



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019
OF THE CONDITION AND AFFAIRS OF THE
TRIPLE-S ADVANTAGE, INC.

NAIC Group Code 4802 (Current Period) , (Prior Period) NAIC Company Code 11152 Employer's ID Number 660593034

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

Country of Domicile US

Licensed as business type:

Life, Accident and Health [] Property/Casualty [] Hospital, Medical and Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [X] Is HMO Federally Qualified? Yes () No (X)

Incorporated/Organized December 6, 2000 Commenced Business May 1, 2001

Statutory Home Office 1441 F.D. ROOSEVELT AVE., SAN JUAN, Puerto Rico 00920
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office METRO OFFICE PARK, BUILDING 4, GUAYNABO, Puerto Rico 00969 787-620-1919
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO BOX 363628, SAN JUAN, Puerto Rico 00936-3628
(Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1441 F.D. ROOSEVELT AVE., SAN JUAN, Puerto Rico 00920
(Street and Number, City or Town, State, Country and Zip Code)
787-749-4949
(Area Code) (Telephone Number)

Internet Website Address www.sssadvantage.com

Statutory Statement Contact LILIANA RIVERA CORCINO 787-749-4949x4588
(Name) (Area Code) (Telephone Number) (Extension)
liliana@ssspr.com (E-Mail Address) (Fax Number)

OFFICERS

Madeline Hernandez Urquiza, CPA (President)
Carlos L. Rodriguez Ramos, ESQ (Secretary)

Juan Jose Roman Jimenez, CPA (Treasurer)
Juan Jose Rodriguez Gilibertys, CPA (Assistant Treasurer)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Roberto Garcia Rodriguez, ESQ
Juan Jose Roman Jimenez, CPA
Madeline Hernandez Urquiza, CPA
Carlos L. Rodriguez Ramos, ESQ
Francisco Martorell Basanta

State of _____ }
County of _____ } SS

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

Madeline Hernandez Urquiza, CPA
President

Juan Jose Roman Jimenez, CPA
Treasurer

Subscribed and sworn to before me this _____ day of _____

a. Is this an original filing? Yes () No (X)

b. If no: 1. State the amendment number 1

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) | 154,073,088 | | 154,073,088 | 202,761,306 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | 15,178,800 | | 15,178,800 | 25,380,233 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | | |
| 3.2 Other than first liens | | | | |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances) | | | | |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | | |
| 4.3 Properties held for sale (less \$ encumbrances) | | | | |
| 5. Cash (\$ 13,162,790 , Schedule E-Part 1), cash equivalents (\$ 302,347 , Schedule E-Part 2) and short-term investments (\$ Schedule DA) | 13,465,137 | | 13,465,137 | 10,783,037 |
| 6. Contract loans (including \$ premium notes) | | | | |
| 7. Derivatives (Schedule DB) | | | | |
| 8. Other invested assets (Schedule BA) | 12,334,775 | | 12,334,775 | 7,861,823 |
| 9. Receivables for securities | | | | 47,311 |
| 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) | 195,051,800 | | 195,051,800 | 246,833,710 |
| 13. Title plants less \$ charged off (for Title Insurers only) | | | | |
| 14. Investment income due and accrued | 1,698,263 | | 1,698,263 | 1,717,802 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 21,139,703 | 4,280,153 | 16,859,550 | 36,825,184 |
| 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 (\$) | 104,419,555 | | 104,419,555 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 1,895,251 | | 1,895,251 | 1,132,926 |
| 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 | 24,433,905 | | 24,433,905 | 5,003,764 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | | |
| 18.2 Net deferred tax asset | 11,302,924 | 6,764,522 | 4,538,402 | 9,035,715 |
| 19. Guaranty funds receivable or on deposit | | | | |
| 20. Electronic data processing equipment and software | | | | |
| 21. Furniture and equipment, including health care delivery assets (\$) | | | | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 23. Receivables from parent, subsidiaries and affiliates | 6,499,094 | | 6,499,094 | |
| 24. Health care (\$ 59,538,833) and other amounts receivable | 79,463,493 | 19,924,660 | 59,538,833 | 95,349,597 |
| 25. Aggregate write-ins for other-than-invested assets | 259,063 | 62,951 | 196,112 | 174,960 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 446,163,051 | 31,032,286 | 415,130,765 | 396,073,658 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. Total (Lines 26 and 27) | 446,163,051 | 31,032,286 | 415,130,765 | 396,073,658 |
| DETAILS OF WRITE-INS | | | | |
| 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 | 188,960 | | 188,960 | 167,492 |
| 2502. INTANGIBLE ASSETS | 39,836 | 39,836 | | |
| 2503. PLAN TO PLAN RECEIVABLE | 30,267 | 23,115 | 7,152 | 7,488 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 259,063 | 62,951 | 196,112 | 174,960 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Year | | | Prior Year |
|--|--------------|----------------|-------------|-------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$ reinsurance ceded) | 124,515,411 | | 124,515,411 | 220,036,490 |
| 2. Accrued medical incentive pool and bonus amounts | 50,652,832 | | 50,652,832 | 16,015,058 |
| 3. Unpaid claims adjustment expenses | 1,156,266 | | 1,156,266 | 2,061,006 |
| 4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act | 12,804,751 | | 12,804,751 | 10,030,583 |
| 5. Aggregate life policy reserves | | | | |
| 6. Property/casualty unearned premium reserves | | | | |
| 7. Aggregate health claim reserves | | | | |
| 8. Premiums received in advance | 108,617 | | 108,617 | 149,994 |
| 9. General expenses due or accrued | 17,108,725 | | 17,108,725 | 10,525,965 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) | 25,926,401 | | 25,926,401 | |
| 10.2 Net deferred tax liability | | | | |
| 11. Ceded reinsurance premiums payable | (424) | | (424) | (1,464) |
| 12. Amounts withheld or retained for the account of others | | | | |
| 13. Remittances and items not allocated | | | | |
| 14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current) | | | | |
| 15. Amounts due to parent, subsidiaries and affiliates | 7,303,838 | | 7,303,838 | 24,060,560 |
| 16. Derivatives | | | | |
| 17. Payable for securities | | | | |
| 18. Payable for securities lending | | | | |
| 19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers) | | | | |
| 20. Reinsurance in unauthorized and certified (\$) companies | | | | |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates | | | | |
| 22. Liability for amounts held under uninsured plans | | | | |
| 23. Aggregate write-ins for other liabilities (including \$ current) | 600,000 | | 600,000 | 600,000 |
| 24. Total liabilities (Lines 1 to 23) | 240,176,417 | | 240,176,417 | 283,478,192 |
| 25. Aggregate write-ins for special surplus funds | X X X | X X X | 30,837,120 | |
| 26. Common capital stock | X X X | X X X | 18,750 | 18,750 |
| 27. Preferred capital stock | X X X | X X X | | |
| 28. Gross paid in and contributed surplus | X X X | X X X | 46,856,250 | 46,856,250 |
| 29. Surplus notes | X X X | X X X | 55,480,000 | 55,480,000 |
| 30. Aggregate write-ins for other-than-special surplus funds | X X X | X X X | | |
| 31. Unassigned funds (surplus) | X X X | X X X | 41,762,228 | 10,240,466 |
| 32. Less treasury stock, at cost: | | | | |
| 32.1 shares common (value included in Line 26 \$) | X X X | X X X | | |
| 32.2 shares preferred (value included in Line 27 \$) | X X X | X X X | | |
| 33. Total capital and surplus (Line 25 to 31 minus Line 32) | X X X | X X X | 174,954,348 | 112,595,466 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33) | X X X | X X X | 415,130,765 | 396,073,658 |
| DETAILS OF WRITE-INS | | | | |
| 2301. STATUTORY RESERVE | 600,000 | | 600,000 | 600,000 |
| 2302. | | | | |
| 2303. | | | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | | | | |
| 2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above) | 600,000 | | 600,000 | 600,000 |
| 2501. HIP FEES SPECIAL SURPLUS | X X X | X X X | 30,837,120 | |
| 2502. | X X X | X X X | | |
| 2503. | X X X | X X X | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | X X X | X X X | | |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | X X X | X X X | 30,837,120 | |
| 3001. | X X X | X X X | | |
| 3002. | X X X | X X X | | |
| 3003. | X X X | X X X | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page | X X X | X X X | | |
| 3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above) | X X X | X X X | | |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|--|----------------|---------------|---------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member Months | X X X | 1,540,476 | 1,337,061 |
| 2. Net premium income (including \$ non-health premium income) | X X X | 1,408,038,664 | 1,130,225,575 |
| 3. Change in unearned premium reserves and reserve for rate credits | X X X | | |
| 4. Fee-for-service (net of \$ medical expenses) | X X X | | |
| 5. Risk revenue | X X X | | |
| 6. Aggregate write-ins for other health care related revenues | X X X | | |
| 7. Aggregate write-ins for other non-health revenues | X X X | 138,500 | 78,279 |
| 8. Total revenues (Lines 2 to 7) | X X X | 1,408,177,164 | 1,130,303,654 |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits | | 517,844,354 | 476,931,746 |
| 10. Other professional services | | 360,282,009 | 273,137,062 |
| 11. Outside referrals | | | |
| 12. Emergency room and out-of-area | | | |
| 13. Prescription drugs | | 174,743,609 | 169,686,481 |
| 14. Aggregate write-ins for other hospital and medical | | | |
| 15. Incentive pool, withhold adjustments and bonus amounts | | 73,113,368 | 22,374,259 |
| 16. Subtotal (Lines 9 to 15) | | 1,125,983,340 | 942,129,548 |
| Loss: | | | |
| 17. Net reinsurance recoveries | | 3,185,959 | 1,804,165 |
| 18. Total hospital and medical (Lines 16 minus 17) | | 1,122,797,381 | 940,325,383 |
| 19. Non-health claims (net) | | | |
| 20. Claims adjustment expenses, including \$ 33,198,786 cost containment expenses | | 34,326,307 | 8,703,987 |
| 21. General administrative expenses | | 167,290,074 | 171,223,731 |
| 22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only) | | | |
| 23. Total underwriting deductions (Lines 18 through 22) | | 1,324,413,762 | 1,120,253,101 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | X X X | 83,763,402 | 10,050,753 |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17) | | 8,180,876 | 8,400,704 |
| 26. Net realized capital gains (losses) less capital gains tax of \$ | | 1,395,485 | (2,344,518) |
| 27. Net investment gains (losses) (Lines 25 plus 26) | | 9,576,361 | 6,056,186 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)] | | | |
| 29. Aggregate write-ins for other income or expenses | | | |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | X X X | 93,339,763 | 16,106,939 |
| 31. Federal and foreign income taxes incurred | X X X | 28,894,047 | 1,339,733 |
| 32. Net income (loss) (Lines 30 minus 31) | X X X | 64,445,716 | 14,767,206 |
| DETAILS OF WRITE-INS | | | |
| 0601. | X X X | | |
| 0602. | X X X | | |
| 0603. | X X X | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | X X X | | |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) | X X X | | |
| 0701. OTHER INCOME | X X X | 138,500 | 78,279 |
| 0702. | X X X | | |
| 0703. | X X X | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | X X X | | |
| 0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) | X X X | 138,500 | 78,279 |
| 1401. | | | |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | | |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | | | |
| 2901. | | | |
| 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) | | | |

STATEMENT OF REVENUE AND EXPENSES (continued)

| CAPITAL AND SURPLUS ACCOUNT | 1 | 2 |
|--|--------------|-------------|
| | Current Year | Prior Year |
| 33. Capital and surplus prior reporting year | 112,595,466 | 93,091,459 |
| 34. Net income or (loss) from Line 32 | 64,445,716 | 14,767,206 |
| 35. Change in valuation basis of aggregate policy and claims reserves | | |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ | 1,935,989 | (2,465,908) |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | |
| 38. Change in net deferred income tax | (6,016,523) | (8,835,669) |
| 39. Change in nonadmitted assets | 1,993,700 | 14,597,644 |
| 40. Change in unauthorized and certified reinsurance | | |
| 41. Change in treasury stock | | |
| 42. Change in surplus notes | | |
| 43. Cumulative effect of changes in accounting principles | | |
| 44. Capital Changes: | | |
| 44.1 Paid in | | |
| 44.2 Transferred from surplus (Stock Dividend) | | |
| 44.3 Transferred to surplus | | |
| 45. Surplus adjustments: | | |
| 45.1 Paid in | | |
| 45.2 Transferred to capital (Stock Dividend) | | |
| 45.3 Transferred from capital | | |
| 46. Dividends to stockholders | | |
| 47. Aggregate write-ins for gains or (losses) in surplus | | 1,440,734 |
| 48. Net change in capital and surplus (Lines 34 to 47) | 62,358,882 | 19,504,007 |
| 49. Capital and surplus end of reporting year (Line 33 plus 48) | 174,954,348 | 112,595,466 |
| DETAILS OF WRITE-INS | | |
| 4701. OTHER | | (40) |
| 4702. Capital Contribution | | |
| 4703. Surplus interest | | 1,440,774 |
| 4798. Summary of remaining write-ins for Line 47 from overflow page | | |
| 4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above) | | 1,440,734 |

CASH FLOW

| | 1 | 2 |
|--|---------------|---------------|
| | Current Year | Prior Year |
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance | 1,326,519,233 | 1,116,575,561 |
| 2. Net investment income | 8,682,044 | 7,775,015 |
| 3. Miscellaneous income | 138,500 | 78,279 |
| 4. Total (Line 1 through Line 3) | 1,335,339,777 | 1,124,428,855 |
| 5. Benefit and loss related payments | 1,150,745,958 | 850,479,527 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 215,368,502 | 184,767,136 |
| 8. Dividends paid to policyholders | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses) | 2,967,646 | 1,873,899 |
| 10. Total (Line 5 through Line 9) | 1,369,082,106 | 1,037,120,562 |
| 11. Net cash from operations (Line 4 minus Line 10) | (33,742,329) | 87,308,293 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 167,326,273 | 312,662,280 |
| 12.2 Stocks | 37,455,000 | 52,160,629 |
| 12.3 Mortgage loans | | |
| 12.4 Real estate | | |
| 12.5 Other invested assets | 376,798 | 204,452 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | |
| 12.7 Miscellaneous proceeds | | |
| 12.8 Total investment proceeds (Line 12.1 through Line 12.7) | 205,158,071 | 365,027,561 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 117,724,199 | 350,412,085 |
| 13.2 Stocks | 25,464,360 | 30,509,172 |
| 13.3 Mortgage loans | | |
| 13.4 Real estate | | |
| 13.5 Other invested assets | 4,479,719 | 8,485,298 |
| 13.6 Miscellaneous applications | 175,940 | 36,500 |
| 13.7 Total investments acquired (Line 13.1 through Line 13.6) | 147,844,218 | 389,443,055 |
| 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) | 57,313,853 | (24,415,494) |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | | |
| 16.2 Capital and paid in surplus, less treasury stock | | |
| 16.3 Borrowed funds | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | |
| 16.5 Dividends to stockholders | | |
| 16.6 Other cash provided (applied) | (20,889,424) | (61,817,957) |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | (20,889,424) | (61,817,957) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) | 2,682,100 | 1,074,842 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 10,783,037 | 9,708,195 |
| 19.2 End of year (Line 18 plus Line 19.1) | 13,465,137 | 10,783,037 |

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 | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|---------------|--------------------------------------|---------------------|-------------|-------------|---------------------------------------|----------------------|--------------------|--------------|------------------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Net premium income | 1,408,038,664 | | | | | | 1,408,038,664 | | | |
| 2. Change in unearned premium reserves and reserve for rate credit | | | | | | | | | | |
| 3. Fee-for-service (net of medical expenses) | | | | | | | | | | |
| 4. Risk revenue | 138,500 | | | | | | | | | XXX |
| 5. Aggregate write-ins for other health care related revenues | 1,408,177,164 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| 6. Aggregate write-ins for other non-health care related revenues | 517,844,354 | | | | | | | | | 138,500 |
| 7. Total revenues (Lines 1 to 6) | 360,282,009 | | | | | | | | | XXX |
| 8. Hospital/medical benefits | | | | | | | | | | XXX |
| 9. Other professional services | | | | | | | | | | XXX |
| 10. Outside referrals | | | | | | | | | | XXX |
| 11. Emergency room and out-of-area | | | | | | | | | | XXX |
| 12. Prescription drugs | | | | | | | | | | XXX |
| 13. Aggregate write-ins for other hospital and medical | 174,743,609 | | | | | | 174,743,609 | | | XXX |
| 14. Incentive pool, withhold adjustments, and bonus amounts | 73,113,368 | | | | | | 73,113,368 | | | XXX |
| 15. Subtotal (Lines 8 to 14) | 1,125,983,340 | | | | | | 1,125,983,340 | | | XXX |
| 16. Net reinsurance recoveries | 3,985,959 | | | | | | 3,985,959 | | | XXX |
| 17. Total hospital and medical (Lines 15 minus 16) | 1,122,797,381 | XXX | XXX | XXX | XXX | XXX | 1,122,797,381 | XXX | XXX | XXX |
| 18. Non-health claims (net) | 34,326,307 | | | | | | 34,326,307 | | | XXX |
| 19. Claims adjustment expenses including \$ 33,198,766 cost containment expenses | 67,290,074 | | | | | | 67,290,074 | | | XXX |
| 20. General administrative expenses | | | | | | | | | | XXX |
| 21. Increase in reserves for accident and health contracts | | | | | | | | | | XXX |
| 22. Increase in reserves for life contracts | | | | | | | | | | XXX |
| 23. Net underwriting deductions (Lines 7 to 22) | 1,324,413,762 | XXX | XXX | XXX | XXX | XXX | 1,324,413,762 | XXX | XXX | XXX |
| 24. Net underwriting gain or (loss) (Line 1 minus Line 23) | 86,763,402 | | | | | | 86,763,402 | | | 138,500 |
| DETAILS OF WRITE-INS | | | | | | | | | | |
| 0601. | | | | | | | | | | XXX |
| 0602. | | | | | | | | | | XXX |
| 0603. | | | | | | | | | | XXX |
| 0698. Summary of remaining write-ins for Line 5 from overflow page | | | | | | | | | | XXX |
| 0699. Total (Lines 0601 through 0603 plus 0698) (Line 5 above) | 138,500 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 138,500 |
| 0601. Other income | | | | | | | | | | XXX |
| 0602. | | | | | | | | | | XXX |
| 0603. | | | | | | | | | | XXX |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | | | | | | | | | | XXX |
| 0699. Total (Lines 0601 through 0603 plus 0698) (Line 6 above) | 138,500 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 138,500 |
| 3301. | | | | | | | | | | XXX |
| 3302. | | | | | | | | | | XXX |
| 3303. | | | | | | | | | | XXX |
| 3398. Summary of remaining write-ins for Line 13 from overflow page | | | | | | | | | | XXX |
| 3399. Total (Lines 3301 through 3303 plus 3398) (Line 13 above) | | | | | | | | | | XXX |

UNDERWRITING AND INVESTMENT EXHIBIT

Part 1 - Premiums

| Line of Business | 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Ceded | 4 Net Premium Income (Cols. 1+2-3) |
|---|----------------------|--------------------------|------------------------|--|
| 1. Comprehensive (hospital and medical) | | | | |
| 2. Medicare Supplement | | | | |
| 3. Dental only | | | | |
| 4. Vision only | | | | |
| 5. Federal Employees Health Benefits Plan | | | | |
| 6. Title XVIII - Medicare | 1,410,888,545 | | 2,849,881 | 1,408,038,664 |
| 7. Title XIX - Medicaid | | | | |
| 8. Other health | | | | |
| 9. Health subtotal (Lines 1 through 8) | 1,410,888,545 | | 2,849,881 | 1,408,038,664 |
| 10. Life | | | | |
| 11. Property/casualty | | | | |
| 12. Totals (Lines 9 to 11) | 1,410,888,545 | | 2,849,881 | 1,408,038,664 |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|---------------|--|------------------------|----------------|----------------|--|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct | 1,188,276,950 | | | | | | 1,188,276,950 | | | |
| 1.2 Reinsurance assumed | 2,423,634 | | | | | | 2,423,634 | | | |
| 1.3 Reinsurance ceded | 1,186,853,316 | | | | | | 1,186,853,316 | | | |
| 1.4 Net | 38,475,594 | | | | | | 38,475,594 | | | |
| 2. Paid medical incentive pools and bonuses | | | | | | | | | | |
| 3. Claim liability December 31, current year from Part 2A: | 124,515,411 | | | | | | 124,515,411 | | | |
| 3.1 Direct | | | | | | | | | | |
| 3.2 Reinsurance assumed | | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | | |
| 3.4 Net | 124,515,411 | | | | | | 124,515,411 | | | |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct | | | | | | | | | | |
| 4.2 Reinsurance assumed | | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | | |
| 4.4 Net | | | | | | | | | | |
| 5. Accrued medical incentive pools and bonuses, current year | 50,652,832 | | | | | | 50,652,832 | | | |
| 6. Net health care receivables (a) | 20,885,889 | | | | | | 20,885,889 | | | |
| 7. Amounts recoverable from reinsurers December 31, current year | 1,885,251 | | | | | | 1,885,251 | | | |
| 8. Claim liability December 31, prior year from Part 2A: | 220,036,490 | | | | | | 220,036,490 | | | |
| 8.1 Direct | | | | | | | | | | |
| 8.2 Reinsurance assumed | | | | | | | | | | |
| 8.3 Reinsurance ceded | | | | | | | | | | |
| 8.4 Net | 220,036,490 | | | | | | 220,036,490 | | | |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct | | | | | | | | | | |
| 9.2 Reinsurance assumed | | | | | | | | | | |
| 9.3 Reinsurance ceded | | | | | | | | | | |
| 9.4 Net | | | | | | | | | | |
| 10. Accrued medical incentive pools and bonuses, prior year | 16,015,058 | | | | | | 16,015,058 | | | |
| 11. Amounts recoverable from reinsurers December 31, prior year | 1,132,926 | | | | | | 1,132,926 | | | |
| 12. Incurred benefits: | | | | | | | | | | |
| 12.1 Direct | 1,052,869,972 | | | | | | 1,052,869,972 | | | |
| 12.2 Reinsurance assumed | 3,885,959 | | | | | | 3,885,959 | | | |
| 12.3 Reinsurance ceded | | | | | | | | | | |
| 12.4 Net | 1,048,984,013 | | | | | | 1,048,984,013 | | | |
| 13. Incurred medical incentive pools and bonuses | 73,113,368 | | | | | | 73,113,368 | | | |

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-------------|--|------------------------|----------------|----------------|--|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Reported in Process of Adjustment: | | | | | | | | | | |
| 1.1 Direct | 8,706,790 | | | | | | 8,706,790 | | | |
| 1.2 Reinsurance assumed | | | | | | | | | | |
| 1.3 Reinsurance ceded | | | | | | | | | | |
| 1.4 Net | 8,706,790 | | | | | | 8,706,790 | | | |
| 2. Incurred but Unreported: | | | | | | | | | | |
| 2.1 Direct | 15,808,621 | | | | | | 15,808,621 | | | |
| 2.2 Reinsurance assumed | | | | | | | | | | |
| 2.3 Reinsurance ceded | | | | | | | | | | |
| 2.4 Net | 15,808,621 | | | | | | 15,808,621 | | | |
| 3. Amounts Withheld from Paid Claims and Captations: | | | | | | | | | | |
| 3.1 Direct | | | | | | | | | | |
| 3.2 Reinsurance assumed | | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | | |
| 3.4 Net | | | | | | | | | | |
| 4. TOTALS: | | | | | | | | | | |
| 4.1 Direct | 124,515,411 | | | | | | 124,515,411 | | | |
| 4.2 Reinsurance assumed | | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | | |
| 4.4 Net | 124,515,411 | | | | | | 124,515,411 | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 Claims Incurred in Prior Years (Columns 1 + 3) | 6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
|---|---|---|---|---|--|---|
| | 1 On Claims Incurred Prior to January 1 of Current Year | 2 On Claims Incurred During the Year | 3 On Claims Unpaid December 31 of Prior Year | 4 On Claims Incurred During the Year | | |
| 1. Comprehensive (hospital and medical) | | | | | | |
| 2. Medicare Supplement | | | | | | |
| 3. Dental Only | | | | | | |
| 4. Vision Only | | | | | | |
| 5. Federal Employees Health Benefits Plan | | | | | | |
| 6. Title XVIII - Medicare | 180,087,523 | 1,051,391,528 | 12,635,022 | 111,880,389 | 192,722,545 | 220,086,489 |
| 7. Title XIX - Medicaid | | | | | | |
| 8. Other health | | | | | | |
| 9. Health subtotal (Lines 1 to 8) | 180,087,523 | 1,051,391,528 | 12,635,022 | 111,880,389 | 192,722,545 | 220,086,489 |
| 10. Healthcare receivables (a) | 28,474,968 | 36,150,779 | 994,802 | 50,219,548 | 29,409,360 | 30,288,251 |
| 11. Other non-health | | | | | | |
| 12. Medical incentive pools and bonus amounts | 16,577,166 | 21,898,429 | 15,095,278 | 35,557,454 | 31,672,344 | 16,015,058 |
| 13. Totals (Lines 6-(10)+(11)+(12)) | 188,939,731 | 1,087,139,178 | 26,795,799 | 97,218,295 | 194,966,529 | 205,783,296 |

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital and Medical)

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims - Comprehensive (Hospital and Medical)

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)

| Years in Which Premiums Were Earned and Claims Were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 Claim Adjustment Expense Payments (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 Claim Adjustment Expense Payments (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent |
|--|----------------------|----------------------|--|---|---|---|--------------------|--|---|--|
| 1. 2015 | | | | | | | | | | |
| 2. 2016 | | | | | | | | | | |
| 3. 2017 | | | | | | | | | | |
| 4. 2018 | | | | | | | | | | |
| 5. 2019 | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Medicare Supplement

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims - Medicare Supplement

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement

| Years in Which Premiums Were Earned and Claims Were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 Claim Adjustment Expense Payments (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 Claim Adjustment Expense Payments (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent |
|--|----------------------|----------------------|--|---|---|---|--------------------|--|---|--|
| 1. 2015 | | | | | | | | | | |
| 2. 2016 | | | | | | | | | | |
| 3. 2017 | | | | | | | | | | |
| 4. 2018 | | | | | | | | | | |
| 5. 2019 | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Dental Only

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims - Dental Only

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only

| Years in Which Premiums Were Earned and Claims Were Incurred | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----------------|-----------------|-----------------------------------|--|--|--|---------------|-----------------------------------|--|--------------------|
| | Premiums Earned | Claims Payments | Claim Adjustment Expense Payments | Claim Adjustment Expense Payments (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2+3) | Claim Adjustment Expense Payments (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | (Col. 9/1) Percent |
| 1. 2015 | | | | | | | | | | |
| 2. 2016 | | | | | | | | | | |
| 3. 2017 | | | | | | | | | | |
| 4. 2018 | | | | | | | | | | |
| 5. 2019 | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Vision Only

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims - Vision Only

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Vision Only

| Years in Which Premiums Were Earned and Claims Were Incurred | Incurred Year Health Claims and Claims Adjustment Expense Ratio - Vision Only | | | | | | | | | |
|--|---|----------------------|--|---|---|---|--------------------|--|---|--|
| | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 Claim Adjustment Expense Payments (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 Claim Adjustment Expense Payments (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent |
| 1. 2015 | | | | | | | | | | |
| 2. 2016 | | | | | | | | | | |
| 3. 2017 | | | | | | | | | | |
| 4. 2018 | | | | | | | | | | |
| 5. 2019 | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefit Plan

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims - Federal Employees Health Benefit Plan

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefit Plan

| Years in Which Premiums Were Earned and Claims Were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 Claim Adjustment Expense Payments (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 Claim Adjustment Expense Payments (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent |
|--|----------------------|----------------------|--|---|---|---|--------------------|--|---|--|
| 1. 2015 | | | | | | | | | | |
| 2. 2016 | | | | | | | | | | |
| 3. 2017 | | | | | | | | | | |
| 4. 2018 | | | | | | | | | | |
| 5. 2019 | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Title XVIII Medicare

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | 439,103 | 445,906 | 445,906 | 445,906 | 445,906 |
| 2. 2015 | XXX | 920,444 | 920,444 | 927,562 | 927,562 |
| 3. 2016 | XXX | 812,995 | 812,995 | 904,633 | 908,957 |
| 4. 2017 | XXX | XXX | XXX | 901,724 | 906,102 |
| 5. 2018 | XXX | XXX | XXX | 724,386 | 888,198 |
| 6. 2019 | XXX | XXX | XXX | XXX | 1,037,139 |

Section B - Incurred Health Claims - Title XVIII Medicare

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | 579,476 | 587,259 | 587,259 | 587,259 | 587,259 |
| 2. 2015 | XXX | 1,055,820 | 1,063,661 | 1,063,661 | 1,063,661 |
| 3. 2016 | XXX | 913,018 | 1,013,943 | 1,018,622 | 1,018,622 |
| 4. 2017 | XXX | XXX | 916,259 | 1,050,189 | 1,066,947 |
| 5. 2018 | XXX | XXX | XXX | 947,218 | 1,336,350 |
| 6. 2019 | XXX | XXX | XXX | XXX | 1,844,577 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII Medicare

| Years in Which Premiums Were Earned and Claims Were Incurred | Claims and Claims Adjustment Expense Ratio | | | | | | | | | |
|--|--|-----------|--------|-------|-----------|--------|---------|-----|-----------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1. 2015 | 1,097,202 | 927,562 | 9,002 | 0.971 | 936,554 | 85,357 | | | 936,554 | 85,357 |
| 2. 2016 | 1,020,803 | 808,957 | 9,352 | 1.020 | 918,309 | 89,687 | | | 918,309 | 89,687 |
| 3. 2017 | 1,035,285 | 805,402 | 9,857 | 1.036 | 816,059 | 89,484 | 981 | 5 | 917,023 | 88,577 |
| 4. 2018 | 1,130,285 | 889,486 | 11,450 | 1.289 | 899,646 | 79,595 | 26,770 | 178 | 926,586 | 81,979 |
| 5. 2019 | 1,408,039 | 1,037,139 | 30,315 | 2.923 | 1,067,454 | 75,811 | 147,438 | 973 | 1,215,865 | 86,332 |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims - Title XIX Medicaid

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid

| Years in Which Premiums Were Earned and Claims Were Incurred | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|-----------------|-----------------|-----------------------------------|--|--|--|---------------|-----------------------------------|--|--------------------|
| | Premiums Earned | Claims Payments | Claim Adjustment Expense Payments | Claim Adjustment Expense Payments (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2+3) | Claim Adjustment Expense Payments (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | (Col. 9/1) Percent |
| 1. 2015 | | | | | | | | | | |
| 2. 2016 | | | | | | | | | | |
| 3. 2017 | | | | | | | | | | |
| 4. 2018 | | | | | | | | | | |
| 5. 2019 | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Other

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

Section B - Incurred Health Claims - Other

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | XXX | | | | |
| 3. 2016 | XXX | XXX | | | |
| 4. 2017 | XXX | XXX | XXX | | |
| 5. 2018 | XXX | XXX | XXX | XXX | |
| 6. 2019 | XXX | XXX | XXX | XXX | XXX |

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

| Years in Which Premiums Were Earned and Claims Were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 Claim Adjustment Expense Payments (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 Claim Adjustment Expense Payments (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent |
|--|----------------------|----------------------|--|---|---|---|--------------------|--|---|--|
| 1. 2015 | | | | | | | | | | |
| 2. 2016 | | | | | | | | | | |
| 3. 2017 | | | | | | | | | | |
| 4. 2018 | | | | | | | | | | |
| 5. 2019 | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | 439,103 | 445,906 | 445,906 | 445,906 | 445,906 |
| 3. 2016 | XXX | 920,444 | 927,562 | 927,562 | 927,562 |
| 4. 2017 | XXX | 812,995 | 904,633 | 906,957 | 906,957 |
| 5. 2018 | XXX | XXX | 780,590 | 901,724 | 906,102 |
| 6. 2019 | XXX | XXX | XXX | 724,386 | 888,198 |
| | | | | XXX | 1,037,139 |

Section B - Incurred Health Claims - Grand Total

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2015 | 2 2016 | 3 2017 | 4 2018 | 5 2019 |
| 1. Prior | | | | | |
| 2. 2015 | 579,476 | 587,259 | 587,259 | 587,259 | 587,259 |
| 3. 2016 | XXX | 1,055,820 | 1,063,651 | 1,063,651 | 1,063,651 |
| 4. 2017 | XXX | 913,018 | 1,013,843 | 1,018,622 | 1,018,622 |
| 5. 2018 | XXX | XXX | 916,259 | 1,050,189 | 1,066,947 |
| 6. 2019 | XXX | XXX | XXX | 947,218 | 1,336,390 |
| | | | | XXX | 1,844,577 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

| Years in Which Premiums Were Earned and Claims Were Incurred | Claims and Claims Adjustment Expense Incurred | | | | | | | | | |
|--|---|----------------------|--|---|---|---|--------------------|--|---|--------------------------|
| | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 Claim Adjustment Expense Payments (Col. 3/2) Percent | 5 Claim and Claim Adjustment Payments (Col. 2+3) | 6 Claim Adjustment Expense Payments (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 (Col. 9/1) Percent |
| 1. 2015 | 1,097,202 | 927,562 | 9,002 | 0.971 | 936,564 | 85,357 | | | 936,564 | 85,357 |
| 2. 2016 | 1,020,803 | 809,957 | 9,352 | 1.020 | 819,309 | 89,687 | | | 819,309 | 89,687 |
| 3. 2017 | 1,036,286 | 806,402 | 9,857 | 1.036 | 816,259 | 89,484 | | | 816,259 | 89,484 |
| 4. 2018 | 1,130,226 | 889,486 | 11,450 | 1.288 | 899,936 | 79,599 | 981 | 5 | 917,025 | 88,577 |
| 5. 2019 | 1,408,039 | 1,037,139 | 30,315 | 2.923 | 1,067,454 | 75,811 | 26,770 | 178 | 1,215,665 | 81,383 |
| | | | | | | | 147,438 | 973 | | 86,332 |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

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

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|------------|--|------------------------|----------------|----------------|--|----------------------------|--------------------------|-------|
| | Total | Comprehensive (Dental and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Unearned premium reserves | 12,804,751 | 12,804,751 | | | | | | | |
| 2. Additional policy reserves (a) | | | | | | | | | |
| 3. Reserve for future contingent benefits | | | | | | | | | |
| 4. Reserve for rate credits or experience rating refunds (including \$ for investment income) | | | | | | | | | |
| 5. Aggregate write-ins for other policy reserves | | | | | | | | | |
| 6. Totals (gross) | 12,804,751 | 12,804,751 | | | | | | | |
| 7. Reinsurance ceded | | | | | | | | | |
| 8. Totals (Net) (Page 3, Line 4) | 12,804,751 | 12,804,751 | | | | | | | |
| 9. Present value of amounts not yet due on claims | | | | | | | | | |
| 10. Reserve for future contingent benefits | | | | | | | | | |
| 11. Aggregate write-ins for other claim reserves | | | | | | | | | |
| 12. Totals (gross) | | | | | | | | | |
| 13. Reinsurance ceded | | | | | | | | | |
| 14. Totals (Net) (Page 3, Line 7) | | | | | | | | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 0501. | | | | | | | | | |
| 0502. | | | | | | | | | |
| 0503. | | | | | | | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | | | | | | | | | |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | | | | | | | | | |
| 1101. | | | | | | | | | |
| 1102. | | | | | | | | | |
| 1103. Summary of remaining write-ins for Line 11 from overflow page | | | | | | | | | |
| 1199. Totals (Lines 1101 through 1103 plus 1199) (Line 11 above) | | | | | | | | | |
| (a) Includes \$ premium deficiency reserve. | | | | | | | | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

| | Claim Adjustment Expenses | | 3 General Administrative Expenses | 4 Investment Expenses | 5 Total |
|---|--------------------------------------|--|--|-----------------------------|-----------------|
| | 1 Cost Containment Expenses | 2 Other Claim Adjustment Expenses | | | |
| 1. Rent (\$ for occupancy of own building) | | | 5,748,700 | | 5,748,700 |
| 2. Salaries, wages and other benefits | 4,896,804 | | 54,311,176 | | 59,207,980 |
| 3. Commissions (less \$ ceded plus \$ assumed) | | | 10,329,217 | | 10,329,217 |
| 4. Legal fees and expenses | | | 349,027 | | 349,027 |
| 5. Certifications and accreditation fees | | | | | |
| 6. Auditing, actuarial and other consulting services | 2,072,272 | | 51,682,310 | 19,033 | 53,773,615 |
| 7. Traveling expenses | | | 368,452 | | 368,452 |
| 8. Marketing and advertising | | | 14,986,652 | | 14,986,652 |
| 9. Postage, express, and telephone | | | 3,625,394 | | 3,625,394 |
| 10. Printing and office supplies | | | 1,934,163 | | 1,934,163 |
| 11. Occupancy, depreciation and amortization | | | 3,210,750 | | 3,210,750 |
| 12. Equipment | | | 488,639 | | 488,639 |
| 13. Cost or depreciation of EDP equipment and software | | | | | |
| 14. Outsourced services including EDP, claims, and other services | 25,264,801 | 1,127,522 | | | 26,392,323 |
| 15. Boards, bureaus and association fees | | | 2,313,160 | | 2,313,160 |
| 16. Insurance, except on real estate | | | 1,782,914 | | 1,782,914 |
| 17. Collection and bank service charges | | | 281,460 | 17,428 | 298,888 |
| 18. Group service and administration fees | | | | | |
| 19. Reimbursements by uninsured accident and health plans | | | | | |
| 20. Reimbursements from fiscal intermediaries | | | | | |
| 21. Real estate expenses | | | | | |
| 22. Real estate taxes | | | 42 | | 42 |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes | | | 496,853 | | 496,853 |
| 23.2 State premium taxes | | | | | |
| 23.3 Regulator authority licenses and fees | | | | | |
| 23.4 Payroll taxes | | | 4,103,886 | | 4,103,886 |
| 23.5 Other (excluding federal income and real estate taxes) | | | 419,798 | | 419,798 |
| 24. Investment expenses not included elsewhere | | | | | |
| 25. Aggregate write-ins for expenses | 964,909 | | 10,857,481 | | 11,822,390 |
| 26. Total expenses incurred (Line 1 to Line 25) | 33,198,786 | 1,127,522 | 167,290,074 | 36,461 | (a) 201,652,843 |
| 27. Less expenses unpaid December 31, current year | | 1,156,266 | 17,108,725 | | 18,264,991 |
| 28. Add expenses unpaid December 31, prior year | | 2,061,006 | 10,525,965 | | 12,586,971 |
| 29. Amounts receivable relating to uninsured plans, prior year | | | | | |
| 30. Amounts receivable relating to uninsured plans, current year | | | | | |
| 31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30) | 33,198,786 | 2,032,262 | 160,707,314 | 36,461 | 195,974,823 |
| DETAILS OF WRITE-INS | | | | | |
| 2501. Other expenses | 964,909 | | 10,857,481 | | 11,822,390 |
| 2502. | | | | | |
| 2503. | | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | | |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) | 964,909 | | 10,857,481 | | 11,822,390 |

(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) 7,003,578 | 5,897,633 |
| 1.1 Bonds exempt from U.S. tax | (a) | |
| 1.2 Other bonds (unaffiliated) | (a) | |
| 1.3 Bonds of affiliates | (a) | |
| 2.1 Preferred stocks (unaffiliated) | (b) | |
| 2.11 Preferred stocks of affiliates | (b) | |
| 2.2 Common stocks (unaffiliated) | | 1,133,052 |
| 2.21 Common stocks of affiliates | | |
| 3. Mortgage loans | (c) | |
| 4. Real estate | (d) | |
| 5. Contract loans | | |
| 6. Cash, cash equivalents and short-term investments | (e) 723,564 | 772,796 |
| 7. Derivative instruments | (f) | |
| 8. Other invested assets | | 413,855 |
| 9. Aggregate write-ins for investment income | | |
| 10. Total gross investment income | 9,274,049 | 8,217,336 |
| 11. Investment expenses | | (g) 36,460 |
| 12. Investment taxes, licenses and fees, excluding federal income taxes | | (g) |
| 13. Interest expense | | (h) |
| 14. Depreciation on real estate and other invested assets | | (i) |
| 15. Aggregate write-ins for deductions from investment income | | |
| 16. Total deductions (Lines 11 through 15) | | 36,460 |
| 17. Net investment income (Line 10 minus Line 16) | | 8,180,876 |
| DETAILS OF WRITE-INS | | |
| 0901. | | |
| 0902. | | |
| 0903. | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | | |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | | |
| 1501. | | |
| 1502. | | |
| 1503. | | |
| 1598. Summary of remaining write-ins for Line 15 from overflow page | | |
| 1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) | | |

(a) Includes \$ 824,527 accrual of discount less \$ 1,082,476 amortization of premium and less \$ 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 \$ 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 \$ 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 | 1,172,234 | | 1,172,234 | | |
| 1.1 Bonds exempt from U.S. tax | | | | | |
| 1.2 Other bonds (unaffiliated) | | | | | |
| 1.3 Bonds of affiliates | | | | | |
| 2.1 Preferred stocks (unaffiliated) | | | | | |
| 2.11 Preferred stocks of affiliates | | | | | |
| 2.2 Common stocks (unaffiliated) | 223,250 | | 223,250 | 1,565,957 | |
| 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 | | | | 370,031 | |
| 9. Aggregate write-ins for capital gains (losses) | | | | | |
| 10. Total capital gains (losses) | 1,395,484 | | 1,395,484 | 1,935,988 | |
| DETAILS OF WRITE-INS | | | | | |
| 0901. | | | | | |
| 0902. | | | | | |
| 0903. | | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | | | | | |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | | | | | |

EXHIBIT OF NONADMITTED ASSETS

| | 1 | 2 | 3 |
|---|--|--|--|
| | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) | | | |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | | | |
| 2.2 Common stocks | | | |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | | | |
| 3.2 Other than first liens | | | |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | | | |
| 4.2 Properties held for the production of income | | | |
| 4.3 Properties held for sale | | | |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) | | | |
| 6. Contract loans | | | |
| 7. Derivatives (Schedule DB) | | | |
| 8. Other invested assets (Schedule BA) | | | |
| 9. Receivables for securities | | | |
| 10. Securities lending reinvested collateral assets (Schedule DL) | | | |
| 11. Aggregate write-ins for invested assets | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | | | |
| 13. Title plants (for Title Insurers only) | | | |
| 14. Investment income due and accrued | | | |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 4,280,153 | 4,480,812 | 200,659 |
| 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 | 6,764,522 | 8,283,732 | 1,519,210 |
| 19. Guaranty funds receivable or on deposit | | | |
| 20. Electronic data processing equipment and software | | | |
| 21. Furniture and equipment, including health care delivery assets | | | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | |
| 23. Receivables from parent, subsidiaries and affiliates | | | |
| 24. Health care and other amounts receivable | 19,924,660 | 17,944,704 | (1,979,956) |
| 25. Aggregate write-ins for other-than-invested assets | 62,951 | 2,316,738 | 2,253,787 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 31,032,286 | 33,025,986 | 1,993,700 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 28. Total (Lines 26 and 27) | 31,032,286 | 33,025,986 | 1,993,700 |
| DETAILS OF WRITE-INS | | | |
| 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 | | 957,929 | 957,929 |
| 2502. PLAN TO PLAN RECEIVABLE | 23,115 | 1,273,092 | 1,249,977 |
| 2503. INTANGIBLE ASSETS-APL | 39,836 | 85,717 | 45,881 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 62,951 | 2,316,738 | 2,253,787 |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment | Total Members at End of | | | | | 6 Current Year Member Months |
|--|-------------------------|-----------------------|------------------------|-----------------------|----------------------|---------------------------------------|
| | 1 Prior Year | 2 First Quarter | 3 Second Quarter | 4 Third Quarter | 5 Current Year | |
| 1. Health Maintenance Organizations | 108,605 | 128,090 | 128,670 | 128,660 | 127,789 | 1,540,476 |
| 2. Provider Service Organizations | | | | | | |
| 3. Preferred Provider Organizations | | | | | | |
| 4. Point of Service | | | | | | |
| 5. Indemnity Only | | | | | | |
| 6. Aggregate write-ins for other lines of business | | | | | | |
| 7. Total | 108,605 | 128,090 | 128,670 | 128,660 | 127,789 | 1,540,476 |
| DETAILS OF WRITE-INS | | | | | | |
| 0601 | | | | | | |
| 0602 | | | | | | |
| 0603 | | | | | | |
| 0699. Summary of remaining write-ins for Line 6 from overflow page | | | | | | |
| 0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) | | | | | | |

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting practices

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

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC) including its codification initiative contained in its accounting practices and procedures manual, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SAP; however, differences adopted by the Commissioner of Insurance do not have a significant effect on the net income and statutory capital and surplus of the Company as of December 31, 2019 and December 31, 2018. There are no differences in the Company's net income and capital and surplus between NAIC SAP and practices prescribed by the Commissioner of Insurance on Puerto Rico.

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

| | SSAP # | F/S Page | F/S Line | 2019 | 2018 |
|---|--------|----------|----------|-----------------------|-----------------------|
| NET INCOME | | | | | |
| (1) Triple-S Advantage, Inc. state basis (Page 4, Line 32, Columns 2 & 3) | 1 | xxx | xxx | \$ 64,445,716 | \$ 14,767,206 |
| (2) State Prescribed Practices that increase/(decrease) NAIC SAP | | | | - | - |
| (3) State Permitted Practices that increase/(decrease) NAIC SAP | | | | - | - |
| (4) NAIC SAP | 1 | xxx | xxx | <u>\$ 64,445,716</u> | <u>\$ 14,767,206</u> |
| SURPLUS | | | | | |
| (5) Triple-S Advantage, Inc. state basis (Page 3, Line 33, Columns 3 & 4) | 1 | xxx | xxx | \$ 174,954,348 | \$ 112,595,466 |
| (6) State Prescribed Practices that increase/(decrease) NAIC SAP | | | | - | - |
| (7) State Permitted Practices that increase/(decrease) NAIC SAP | | | | - | - |
| (8) NAIC SAP | 1 | xxx | xxx | <u>\$ 174,954,348</u> | <u>\$ 112,595,466</u> |

B. Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities to prepare these statutory financial statements in conformity with the accounting practices prescribed or permitted by the Commissioner of Insurance. Significant items that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the assessment other-than-temporary impairments, claims liabilities, risk score adjustments and Part D risk sharing and deferred taxes. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results. Although some variability is inherent in these estimates in the near future, the Company believes the amounts provided are adequate.

C. Accounting Policy

Non-admitted Assets

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

NOTES TO FINANCIAL STATEMENTS

The non-admitted assets charged to surplus during December 31, 2019 and December 31, 2018 are as follows:

| | 2019 | 2018 |
|---------------------|---------------|---------------|
| Deferred tax assets | \$ 6,764,522 | \$ 8,283,732 |
| Accounts receivable | 24,204,813 | 22,425,516 |
| Intangible asset | 39,836 | 85,717 |
| Other | 23,115 | 2,231,021 |
| | \$ 31,032,286 | \$ 33,025,986 |

Investments

Debt and equity securities are valued in accordance with rules promulgated by the NAIC. Debt securities that are designated highest-quality and high-quality (NAIC designation 1 and 2) are reported at amortized cost, with all other debt securities reported at the lower of amortized cost or fair market value. Debt securities eligible for amortization under such rules are stated net of unamortized premiums or discounts. As of December 31, 2019 and December 31, 2018 there are no debt securities reported at fair value on the Statements of Admitted Assets, Liabilities, and Capital and Surplus.

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

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

A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other-than-temporary results in an impairment to reduce the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, market conditions, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in. No impairment loss was recognized during the year ended December 31, 2019.

Cash Equivalents

The Company considers all highly liquid instrument with original maturities of three months or less at date of acquisition to be cash equivalents. Cash equivalents at December 31, 2019 and December 31, 2018 was approximately \$302,000 and \$319,000, respectively.

Short-Term Investments

Short-term investments which have maturities of less than one year are stated at cost. There are no short-term investments at December 31, 2019 and 2018.

Other Invested Assets

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

Revenue Recognition

Premiums for the Medicare Advantage (MA) business are based on a bid contract with CMS and billed in advance of the coverage period. We recognize premium revenue in the period in which we are obligated to provide services to our members. We record premiums earned but not received as premiums receivable and record premiums received in advance of the period of service as unearned premiums in the consolidated balance sheets. Unearned premiums are recognized as revenue throughout the related coverage period. MA contracts are renewed annually and provide for a risk factor to adjust premiums paid for members that represent a higher or lower risk to the Company. Retroactive rate adjustments are made periodically based on the aggregate health status and risk scores of the Company's MA membership. These risk adjustments are evaluated quarterly, based on actuarial estimates. Actual results could differ from these estimates. We recognize periodic changes to risk-adjusted premiums as revenue when the amounts are determinable and collection is reasonably assured, which is possible as additional diagnosis code information is reported to CMS, when the ultimate settlements are received from CMS, or we receive notification of such settlement amounts. The data provided to CMS to determine members' risk scores is subject to audit by CMS even after the annual settlements occur, which may result in the refund of premiums to CMS. As additional information becomes available, the recorded estimate is revised and reflected in operating results in the period in which it becomes available.

Prescription drug coverage is offered to Medicare eligible beneficiaries as part of MA plans (MA-PD). Premiums are based on a bid contract with CMS that considers the estimated costs of providing prescription drug benefits to enrolled participants. MA-PD premiums are subject to adjustment, positive or negative, based upon the application of risk corridors that compare the estimated prescription drug costs included in the bids to CMS to actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments or in CMS requesting a refund for a portion of the premiums collected. The Company estimates and

NOTES TO FINANCIAL STATEMENTS

prescription drug costs for each reporting period as if the annual contract were to end at the end of each reporting period. The total Catastrophic receivable was approximately \$8,607,000 and the risk share receivable balance was approximately \$6,350,000 as of December 31, 2019. The risk share payable balance was approximately \$274,000 as of December 31, 2018.

Uncollected Premiums

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

Claims Liabilities

Claim liabilities mostly represent the Company's estimate of medical costs incurred but not yet paid to providers based on experience and accumulated statistical data. Loss-adjustment expenses related to such claims are currently accrued based on estimated future expenses necessary to process such claims. Claim liabilities are the most significant estimate included in our financial statements. Such estimate is developed consistently using standard actuarial methodologies based upon key assumptions, which vary by business segment. The most significant assumptions used in the development of claim liabilities include current payment experience, trend factors, and completion factors. Trend factors in our standard actuarial methodologies include contractual requirements, historic utilization trends, the interval between the date services are rendered and the date claims are paid, denied claims activity, disputed claims activity, benefit changes, expected health care cost inflation, seasonality patterns, maturity of lines of business, changes in membership and other factors.

Claim liabilities also include a provision for adverse deviation, which is an estimate for known environmental factors that are reasonably likely to affect the required level of reserves. This provision for adverse deviation is intended to capture the potential adverse development from known environmental factors such as our entry into new geographical markets, changes in our geographic or product mix, the introduction of new customer populations, variation in benefit utilization, disease outbreaks, changes in provider reimbursement, fluctuations in medical cost trend, variation in claim submission patterns and variation in claims processing speed and payment patterns, changes in technology that provide faster access to claims data or change the speed of adjudication and settlement of claims, variability in claim inventory levels, non-standard claim development, and/or exceptional situations that require judgmental adjustments in setting the reserves for claims.

The Company contracts with various independent practice associations (IPAs) for certain medical care services provided to some policies subscribers. The IPAs are compensated on a capitation basis and capitation payables are included in claim liabilities. Capitation is amounts paid to the aforementioned IPAs on a fixed-fee per member per month basis.

Claims liabilities are necessarily based on estimates, and while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statutory statements of revenues and expenses in the period determined.

Reinsurance

In the normal course of business, the Company seeks to limit the exposure that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk with reinsurers. Premiums ceded and recoveries of losses have been reported as a reduction of premiums and claims incurred, respectively, in the accompanying statements of revenues and expenses.

Fair Value of Financial Instruments

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

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

Fair Value Measurements

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

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date. SSAP 101 provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the

NOTES TO FINANCIAL STATEMENTS

if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. There are no deferred credits related to income tax credits at December 31, 2019 and December 31, 2018.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

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

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expenses as incurred. Recoveries of costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related liability.

Share-Based Compensation

Share-based compensation is measured at the fair value of the award and recognized as an expense in the financial statements over the vesting period.

2. Accounting Changes and Corrections of Errors

Not Applicable.

3. Business Combinations and Goodwill

Not Applicable.

4. Discontinued Operations

Not Applicable.

5. Investments**A. Mortgage Loans**

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

Not Applicable

E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowings

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowings

Not Applicable

H. Repurchase Agreements Transactions Accounted for as Sale

Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as Sale

Not Applicable

J. Real Estate

Not Applicable

NOTES TO FINANCIAL STATEMENTS

K. Low-Income Housing Tax Credits (LIHTC)*Not Applicable***L. Restricted Assets**

| Restricted Asset Category | Total Gross Restricted from Current Year | Total Gross Restricted from Prior Year | Increase/ (Decrease) (1 minus 2) | Total Current Year Admitted Restricted | Percentage Gross Restricted to Total Assets | Percentage Admitted Restricted to Total Admitted Assets |
|--|--|--|----------------------------------|--|---|---|
| a. Subject to contractual obligation for which liability is not shown | \$ - | \$ - | \$ - | \$ - | 0% | 0% |
| b. Collateral held under security lending agreements | - | - | - | - | - | - |
| c. Subject to repurchase agreements | - | - | - | - | - | - |
| d. Subject to reverse repurchase agreements | - | - | - | - | - | - |
| e. Subject to dollar repurchase agreements | - | - | - | - | - | - |
| f. Subject to dollar reverse repurchase agreements | - | - | - | - | - | - |
| g. Placed under option contracts | - | - | - | - | - | - |
| h. Letter stock or securities restricted as to sale – excluding FHLB capital stock | - | - | - | - | - | - |
| i. FHLB capital stock | - | - | - | - | - | - |
| j. On deposit with states | - | - | - | - | - | - |
| k. On deposit with other regulatory bodies | 740,985 | 735,012 | 5,973 | 740,985 | 0.16% | 0.19% |
| l. Pledged collateral to FHLB (including assets backing funding agreements) | - | - | - | - | - | - |
| m. Pledged as collateral not captured in other categories | - | - | - | - | - | - |
| n. Other restricted assets | - | - | - | - | - | - |
| o. Total restricted assets | - | - | - | - | - | - |
| p. Total Restricted Assets | \$ 740,985 | \$ 735,012 | \$ 5,973 | \$ 740,985 | 0% | 0% |

At December 31, 2019 and December 31, 2018, the Company has a deposit of \$600,000 with the Commissioner of Insurance to comply with the deposit requirements of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code).

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

NOTES TO FINANCIAL STATEMENTS

S. Debt Securities

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of debt securities at December 31, 2019 and December 31, 2018 are as follows:

| | 2019 | | | |
|--|---------------------------------|------------------------|-------------------------|-----------------------|
| | Amortized Cost (Carrying Value) | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| US Treasury and obligations of US governmental instrumentalities | \$ 23,460,362 | \$ 1,100,533 | \$ - | \$ 24,560,895 |
| Residential Mortgage Backed Securities | 2,317,961 | 182,593 | - | 2,500,554 |
| Municipal bonds | 128,294,765 | 3,867,643 | - | 132,162,408 |
| | <u>\$ 154,073,088</u> | <u>\$ 5,150,769</u> | <u>\$ -</u> | <u>\$ 159,223,857</u> |

| | 2018 | | | |
|--|---------------------------------|------------------------|-------------------------|-----------------------|
| | Amortized Cost (Carrying Value) | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| US Treasury and obligations of US governmental instrumentalities | \$ 55,856,002 | \$ 667,063 | \$ - | \$ 56,523,065 |
| Residential Mortgage Backed Securities | 2,487,005 | 51,906 | - | 2,538,911 |
| Obligations of the Commonwealth of Puerto Rico and its instrumentalities | 750,000 | - | - | 750,000 |
| Municipal bonds | 134,914,623 | 862,303 | (209,656) | 135,567,270 |
| Industrial & Miscellaneous | 8,753,676 | - | (56,526) | 8,697,150 |
| | <u>\$ 202,761,306</u> | <u>\$ 1,581,272</u> | <u>\$ (266,182)</u> | <u>\$ 204,076,396</u> |

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

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Bonds and notes | \$ 151,755,127 | \$ 199,524,301 |
| Mortgage-backed securities | 2,317,961 | 2,487,005 |
| Zero coupons and certificates of accrual | - | 750,000 |
| | <u>\$ 154,073,088</u> | <u>\$ 202,761,306</u> |

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2018 are as follows:

| | 2018 | | | | | | | | |
|------------------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|----------------------|
| | Less Than 12 Months | | | 12 Months or Longer | | | Total | | |
| | Estimated Fair Value | Gross Unrealized Losses | Number of Securities | Estimated Fair Value | Gross Unrealized Losses | Number of Securities | Estimated Fair Value | Gross Unrealized Losses | Number of Securities |
| Municipal bonds | \$ 33,555,307 | \$ (209,656) | 3 | - | - | - | \$ 33,555,307 | \$ (209,656) | 3 |
| Industrial and Miscellaneous | 8,697,150 | (56,526) | 3 | - | - | - | 8,697,150 | (56,526) | 3 |
| | <u>\$ 42,252,457</u> | <u>\$ (266,182)</u> | <u>6</u> | <u>\$ -</u> | <u>\$ -</u> | <u>0</u> | <u>\$ 42,252,457</u> | <u>\$ (266,182)</u> | <u>6</u> |

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

- Identification and evaluation of securities that have possible indications of other-than-temporary impairment, which includes an analysis of all investments with gross unrealized investment losses that represent 20% or more of their cost and all investments with an unrealized loss greater than \$100.
- For any other securities with a gross unrealized investment loss we might review and evaluate investee's current financial condition, liquidity, near-term recovery prospects, implications of rating agency actions, the outlook for the business sectors in which the investee operates and other factors.
- Consideration of evidential matter, including an evaluation of factors or triggers that may or may not cause individual investments to qualify as having other-than-temporary impairments.
- Determination of the status of each analyzed security as other-than-temporary or not, with documentation of the rationale for the decision; and
- Equity securities are considered to be impaired based on market conditions and the length of time the funds have been in a loss position.

The Corporation reviews the investment portfolios under the Corporation's impairment review policy. Given market conditions and the significant judgments involved, there is a continuing risk that declines in fair value may occur and material other-than-temporary impairments may be recorded in future periods. The Corporation from time to time may sell investments as part of its asset/liability management process or to reposition its investment portfolio based on current and expected market conditions.

The amortized cost and estimated fair value of debt securities at December 31, 2019 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

| | Amortized Cost | Estimated Fair Value |
|------------------------------------|---------------------------|---------------------------------|
| Due in 1 year or less | \$ 1,595,282 | \$ 1,655,086 |
| Due after 1 year through 5 years | 128,744,117 | 132,878,451 |
| Due after 5 years through 10 years | 23,520,255 | 24,460,073 |
| Due after 10 years | 213,434 | 230,247 |
| | \$ 154,073,088 | \$ 159,223,857 |

Proceeds from sales and maturities of debt securities during the period ended December 31, 2019 and December 31, 2018 were \$167,326,273 and \$312,662,280, respectively. Gross gains and losses of \$1,424,575 and (\$252,340) in December 31, 2019, respectively, and \$24,084 and (\$4,379,543) in December 31, 2018, respectively, were realized on those sales.

NOTES TO FINANCIAL STATEMENTS

T. Equity Securities

The cost, gross unrealized gains, gross unrealized losses, and estimated fair value of the equity securities at December 31, 2019 and December 31, 2018 is as follows:

| 2019 | | | |
|--------------------------|------------------------------|-------------------------------|-------------------------|
| Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Equity securities | | | |
| Common stocks | \$ 13,654,865 | \$ 1,523,935 | \$ - |
| | <u>\$ 13,654,865</u> | <u>\$ 1,523,935</u> | <u>\$ 15,178,800</u> |
| 2018 | | | |
| Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Equity securities | | | |
| Common stocks | \$ 25,422,255 | \$ 118,728 | \$ (160,750) |
| | <u>\$ 25,422,255</u> | <u>\$ 118,728</u> | <u>\$ 25,380,233</u> |

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2018 are as follows:

| | 2018 | | | | | | | | |
|---------------|-------------------------|-------------------------------|-------------------------|-------------------------|-------------------------------|-------------------------|-------------------------|-------------------------------|-------------------------|
| | Less Than 12 Months | | | 12 Months or Longer | | | Total | | |
| | Estimated Fair Value | Gross Unrealized Losses | Number of Securities | Estimated Fair Value | Gross Unrealized Losses | Number of Securities | Estimated Fair Value | Gross Unrealized Losses | Number of Securities |
| Common stocks | \$ 13,880,000 | \$ (160,750) | 3 | \$ - | \$ - | 0 | \$ 13,880,000 | \$ (160,750) | 3 |
| | <u>\$ 13,880,000</u> | <u>\$ (160,750)</u> | <u>3</u> | <u>\$ -</u> | <u>\$ -</u> | <u>0</u> | <u>\$ 13,880,000</u> | <u>\$ (160,750)</u> | <u>3</u> |

Proceeds from sales of equity securities during the period ended December 31, 2019 and December 31, 2018 were \$37,455,000 and \$52,160,829, respectively. Gross gains and losses of \$307,000 and (\$83,750) in December 31, 2019 were realized on those sales. Gross gains and losses of \$2,594,982 and (\$584,643) in December 31, 2018 were realized on those sales.

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of its common stocks. For securities with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company's intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and requires further consideration of risks such as credit and interest rate risks. If, after monitoring and analyzing, the Company determines that a decline in the estimated fair value of any common and preferred stock security below cost is other than temporary, the carrying amount of the security is reduced to its fair value. The impairment is charged to operations, and a new cost basis for the security is established. No impairment loss was recognized at December 31, 2019 and December 31, 2018.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

Components of net investment income earned for the years ended December 31, 2019 and December 31, 2018 were as follows:

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Debt securities | | |
| Bonds and notes | \$ 5,748,140 | \$ 6,055,374 |
| Mortgage-backed securities | 149,493 | 23,577 |
| Zero coupons and certificates of accrual | - | 21,433 |
| Cash and short-term investments | 777,796 | 600,033 |
| Collateralized mortgage obligations | - | 194,713 |
| | <u>6,670,429</u> | <u>6,895,130</u> |
| Equity securities | | |
| Common stocks | 1,133,052 | 1,181,589 |
| Alternative investments | 413,855 | 365,690 |
| | <u>1,546,907</u> | <u>1,547,279</u> |
| | <u>\$ 8,217,336</u> | <u>\$ 8,442,409</u> |
| Less: Investment and interest expenses incurred | <u>36,460</u> | <u>41,705</u> |
| | <u>\$ 8,180,876</u> | <u>\$ 8,400,704</u> |

8. Derivative Instruments

Not Applicable.

9. Income Taxes

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

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

| | December 31, 2019 | | | December 31, 2018 | | | Change | | |
|--|-------------------|---------|-------------|-------------------|---------|-------------|-------------|---------|-------------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| a. Gross deferred tax assets | 11,808,012 | - | 11,808,012 | 17,386,674 | - | 17,386,674 | (5,578,662) | - | (5,578,662) |
| b. Statutory valuation allowance adjustments | - | - | - | - | - | - | - | - | - |
| c. Adjusted gross deferred tax assets (1a-1b) | 11,808,012 | - | 11,808,012 | 17,386,674 | - | 17,386,674 | (5,578,662) | - | (5,578,662) |
| d. Deferred tax asset nonadmitted | (6,764,522) | - | (6,764,522) | (8,283,732) | - | (8,283,732) | 1,519,210 | - | 1,519,210 |
| e. Subtotal net admitted deferred tax assets (1c-1d) | 5,043,490 | - | 5,043,490 | 9,102,942 | - | 9,102,942 | (4,059,452) | - | (4,059,452) |
| f. Deferred tax liabilities | (505,088) | - | (505,088) | (67,227) | - | (67,227) | (437,861) | - | (437,861) |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | 4,538,402 | - | 4,538,402 | 9,035,715 | - | 9,035,715 | (4,497,313) | - | (4,497,313) |

Admission Calculation Components SSAP No. 101

| | December 31, 2019 | | | December 31, 2018 | | | Change | | |
|--|-------------------|---------|-----------|-------------------|---------|-----------|-------------|---------|-------------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks | - | - | - | - | - | - | - | - | - |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above after application of the threshold limitation, (the lesser of 2(b)2 below | - | - | - | - | - | - | - | - | - |
| 1 Adjusted gross deferred tax assets expected to be realized following the balance sheet date | - | - | - | - | - | - | - | - | - |
| 2 Adjusted gross deferred tax assets allowed per limitation threshold | 4,538,402 | - | 4,538,402 | 9,035,715 | - | 9,035,715 | (4,497,313) | - | (4,497,313) |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities | 505,088 | - | 505,088 | 67,227 | - | 67,227 | 437,861 | - | 437,861 |
| d. Deferred tax assets admitted as the result of application of SSAP No. 101 total (2(a) +2(b)-2c) | 5,043,490 | - | 5,043,490 | 9,102,942 | - | 9,102,942 | (4,059,452) | - | (4,059,452) |

| | 2019 | 2018 |
|---|-------------|-------------|
| a. Ratio percentage used to determine recovery period and threshold limitation amount | 348% | 276% |
| b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | 174,954,348 | 112,595,466 |

B. Deferred tax liabilities that are not recognized.

Not applicable

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

NOTES TO FINANCIAL STATEMENTS

| | 2019 | 2018 | Change |
|---|---------------------|---------------------|-----------------------|
| 1. Current Income Tax | | | |
| (a) Federal | \$ 28,894,047 | \$ 1,339,733 | \$ 27,554,314 |
| (b) Foreign | - | - | - |
| (c) Subtotal | <u>28,894,047</u> | <u>1,339,733</u> | <u>27,554,314</u> |
| (d) Federal income tax on capital gains | - | - | - |
| (e) Utilization of capital loss carry-forwards | - | - | - |
| (f) Other | - | - | - |
| (g) Federal and foreign income taxes incurred | 28,894,047 | 1,339,733 | 27,554,314 |
| 2. Deferred Tax Assets | | | |
| (a) Ordinary | | | |
| (1) Employee benefits plan | \$ - | \$ - | \$ - |
| (2) DTA intercompany | - | - | - |
| (3) Deferred compensation | - | - | - |
| (4) Contingency reserves | 562,500 | - | 562,500 |
| (5) Shared based compensation | 1,925,583 | 511,323 | 1,414,260 |
| (6) Severance | - | - | - |
| (7) Accumulated Value on Capital Assets | - | - | - |
| (8) Depreciation | - | - | - |
| (9) Alternative investments difference in basis | - | - | - |
| (10) AMT | - | 65,043 | (65,043) |
| (11) Tax Credit | - | - | - |
| (12) Net operating loss | - | 7,330,421 | (7,330,421) |
| (13) Nonadmitted assets | 9,100,411 | 9,010,983 | 89,428 |
| (14) Capital loss | 217,716 | 468,904 | (251,188) |
| (15) Other | 1,802 | - | 1,802 |
| Total gross deferred tax assets | 11,808,012 | 17,386,674 | (5,580,464) |
| (b) Statutory Valuation allowance | - | - | - |
| Adjusted Gross DTA | <u>11,808,012</u> | <u>17,386,674</u> | <u>(5,578,662)</u> |
| (c) Less: Nonadmitted deferred tax assets | <u>(6,764,522)</u> | <u>(8,283,732)</u> | <u>1,519,210</u> |
| (d) Admitted deferred tax assets | <u>5,043,490</u> | <u>9,102,942</u> | <u>(4,059,452)</u> |
| 3. Deferred Tax liabilities | | | |
| (a) Ordinary | | | |
| (1) Venture Capital | - | - | - |
| (2) Employee benefits plan | - | - | - |
| (3) Unrealized on investment | (428,182) | (40,985) | (387,197) |
| (4) Alternative investments difference in basis | <u>(76,906)</u> | <u>(26,242)</u> | <u>(50,664)</u> |
| (b) Total deferred tax liabilities | <u>(505,088)</u> | <u>(67,227)</u> | <u>(437,861)</u> |
| (c) Net deferred tax assets/liabilities (2d-3b) | <u>\$ 4,538,402</u> | <u>\$ 9,035,715</u> | <u>\$ (4,497,313)</u> |

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

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

The Company accounts transactions with related parties in accordance with SSAP No. 25, Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties. Transactions between related parties must be in the form of a written agreement and the agreement must provide for a timely settlement of amounts owed with a specific due date. Amounts owed that are more than 90 days from the due date are non-admitted. If the agreement does not contain a due date, the uncollected receivable amounts are non-admitted. There were no non-admitted intercompany receivables as of December 31, 2019 and December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

The Company has the following net balances due (to) from the Parent Company and affiliates at December 31, 2019 and 2018, which are recorded as due from Parent Company and affiliates and other receivables or as other expenses due and accrued and other liabilities, as applicable, in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus:

| | 2019 | 2018 |
|---------------------------|---------------------|------------------------|
| Triple-S Management Corp. | (7,303,557) | (3,539,815) |
| Triple-S Salud, Inc. | 6,499,094 | (20,520,451) |
| Carepoint | (294) | (294) |
| | \$ (804,757) | \$ (24,060,560) |

11. Debt

Not applicable.

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

Not Applicable.

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

The NAIC has developed a minimum risk-based capital (RBC) requirement. The NAIC formulas for determining the amount of RBC specify various weighted factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of each insurer's regulatory total adjusted capital, as defined by the NAIC, to its authorized control level RBC. Specific corrective actions are required from an insurer under the RBC standards if its RBC ratio is below certain prescribed levels. The Commissioner of Insurance requires that the Company maintain statutory reserves at or above the RBC model's "Company Action Level", which is currently equal to 200% of their RBC, in order to avoid regulatory monitoring and intervention. As of December 31, 2019 and 2018, the Company met the minimum prescribed RBC level, respectively.

As a member of the BCBSA, the Company is required by membership standards of the association to maintain liquidity as defined by BCBSA. That is, to maintain net worth exceeding the "Company Action Level" as defined in the NAIC Risk-Based Capital Model. The Company is in compliance with this requirement.

Common stock included as a component of capital and surplus consists of class B common stock with a par value of \$10 per share; 2,000 shares authorized of which 1,875 shares are issued and outstanding at December 31, 2019 and 2018. In addition, the Company is authorized to issue 500 shares of class A common stock with no par value. At December 31, 2019 and 2018 none of these shares are issued and outstanding.

Unassigned surplus is restricted as to the payment of dividends by statutory limitations applicable to domestic insurance companies. Under Puerto Rico insurance regulations, the Company is permitted, without requesting prior regulatory approval, to pay dividends as long as the aggregate amount of all such dividends in any calendar year does not exceed the lesser of: (i) 10% of its surplus as of the end of the immediately preceding calendar year; or (ii) its statutory net gain from operations for the immediately preceding calendar year (excluding realized capital gains). The Company will be permitted to pay dividends in excess of the lesser of such two amounts only if notice of its intent to declare such a dividend and the amount thereof is filed with the Commissioner of Insurance and such dividend is not disapproved within 30 days of its filing. Such limitations restrict the payment of dividends by insurance companies generally to unrestricted unassigned surplus reported for statutory purposes. No dividends were paid during the years ended December 31, 2019 and 2018, respectively.

The Company has entered into several unsecured notes agreements with Affiliated companies. Proceeds from surplus note issued on June 2006 were used to create a voluntary reserve to guarantee payments to providers under the Medicaid and Medicare Advantage plans. Proceeds from surplus notes issued during 2012 and 2016 were used to improve the capital and surplus of the Company and the risk-based capital metrics. The Company obtained approval from the Commissioner as defined by the Insurance Code. Under the Insurance Code, surplus notes and related accrued interest cannot be paid without prior approval by the Commissioner.

NOTES TO FINANCIAL STATEMENTS

A summary of the surplus notes entered by the Company as of December 31, 2019 is as follows:

| Note Holder | Date Issued | Interest Rate | Par Value (Face Amount of Notes) | Carrying Value of Note | Interest And/Or Principal Paid Current Year | Total Interest And/Or Principal Paid | Unapproved Interest And/Or Principal | Date of Maturity |
|-------------|-------------|---------------|----------------------------------|------------------------|---|--------------------------------------|--------------------------------------|------------------|
| SSS | 6/28/2006 | 3.00% | \$ 480,000 | \$ 674,400 | \$ - | \$ - | \$ 194,400 | None |
| TSM | 6/29/2012 | 4.70% | 10,000,000 | 14,216,407 | - | - | 4,216,407 | 12/31/2020 |
| TSM | 12/30/2012 | 4.70% | 15,000,000 | 20,841,156 | - | - | 5,841,156 | 12/31/2020 |
| SSS | 12/29/2016 | 4.70% | 30,000,000 | 34,533,227 | - | - | 4,533,227 | 12/29/2021 |
| | | | \$55,480,000 | \$70,265,190 | \$ - | \$ - | \$ 14,785,190 | |

14. Contingencies

Not Applicable.

15. Leases

Not Applicable.

16. Information about Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

The Company's business activity is with insureds located throughout Puerto Rico, and as such, the Company is subject to the risks associated with the Puerto Rico economy.

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

Not Applicable.

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

A. ASO Plans

Not Applicable.

B. ASC Plans

Not Applicable.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

Revenue from the Company's Medicare contract (or similarly structured cost based reimbursement contract) for the year ended December 31, 2019, consisted of \$1,408,038,664. In connection with the Company's Medicare contract (or similarly structured cost based reimbursement contract) the Company has not recorded allowances or reserves for adjustment of recorded revenues. The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

Not Applicable.

20. Fair Value Measurements

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

NOTES TO FINANCIAL STATEMENTS

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The fair value of investment securities is estimated based on quoted market prices for those or similar investments.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2019 and December 31, 2018:

| | 2019 | | | | NAV |
|--|---|--|---|---|---------------|
| | As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of March 31, 2019 | Fair Value Measurements at Reporting Date Using | | | |
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Assets | | | | | |
| Bonds | | | | | |
| US Treasury and obligations of US governmental instrumentalities | \$ 23,460,362 | \$ 24,560,895 | \$ - | \$ - | \$ - |
| Residential Mortgage Backed Securities | 2,317,961 | - | 2,500,554 | - | - |
| Obligations of the Commonwealth of Puerto Rico | - | - | - | - | - |
| Municipal Bonds | 128,294,765 | - | 132,162,408 | - | - |
| Total Bonds | 154,073,088 | 24,560,895 | 134,662,962 | - | - |
| Stocks | | | | | |
| Common Stocks | 15,178,800 | 9,969,800 | - | 5,209,000 | - |
| Total Stocks | 15,178,800 | 9,969,800 | - | 5,209,000 | - |
| Other Invested assets | 12,334,775 | - | - | - | 12,334,775 |
| Assets at fair Value | \$ 181,586,663 | \$ 34,530,695 | \$ 134,662,962 | \$ 5,209,000 | \$ 12,334,775 |

| | 2018 | | | | NAV |
|--|--|--|---|---|--------------|
| | As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2018 | Fair Value Measurements at Reporting Date Using | | | |
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Assets | | | | | |
| Bonds | | | | | |
| US Treasury and obligations of US governmental instrumentalities | \$ 55,856,002 | \$ - | \$ 56,523,065 | \$ - | \$ - |
| Residential Mortgage Backed Securities | 2,487,005 | - | 2,538,911 | - | - |
| Obligations of the Commonwealth of Puerto Rico | 750,000 | - | 750,000 | - | - |
| Municipal Bonds | 134,914,623 | - | 135,567,270 | - | - |
| Industrial & Miscellaneous | 8,753,676 | - | 8,697,150 | - | - |
| Total Bonds | 202,761,306 | - | 204,076,396 | - | - |
| Stocks | | | | | |
| Common Stocks | 25,380,233 | 11,500,233 | 13,880,000 | - | - |
| Total Stocks | 25,380,233 | 11,500,233 | 13,880,000 | - | - |
| Other Invested assets | 7,861,823 | - | - | - | 7,861,823 |
| Assets at fair Value | \$ 236,003,362 | \$ 11,500,233 | \$ 217,956,396 | \$ - | \$ 7,861,823 |

21. Other Items

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

On January 1, 2020, the Company will be subject to an annual fee under section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2019, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2020, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2020 to be \$30,837,120. This amount is reflected in special surplus. This assessment, expected to impact risk based capital by approximately 18%. Reporting the ACA assessments as of December 31, 2019, would not have triggered an RBC action level.

The HIP Fee was waived for all health insurance providers for the 2019 calendar year. Therefore, there is no special surplus as of December 31, 2018.

| | <i>Current Year</i> | <i>Prior Year</i> |
|---|---------------------|-------------------|
| A. ACA fee assessment payable for the upcoming year: | \$ 30,837,120 | \$ - |
| B. ACA fee assessment paid: | \$ - | \$ 20,037,266 |
| C. Premiums written subject to ACA 9010 assessment: | \$ 1,408,038,664 | \$ - |
| D. Total Adjusted Capital before surplus adjustment: | \$ 174,954,348 | |
| E. Authorized Control Level before surplus adjustment: | \$ 50,339,524 | |
| F. Total Adjusted Capital after surplus adjustment: | \$ 144,117,228 | |
| G. Authorized Control Level after surplus adjustment: | \$ 50,339,524 | |
| H. Would reporting the ACA assessment as of Dec. 31, 2019 triggered an RBC action level (YES/NO)? | | NO |

23. Reinsurance

Section 1 – General Interrogatories

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

Yes () No (X)

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

Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

- iii. (1) Does the company have any reinsurance agreements in effect under which the reinsurance may unilaterally cancel any reinsurance for reasons other than for nonpayment of premiums or other similar credit?

Yes () No (X)

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

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are

NOTES TO FINANCIAL STATEMENTS

party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

(2) Have any agreements been executed or existing agreements amended, since January of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable.

25. Change in Incurred Claims and Claim Adjustment Expenses

The activity in medical claims liability during December 31, 2019 and December 31, 2018 is as follows:

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Claim liabilities at beginning of period | \$ 236,051,548 | \$ 145,569,981 |
| Incurred claims | | |
| Current period insured events | 1,137,075,381 | 951,700,383 |
| Prior periods insured events | <u>(14,278,000)</u> | <u>(11,375,000)</u> |
| Total incurred | <u>1,122,797,381</u> | <u>940,325,383</u> |
| Payment for claims | | |
| Current period insured events | 987,015,997 | 725,836,402 |
| Prior periods insured events | <u>196,664,689</u> | <u>124,007,414</u> |
| Total paid | <u>1,183,680,686</u> | <u>849,843,816</u> |
| Claim liabilities at end of period | <u>\$ 175,168,243</u> | <u>\$ 236,051,548</u> |

As a result of differences between actual amounts and estimates of insured events in prior years, the amounts included as incurred claims from prior periods insured events differ from anticipated claims incurred. The amounts included the claims incurred for prior period insured events are due primarily to fluctuations in expected utilization trends.

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

Not Applicable.

28. Health Care Receivables

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

NOTES TO FINANCIAL STATEMENTS

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

| <i>(in thousands)</i> | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed or Otherwise Confirmed | Actual Rebates Received Within 90 Days of Billing | Actual Rebates Received Within 91 to 180 Days of Billing | Actual Rebates Received More Than 180 Days After Billing |
|-----------------------|---|--|--|---|---|
| Quarter Ended | | | | | |
| December 31, 2019 | \$ 23,003,484 | \$ 18,657,752 | \$ - | \$ - | \$ - |
| September 30, 2019 | 24,069,824 | 22,907,282 | - | - | - |
| June 30, 2019 | 22,858,035 | 22,726,729 | - | 2,316,039 | 14,941,952 |
| March 31, 2019 | 21,364,832 | 21,083,153 | - | - | 18,761,571 |
| December 31, 2018 | \$ 11,954,490 | \$ 11,632,952 | \$ - | \$ - | \$ 11,926,816 |
| September 30, 2018 | 12,310,647 | 12,393,063 | - | - | 11,928,356 |
| June 30, 2018 | 12,342,958 | 11,797,435 | - | - | 12,215,883 |
| March 31, 2018 | 10,801,154 | 10,195,337 | - | - | 10,670,691 |
| December 31, 2017 | \$ 9,879,586 | \$ 11,133,557 | \$ - | \$ - | \$ 9,515,242 |
| September 30, 2017 | 9,792,868 | 9,792,868 | - | - | 9,095,007 |
| June 30, 2017 | 8,918,130 | 8,599,768 | - | - | 9,259,522 |
| March 31, 2017 | 8,986,634 | 9,696,006 | - | - | 9,603,663 |

29. Participating Policies

Not Applicable.

30. Premium Deficiency Reserves

Not Applicable.

31. Anticipated Salvage and Subrogation

Not Applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ()
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No () N/A ()
- 1.3 State Regulating? Puerto Rico
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes (X) No ()
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 0001171662
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes () No (X)
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes (X) No () N/A ()
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No () N/A ()
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes () No (X)
 4.12 renewals? Yes () No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes () No (X)
 4.22 renewals? Yes () No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)
 If yes, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the name of entity, the NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes () No (X)
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes () No (X)
- 7.2 If yes, %
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Deloitte / Torre Chardon, 350 Chardon Ave, Ste. 700, San Juan, PR 00918

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

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

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 (X) No ()
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 6,499,094

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 reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ |
| 24.103 | Total payable for securities lending reported on the liability page | \$ |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes (X) No ()
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|-------|---|------------|
| 25.21 | Subject to repurchase agreements | \$ |
| 25.22 | Subject to reverse repurchase agreements | \$ |
| 25.23 | Subject to dollar repurchase agreements | \$ |
| 25.24 | Subject to reverse dollar repurchase agreements | \$ |
| 25.25 | 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 | \$ 740,985 |
| 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? If no, attach a description with this statement. Yes () No () N/A (X)
- 26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes () No (X)
- 26.4 If the response to 26.3 is YES, does the reporting entity utilize:
- | | | |
|-------|--|----------------|
| 26.41 | Special accounting provision of SSAP No. 108 | Yes () No (X) |
| 26.42 | Permitted accounting practice | Yes () No (X) |
| 26.43 | Other accounting guidance | Yes () No (X) |
- 26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following
- The reporting entity has obtained explicit approval from the domiciliary state.
 - Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM 21.
 - Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM 21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
 - Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM 21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.
- 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 ()

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 |
|---------------------------|--------------------------|

Bank of New York One Mellon Center, Room 151-1035, Pittsburgh, PA 15258-0001

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

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

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

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

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

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

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

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

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

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

| | | | | |
|---|---------------------------------|------------------------------------|----------------------|--|
| 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 | \$ 154,073,088 | \$ 159,223,857 | \$ 5,150,769 |
| 30.2 Preferred stocks | \$ | \$ | \$ |
| 30.3 Totals | \$ 154,073,088 | \$ 159,223,857 | \$ 5,150,769 |

30.4 Describe the sources or methods utilized in determining the fair values:
Refer to the Notes to the Financial Statements for a description of the sources and methods used when 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)

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
 a. The shares were purchased prior to January 1, 2019.
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
 d. The fund only or predominantly holds bonds in its portfolio.
 e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
 f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.
 Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes () No (X)

OTHER

36.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$

36.2 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 |
|-----------|------------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |

37.1 Amount of payments for legal expenses, if any? \$ 37,826

37.2 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 |
|-----------|------------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes () 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 | 2 |
| | | Current Year | Prior Year |
| 2.1 | Premium Numerator | \$ 1,408,038,664 | \$ 1,130,225,575 |
| 2.2 | Premium Denominator | \$ 1,408,038,664 | \$ 1,130,225,575 |
| 2.3 | Premium Ratio (2.1 / 2.2) | 1.000 | 1.000 |
| 2.4 | Reserve Numerator | \$ 175,168,243 | \$ 236,051,547 |
| 2.5 | Reserve Denominator | \$ 187,972,994 | \$ 246,082,131 |
| 2.6 | Reserve Ratio (2.4 / 2.5) | 0.932 | 0.959 |

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes () No (X)

3.2 If yes, give particulars:
.....

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes (X) No ()

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes () No (X)

5.1 Does the reporting entity have stop-loss reinsurance? Yes (X) No ()

5.2 If no, explain:
.....

5.3 Maximum retained risk (see instructions)

| | | |
|------|----------------------------|----------|
| 5.31 | Comprehensive Medical | \$ |
| 5.32 | Medical Only | \$ |
| 5.33 | Medicare Supplement | \$ |
| 5.34 | Dental & Vision | \$ |
| 5.35 | Other Limited Benefit Plan | \$ |
| 5.36 | Other | \$ |

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
.....

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes (X) No ()

7.2 If no, give details:
.....

8. Provide the following information regarding participating providers:

| | | |
|-----|--|-------------|
| 8.1 | Number of providers at start of reporting year | 8,560 |
| 8.2 | Number of providers at end of reporting year | 8,903 |

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes () No (X)

9.2 If yes, direct premium earned:

| | | |
|------|--|-------|
| 9.21 | Business with rate guarantees between 15-36 months | ..... |
| 9.22 | Business with rate guarantees over 36 months | ..... |

10.1 Does the reporting entity have Incentive Pool, Withhold, or Bonus Arrangements in its provider contracts? Yes (X) No ()

10.2 If yes:

| | | |
|-------|---|---------------------|
| 10.21 | Maximum amount payable bonuses | \$ |
| 10.22 | Amount actually paid for year bonuses | \$ |
| 10.23 | Maximum amount payable withholds | \$ |
| 10.24 | Amount actually paid for year withholds | \$ 38,475,594 |

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 11.1 Is the reporting entity organized as:
- | | | |
|-------|--|----------------|
| 11.12 | A Medical Group / Staff Model, | Yes () No (X) |
| 11.13 | An Individual Practice Association (IPA), or | Yes () No (X) |
| 11.14 | A Mixed Model (combination of above)? | Yes () No (X) |

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes () No (X)

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

11.4 If yes, show the amount required. \$

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes () No (X)

11.6 If the amount is calculated, show the calculation

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

| 1 Name of Service Area |
|---------------------------|
|---------------------------|

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

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

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

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

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes () No () N/A (X)

14.2 If the answer to 14.1 is yes, please provide the following:

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

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

| | |
|------------------------------|-------|
| 15.1 Direct Premiums Written | ..... |
| 15.2 Total Incurred Claims | ..... |
| 15.3 Number of Covered Lives | ..... |

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

16 Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes () No (X)

16.1 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

| | 1 | 2 | 3 | 4 | 5 |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| BALANCE SHEET (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 28) | 415,130,765 | 396,073,658 | 273,520,130 | 265,790,449 | 286,801,325 |
| 2. Total liabilities (Page 3, Line 24) | 240,176,417 | 283,478,192 | 180,428,671 | 198,670,592 | 199,773,424 |
| 3. Statutory minimum capital and surplus requirement | | | | | |
| 4. Total capital and surplus (Page 3, Line 33) | 174,954,348 | 112,595,466 | 93,091,459 | 67,119,859 | 87,027,901 |
| INCOME STATEMENT (Page 4) | | | | | |
| 5. Total revenues (Line 8) | 1,408,177,164 | 1,130,303,654 | 1,035,648,822 | 1,024,020,906 | 1,097,289,945 |
| 6. Total medical and hospital expenses (Line 18) | 1,122,797,381 | 940,325,383 | 907,373,314 | 923,434,350 | 927,933,537 |
| 7. Claims adjustment expenses (Line 20) | 34,326,307 | 8,703,987 | 8,907,870 | 9,176,674 | 8,938,313 |
| 8. Total administrative expenses (Line 21) | 167,290,074 | 171,223,731 | 120,055,195 | 135,620,676 | 147,531,931 |
| 9. Net underwriting gain (loss) (Line 24) | 83,763,402 | 10,050,753 | (687,557) | (44,210,794) | 12,886,164 |
| 10. Net investment gain (loss) (Line 27) | 9,576,361 | 6,056,186 | 4,795,468 | 4,016,035 | 2,936,683 |
| 11. Total other income (Line 28 plus Line 29) | | | | | |
| 12. Net income or (loss) (Line 32) | 64,445,716 | 14,767,206 | 3,907,410 | (40,172,833) | 12,305,126 |
| CASH FLOW (Page 6) | | | | | |
| 13. Net cash from operations (Line 11) | (33,742,329) | 87,308,293 | 58,914,463 | (55,199,547) | 19,665,902 |
| RISK-BASED CAPITAL ANALYSIS | | | | | |
| 14. Total adjusted capital | 174,954,348 | 112,595,466 | 93,091,459 | 67,119,859 | 87,027,901 |
| 15. Authorized control level risk-based capital | 50,339,524 | 42,856,441 | 39,367,781 | 40,134,992 | 42,586,411 |
| ENROLLMENT (Exhibit 1) | | | | | |
| 16. Total members at end of period (Column 5, Line 7) | 127,789 | 108,605 | 118,451 | 110,297 | 123,888 |
| 17. Total members months (Column 6, Line 7) | 1,540,476 | 1,337,061 | 1,457,363 | 1,394,272 | 1,447,420 |
| OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0 | | | | | |
| 18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 19. Total hospital and medical plus other non-health (Line 18 plus Line 19) | 79.7 | 83.2 | 87.6 | 90.2 | 84.6 |
| 20. Cost containment expenses | 2.4 | 0.7 | 0.8 | 0.8 | 0.8 |
| 21. Other claims adjustment expenses | 0.1 | | | 0.1 | |
| 22. Total underwriting deductions (Line 23) | 94.1 | 99.1 | 100.1 | 104.3 | 98.8 |
| 23. Total underwriting gain (loss) (Line 24) | 5.9 | 0.9 | (0.1) | (4.3) | 1.2 |
| UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B) | | | | | |
| 24. Total claims incurred for prior years (Line 13, Col. 5) | 194,985,529 | 140,155,555 | 108,655,965 | 139,177,337 | 120,685,954 |
| 25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] | 205,783,296 | 145,569,982 | 117,541,983 | 128,761,131 | 117,178,284 |
| INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES | | | | | |
| 26. Affiliated bonds (Schedule D Summary, Line 12, Col. 1) | | | | | |
| 27. Affiliated preferred stocks (Schedule D Summary, Line 18, Col. 1) | | | | | |
| 28. Affiliated common stocks (Schedule D Summary, Line 24, Col. 1) | | | | | |
| 29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) | | | | | |
| 30. Affiliated mortgage loans on real estate | | | | | |
| 31. All other affiliated | | | | | |
| 32. Total of above Lines 26 to 31 | | | | | |
| 33. Total investment in parent included in Lines 26 to 31 above | | | | | |

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

Yes () No ()

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

| States, Etc. | 1 | Direct Business Only Year to Date | | | | | | | |
|---|-------------------|-----------------------------------|----------------------|--------------------|---|--|----------------------------|---------------------------------|------------------------|
| | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | Active Status (a) | Accident and Health Premiums | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Plan Premiums | Life and Annuity Premiums and Other Considerations | Property/Casualty Premiums | Total Column 2 Through Column 7 | Deposit-Type Contracts |
| 1. Alabama | AL | N | | | | | | | |
| 2. Alaska | AK | N | | | | | | | |
| 3. Arizona | AZ | N | | | | | | | |
| 4. Arkansas | AR | N | | | | | | | |
| 5. California | CA | N | | | | | | | |
| 6. Colorado | CO | N | | | | | | | |
| 7. Connecticut | CT | N | | | | | | | |
| 8. Delaware | DE | N | | | | | | | |
| 9. District of Columbia | DC | N | | | | | | | |
| 10. Florida | FL | N | | | | | | | |
| 11. Georgia | GA | N | | | | | | | |
| 12. Hawaii | HI | N | | | | | | | |
| 13. Idaho | ID | N | | | | | | | |
| 14. Illinois | IL | N | | | | | | | |
| 15. Indiana | IN | N | | | | | | | |
| 16. Iowa | IA | N | | | | | | | |
| 17. Kansas | KS | N | | | | | | | |
| 18. Kentucky | KY | N | | | | | | | |
| 19. Louisiana | LA | N | | | | | | | |
| 20. Maine | ME | N | | | | | | | |
| 21. Maryland | MD | N | | | | | | | |
| 22. Massachusetts | MA | N | | | | | | | |
| 23. Michigan | MI | N | | | | | | | |
| 24. Minnesota | MN | N | | | | | | | |
| 25. Mississippi | MS | N | | | | | | | |
| 26. Missouri | MO | N | | | | | | | |
| 27. Montana | MT | N | | | | | | | |
| 28. Nebraska | NE | N | | | | | | | |
| 29. Nevada | NV | N | | | | | | | |
| 30. New Hampshire | NH | N | | | | | | | |
| 31. New Jersey | NJ | N | | | | | | | |
| 32. New Mexico | NM | N | | | | | | | |
| 33. New York | NY | N | | | | | | | |
| 34. North Carolina | NC | N | | | | | | | |
| 35. North Dakota | ND | N | | | | | | | |
| 36. Ohio | OH | N | | | | | | | |
| 37. Oklahoma | OK | N | | | | | | | |
| 38. Oregon | OR | N | | | | | | | |
| 39. Pennsylvania | PA | N | | | | | | | |
| 40. Rhode Island | RI | N | | | | | | | |
| 41. South Carolina | SC | N | | | | | | | |
| 42. South Dakota | SD | N | | | | | | | |
| 43. Tennessee | TN | N | | | | | | | |
| 44. Texas | TX | N | | | | | | | |
| 45. Utah | UT | N | | | | | | | |
| 46. Vermont | VT | N | | | | | | | |
| 47. Virginia | VA | N | | | | | | | |
| 48. Washington | WA | N | | | | | | | |
| 49. West Virginia | WV | N | | | | | | | |
| 50. Wisconsin | WI | N | | | | | | | |
| 51. Wyoming | WY | N | | | | | | | |
| 52. American Samoa | AS | N | | | | | | | |
| 53. Guam | GU | N | | | | | | | |
| 54. Puerto Rico | PR | L | | 1,410,888,545 | | | | 1,410,888,545 | |
| 55. U. S. Virgin Islands | VI | N | | | | | | | |
| 56. Northern Mariana Islands | MP | N | | | | | | | |
| 57. Canada | CAN | N | | | | | | | |
| 58. Aggregate Other Alien | OT | XXX | | | | | | | |
| 59. Subtotal | | XXX | | 1,410,888,545 | | | | 1,410,888,545 | |
| 60. Reporting entity contributions for Employee Benefit Plans | | XXX | | | | | | | |
| 61. Total (Direct Business) | | XXX | | 1,410,888,545 | | | | 1,410,888,545 | |

| DETAILS OF WRITE-INS | | | | | | | | | |
|----------------------|---|--|--|--|--|--|--|--|--|
| 58001 | | | | | | | | | |
| 58002 | | | | | | | | | |
| 58003 | | | | | | | | | |
| 58998 | Summary of remaining write-ins for Line 58 from overflow page. | | | | | | | | |
| 58999 | Total (Line 58001 through Line 58003 plus Line 58998) (Line 58 above) | | | | | | | | |

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

(a) Active Status Counts:

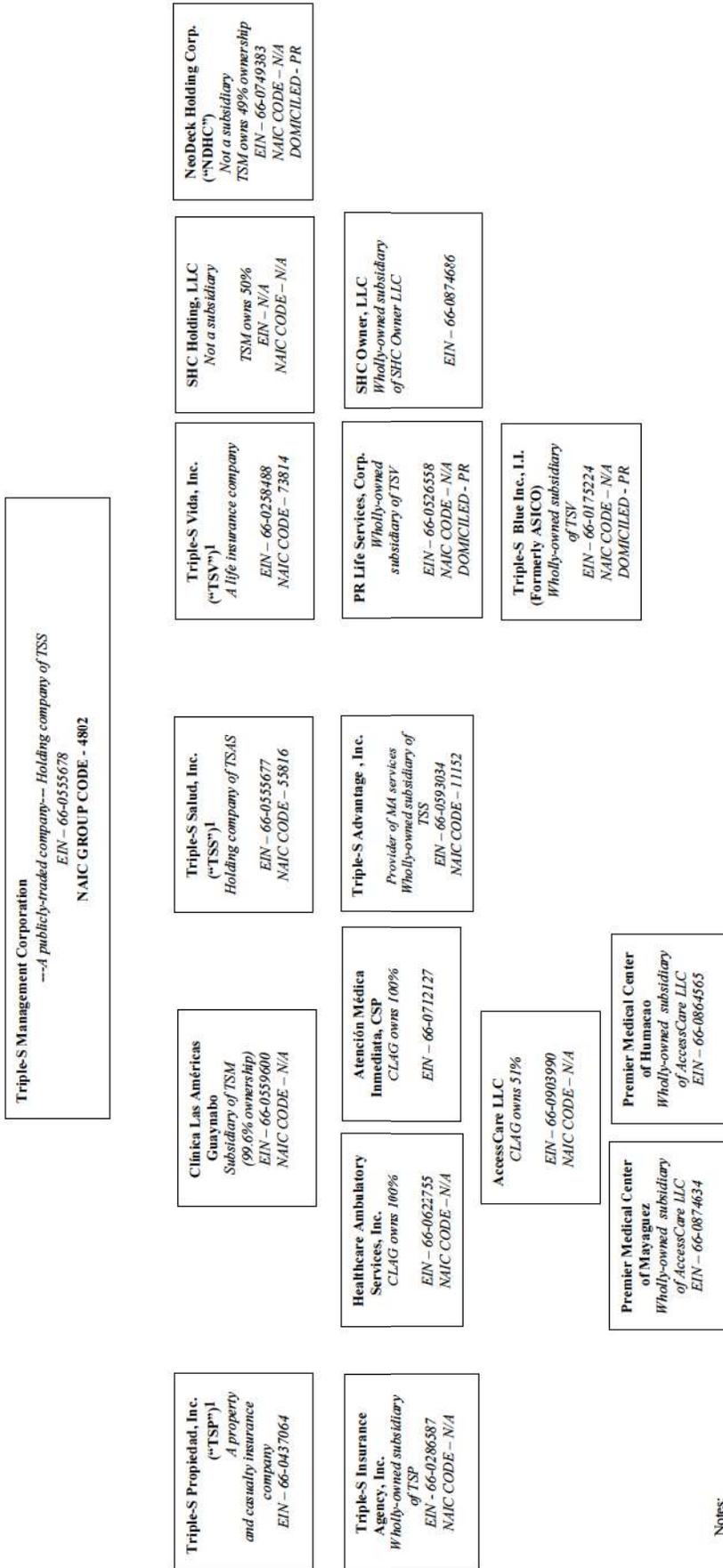
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG 1 R - Registered - Non-domiciled RRGs
 E - Eligible - Reporting entities eligible or approved to write surplus lines in the state 56 Q - Qualified - Qualified or accredited reinsurer
 N - None of the above - Not allowed to write business in the state

(b) Explanation of basis of allocation by states, premiums by state, etc.

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
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**ANNUAL STATEMENT FOR THE YEAR 2019 OF THE TRIPLE-S ADVANTAGE, INC.
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**

Organizational Chart of Triple-S Management Corporation*



Notes:

* All companies are Puerto Rico companies.

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

Health

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