



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE
MULTINATIONAL INSURANCE COMPANY

NAIC Group Code 4804, 4804 NAIC Company Code 14153 Employer's ID Number 66-0774694
(Current Period) (Prior Period)

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

Country of Domicile US

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

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

Main Administrative Office 510 Munoz Rivera Avenue, Hato Rey, Puerto Rico 00936 787-758-0909
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

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

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

Internet Website Address www.multinationalpr.com

Statutory Statement Contact Oscar Rivera 787-758-0909
(Name) (Area Code) (Telephone Number) (Extension)
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OFFICERS

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

OTHER

Oscar Rivera (Vice President Finance)
Elizabeth Colon (Vice President Underwriting)
Gustavo Lugo (Vice President Claims)

DIRECTORS OR TRUSTEES

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

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.

Luis M. Pimentel Zerbi
President & CEO

Subscribed and sworn to before me this _____
day of _____ 2016

Yadira Mercado
Senior Vice President Finance-Treasurer

Oscar Rivera
Vice President Finance

- a. Is this an original filing? Yes (X) No ()
- b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	6,543,745		6,543,745	8,618,434
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				3,374,493
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)	5,155,474		5,155,474	6,258,219
4.2 Properties held for the production of income (less \$ encumbrances)	265,833		265,833	273,333
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 7,468,210, Schedule E-Part 1), cash equivalents (\$, Schedule E-Part 2) and short-term investments (\$, Schedule DA)	7,468,210		7,468,210	1,566,008
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	19,433,262		19,433,262	20,090,487
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	105,649		105,649	104,390
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	3,181,633	627,659	2,553,974	3,827,507
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	514,180		514,180	246,868
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	31,786		31,786	112,527
21. Furniture and equipment, including health care delivery assets (\$)	199,936	199,936		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	393,004		393,004	56,499
24. Health care (\$) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	635,250	215,578	419,672	120,289
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	24,494,700	1,043,173	23,451,527	24,558,567
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	24,494,700	1,043,173	23,451,527	24,558,567
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. Account Receivable Other & Taxes	291,919		291,919	120,289
2502. Prepaid	215,578	215,578		
2503. Account Receivable Payroll	127,753		127,753	
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	635,250	215,578	419,672	120,289

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	6,359,154	3,845,382
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	496,082	335,557
4. Commissions payable, contingent commissions and other similar charges	288,671	275,363
5. Other expenses (excluding taxes, licenses and fees)	467,661	679,106
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability	103,103	75,393
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 5,289,000 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	6,770,342	6,321,909
10. Advance premium	608,001	581,511
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	893,706	368,000
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	557,374	366,607
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities		17,033
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25)	16,544,094	12,865,861
27. Protected cell liabilities		
28. Total liabilities (Line 26 and Line 27)	16,544,094	12,865,861
29. Aggregate write-ins for special surplus funds	687,348	502,618
30. Common capital stock	3,000,000	3,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	8,500,000	8,500,000
35. Unassigned funds (surplus)	(5,279,915)	(309,912)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39)	6,907,433	11,692,706
38. Totals (Page 2, Line 28, Column 3)	23,451,527	24,558,567
DETAILS OF WRITE-INS		
2501. Unearned portion of amounts recovered pursuant to Article 38.160 of Insurance Code of PR		17,033
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)		17,033
2901. Puerto Rico Catastrophic Reserve	687,348	502,618
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)	687,348	502,618
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above)		

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4)	14,258,078	13,922,621
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	6,910,152	4,783,848
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,060,574	857,723
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	8,264,266	9,871,262
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	16,234,992	15,512,833
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,976,914)	(1,590,212)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	574,987	891,728
10. Net realized capital gains (losses) less capital gains tax of \$ 91,772 (Exhibit of Capital Gains (Losses))	3,284,316	(1,595)
11. Net investment gain (loss) (Line 9 plus Line 10)	3,859,303	890,133
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$, amount charged off \$)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	360,757	103,939
15. Total other income (Line 12 through Line 14)	360,757	103,939
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	2,243,146	(596,140)
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	2,243,146	(596,140)
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	2,243,146	(596,140)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	11,692,708	15,848,381
22. Net income (from Line 20)	2,243,146	(596,140)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(6,971,354)	(3,118,655)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(27,710)	(28,201)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(29,357)	(412,677)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	(4,785,275)	(4,155,673)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	6,907,433	11,692,708
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401. Other Income	360,757	103,939
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	360,757	103,939
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	16,554,696	12,978,323
2. Net investment income	603,222	920,510
3. Miscellaneous income	360,757	103,939
4. Total (Line 1 through Line 3)	17,518,675	14,002,772
5. Benefit and loss related payments	4,663,692	3,807,612
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	9,362,452	10,384,608
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	14,026,144	14,192,220
11. Net cash from operations (Line 4 minus Line 10)	3,492,531	(189,448)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	335,000	15,000
12.2 Stocks	3,374,493	
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	3,709,493	15,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	865,070	
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate	(974,635)	(1,197,268)
13.5 Other invested assets		
13.6 Miscellaneous applications	976,161	1,105,637
13.7 Total investments acquired (Line 13.1 through Line 13.6)	866,596	(91,631)
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)	2,842,897	106,631
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)	(433,226)	(151,739)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(433,226)	(151,739)
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)	5,902,202	(234,556)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,566,007	1,800,563
19.2 End of year (Line 18 plus Line 19.1)	7,468,209	1,566,007

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		

CASH FLOW, Line 20 (Continued)

OVERFLOW FOR Page 5, Cash Flow

Line Number	Details of Write-ins	1 Current Year	2 Prior Year
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire	185,751	(6,425)	(24,664)	203,990
2. Allied lines	249,628	(68,413)	210,424	(29,209)
3. Farmowners multiple peril				
4. Homeowners multiple peril	7,102	2,036	2,887	6,251
5. Commercial multiple peril	8,577,163	3,638,402	4,302,700	7,912,865
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	69,093	58,882	51,911	76,064
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	209,611	51,707	195,151	66,167
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	1,739,239	750,368	709,913	1,779,694
17.2 Other liability - claims-made				
17.3 Excess workers' compensation				
18.1 Products liability - occurrence	41,720	32,069	16,443	57,346
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	327,181	114,552	171,989	269,744
19.3, 19.4 Commercial auto liability	1,325,762	694,250	592,877	1,427,135
21. Auto physical damage	1,397,126	874,475	333,676	1,937,925
22. Aircraft (all perils)				
23. Fidelity				
24. Surety	404,787	179,796	182,114	402,469
26. Burglary and theft				
27. Boiler and machinery	172,346	212	24,921	147,637
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - Nonproportional Assumed Property				
32. Reinsurance - Nonproportional Assumed Liability				
33. Reinsurance - Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	14,706,509	6,321,911	6,770,342	14,258,078
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	(24,664)				(24,664)
2. Allied lines	210,424				210,424
3. Farmowners multiple peril					
4. Homeowners multiple peril	2,887				2,887
5. Commercial multiple peril	4,302,700				4,302,700
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	49,055	2,856			51,911
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	195,151				195,151
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence	709,913				709,913
17.2 Other liability - claims-made					
17.3 Excess workers' compensation					
18.1 Products liability - occurrence	16,443				16,443
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	171,989				171,989
19.3, 19.4 Commercial auto liability	592,877				592,877
21. Auto physical damage	316,353	17,323			333,676
22. Aircraft (all perils)					
23. Fidelity					
24. Surety	159,717	22,397			182,114
26. Burglary and theft					
27. Boiler and machinery	24,921				24,921
28. Credit					
29. International					
30. Warranty					
31. Reinsurance - Nonproportional Assumed Property					
32. Reinsurance - Nonproportional Assumed Liability					
33. Reinsurance - Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	6,727,766	42,576			6,770,342
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through Line 37)					6,770,342
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	1,489,410				1,303,659	185,751
2. Allied lines	1,431,805				1,182,177	249,628
3. Farmowners multiple peril						
4. Homeowners multiple peril	8,808				1,706	7,102
5. Commercial multiple peril	19,890,517				11,313,354	8,577,163
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	111,966				42,873	69,093
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	735,558				525,947	209,611
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	2,025,777				286,538	1,739,239
17.2 Other liability - claims-made						
17.3 Excess workers' compensation						
18.1 Products liability - occurrence	46,779				5,059	41,720
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	756,512				429,331	327,181
19.3, 19.4 Commercial auto liability	1,917,238				591,476	1,325,762
21. Auto physical damage	3,476,948				2,079,822	1,397,126
22. Aircraft (all perils)						
23. Fidelity						
24. Surety	404,787					404,787
26. Burglary and theft						
27. Boiler and machinery	518,180				345,834	172,346
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - Nonproportional Assumed Property	X X X					
32. Reinsurance - Nonproportional Assumed Liability	X X X					
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	32,814,285				18,107,776	14,706,509
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)						

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

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

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE MULTINATIONAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire	50,204		6,091	44,113	19,041	31,986	31,168	15.3
2. Allied lines	57,044		11,142	45,902	73,776	52,300	67,378	(230.7)
3. Farmowners multiple peril								
4. Homeowners multiple peril					3,528	2,245	1,283	20.5
5. Commercial multiple peril	2,758,660		547,829	2,210,831	4,109,473	2,441,654	3,878,650	49.0
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	15,127		2,026	13,101	2,021	11,549	3,573	4.7
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake					63	101	(38)	(0.1)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	205,153			205,153	405,934	275,643	335,444	18.8
17.2 Other liability - claims-made								
17.3 Excess workers' compensation								
18.1 Products liability - occurrence								
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	240,466		67,894	172,572	186,406	73,794	285,184	105.7
19.3, 19.4 Commercial auto liability	856,514		125,405	731,109	1,049,566	679,318	1,101,357	77.2
21. Auto physical damage	1,335,207		435,811	899,396	442,617	235,507	1,106,506	57.1
22. Aircraft (all perils)								
23. Fidelity								
24. Surety	74,626			74,626	66,729	36,285	105,070	26.1
26. Burglary and theft								
27. Boiler and machinery	221,287		221,710	(423)		5,000	(5,423)	(3.7)
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - Nonproportional Assumed Property	X X X							
32. Reinsurance - Nonproportional Assumed Liability	X X X							
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	5,814,288		1,417,908	4,396,380	6,359,154	3,845,382	6,910,152	48.5
DETAILS OF WRITE-INS								
3401								
3402								
3403								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE MULTINATIONAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	20,000		10,000	10,000	11,449		2,408	19,041	1,682
2. Allied lines	42,850		8,870	33,980	49,429		9,633	73,776	7,433
3. Farmowners multiple peril									
4. Homeowners multiple peril					4,400		872	3,528	459
5. Commercial multiple peril	9,031,255		5,889,352	3,141,903	1,172,376		204,806	4,109,473	310,512
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine					3,478		1,457	2,021	351
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake					68		5	63	12
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence	265,520			265,520	140,414			405,934	35,513
17.2 Other liability - claims-made									
17.3 Excess workers' compensation									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	152,100			152,100	37,162		2,856	186,406	14,347
19.3, 19.4 Commercial auto liability	765,156			765,156	294,604		10,194	1,049,566	86,709
21. Auto physical damage	421,263		10,350	410,913	37,756		6,052	442,617	30,832
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	6,807			6,807	59,922			66,729	8,232
26. Burglary and theft									
27. Boiler and machinery	79,200		79,200		58,265		58,265		
28. Credit									
29. International									
30. Warranty									
31. Reinsurance - Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance - Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	10,784,151		5,997,772	4,786,379	1,869,323		296,548	6,359,154	496,082
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	1,157,685			1,157,685
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	97,111			97,111
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	1,060,574			1,060,574
2. Commission and brokerage:				
2.1 Direct excluding contingent		6,446,426		6,446,426
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent		4,505,105		4,505,105
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		1,941,321		1,941,321
3. Allowances to manager and agents		38,363		38,363
4. Advertising		377,017		377,017
5. Boards, bureaus and associations		236,116		236,116
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		2,535,476		2,535,476
8.2 Payroll taxes		210,637		210,637
9. Employee relations and welfare		230,174		230,174
10. Insurance		91,985		91,985
11. Directors' fees		38,868		38,868
12. Travel and travel items		28,500		28,500
13. Rent and rent items		31,986		31,986
14. Equipment		97,536		97,536
15. Cost or depreciation of EDP equipment and software		827,832		827,832
16. Printing and stationery		129,864		129,864
17. Postage, telephone and telegraph, exchange and express		51,187		51,187
18. Legal and auditing		348,820		348,820
19. Totals (Line 3 through Line 18)		5,274,361		5,274,361
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		182,092		182,092
20.2 Insurance department licenses and fees		42,846		42,846
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)		224,938		224,938
21. Real estate expenses		257,800		257,800
22. Real estate taxes		78,258		78,258
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		487,588	44,981	532,568
25. Total expenses incurred	1,060,574	8,264,266	44,981	(a) 9,369,820
26. Less unpaid expenses - current year	496,083	901,972		1,398,055
27. Add unpaid expenses - prior year	335,559	1,291,146	3,568	1,630,273
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	900,050	8,653,440	48,549	9,602,038
DETAILS OF WRITE-INS				
2401				
2402				
2403				
2498. Summary of remaining write-ins for Line 24 from overflow page		487,588	44,981	532,568
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)		487,588	44,981	532,568

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

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a) 191,150	191,150
1.2 Other bonds (unaffiliated)	(a) 293,446	294,865
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	(b)	
2.21 Common stocks of affiliates	(b)	
3. Mortgage loans	(c)	
4. Real estate	(d) 258,484	258,484
5. Contract loans	(d)	
6. Cash, cash equivalents and short-term investments	(e) 11,080	11,080
7. Derivative instruments	(f)	
8. Other invested assets	(f)	
9. Aggregate write-ins for investment income		
10. Total gross investment income	754,160	755,579
11. Investment expenses		(g) 44,981
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) 135,611
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		180,592
17. Net investment income (Line 10 minus Line 16)		574,987
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 \$ 1,348 accrual of discount less \$ 30,842 amortization of premium and less \$ 1,012 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 \$ 44,981 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 \$ 135,611 depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax				(1,460,658)	
1.2 Other bonds (unaffiliated)	1,595		1,595	(1,116,201)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates	3,374,493		3,374,493	(3,374,493)	
3. Mortgage loans					
4. Real estate				(1,020,000)	
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	3,376,088		3,376,088	(6,971,352)	
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 (Line 1 to Line 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	627,659	650,115	22,456
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	199,936	164,938	(34,998)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	215,578	198,763	(16,815)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	1,043,173	1,013,816	(29,357)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	1,043,173	1,013,816	(29,357)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. Prepaid Expense	215,578	176,606	(38,972)
2502. Other Accounts Receivable		22,157	22,157
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)	215,578	198,763	(16,815)

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

	2015	2014
Statutory Surplus - PR State Basis	\$ 6,907,433	\$ 11,692,706
Puerto Rico prescribed practices:		
Common Stocks	-	(3,374,493)
Real Estate	-	(1,020,000)
Unearned Premium Adjusted as per Chapter 5 Section 516	(3,018,770)	(4,621,305)
Statutory Surplus - NAIC SAP	\$ 3,888,663	\$ 2,676,908

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

Effective on June 1, 1998, the Commissioner of Insurance of the Commonwealth of Puerto Rico issued a new accounting policy regarding the method to account for multiple-year premiums written on auto personal lines. The accounting policy requires that premiums related to the first 365 days of coverage to be accounted as premiums written subject to unearned premiums computation. The premium related to the period over 365 days is accounted as premiums paid in advance. The commissions related to the first 365 days of the period of the policy are accounted as commission expense. Commissions related to the period over 365 days is paid and recorded as commission expense on the policy renewal date.

The Commissioner has adopted prescribed accounting practices that differ from those in NAIC SAP. Specifically, section 519 of the Insurance Code of Puerto Rico establishes that a new domestic insurer may during the first full five years of its operations, maintain unearned premium reserves in the following percentages: 1st Year 50%, 2nd Year 60%, 3rd Year 70%, 4th Year 80% and 5th Year 90%. The effect of section 519 of the Puerto Rico Code in the statutory financial statements was a decrease in unearned premium reserve and a surplus increase in the amount of \$ 3,018,770.

B. Use of Estimates in the Preparation of Financial Statements

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

C. Accounting Policies

Premiums written are taken into income on a pro-rata basis over the periods covered by the policies, whereas the related acquisition and commission costs are expensed

NOTES TO FINANCIAL STATEMENTS

when incurred. The unearned premiums are computed based on the monthly pro rata method and presented net of unearned premiums ceded under reinsurance contracts.

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

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

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

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

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

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

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

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

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

Electronic data processing (EDP) equipment is presented at cost, net of accumulated depreciation up to a maximum of 3% of the capital and surplus. Depreciation is provided on the straight-line method over the estimated useful life of the equipment.

NOTES TO FINANCIAL STATEMENTS

Equipment, furniture and fixtures and leasehold improvements are classified as non-admitted assets. Depreciation is provided under the straight-line method over the estimated useful life of the assets.

Real Estate investments represent properties occupied by the Company or held for the production of income and are presented at cost, net of accumulated depreciation, or as adjusted by the market value adjustment under acceptance by the Commissioner. A useful life of real estate was estimated at approximately 40 years. Depreciation expense for the year ended on December 31, 2015 and 2014 amounted to \$135,611 and \$119,750, respectively.

The Commissioner, on a notice dated December 13, 2012, permitted the Company to capitalize a market value adjustment as determined by the Commissioner for one of its real estate properties located in San Juan, Puerto Rico, and for the investment in common stock of a domestic life insurance company. Such notice was in effect through the year 2013. Subsequent to the year ended December 31, 2012, on June 3, 2013, the Company received a new notice from the Commissioner in which the authorization for the for the year 2013 for the market value adjustment for the real estate property was retired and left without effect. On June 10, 2013, the Company formally requested the Commissioner a meeting to discuss this matter. On a letter dated March 25, 2014 the Commissioner granted a three years phase out period commencing on December 31, 2013, to eliminate the previously granted permitted practice on real estate. As a result, the final adjustment of the three year period was recorded in 2015 to reduce related real estate value to \$ \$5,155,474 in 2015 and to \$ 6,258,219 in 2014.

Real Estate as of December 31, 2015 and 2014 consists of the following:

	2015	2014
Property occupied by the Company,		
Home Office, net (including market value adjustment of \$1,020,000 in 2014)	\$ 5,080,154	\$ 6,180,775
Property Occupied - Other net	75,320	77,444
Sub-total	\$ 5,155,474	\$ 6,258,219
Property held for production of income, net	265,833	273,233
Real Estate, net	<u>\$ 5,421,307</u>	<u>\$ 6,531,452</u>

The Company's reserves for loss and loss adjustment expenses represent individual case estimates for reported claims, estimates for unreported losses based on past experience modified for current trends and estimates of expenses for investigating and settling claims. The total of such liability is reduced for portions ceded to other insurers. Management believes that the reserve for losses and loss adjustment expenses at December 31, 2015, is reasonable and reflective of anticipated ultimate experience. Because of the length of time required for ultimate liability losses and loss adjustment expenses to be determined, the net amounts that will ultimately be paid to settle the liability may vary from the estimated amounts provided for in the statutory statements of admitted assets, liabilities, surplus and other funds. The resulting difference between the estimates and the actual loss, as subsequently determined, is reflected in operations in the period such difference arises.

Recent Accounting Developments

In December 2013, effective January 1, 2014, the NAIC issued SSAP No.105, *Working Capital Finance Investments*. This statement establishes statutory accounting principles for working capital finance investments held by reporting entities. This statement amends SSAP No.20 – *No admitted Assets* (SSAP No.20) to allow working capital finance investments as admitted assets to the extent they conform to the requirement of this statement. The issuance of this SSAP did not have an effect on the Company's statutory-basis financial statements.

In June 2014, the NAIC issued SSAP No.106, *Affordable Care Act Section 9010 Assessment*. This statement establishes statutory accounting principles for the Affordable care Act Section 9010 assessment and disclosures related to the risk sharing provisions of the Affordable Care Act. The issuance of this SSAP did not have an effect on the Company's statutory-basis financial statements.

NOTES TO FINANCIAL STATEMENTS

In December 2014, the NAIC issued SSAP No. 107, *Accounting for the Risk-Sharing Provisions of the Affordable Care Act*. The Affordable Care Act (ACA) imposes fees and premium stabilization provisions on health insurance issuers offering commercial health insurance. This statement provides accounting for three programs known as risk adjustment, reinsurance and risk corridors that take effect in 2014. Risk adjustment is a permanent risk-spreading program (ACA Section 1343). The temporary transitional reinsurance program (ACA Section 1341) and temporary risk corridors program (ACA Section 1342) are for years 2014 through 2016. The issuance of this SSAP did not have an effect on the Company's statutory-basis financial statements.

During 2015, no new accounting development has emerged that might have any impact in the accompanying statutory financial statements.

Note 2: Accounting Changes and Corrections of Errors

Not Applicable.

Note 3: Business Combinations and Goodwill

Not Applicable.

Note 4: Discontinued Operations

Not Applicable.

Note 5: Investments

The amortized cost, gross unrealized gains and losses, and estimated fair values of debt securities as of December 31, 2015 and December 31, 2014, are as follows:

December 31, 2015				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Obligations of the Commonwealth of PR and its agencies and its instrumentalities	\$ 6,436,738	\$ -	\$ 4,457,550	\$ 1,979,188
United States government, agencies and instrumentalities	3,907,569	116,548	65,730	3,958,387
Corporate bonds	656,988	3,371	1,940	658,419
Total	\$ 11,001,295	\$ 119,919	\$ 4,525,220	\$ 6,595,994
December 31, 2014				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Obligations of the Commonwealth of PR and its agencies and its instrumentalities	\$ 6,448,443	\$ -	\$ 1,880,690	\$ 4,567,753
United States government, agencies and instrumentalities	3,392,837	129,459	4,030	3,518,266
Corporate bonds	657,844	3,433	1,497	659,780
Total	\$ 10,499,124	\$ 132,892	\$ 1,886,217	\$ 8,745,799

During February 2014, the investments rating agencies Moody's, Standard and Poor's and Fitch downgraded the general obligations bonds of the Commonwealth of Puerto Rico and some other instrumentalities. As of December 31, 2015 and 2014, Multinational Insurance Company ("the Company") possessed investments in Puerto Rico (P.R.) obligations and other instrumentalities with an amortized cost in the amount of \$6.4 million and market value of \$ \$2.0 million and \$4.6, respectively.

NOTES TO FINANCIAL STATEMENTS

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

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

As of December 31, 2015 all bonds in Puerto Rico Obligations presented in the accompanying financial statements were classified by the SVO with a classification of 6. As a result of the abovementioned downgrade, investments in P.R. were recorded at fair value with a valuation allowance charged to surplus amounting to \$ \$2.6 million.

As of December 31, 2014 all bonds in Puerto Rico Obligations presented in the accompanying financial statements were classified by the SVO with a classification of 6. As a result of the abovementioned downgrade, investments in P.R. were recorded at fair value with a valuation allowance charged to surplus amounting to \$1.8 million.

In addition, the Article 6.03 of the Puerto Rico Insurance Code (the “Code”) establishes that in those cases in which an investment becomes ineligible at a date subsequent to its acquisition as a result of a downgrade to the “low investment grade category”, the insurer will have a year after such downgrade to dispose of corresponding investment. The Code defines as low investment grade category debt securities classified 4, 5, or 6 by the SVO, or BB to R by Standard and Poor’s Rating Group. On March 30, 2014 the Puerto Rico Legislature, approved “P. de S. 968”, which amended aforementioned Article 6.03, and extends the one year term mentioned above to three years and, upon request of the insurer, grants authority to the Puerto Rico Insurance Commissioner to waive the disposal requirement of a downgraded debt security, if it is contrary to the bests interest of the policyholders, debt holders, or public interest.

The SSAP No. 26 also requires an assessment in order to determine if there is a probability that a deficiency resulting by the difference between the carrying value of a debt security and its fair value is “other than temporary impairment” (“OTTI”). A decline in value is other than temporary if it is probable that the reporting entity will be unable to collect all amounts due according to the contractual terms of a debt security in effect at the date of the acquisition. The SSAP establishes that a decline in fair value which is other than temporary includes situations where a reporting entity has made a decision to sell a security prior to its maturity at an amount below its carrying value. If it is determined that the decline in fair value is other than temporary, an impairment loss should be recognized for the entire difference between the bond’s carrying value and its fair value at the balance sheet date of the reporting period for which the assessment is made.

We recognize that Puerto Rico’s economy has been stuck for several years, but it is our opinion that on the positive front recent reforms as well as newly enacted taxes should help relief the government’s debt servicing burdens and provide some breathing room to policy makers. In addition, it is important to point out that our Constitution provides for bondholders protection, since in any event they have priority on the recovery of their investment. Also, the Company has received all principal and interests payments during the years 2015 and 2014. Accordingly, we understand that the unrealized losses reflected on the Puerto Rico government obligations does not constitute impairment other than temporary.

A. Mortgage Loans

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

B. Trouble Debt Restructuring for Creditors

Not Applicable.

C. Reverse Mortgage

Not Applicable.

D. Loan Backed Securities

Not Applicable

E. Repurchase Agreements

Not Applicable.

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

Not Applicable.

G. Low income housing Credits

Not Applicable.

Note 6: Joint Ventures, Partnership and Limited Liability Company

Not Applicable.

Note 7: Investment Income**A. Accrued Investment income**

The Company non-admits investment income due and accrued if amounts are over 90 days past due. The investment income reported as due and accrued is completely admitted.

B. Amounts none admitted

Not Applicable.

Note 8: Derivatives Instruments

The Company does not have derivative instruments.

Note 9: Income Taxes

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

Deferred tax of \$27,150 was charge to surplus in 2015, therefore the tax liability as of year-end amounted to \$103,103 due to the recognition and timing difference resulted from the balance of catastrophic reserve.

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

For 2014 the OCS published and provided Form No. OCS-AF-2015-001 "Special Premium Tax Calculation" for Property and Casualty Companies and the 1% was applied to the Direct Premiums Earned following the calculation form. This tax liability for

NOTES TO FINANCIAL STATEMENTS

the year ended December 31, 2015 and 2014 amounted to \$140,519 and \$143,358, respectively.

Also the new tax legislation of 2013 requires the companies to calculate a Sales Tax (known as "Patente Nacional") of .5% of net income effective January 1, 2013. During July 2014, under Law 77 there were some modifications to this tax for those insurance companies with net income in excess of \$3 million. As a result the tax shall be based on a progressive tax table commencing with .35% up to 1%. No calculation for this tax was applicable for the years 2015 and 2014, based on the net results of operations of the Company.

Note 10: Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationship

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

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

During 2015, the Company sold to its parent Company Ancon S.A. a total of 122,154 shares or 48.81% of the common stocks of Multinational Life Insurance. The selling price of this transaction was \$3,374,493, representing the statutory statement value (market adjustment under special acceptance by the Commissioner). Therefore, a realized gain on the sale of this common stocks was recorded by the above mentioned amount, net of tax and the unrealized appreciation in capital gains and losses account adjusted accordingly.

C. Change in Terms of Inter-Company Arrangements

Not Applicable

D. Amount Due to or From Related Parties

As of December 31, 2015 and 2014, the company reported net amount due from Multinational Life Insurance Company in the amount of \$393,004 and \$56,499 respectively. The net amount due from Multinational Life Insurance Company does not bear interest and are due on demand.

E. Guarantees or Contingencies for Related Parties

Not Applicable

F. Transaction with Related Parties

The Company leases office space to Multinational Life Insurance Company under an operating lease agreement. This agreement expires on November 30, 2016 and has a renewal option for a period of five years. During the year ended December 31, 2015 and 2014 a total amount of \$235,344 and \$ 540,000 was recorded as rent income, respectively.

In addition, the company shares certain expenses with Multinational Life Insurance Company such as salaries, professional services, occupancy expenses, information technology, and other expenses which are incurred for the benefit of both companies. For the year ended December 31, 2015 these charges were as follows:

Amount billed from Multinational Life Insurance Company	\$ 1,045,817
Amount billed to Multinational Life Insurance Company	1,438,745
Other expenses net balance	<u>\$ (392,928)</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2014 these charges were as follows:

Amount billed from Multinational Life Insurance Company	\$ 1,284,777
Amount billed to Multinational Life Insurance Company	1,441,564
Other expenses net balance	<u>\$ (156,787)</u>

G. Nature of Relationship that could affect operations

Not Applicable.

H. Amount Deducted for Investment in Upstream Company

Not Applicable.

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

As of year-end December 31, 2015, the Company did not have investment in affiliated companies (refer to note 10 B).

In 2014 the Company owned 122,154 shares or 48.81% of the common stocks of Multinational Life Insurance for the total statement value of \$3,374,493 presented at market adjustment under special acceptance by the Commissioner.

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

Not Applicable.

K. Foreign Subsidiary value using CARVM

Not Applicable.

L. Downstream Holdings Company Value Using Look – Through Method

Not Applicable.

Note 11: Debt

Not Applicable.

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

Not Applicable.

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

The Company has 500,000 shares of \$10 par value common stocks authorized and 300,000 shares issued and outstanding. The Company also has 300,000 shares of \$10 par value preferred stock authorized and none issued or outstanding.

Surplus is restricted as to payment of dividends by statutory limitations applicable to insurance companies. Such limitations restrict the payment of dividends by the insurance companies generally to unassigned surplus funds reported for statutory purposes.

Pursuant to amendments to the Insurance Code, the Puerto Rico Insurance Code requires multiline property and casualty insurance companies to have a minimum common stock paid in capital of \$3,000,000. In addition, the Code requires a minimum surplus amounting to one third of net premiums written. At December 31, 2015 the Company met these capital requirements.

In accordance with the Act No. 73 of August 12, 1994 and Chapter 25 of the Insurance Code, the Companies required to establishing and maintaining a trust fund for the payment of catastrophe losses. The establishment of this trust fund increases the

NOTES TO FINANCIAL STATEMENTS

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

The company segregate from the surplus the amount of \$ 687,348 to comply with the article 25.30 (6) of the Puerto Rico Insurance Law. In Puerto Rico, catastrophic reserves are recorded as aggregate write-ins for special surplus funds and reduced from unassigned surplus. Under GAAP catastrophic reserves are not recorded.

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

Pursuant to Chapter 41 and Rule no. 56 of the Insurance Code of the Commonwealth of Puerto Rico, the Company is a member of "Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria" and "Sindicato de Aseguradores de Responsabilidad Profesional para Médicos". Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other members, companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations. It has been reported that such syndicates have a cumulative deficit which could give rise to future assessments to replenish those deficits. During 2015 and 2014 no payments were made for this contingency and no formal notifications or indications have been received.

In addition, pursuant to Article 12 of Rule LXIX of the Insurance Code of the Commonwealth of Puerto Rico, the Company is a member of the Compulsory Vehicle Liability Joint Underwriting Association (The Association). This association was organized in 1997 to underwrite insurance coverage of motor vehicle property damage liability risks effective on January 1998; its limit is \$4,000 per occurrence. As a participant, the Company shares the risk, proportionately with other members, based on a formula established by the Insurance Code. During the year ended December 31, 2015 the Company received a dividend distribution in the amount of \$92,073 based on Article 20 (e) of Title LXX of the Insurance Code. Also during November 2015, the Puerto Rico Legislature, approved "P. de S. 1529" to authorize the Association to distribute \$ 21 million to the participating companies which were declared and approved by the Association's Board of Directors. As a result of this distribution, the Company recorded the amount of \$ 268,268 based on the percentage notified by the Association.

B. Guaranty Fund and Other Assessments

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

On July 1, 2013, the Company received an assessment imposed by the PRPCIGA in a meeting held by its Board of Directors. The first assessment was for vehicle insurance and the other for all Other Covered Lines insurance, both based on .026% and .87%, respectively, of Direct Puerto Rico Premiums as reported in former Page 14 of the Annual Statement filed with the Insurance Commissioner for the year ended December 31, 2012. The Company paid \$ 102,336 on August 1, 2013.

The amount paid by the Company under this order is subject to recoupment (to be recovered prospectively) from the insured up to the amount paid, date established and by prior approval by the office of the Commissioner of Insurance of Puerto Rico. On August 28, 2013 the Commissioner issued Circular Letter No. CC-2013-1837-EX to allow the insurers to recoup the amounts paid. Recoveries will be made commencing with all new policies and additional premium endorsements with

NOTES TO FINANCIAL STATEMENTS

effective date of October 1, 2013 and renewals with an effective date of November 1, 2013. The percentages for the recovery are .1% for automobile insurance and .9% for all other classes of insurance to which Chapter 38 of the Insurance Code applies. The amount paid to the PRGCIGA was fully recovered.

C. Gain Contingencies

Not Applicable.

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

Not Applicable.

E. Other Contingencies and Write-downs for Impairment

Not Applicable.

F. Other Contingencies

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

Note 15: Leases

The Company has an operating lease agreement for office space rented by a related party which expires on November 30, 2016, with renewal options for five additional years. In the years 2015 and 2014, rental income for this lease amounted to \$ 235,344 and \$540,000, respectively.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

The Company uses general agencies to write and administer all property and casualty lines of business. As reported in the following chart, general agencies which write direct premiums greater than 5% of policyholder's surplus for the period ended on December 31, 2015. The terms of the general agency contracts give the agency authority to premium collection (P) and underwriting authority (B) for all policies issued under these agreements.

NOTES TO FINANCIAL STATEMENTS

General Agency	EIN No.	Exclusive Contract	Type	Authority	Total DPW
J. Jaramillo Insurance, Inc.	66-0727754	No	All Lines	B, P	\$ 3,995,008
Benitez Insurance Agency	66-0343660	No	All Lines	B, P	2,315,973
Prima Group Insurance	66-0489844	No	All Lines	B, P	2,107,819
Firstbank Insurance Agency	66-0577926	No	All Lines	B, P	1,293,718
Seguros N Colon	66-0538812	No	All Lines	B, P	1,167,025
Corona Insurance	66-0551184	No	All Lines	B, P	1,107,381
M. Cano & Asociados	66-0393904	No	All Lines	B, P	941,981
Colonial Insurance Agency	66-0381156	No	All Lines	B, P	511,109
Green Insurance Agency	66-0463184	No	All Lines	B, P	494,184
All Others					18,880,087
Total					<u>\$ 32,814,285</u>

Note 20: Fair Values Measurements

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

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

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

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

As of December 31, 2015 investments with amortized cost of \$6.4 million are carried at fair value of \$2.0 million in the accompanying statutory-basis statement of admitted assets, liabilities and capital and surplus, as a result of the downgrade of Puerto Rico obligations.

Note 21: Other Items

A. Extraordinary items

Not Applicable.

B. Trouble Debt Restructuring for Debts

Not Applicable.

C. Other Disclosures

Not Applicable

D. Uncollectible Premium Receivable

Not Applicable.

E. Business Interruption Insurance Recoveries

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

F. Hybrids Securities

Not Applicable.

G. State Transferable Credits

Not Applicable.

H. Impact of Medicare Modernization Act

Not Applicable.

I. Sub Prime Mortgages

Not Applicable.

Note 22: Event Subsequent

None

Note 23: Reinsurance

A. Unsecured Reinsurance Recoverables

Not Applicable.

B. Reinsurance Recoverables in Dispute

Not Applicable.

C. Reinsurance Assumed and Ceded

	Assumed		Ceded		Assumed less Ceded	
	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity
Affiliates	-	-	-	-	-	-
All Other	-	-	5,289,000	1,457,265	(5,289,000)	(1,457,265)
Totals	\$ -	\$ -	\$ 5,289,000	\$ 1,457,265	\$ (5,289,000)	\$ (1,457,265)

D. Uncollectible Reinsurance

Not Applicable.

E. Commutation of Ceded Reinsurance

Not Applicable.

F. Retroactive Reinsurance

Not Applicable.

G. Reinsurance Account for a Deposit

Not Applicable.

NOTES TO FINANCIAL STATEMENTS**H. Run-off Agreements**

Not Applicable.

I. Certified Reinsurer Downgraded or Status Subject to Revocation

Not Applicable.

Note 24: Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable.

Note 25: Changes in Incurred Losses and Loss Adjustment Expenses

The activity in the liability for unpaid losses and loss adjustment expenses for the years ended December 31, 2015 and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Unpaid losses and loss adjustment expenses, at beginning of year	\$ 4,180,939	\$ 2,943,439
Incurred losses and loss adjustment expenses:		
For insured events of the current year	6,402,326	5,237,527
For insured events of the prior period	1,568,400	404,044
Payments of losses and loss adjustment expenses:		
For insured events of the current year	(2,327,761)	(2,613,937)
For insured events of the prior period	<u>(2,968,668)</u>	<u>(1,790,134)</u>
Unpaid losses and loss adjustments expenses, at end of year	<u>\$ 6,855,236</u>	<u>\$ 4,180,939</u>

Note 26: Intercompany Pooling Arrangements

Not Applicable.

Note 27: Structured Settlements

Not Applicable.

Note 28: Health Care Receivables

Not Applicable.

Note 29: Participating Policies

Not Applicable.

Note 30: Premium Deficiency Reserves

Not Applicable.

Note 31: High Deductibles

Not Applicable.

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

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

NOTES TO FINANCIAL STATEMENTS

Note 33: Asbestos/Environmental Reserves

Not applicable.

Note 34: Subscriber Saving Accounts

Not applicable.

Note 35: Multiple Peril Crop Insurance

Not applicable.

Note 36: Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ()
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No () N/A ()
- 1.3 State Regulating? Puerto Rico
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes () No (X)
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013
- 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.
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes () No () N/A (X)
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes () No () N/A (X)
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes () No (X)
 4.12 renewals? Yes () No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes () No (X)
 4.22 renewals? Yes () No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)
- 5.2 If yes, provide the name of 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 (X) No ()
- 7.2 If yes,
- 7.21 State the percentage of foreign control 100.0 %
- 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
------------------	---------------------

PANAMA INSURANCE COMPANY

- 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
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9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 LPG, P. S. C. PMB 516, 1353 LUIS VIGOREAUX AVE., GUAYNABO PR 00966

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
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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: \$ 393,004

INVESTMENT

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

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

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

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

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

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

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

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

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

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

24.101 Total fair value of reinvented collateral assets reported on Schedule DL, Parts 1 and 2	\$
24.102 Total book adjusted/carrying value of reinvented collateral assets reported on Schedule DL, Parts 1 and 2	\$
24.103 Total payable for securities lending reported on the liability page	\$

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

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

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

25.3 For category (25.26) provide the following:

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

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

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

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

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

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

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

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

CITIBANK	San Juan PR
BANCO POPULAR PR - TRUST DIVISION	San Juan PR
OFFICE OF INSURANCE COMMISSIONER OF PR	San Juan PR

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
--	-----------	--------------

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes () No (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	\$ 6,543,745	\$ 6,595,994	\$ 52,249
30.2 Preferred stocks	\$	\$	\$
30.3 Totals	\$ 6,543,745	\$ 6,595,994	\$ 52,249

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

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

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

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

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

32.2 If no, list exceptions:
.....

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 216,822

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

1 Name	2 Amount Paid
INSURANCE SERVICE OFFICE	\$ 216,822
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

34.1 Amount of payments for legal expenses, if any?

\$ 226,932

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

1 Name	2 Amount Paid
REXACH & PICO LAW OFFICE	\$ 153,569
.....	\$
.....	\$
.....	\$

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

\$

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

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding:

.....

.....

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

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

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

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

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

4. For Mutual reporting entities and Reciprocal Exchange only:

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

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

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

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

5. For Reciprocal Exchanges only:

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

5.2 If yes, is the commission paid:

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

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

.....

.....

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

5.5 If yes, give full information.

.....

.....

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

N/A

.....

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

RMS & AIR FOR CALCULATING PML FOR WIND & EARTHQUAKE EXPOSURE

.....

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

MIC HAS A CATASTROPHE EXCES OF LOSS REINSURANCE PROGRAM

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From %

12.42 To %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes () No (X)

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

12.61 Letters of credit \$

12.62 Collateral and other funds \$

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes () No (X)

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes () No (X)

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes () No (X)

14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes () No (X)

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes () No (X)

15.2 If yes, give full information.

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

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

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

* Disclose type of coverage:

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

Included but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

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

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2015	2 2014	3 2013	4 2012	5 2011
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	4,746,306	4,643,484	4,614,060	2,754,162	118,844
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	7,245,687	6,644,904	4,767,997	3,694,282	411,868
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	20,417,505	20,697,517	19,358,858	18,783,579	403,121
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	404,787	471,237	216,234	105,119	56,990
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	32,814,285	32,457,142	28,957,149	25,337,142	990,823
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	3,433,902	3,959,080	4,251,897	2,122,429	22,317
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	2,111,209	3,105,706	2,640,417	2,439,741	318,503
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	8,756,611	7,927,690	4,143,459	9,057,244	242,785
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	404,787	471,237	216,234	105,119	57,914
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	14,706,509	15,463,713	11,252,007	13,724,533	641,519
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(1,976,914)	(1,590,212)	(3,560,430)	(379,211)	(78,402)
14. Net investment gain (loss) (Line 11)	3,859,303	890,133	915,526	607,522	96,172
15. Total other income (Line 15)	360,757	103,939	31,352	518,864	
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)				51,500	1,212
18. Net income (Line 20)	2,243,146	(596,140)	(2,613,552)	695,675	16,558
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	23,451,527	24,558,568	27,643,102	29,290,281	27,073,302
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	2,553,974	3,827,507	3,463,453	2,916,126	1,154,479
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	16,544,094	12,865,861	11,794,722	10,004,270	8,093,914
22. Losses (Page 3, Line 1)	6,359,154	3,845,382	2,705,020	2,734,343	557,375
23. Loss adjustment expenses (Page 3, Line 3)	496,082	335,557	238,419	298,539	
24. Unearned premiums (Page 3, Line 9)	6,770,342	6,321,909	4,780,817	3,558,430	3,625,099
25. Capital paid up (Page 3, Line 30 and Line 31)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	6,907,433	11,692,706	15,848,380	19,286,011	18,979,388
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	3,492,531	(189,448)	(1,466,370)	778,997	5,978,351
Risk-Based Capital Analysis					
28. Total adjusted capital	6,907,433	11,692,706	15,848,380	19,286,011	18,979,388
29. Authorized control level risk-based capital	2,903,674	3,264,342	3,397,762	3,802,607	548,109
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	33.7	42.9	44.7	39.0	25.1
31. Stocks (Line 2.1 and Line 2.2)		16.8	14.3	13.3	26.5
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)	27.9	32.5	33.3	34.8	36.2
34. Cash, cash equivalents and short-term investments (Line 5)	38.4	7.8	7.6	12.9	12.2
35. Contact loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)		3,374,493	3,374,493	3,374,493	6,678,993
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 through Line 47		3,374,493	3,374,493	3,374,493	6,678,993
49. Total investment in parent included in Line 42 through Line 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)		28.9	21.3	17.5	35.2

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2015	2 2014	3 2013	4 2012	5 2011
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(6,971,354)	(3,118,655)	(941,743)	305,278	
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(4,785,275)	(4,155,675)	(3,437,630)	306,620	18,979,388
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	1,302,133	950,974	684,338	365,236	3,551
55. Property lines (Lines 1, 2, 9, 12, 21 and 26)	1,457,582	1,569,040	2,133,952	1,595,729	91,715
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	2,979,947	2,575,772	1,350,202	414,389	4,464
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	74,626	6,272	7,540		
58. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
59. Total (Line 35)	5,814,288	5,102,058	4,176,032	2,375,354	99,730
Net Losses Paid (Page 9, Part 2, Column 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	1,108,834	950,974	684,338	365,236	3,551
61. Property lines (Lines 1, 2, 9, 12, 21 and 26)	1,002,512	1,396,244	1,909,379	1,229,683	80,629
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	2,210,408	1,289,996	1,190,144	367,464	841
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	74,626	6,272	7,540		
64. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
65. Total (Line 35)	4,396,380	3,643,486	3,791,401	1,962,383	85,021
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	48.5	34.4	37.5	30.0	41.5
68. Loss expenses incurred (Line 3)	7.4	6.2	4.9	3.4	
69. Other underwriting expenses incurred (Line 4)	58.0	70.9	93.1	69.3	63.6
70. Net underwriting gain (loss) (Line 8)	(13.9)	(11.4)	(35.5)	(2.7)	(5.1)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	53.7	63.2	82.7	65.9	153.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	55.9	40.5	42.4	33.4	41.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	212.9	132.3	71.0	71.2	3.4
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)	1,568	405	(644)	(21)	
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0)	13.4	2.6	(3.3)	(0.1)	
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)	1,670	(348)	(115)		
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0)	10.5	(1.8)	(0.6)		

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

Yes () No (X)

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X									X X X
2. 2006												X X X
3. 2007												X X X
4. 2008												X X X
5. 2009												X X X
6. 2010												X X X
7. 2011	1,977	429	1,548	587	84	59	1				561	X X X
8. 2012	23,251	9,462	13,789	3,868	564	871	55				4,120	X X X
9. 2013	26,834	16,805	10,029	5,254	818	945	69				5,312	X X X
10. 2014	30,092	16,169	13,923	4,430	982	561	69				3,940	X X X
11. 2015	31,470	17,213	14,257	3,431	1,240	190	52				2,329	X X X
12. Totals	X X X	X X X	X X X	17,570	3,688	2,626	246				16,262	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.													X X X
2.													X X X
3.													X X X
4.													X X X
5.													X X X
6.													X X X
7.	33											33	X X X
8.	518											518	X X X
9.	632		1									633	X X X
10.	1,492	9	100	11			27	3				1,596	X X X
11.	8,109	5,989	1,768	285			538	66				4,075	X X X
12.	10,784	5,998	1,869	296			565	69				6,855	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2.											
3.											
4.											
5.											
6.											
7.	679	85	594	34.3	19.8	38.4				33	
8.	5,257	619	4,638	22.6	6.5	33.6				518	
9.	6,832	887	5,945	25.5	5.3	59.3				633	
10.	6,610	1,074	5,536	22.0	6.6	39.8				1,572	24
11.	14,036	7,632	6,404	44.6	44.3	44.9				3,603	472
12.	X X X	X X X	X X X	X X X	X X X	X X X			X X X	6,359	496

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	11 One Year	12 Two Year	
1. Prior													
2. 2006													
3. 2007	X X X												
4. 2008	X X X	X X X											
5. 2009	X X X	X X X	X X X										
6. 2010	X X X	X X X	X X X	X X X									
7. 2011	X X X	X X X	X X X	X X X	X X X	642	482	527	543	594	51	67	
8. 2012	X X X	X X X	X X X	X X X	X X X	X X X	4,772	4,083	4,363	4,638	275	555	
9. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,897	5,006	5,945	939	1,048	
10. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,233	5,536	303	X X X	
11. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,404	X X X	X X X	
											12. Totals	1,568	1,670

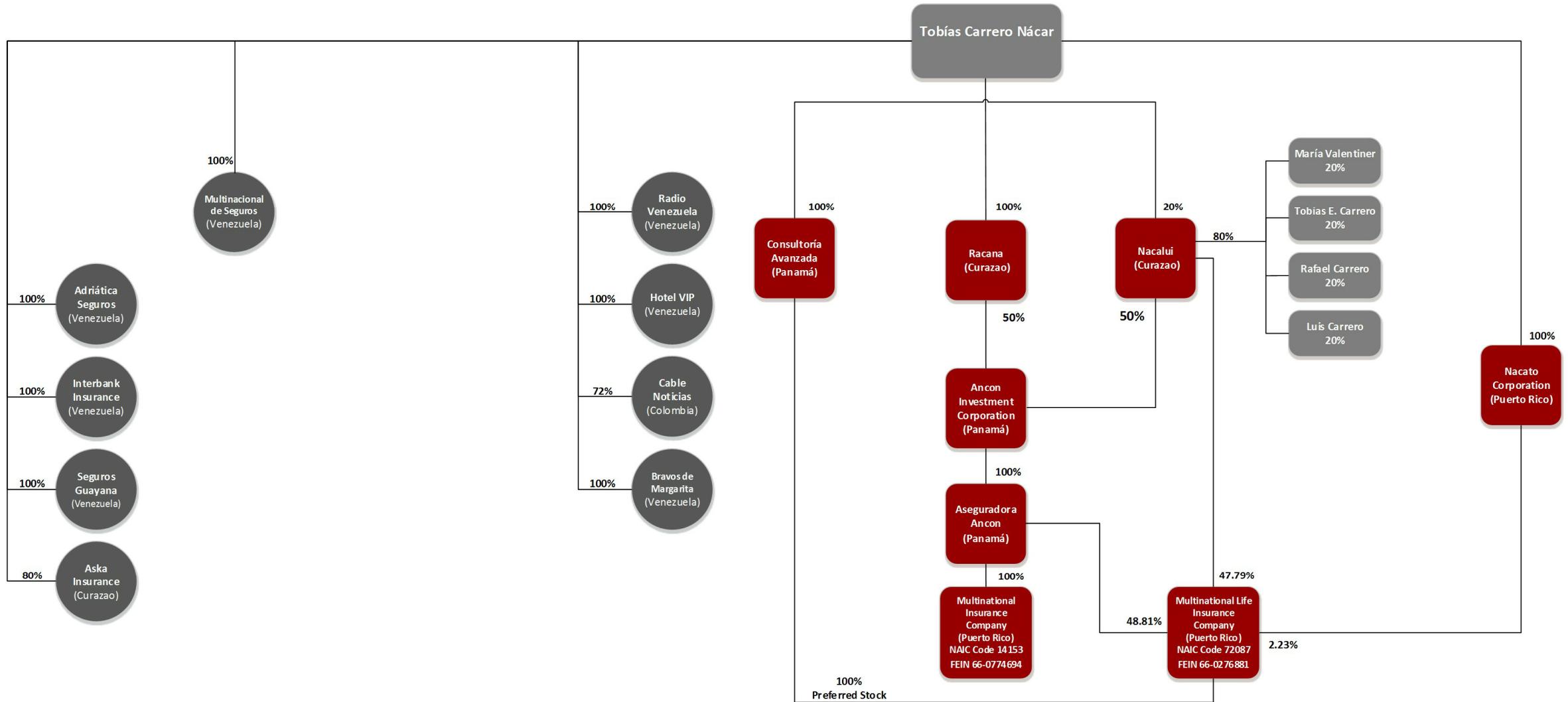
SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0										X X X	X X X
2. 2006											X X X	X X X
3. 2007	X X X										X X X	X X X
4. 2008	X X X	X X X									X X X	X X X
5. 2009	X X X	X X X	X X X								X X X	X X X
6. 2010	X X X	X X X	X X X	X X X							X X X	X X X
7. 2011	X X X	X X X	X X X	X X X	X X X	85	453	470	492	561	X X X	X X X
8. 2012	X X X	X X X	X X X	X X X	X X X	X X X	1,767	3,211	3,712	4,120	X X X	X X X
9. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,880	4,149	5,312	X X X	X X X
10. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,615	3,940	X X X	X X X
11. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,329	X X X	X X X

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015
1. Prior										
2. 2006										
3. 2007	X X X									
4. 2008	X X X	X X X								
5. 2009	X X X	X X X	X X X							
6. 2010	X X X	X X X	X X X	X X X						
7. 2011	X X X	X X X	X X X	X X X	X X X	370	2	4		
8. 2012	X X X	X X X	X X X	X X X	X X X	X X X	1,061	109	3	
9. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,085	68	1
10. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,585	113
11. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,955

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE MULTINATIONAL INSURANCE COMPANY
 SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
 PART 1 - ORGANIZATIONAL CHART



Property and Casualty

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