 the Company reported net amount due to Multinational Life Insurance Company) in the amount of \$481,272 and due from MLIC in the amount of \$102,408; respectively. The net amount due from Multinational Life Insurance Company does not bear interest and is due on demand

**E. Guarantees or Contingencies for Related Parties**

Not Applicable

**F. Transaction with Related Parties**

The Company leases office space to Multinational Life Insurance Company under an operating lease agreement. This agreement expires on November 30, 2016 and has a renewal option for a period of five years. During the years ended December 31, 2018 and 2017 a total amount of \$233,706 and \$235,878 was recorded as rent income, respectively.

In addition, the company shares certain expenses with Multinational Life Insurance Company such as salaries, professional services, occupancy expenses, information technology, and other expenses which are incurred for the benefit of both companies. For the year ended December 31, 2018 these charges were as follows:

	<u>Dec-18</u>
Amount billed from Multinational Life Insurance Compar	\$ 3,023,589
Amount billed to Multinational Life Insurance Company	<u>713,874</u>
Other expenses net balance	<u>\$ 2,309,715</u>

## NOTES TO FINANCIAL STATEMENTS

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The Company also has 300,000 shares of \$10 par value preferred stock authorized, of which 60,000 shares are issued and outstanding. The issuance of these preferred stocks to Consultoria Avanzada, an affiliated company based in Panamá, was approved by the Insurance Commissioner of Puerto Rico on August 23, 2016. The sale price for this transaction was \$50.00 per share for a total capital infusion of \$3,000,000 with an authorized fixed 10% dividend rate payable on a monthly basis, starting on September 1<sup>st</sup>, 2016. As a result, dividends in the amount of \$300,000 were paid during the years ended December 31, 2018 and 2017, respectively.

G. Nature of Relationship that could affect operations

Not Applicable.

H. Amount Deducted for Investment in Upstream Company

Not Applicable.

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

Not Applicable.

J. Write-down for Impairment of investments in Subsidiary, Controlled or Affiliated Companies.

Not Applicable.

K. Foreign Subsidiary value using CARVM

Not Applicable.

L. Downstream Holdings Company Value Using Look – Through Method

Not Applicable.

**Note 11: Debt**

Not Applicable.

**Note 12: Retirements Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Plans**

Not Applicable.

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

The Company has 500,000 shares of \$10 par value common stocks authorized and 300,000 shares issued and outstanding. The Company has 300,000 shares of \$10 par value preferred stock authorized and 60,000 shares issued and outstanding. The issuance of these preferred stocks to an affiliated company was approved by the Insurance Commissioner of Puerto Rico on August 23, 2016. The sales price for this transaction was \$50.00 per share, for a total capital infusion of \$3,000,000 with an authorized fixed 10% dividend rate payable on a monthly basis, starting on September 1<sup>st</sup>, 2016. As a result, as mentioned above, a total dividend in the amount of \$300,000 were paid during the years ended December 31, 2018 and 2017, receptively

Pursuant to amendments to the Insurance Code, the Puerto Rico Insurance Code requires multiline property and casualty insurance companies to have a minimum common stock paid in capital of \$3,000,000. In addition, the Code requires a minimum surplus amounting to one third of net premiums written December 31, 2018 and 2017, the Company met these capital requirements.

In accordance with the Act No. 73 of August 12, 1994 and Chapter 25 of the Insurance Code,

**NOTES TO FINANCIAL STATEMENTS**

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the Companies required to establishing and maintaining a trust fund for the payment of catastrophe losses. The establishment of this trust fund increases the financial capacity of the Company in order to offer protection related to catastrophic losses. This trust may invest its funds in securities authorized by the Insurance Code, but not in investments whose value may be affected by hazards covered by catastrophic insurance losses. The interest earned on the investments and any realized gain or (loss) on investments transactions become part of the reserve for catastrophic insurance losses and an income or (expense) of the Company. The assets in this fund are to be used solely and exclusively to pay catastrophe losses covered under policies written in Puerto Rico.

In Puerto Rico, catastrophic reserves are recorded as aggregate write-ins for special surplus funds and reduced from unassigned surplus. The contributions of the Catastrophic Reserve for year 2017 amounted to \$ 196,797. For the year ended December 31, 2017 the Company directly charged to the PR Cat Reserve a total of \$491,757 in losses paid for Hurricane Maria and Irma as permitted by Chapter 25, Rule 72 and applicable Normative and Circular letters issued by the Office of the Commissioner of Insurance of PR. The amount presented at December 31, 2018 and 2017 in aggregate write-ins for special surplus funds in the accompanying statutory financial statements amounted to \$1,453,977 and \$558,989, respectively.

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

Pursuant to Chapter 41 and Rule no. 56 of The Insurance Code of The Commonwealth of Puerto Rico, The Company is a member of "Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria" and "Sindicato de Aseguradores de Responsabilidad Profesional para Médicos". Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other members, companies and, accordingly, is contingently liable if these syndicates cannot meet their obligations. It has been reported that such syndicates have a cumulative deficit which could give rise to future assessments to replenish those deficits.

In addition, pursuant to Article 12 of Rule LXIX of the Insurance Code of the Commonwealth of Puerto Rico, the Company is a member of the Compulsory Vehicle Liability Joint Underwriting Association (The Association). This association was organized in 1997 to underwrite insurance coverage of motor vehicle property damage liability risks effective on January 1998; its limit is \$4,000 per occurrence. As a participant, the Company shares the risk, proportionately with other members, based on a formula established by the Insurance Code.

**B. Guaranty Fund and Other Assessments**

Property and liability insurance companies are members of Puerto Rico Property and Casualty Insurance Guaranty Association (PRPCIGA). As a member, is required to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies.

**C. Gain Contingencies**

Not Applicable.

**D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits**

Not Applicable.

**E. Other Contingencies and Write-downs for Impairment**

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

### F. Other Contingencies

The Company is subject to legal proceeding which range between \$7.8 million and \$8.0 million that is not finally adjudicated and it is in its initial legal stages. This action when finally concluded, will not in the opinion of management and legal counselors, have a material adverse effect upon the financial position of the company.

### Note 15: Leases

The Company has an operating lease agreement for office space rented by a related party which expires on November 30, 2016, with renewal options for five additional years. For the years ended December 31, 2018 and 2017, rental income for this lease amounted to \$233,706 and \$235,878; respectively.

### Note 16: Information about Financial Instruments with Off Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk

Not Applicable.

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

Not Applicable.

### Note 18: Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured portion of Partially Insured Plans

Not Applicable.

### Note 19: Direct Premium Written (DPW) /Produced by Managing General Agents/Third Party Administrators

The Company uses general agencies to write and administer all property and casualty lines of business. As reported in the following chart, general agencies which write direct premiums greater than 5% of policyholder's surplus for the year ended on December 31, 2018. The terms of the general agency contracts give the agency authority to premium collection (P) and underwriting authority (B) for all policies issued under these agreements.

For the year ended December 31, 2018 DPW were as follows:

General Agency	EIN No.	Exclusive Contract	Type	Authority	Total DPW
Seguros Nelo Colon	66-0538812	No	All Lines	B, P	\$ 22,653,855
J. Jaramillo Insurance, Inc.	66-0727754	No	All Lines	B, P	10,388,944
Benitez Insurance Agency	66-0343660	No	All Lines	B, P	7,084,073
Global Insurance Agency	66-0356202	No	All Lines	B, P	4,297,168
Corona Insurance Group	66-0551184	No	All Lines	B, P	1,503,151
All Others					85,596,469
<b>Total</b>					<b><u>\$ 131,523,660</u></b>

### Note 20: Fair Values Measurements

The Company categorizes financial assets and liabilities carried at fair value into a three-level hierarchy, based on the significant input with the lowest level in its valuation. The input levels are as follows:

**NOTES TO FINANCIAL STATEMENTS**

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities. The Company defines active markets based on average trading volume for stocks. The size of the bid/ask spread is used as indicator of market activity for bonds.

*Level 2* – Quoted prices in market that are not active or inputs that are observable either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities other than quoted prices in Level 1; quoted prices in markets that are not active; or other significant inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs that are supported by little or no market activity and are significant to the estimate fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

<b>December 31, 2018</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities-bonds	\$ -	\$ 16,027,460	\$ -	\$ 16,027,460
Money market instruments	1,238,600	-	-	1,238,600
<b>Total</b>	<b>\$ 1,238,600</b>	<b>\$ 16,027,460</b>	<b>\$ -</b>	<b>\$ 17,266,060</b>

<b>December 31, 2017</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities-bonds	\$ -	\$ 13,491,200	\$ -	\$ 13,491,200
Money market instruments	741,728	-	-	741,728
<b>Total</b>	<b>\$ 741,728</b>	<b>\$ 13,491,200</b>	<b>\$ -</b>	<b>\$ 14,232,928</b>

As of December 31, 2018, investments with amortized cost of \$931,000 are carried at fair value of \$447,200 in the accompanying statutory-basis statement of admitted assets, liabilities and capital and surplus, as a result of the downgrade of Puerto Rico obligations.

**Note 21: Other Items**

## A. Extraordinary items

Not Applicable.

## B. Trouble Debt Restructuring for Debts

Not Applicable.

## C. Other Disclosures

Not Applicable

## D. Uncollectible Premium Receivable

Not Applicable.

## E. Business Interruption Insurance Recoveries

Not Applicable.

## F. Hybrids Securities

Not Applicable.

**NOTES TO FINANCIAL STATEMENTS**

## G. State Transferable Credits

Not Applicable.

## H. Impact of Medicare Modernization Act

Not Applicable.

## I. Sub Prime Mortgages

Not Applicable.

**Note 22: Event Subsequent**

The Company has 300,000 shares of \$10 par value preferred stock authorized, of which 60,000 shares are issued and outstanding as of December 31, 2018. On March 14, 2019 the Company requested permission from the Office of the Insurance Commissioner of Puerto Rico ("OCI") to issue 80,000 additional shares to Consultoria Avanzada, an affiliated company based in Panamá, the holder of the 60,000 shares issued and outstanding. The sale price of the proposed this transaction is \$50.00 per share for a total capital infusion of \$4,000,000 with an authorized fixed 10% dividend rate payable on a monthly basis. As of the date of this filing we have not received approval from the OCI for this transaction.

**Note 23: Reinsurance**

## A. Unsecured Reinsurance Recoverable

Not Applicable.

## B. Reinsurance Recoverable in Dispute

Not Applicable.

## C. Reinsurance Assumed and Ceded

	Assumed		Ceded		Assumed less Ceded	
	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity
Affiliates	-	-	-	-	-	-
All Other	-	-	51,462,612	14,395,961	(51,462,612)	(14,395,961)
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,462,612</b>	<b>\$ 14,395,961</b>	<b>\$ (51,462,612)</b>	<b>\$ (14,395,961)</b>

## D. Uncollectible Reinsurance

Not Applicable.

## E. Commutation of Ceded Reinsurance

Not Applicable.

## F. Retroactive Reinsurance

Not Applicable.

**NOTES TO FINANCIAL STATEMENTS****G. Reinsurance Account for a Deposit**

Not Applicable.

**H. Run-off Agreements**

Not Applicable.

**I. Certified Reinsurer Downgraded or Status Subject to Revocation**

Not Applicable.

**Note 24: Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not Applicable.

**Note 25: Changes in Incurred Losses and Loss Adjustment Expenses**

The activity in the liability for unpaid losses and loss adjustment expenses for the year ended December 31, 2018 and 2017 is presented as follows:

	<u>2018</u>	<u>2017</u>
Unpaid losses and loss adjustment expenses, at beginning of	\$ 6,814,251	\$6,741,957
Incurred losses and loss adjustment expenses:		
For insured events of the current year	9,270,727	6,246,488
For insured events of the prior period	4,549,103	401,095
Payments of losses and loss adjustment expenses:		
For insured events of the current year	(4,205,297)	(2,899,662)
For insured events of the prior period	(6,081,554)	(3,675,627)
Unpaid losses and loss adjustments expenses, at end of year	<u>\$ 10,347,230</u>	<u>\$6,814,251</u>

On September 6, 2017, Hurricane Irma passed north of Puerto Rico causing losses to properties and businesses. Two weeks later, on September 20, 2017 Hurricane Maria made landfall and caused extensive damages in Puerto Rico. The Company maintains a strong reinsurance program. Cat Commercial and Personal contracts were immediately activated with a \$1.1 million retention. Then the Working Excess program protects our Commercial and Personal lines in excess of \$300,000. For the year ended December 31, 2017 net retained losses related to Hurricanes Irma and Maria were \$300,000 for each event after the application of reinsurance treaties.

**Note 26: Intercompany Pooling Arrangements**

Not Applicable.

**Note 27: Structured Settlements**

Not Applicable.

**Note 28: Health Care Receivables**

Not Applicable.

**Note 29: Participating Policies**

Not Applicable.

**NOTES TO FINANCIAL STATEMENTS**

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**Note 30: Premium Deficiency Reserves**

Not Applicable.

**Note 31: High Deductibles**

Not Applicable.

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

The Company does not discount its loss and loss adjustment expense reserve for the time value of money.

**Note 33: Asbestos/Environmental Reserves**

Not applicable.

**Note 34: Subscriber Saving Accounts**

Not applicable.

**Note 35: Multiple Peril Crop Insurance**

Not applicable.

**Note 36: Financial Guaranty Insurance**

Not applicable



**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes ( ) No (X)
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes ( ) No (X)
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with domiciliary state insurance laws? Yes (X) No ( ) N/A ( )
- 10.6 If the response to 10.5 is no or n/a, please explain:  
.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)
- 12.11 Name of real estate holding company  
.....
- 12.12 Number of parcels involved  
.....
- 12.13 Total book/adjusted carrying value \$ .....
- 12.2 If yes, provide explanation  
.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes ( ) No (X)
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No (X)
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code. Yes (X) No ( )
- 14.11 If the response to 14.1 is no, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
.....
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes ( ) No (X)
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

**BOARD OF DIRECTORS**

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

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ( ) No (X)
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |   |          |
|--|---|----------|
|  | 20.11 To directors or other officers              | \$ ..... |
|  | 20.12 To stockholders not officers                | \$ ..... |
|  | 20.13 Trustees, supreme or grand (Fraternal only) | \$ ..... |
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |   |          |
|--|---|----------|
|  | 20.21 To directors or other officers              | \$ ..... |
|  | 20.22 To stockholders not officers                | \$ ..... |
|  | 20.23 Trustees, supreme or grand (Fraternal only) | \$ ..... |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ( ) No (X)
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |  |                            |          |
|--|----------------------------|----------|
|  | 21.21 Rented from others   | \$ ..... |
|  | 21.22 Borrowed from others | \$ ..... |
|  | 21.23 Leased from others   | \$ ..... |
|  | 21.24 Other                | \$ ..... |

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ( ) No (X)

22.2 If answer is yes:

	22.21 Amount paid as losses or risk adjustment	\$ .....
	22.22 Amount paid as expenses	\$ .....
	22.23 Other amounts paid	\$ .....

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ( ) No (X)

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ .....

**INVESTMENT**

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes (X) No ( )

24.02 If no, give full and complete information relating thereto:  
 .....  
 .....

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

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

24.05 If answer to 24.04 is YES, report amount of collateral for conforming programs. \$ .....

24.06 If answer to 24.04 is NO, report amount of collateral for other programs. \$ .....

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

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

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

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

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

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes ( ) No (X)

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

	25.21 Subject to repurchase agreements	\$ .....
	25.22 Subject to reverse repurchase agreements	\$ .....
	25.23 Subject to dollar repurchase agreements	\$ .....
	25.24 Subject to reverse dollar repurchase agreements	\$ .....
	25.25 Placed under option agreements	\$ .....
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ .....
	25.27 FHLB Capital Stock	\$ .....
	25.28 On deposit with states	\$ .....
	25.29 On deposit with other regulatory bodies	\$ .....
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ .....
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ .....
	25.32 Other	\$ .....

25.3 For category (25.26) provide the following:

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

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year. \$ .....

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

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

1 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

CITIBANK .....	SAN JUAN, PR .....
BANCO POPULAR PR - TRUST DIVISION .....	SAN JUAN, PR .....
OFFICE OF INSURANCE COMMISSIONER OF PR .....	GUAYNABO, PR .....

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

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

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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

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

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

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

1 Name of Firm or Individual	2 Affiliation
---------------------------------	------------------

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes ( ) No (X)

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes ( ) No (X)

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

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

29.2 If yes, complete the following schedule:

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

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

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
---	---	---	------------------------

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 .....	\$ ..... 16,380,384	\$ ..... 16,027,460	\$ ..... (352,924)
30.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
30.3 Totals .....	\$ ..... 16,380,384	\$ ..... 16,027,460	\$ ..... (352,924)

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:

.....

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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:  
 .....  
 .....

OTHER

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- 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 5GI securities? Yes ( ) No (X)

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes ( ) No (X)

OTHER

35.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$ ..... 241,307

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

1 Name	2 Amount Paid
INSURANCE SERVICE OFFICE .....	\$ ..... 241,307
.....	\$ .....
.....	\$ .....
.....	\$ .....

36.1 Amount of payments for legal expenses, if any? \$ ..... 262,134

36.2 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
REXACH & PICO LAW OFFICE .....	\$ ..... 91,248
.....	\$ .....
.....	\$ .....
.....	\$ .....

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

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

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

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

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

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

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

1.31 Reason for excluding:

.....  
 .....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ .....  
 1.62 Total incurred claims \$ .....  
 1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned \$ .....  
 1.65 Total incurred claims \$ .....  
 1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ .....  
 1.72 Total incurred claims \$ .....  
 1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned \$ .....  
 1.75 Total incurred claims \$ .....  
 1.76 Number of covered lives .....

2. Health Test:

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

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

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

3.21 Participating policies \$ .....  
 3.22 Non-participating policies \$ .....

4. For Mutual reporting entities and Reciprocal Exchange only:

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

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

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

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

5. For Reciprocal Exchanges only:

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

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes ( ) No ( ) N/A (X)  
 5.22 As a direct expense of the exchange Yes ( ) No ( ) N/A (X)

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

.....  
 .....

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

5.5 If yes, give full information.

.....  
 .....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

.....  
 .....

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

.....  
 .....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

.....  
 .....



**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... %
- 12.42 To ..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes (X) No ( )
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- 12.61 Letters of Credit \$ ..... 5,525,000
- 12.62 Collateral and other funds \$ .....
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ .....
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes ( ) No (X)
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ....
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes ( ) No (X)
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
- .....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes ( ) No (X)
- 14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes ( ) No (X)
- 14.5 If the answer to 14.4 is no, please explain:
- .....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes ( ) No (X)
- 15.2 If yes, give full information.
- .....
- 16.1 Does the reporting entity write any warranty business? Yes ( ) No (X)
- If yes, disclose the following information for each of the following types of warranty coverage:
- |                  | 1<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home       | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |
| 16.12 Products   | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |
| 16.13 Automobile | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |
| 16.14 Other*     | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |
- \* Disclose type of coverage:
- .....
- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 is exempt from the statutory provision for unauthorized reinsurance? Yes ( ) No (X)
- Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance.  
Provide the following information for this exemption:
- |   |  |  |  |  |          |
|---|--|--|--|--|----------|
| 17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 |  |  |  |  | \$ ..... |
| 17.12 Unfunded portion of Interrogatory 17.11   |  |  |  |  | \$ ..... |
| 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11                           |  |  |  |  | \$ ..... |
| 17.14 Case reserves portion of Interrogatory 17.11  |  |  |  |  | \$ ..... |
| 17.15 Incurred but not reported portion of Interrogatory 17.11  |  |  |  |  | \$ ..... |
| 17.16 Unearned premium portion of Interrogatory 17.11   |  |  |  |  | \$ ..... |
| 17.17 Contingent commission portion of Interrogatory 17.11  |  |  |  |  | \$ ..... |
- 18.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ .....
- 18.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ .....
19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes ( ) No (X)
- 19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes ( ) No (X)

## FIVE-YEAR HISTORICAL DATA

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

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	15,360,310	10,326,449	9,181,859	4,746,306	4,643,484
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	45,729,889	10,080,933	7,453,532	7,245,687	6,644,904
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	69,932,549	22,271,884	19,377,497	20,417,505	20,697,517
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	500,911	407,486	496,267	404,787	471,237
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	131,523,659	43,086,752	36,509,155	32,814,285	32,457,142
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	8,030,391	5,718,024	4,887,109	3,433,902	3,959,080
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,042,027	3,334,837	2,516,365	2,111,209	3,105,706
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	22,523,984	10,025,881	7,589,971	8,756,611	7,927,690
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	500,911	407,486	496,267	404,787	471,237
11. Nonproportional reinsurance lines (Line 31, 32 & 33)					
12. Total (Line 35)	37,097,313	19,486,228	15,489,712	14,706,509	15,463,713
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	8,059,286	(900,856)	115,312	(1,976,914)	(1,590,212)
14. Net investment gain (loss) (Line 11)	(2,329,619)	481,434	611,938	3,859,303	890,133
15. Total other income (Line 15)	1,215,991	1,123,431	84,146	360,757	103,939
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	1,719,456				
18. Net income (Line 20)	5,226,202	704,009	811,396	2,243,146	(596,140)
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	105,446,600	71,208,795	30,157,622	23,451,527	24,558,568
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	26,892,781	5,194,409	3,058,377	2,553,974	3,827,507
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	81,041,968	55,500,467	19,995,719	16,544,094	12,865,861
22. Losses (Page 3, Line 1)	9,558,378	6,334,286	6,261,287	6,359,154	3,845,382
23. Loss adjustment expenses (Page 3, Line 3)	788,853	479,962	479,813	496,082	335,557
24. Unearned premiums (Page 3, Line 9)	22,120,943	12,968,357	8,709,256	6,770,342	6,321,909
25. Capital paid up (Page 3, Lines 30 & 31)	3,600,000	3,600,000	3,600,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	24,404,632	15,708,328	10,161,903	6,907,433	11,692,706
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	4,228,270	5,180,767	3,121,277	3,492,531	(189,448)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	24,404,632	15,708,328	10,161,903	6,907,433	11,692,706
29. Authorized control level risk-based capital	6,921,459	7,012,547	2,485,412	2,903,674	3,264,342
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	30.7	21.5	52.8	33.7	42.9
31. Stocks (Line 2.1 & Line 2.2)					16.8
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	20.1	17.0	20.8	27.9	32.5
34. Cash, cash equivalents and short-term investments (Line 5)	49.3	61.5	26.4	38.4	7.8
35. Contact loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)					3,374,493
45. Affiliated short-term investments (Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					3,374,493
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					28.9

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24)	4,435,985	5,092,812	(197,560)	(6,971,354)	(3,118,655)
52. Dividends to stockholders (Line 35)	(300,000)	(300,000)	(100,000)		
53. Change in surplus as regards policyholders for the year (Line 38)	8,696,304	5,546,424	3,254,470	(4,785,275)	(4,155,675)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	6,127,408	4,085,890	2,809,850	1,302,133	950,974
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	28,706,387	5,335,471	2,270,582	1,457,582	1,569,040
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	119,313,438	19,763,104	7,968,280	2,979,947	2,575,772
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	66,638	20,181	(33,488)	74,626	6,272
58. Nonproportional reinsurance lines (Lines 31, 32, & 33)					
59. Total (Line 35)	154,213,871	29,204,646	13,015,224	5,814,288	5,102,058
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,562,424	1,658,602	1,506,728	1,108,834	950,974
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,832,208	1,583,708	988,380	1,002,512	1,396,244
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,451,138	2,132,008	2,597,245	2,210,408	1,289,996
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	66,638	20,181	(33,488)	74,626	6,272
64. Nonproportional reinsurance lines (Lines 31, 32, & 33)					
65. Total (Line 35)	8,912,408	5,394,499	5,058,865	4,396,380	3,643,486
<b>Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	43.4	35.9	36.6	48.5	34.4
68. Loss expenses incurred (Line 3)	6.0	7.8	7.0	7.4	6.2
69. Other underwriting expenses incurred (Line 4)	21.8	62.3	55.5	58.0	70.9
70. Net underwriting gain (loss) (Line 8)	28.8	(5.9)	0.9	(13.9)	(11.4)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4+5-15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	13.1	42.9	48.0	53.7	63.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2+3 divided by Page 4, Line 1 x 100.0)	49.4	43.7	43.6	55.9	40.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	152.0	124.1	152.4	212.9	132.3
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	4,554	392	129	1,568	405
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	29.0	3.9	1.9	13.4	2.6
<b>Two Year Loss Development (\$000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	2,767	889	2,381	1,670	(348)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	27.2	12.9	20.4	10.5	(1.8)

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

Yes ( ) No ( )

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X									X X X
2. 2009												X X X
3. 2010												X X X
4. 2011	1,977	429	1,548	602	84	62	1				579	X X X
5. 2012	23,251	9,462	13,789	4,136	564	1,059	55				4,576	X X X
6. 2013	26,834	16,805	10,029	5,850	818	1,207	70				6,169	X X X
7. 2014	30,092	16,169	13,923	6,388	984	1,282	101				6,585	X X X
8. 2015	31,093	17,213	13,880	11,430	6,495	1,202	150				5,987	X X X
9. 2016	32,710	19,160	13,550	8,678	4,439	1,041	333				4,947	X X X
10. 2017	37,071	21,843	15,228	165,129	159,607	7,231	6,648				6,105	X X X
11. 2018	79,816	51,871	27,945	11,791	7,754	375	206				4,206	X X X
12. Totals	X X X	X X X	X X X	214,004	180,745	13,459	7,564				39,154	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.													X X X
2.													X X X
3.													X X X
4.													X X X
5.	183		23	23			4	2				185	X X X
6.	430		37	37			7	3				434	X X X
7.	451		45	38			8	4				462	X X X
8.	862	8	89	66			17	8				886	X X X
9.	1,416	546	302	213			56	29				986	X X X
10.	42,007	40,304	6,571	6,070			296	163				2,337	X X X
11.	8,450	6,466	6,987	4,514			1,369	759				5,067	X X X
12.	53,799	47,324	14,054	10,961			1,757	968				10,357	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2.											
3.											
4.	664	85	579	33.6	19.8	37.4					
5.	5,405	644	4,761	23.2	6.8	34.5				183	2
6.	7,531	928	6,603	28.1	5.5	65.8				430	4
7.	8,174	1,127	7,047	27.2	7.0	50.6				458	4
8.	13,600	6,727	6,873	43.7	39.1	49.5				877	9
9.	11,493	5,560	5,933	35.1	29.0	43.8				959	27
10.	221,234	212,792	8,442	596.8	974.2	55.4				2,204	133
11.	28,972	19,699	9,273	36.3	38.0	33.2				4,457	610
12.	X X X	X X X	X X X	X X X	X X X	X X X			X X X	9,568	789

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 One Year	12 Two Year	
1. Prior													
2. 2009													
3. 2010	XXX												
4. 2011	XXX	XXX	309	170	215	234	286	592	579	579		(13)	
5. 2012	XXX	XXX	XXX	3,189	2,625	2,950	3,228	4,612	4,695	4,761	66	149	
6. 2013	XXX	XXX	XXX	XXX	2,932	3,191	4,148	6,175	6,260	6,603	343	428	
7. 2014	XXX	XXX	XXX	XXX	XXX	3,595	4,042	6,143	6,539	7,047	508	904	
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	4,864	5,721	5,940	6,873	933	1,152	
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,786	5,419	5,933	514	147	
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,252	8,442	2,190	XXX	
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,273	XXX	XXX	
											12. Totals	4,554	2,767

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0										XXX	XXX
2. 2009											XXX	XXX
3. 2010	XXX										XXX	XXX
4. 2011	XXX	XXX	4	141	158	183	252	254	271	579	XXX	XXX
5. 2012	XXX	XXX	XXX	737	1,767	2,304	2,720	2,933	3,087	4,576	XXX	XXX
6. 2013	XXX	XXX	XXX	XXX	1,311	2,364	3,515	3,975	4,143	6,169	XXX	XXX
7. 2014	XXX	XXX	XXX	XXX	XXX	1,339	2,477	3,630	4,494	6,585	XXX	XXX
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	1,402	3,106	3,878	5,987	XXX	XXX
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,379	4,057	4,947	XXX	XXX
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,201	6,105	XXX	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,206	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018
1. Prior										
2. 2009										
3. 2010	XXX									
4. 2011	XXX	XXX	275	2	4					
5. 2012	XXX	XXX	XXX	925	105	3		20	6	2
6. 2013	XXX	XXX	XXX	XXX	869	60	1	31	10	4
7. 2014	XXX	XXX	XXX	XXX	XXX	1,423	89	59	10	10
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	1,789	295	15	32
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,171	243	115
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,362	630
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,078

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

**Allocated By States And Territories**

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. Dist. Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	L	131,523,660	79,816,111	154,213,871	98,640,439	67,844,555		
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	X X X							
59. Totals	X X X		131,523,660	79,816,111	154,213,871	98,640,439	67,844,555		
<b>DETAILS OF WRITE-INS</b>									
58001.	X X X								
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Lines 58001 through 58003+58998) (Line 58 above)	X X X								

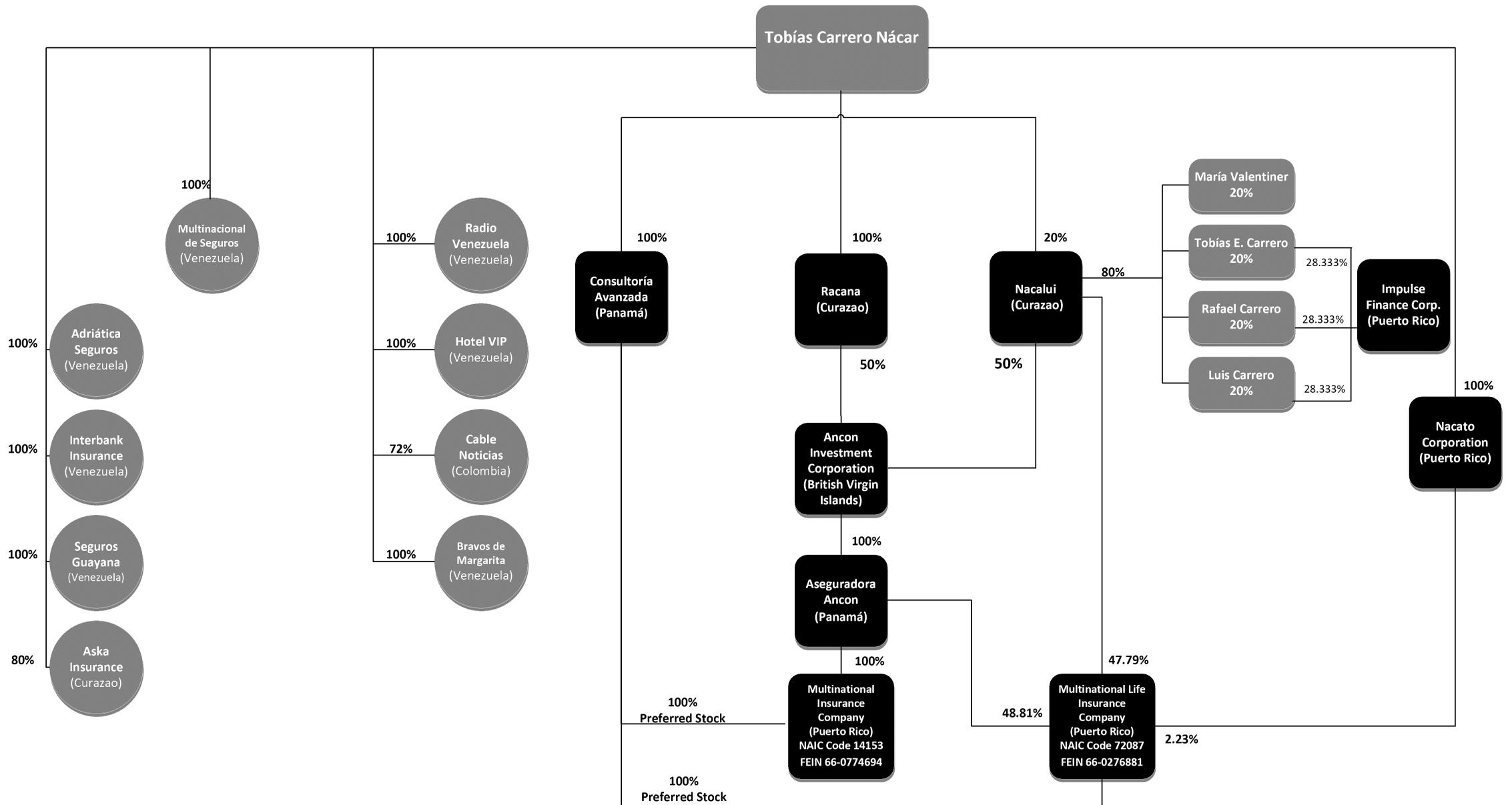
**Explanation of basis of allocation of premiums by states, etc.**

(a) Active Status Counts:

- L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG ..... 1
- R - Registered - Non-domiciled RRGs .....
- E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI) .....
- Q - Qualified - Qualified or accredited reinsurer .....
- D - Domestic Surplus Lines Insurer (DSL) - Reporting entities authorized to write surplus lines in the state of domicile .....
- N - None of the above - Not allowed to write business in the state ..... 56

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10, or with Schedule H, Part 1, Column 1, Line 1 indicate which;

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE MULTINATIONAL INSURANCE COMPANY  
 SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
 PART 1 - ORGANIZATIONAL CHART



# Property and Casualty

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