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ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015

OF THE CONDITION AND AFFAIRS OF THE

Triple-S Salud, Inc.

NAIC Group Code 0000 (Current Period) , (Prior Period) NAIC Company Code 55816 Employer's ID Number 660555677

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

Country of Domicile US

Licensed as business type:

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

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

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

Main Administrative Office F.D. Roosevelt Ave. 1441, San Juan, Puerto Rico 00920
(Street and Number, City or Town, State, Country and Zip Code)
787-749-4949-4557
(Area Code) (Telephone Number)

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

Primary Location of Books and Records F.D. Roosevelt Ave. 1441, San Juan, Puerto Rico 00920
(Street and Number, City or Town, State, Country and Zip Code)
787-749-4949-4557
(Area Code) (Telephone Number)

Internet Website Address www.ssspr.com

Statutory Statement Contact Juan Jose Rodriguez Gilibertys, CPA
(Name)
787-749-4949-4557
(Area Code) (Telephone Number) (Extension)

jjrodrigue@ssspr.com
(E-Mail Address)
787-749-4003
(Fax Number)

OFFICERS

Pablo Almodovar Scalley (President & CEO)
Carlos L. Rodriguez Ramos (Secretary)
Juan Jose Rodriguez Gilibertys, CPA (Treasurer)

OTHER OFFICERS

Carlos D Torres Diaz (Chief Operations Officer)
Richard Schiavo Gordian (Chief Revenue Officer)

DIRECTORS OR TRUSTEES

Roberto Garcia Rodriguez, ESQ
Amilcar Jordan Perez, CPA
Carlos L Rodriguez Ramos
Pablo Almodovar Scalley
Ramon Manuel Ruiz Comas, CPA

State of Puerto Rico
County of
} SS

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

Madeline Hernandez Urquiza, CPA
President

Juan J Rodriguez Gilibertys, CPA
Finance Vice President

Subscribed and sworn to before me this
day of

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 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Col. 1 - 2)	Prior Year 4 Net Admitted Assets
1.	Bonds (Schedule D)	270,907,995		270,907,995	270,970,254
2.	Stocks (Schedule D):				
	2.1 Preferred stocks				
	2.2 Common stocks	155,435,721	2,047,601	153,388,120	110,798,413
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens				
	3.2 Other than first liens				
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ .... encumbrances)				
	4.2 Properties held for the production of income (less $ .... encumbrances)				
	4.3 Properties held for sale (less $ .... encumbrances)				
5.	Cash ($ .... 122,641,948 , Schedule E-Part 1), cash equivalents ($ .... , Schedule E-Part 2) and short-term investments ($ .... , Schedule DA)	122,641,948		122,641,948	53,473,037
6.	Contract loans (including $ .... premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)	4,872,467		4,872,467	3,740,407
9.	Receivables for securities				6,261,150
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)	553,858,131	2,047,601	551,810,530	445,243,261
13.	Title plants less $ .... charged off (for Title insurers only)				
14.	Investment income due and accrued	2,312,849		2,312,849	2,654,779
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	49,761,662	12,521,969	37,239,693	37,088,903
	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	652,326		652,326	1,988,441
	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	73,525,417	5,961,856	67,563,561	76,568,316
18.1	Current federal and foreign income tax recoverable and interest thereon	1,581,476		1,581,476	1,180,628
18.2	Net deferred tax asset	35,511,479	4,803,000	30,708,479	41,995,037
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	4,105,954	3,189,589	916,365	1,912,619
21.	Furniture and equipment, including health care delivery assets ($ ....)	2,098,976	2,098,976		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	33,610,255	3,565,916	30,044,339	32,369,732
24.	Health care ($ ...... 8,562,712) and other amounts receivable	31,003,946	18,011,445	12,992,501	12,631,248
25.	Aggregate write-ins for other-than-invested assets	1,970,433	1,970,433		
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	789,992,904	54,170,785	735,822,119	653,632,964
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	789,992,904	54,170,785	735,822,119	653,632,964
	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.	Other assets	1,970,433	1,970,433		
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,970,433	1,970,433		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $ .... reinsurance ceded)	201,484,272		201,484,272	121,385,830
2.	Accrued medical incentive pool and bonus amounts	9,073,681		9,073,681	
3.	Unpaid claims adjustment expenses	3,371,320		3,371,320	1,986,320
4.	Aggregate health policy reserves, including the liability of $ .... for medical loss ratio rebate per the Public Health Service Act	10,950,502		10,950,502	234,263
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	3,154,726		3,154,726	3,971,989
9.	General expenses due or accrued	49,323,934		49,323,934	39,447,202
10.1	Current federal and foreign income tax payable and interest thereon (including $ .... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable	882,787		882,787	1,930,770
12.	Amounts withheld or retained for the account of others	23,325,443		23,325,443	21,174,099
13.	Remittances and items not allocated	105,759		105,759	244,444
14.	Borrowed money (including $ .... current) and interest thereon $ .... (including $ .... current)				
15.	Amounts due to parent, subsidiaries and affiliates				39,786,947
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with $ .... authorized reinsurers, $ .... unauthorized reinsurers and $ .... certified reinsurers)				
20.	Reinsurance in unauthorized and certified ($ ....) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans	560,303		560,303	11,824,297
23.	Aggregate write-ins for other liabilities (including $ .... current)	27,570,339		27,570,339	16,539,452
24.	Total liabilities (Lines 1 to 23)	329,803,066		329,803,066	258,525,613
25.	Aggregate write-ins for special surplus funds	XXX	XXX	24,897,202	16,269,280
26.	Common capital stock	XXX	XXX	149,999,640	150,000,000
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX		
29.	Surplus notes	XXX	XXX		
30.	Aggregate write-ins for other-than-special surplus funds	XXX	XXX		
31.	Unassigned funds (surplus)	XXX	XXX	231,122,212	228,838,071
32.	Less treasury stock, at cost:				
	32.1 .... shares common (value included in Line 26 $ ....)	XXX	XXX		
	32.2 .... shares preferred (value included in Line 27 $ ....)	XXX	XXX		
33.	Total capital and surplus (Line 25 to 31 minus Line 32)	XXX	XXX	406,019,054	395,107,351
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	735,822,120	653,632,964
	DETAILS OF WRITE-INS				
2301.	Federal Employees Health Benefit Program	26,695,344		26,695,344	15,665,658
2302.					
2303.	Interest Payable	874,995		874,995	873,794
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	27,570,339		27,570,339	16,539,452
2501.	HIP Fees Special Surplus	XXX	XXX	24,897,202	16,269,280
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	24,897,202	16,269,280
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	10,759,491	25,357,492
2. Net premium income (including $ non-health premium income)	XXX	1,453,346,505	1,355,796,351
3. Change in unearned premium reserves and reserve for rate credits	XXX	215,753	(88,470)
4. Fee-for-service (net of $ medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX		
7. Aggregate write-ins for other non-health revenues	XXX		
8. Total revenues (Lines 2 to 7)	XXX	1,453,562,258	1,355,707,881
Hospital and Medical:			
9. Hospital/medical benefits		729,503,145	816,197,345
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area		121,566,193	88,972,352
13. Prescription drugs		418,446,802	271,932,551
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		1,269,516,140	1,177,102,248
Less:			
17. Net reinsurance recoveries		2,664,955	5,486,827
18. Total hospital and medical (Lines 16 minus 17)		1,266,851,185	1,171,615,421
19. Non-health claims (net)			
20. Claims adjustment expenses, including $ 19,604,006 cost containment expenses		31,219,791	36,233,466
21. General administrative expenses		140,515,344	121,370,215
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		1,438,586,320	1,329,219,102
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	14,975,938	26,488,779
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		8,786,186	12,006,017
26. Net realized capital gains (losses) less capital gains tax of $		13,553,279	15,192,021
27. Net investment gains (losses) (Lines 25 plus 26)		22,339,465	27,198,038
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			
29. Aggregate write-ins for other income or expenses		2,546,049	1,766,439
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	39,861,452	55,453,256
31. Federal and foreign income taxes incurred	XXX	6,525,434	12,962,282
32. Net income (loss) (Lines 30 minus 31)	XXX	33,336,018	42,490,974
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX		
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Other income		2,546,049	1,766,439
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		2,546,049	1,766,439

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting year	395,107,351	381,797,954
34. Net income or (loss) from Line 32	33,336,018	42,490,974
35. Change in valuation basis of aggregate policy and claims reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of $	33,717,129	(24,197,946)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(9,196,893)	8,939,808
39. Change in nonadmitted assets	12,074,306	15,341,279
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Tranferred from capital		
46. Dividends to stockholders	(32,000,000)	(25,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	(27,018,857)	(4,264,718)
48. Net change in capital and surplus (Lines 34 to 47)	10,911,703	13,309,397
49. Capital and surplus end of reporting year (Line 33 plus 48)	406,019,054	395,107,351
DETAILS OF WRITE-INS		
4701. Correction of errors		(9,152,351)
4702. Capital contribution to wholly-owned subsidiary	(25,000,000)	
4703. Other	(2,018,857)	4,887,633
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	(27,018,857)	(4,264,718)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,464,689,557	1,350,808,485
2. Net investment income	9,643,952	13,386,787
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	1,474,333,509	1,364,195,272
5. Benefit and loss related payments	1,176,342,947	1,214,943,729
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	152,875,793	163,482,029
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	7,231,617	8,752,531
10. Total (Line 5 through Line 9)	1,336,450,357	1,387,178,289
11. Net cash from operations (Line 4 minus Line 10)	137,883,152	(22,983,017)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	133,339,548	65,466,321
12.2 Stocks	25,482,056	52,570,458
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	2,396,172	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	6,261,150	
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	167,478,926	118,036,779
13. Cost of investments acquired (long-term only):		
13.1 Bonds	128,898,224	41,157,948
13.2 Stocks	23,845,665	16,680,884
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	1,956,379	
13.6 Miscellaneous applications	1	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	154,700,269	57,838,832
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)	12,778,657	60,197,947
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	(360)	
16.3 Borrowed funds		7,281
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	32,000,000	32,000,000
16.6 Other cash provided (applied)	(49,492,538)	8,365,934
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(81,492,898)	(23,626,785)
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)	69,168,911	13,588,145
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	53,473,037	39,884,892
19.2 End of year (Line 18 plus Line 19.1)	122,641,948	53,473,037

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	1,453,346,505	664,570,365	24,107,584	1,492,628		155,824,069		607,351,859		
2. Change in unearned premium reserves and reserve for rate credit	215,753	215,753								
3. Fee-for-service (net of $ .... medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)	1,453,562,258	664,786,118	24,107,584	1,492,628		155,824,069		607,351,859		
8. Hospital/medical benefits	729,503,145	324,857,302	15,140,776	882,145		81,056,514	6,086	307,560,322		XXX
9. Other professional services										XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area	121,566,193	81,848,350	959,232			2,601,010		36,157,601		XXX
12. Prescription drugs	418,446,802	147,712,029				59,112,353		211,622,420		XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments, and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	1,269,516,140	554,417,681	16,100,008	882,145		142,769,877	6,086	555,340,343		XXX
16. Net reinsurance recoveries	2,664,955	2,664,955								XXX
17. Total hospital and medical (Lines 15 minus 16)	1,266,851,185	551,752,726	16,100,008	882,145		142,769,877	6,086	555,340,343		XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ .... cost containment expenses	31,219,791	21,829,412	636,977	34,901		2,123,976		6,594,525		
20. General administrative expenses	140,515,344	91,257,648	2,853,836	156,366		9,672,387		30,030,840	6,544,267	
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,438,586,320	664,839,786	19,590,821	1,073,412		154,566,240	6,086	591,965,708	6,544,267	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	14,975,938	(53,668)	4,516,763	419,216		1,257,829	(6,086)	15,386,151	(6,544,267)	
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. Total (Lines 0501 through 0503 plus 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Total (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Total (Lines 1301 through 1303 plus 1398) (Line 13 above)										XXX

UNDERWRITING AND INVESTMENT EXHIBIT

Part 1 - Premiums

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	667,899,959	348,678	3,678,272	664,570,365
2. Medicare Supplement	24,107,584			24,107,584
3. Dental only	1,492,628			1,492,628
4. Vision only				
5. Federal Employees Health Benefits Plan	155,824,069			155,824,069
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	607,351,858			607,351,858
8. Other health				
9. Health subtotal (Lines 1 through 8)	1,456,676,098	348,678	3,678,272	1,453,346,504
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	1,456,676,098	348,678	3,678,272	1,453,346,504

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	1,195,173,352	564,532,756	17,912,008	882,145		143,762,486	6,086	468,077,871		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	4,001,068	4,001,068								
1.4 Net	1,191,172,284	560,531,688	17,912,008	882,145		143,762,486	6,086	468,077,871		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	201,484,272	94,786,659	3,889,000			13,867,881		88,940,732		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	201,484,272	94,786,659	3,889,000			13,867,881		88,940,732		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	9,073,681							9,073,681		
6. Net health care receivables (a)	5,755,654	5,755,654								
7. Amounts recoverable from reinsurers December 31, current year	652,326	652,326								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	121,385,829	99,146,081	5,701,000			14,860,489		1,678,259		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	121,385,829	99,146,081	5,701,000			14,860,489		1,678,259		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	1,988,441	1,988,441								
12. Incurred benefits:										
12.1 Direct	1,269,516,141	554,417,680	16,100,008	882,145		142,769,878	6,086	555,340,344		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	2,664,953	2,664,953								
12.4 Net	1,266,851,188	551,752,727	16,100,008	882,145		142,769,878	6,086	555,340,344		
13. Incurred medical incentive pools and bonuses	9,073,681							9,073,681		

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	31,231,082	27,385,467	1,123,598			7,881		2,714,136		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	31,231,082	27,385,467	1,123,598			7,881		2,714,136		
2. Incurred but Unreported:										
2.1 Direct	170,253,190	67,401,192	2,765,402			13,860,000		86,226,596		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	170,253,190	67,401,192	2,765,402			13,860,000		86,226,596		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	201,484,272	94,786,659	3,889,000			13,867,881		88,940,732		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	201,484,272	94,786,659	3,889,000			13,867,881		88,940,732		

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	79,914,656	476,197,493	5,447,300	89,339,359	85,361,956	99,146,081
2. Medicare Supplement	3,524,000	14,388,008	83,000	3,806,000	3,607,000	5,701,000
3. Dental Only	133,194	748,950			133,194	
4. Vision Only						
5. Federal Employees Health Benefits Plan	12,915,912	130,846,574	664,000	13,203,881	13,579,912	14,860,489
6. Title XVIII - Medicare		6,086				
7. Title XIX - Medicaid		459,004,189	1,678,259	87,262,473	1,678,259	1,678,259
8. Other health						
9. Health subtotal (Lines 1 to 8)	96,487,762	1,081,191,300	7,872,559	193,611,713	104,360,321	121,385,829
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts				9,073,681		
13. Totals (Lines 9-10+11+12)	96,487,762	1,081,191,300	7,872,559	202,685,394	104,360,321	121,385,829

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

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

	Cumulative Net Amounts Paid				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior	660,084	666,674	666,674	666,674	666,674
2. 2011	550,498	652,840	659,955	659,955	659,955
3. 2012	XXX	575,905	678,926	685,274	685,274
4. 2013	XXX	XXX	557,047	647,908	652,327
5. 2014	XXX	XXX	XXX	521,386	596,881
6. 2015	XXX	XXX	XXX	XXX	476,197

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

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior	778,414	785,323	785,323	785,323	785,323
2. 2011	664,383	771,680	779,155	779,155	779,155
3. 2012	XXX	698,519	807,127	813,961	813,961
4. 2013	XXX	XXX	674,255	772,665	777,414
5. 2014	XXX	XXX	XXX	614,175	694,788
6. 2015	XXX	XXX	XXX	XXX	565,537

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	773,034	659,955	15,422	2.337	675,377	87.367			675,377	87.367
2. 2012	783,778	685,274	19,931	2.908	705,205	89.975			705,205	89.975
3. 2013	750,082	652,327	19,487	2.987	671,814	89.565	330	5	672,149	89.610
4. 2014	700,977	596,881	20,210	3.386	617,091	88.033	5,118	72	622,281	88.773
5. 2015	664,786	476,197	27,104	5.692	503,301	75.709	89,339	1,253	593,893	89.336

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare Supplement

	Cumulative Net Amounts Paid				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior	33,457	33,813	33,813	33,813	33,813
2. 2011	20,093	27,475	27,836	27,836	27,836
3. 2012	XXX	18,066	24,158	24,158	24,158
4. 2013	XXX	XXX	18,934	22,461	22,472
5. 2014	XXX	XXX	XXX	18,942	22,455
6. 2015	XXX	XXX	XXX	XXX	14,388

Section B - Incurred Health Claims - Medicare Supplement

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior	43,660	44,037	44,037	44,037	44,037
2. 2011	28,296	36,123	36,513	36,513	36,513
3. 2012	XXX	25,036	31,603	31,603	31,603
4. 2013	XXX	XXX	26,164	29,890	29,901
5. 2014	XXX	XXX	XXX	24,444	28,040
6. 2015	XXX	XXX	XXX	XXX	18,194

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

	1	2	3	4	5	6	7	8	9	10
Years in Which Premiums Were Earned and Claims Were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1. 2011	37,163	27,836	650	2.335	28,486	76.652			28,486	76.652
2. 2012	34,293	24,158	734	3.038	24,892	72.586			24,892	72.586
3. 2013	31,129	22,472	672	2.990	23,144	74.349			23,144	74.349
4. 2014	29,452	22,455	729	3.246	23,184	78.718	83	1	23,268	79.003
5. 2015	24,108	14,388	742	5.157	15,130	62.759	3,806	38	18,974	78.704

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Dental Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX	602	689	689
5. 2014	XXX	XXX	XXX	680	813
6. 2015	XXX	XXX	XXX	XXX	749

Section B - Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX	602	689	689
5. 2014	XXX	XXX	XXX	680	813
6. 2015	XXX	XXX	XXX	XXX	749

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011										
2. 2012										
3. 2013	1,305	689	3	0.435	692	53.027			692	53.027
4. 2014	1,431	813	33	4.059	846	59.119			846	59.119
5. 2015	1,493	749	51	6.809	800	53.583			800	53.583

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Vision Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	XXX	XXX	XXX	XXX	

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011										
2. 2012										
3. 2013										
4. 2014										
5. 2015										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

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

	Cumulative Net Amounts Paid				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior	122,222	122,729	122,729	122,729	122,729
2. 2011	110,915	128,506	129,967	129,967	129,967
3. 2012	XXX	116,128	132,590	133,690	133,690
4. 2013	XXX	XXX	128,626	141,028	141,286
5. 2014	XXX	XXX	XXX	131,596	144,254
6. 2015	XXX	XXX	XXX	XXX	130,847

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

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior	137,449	137,449	137,449	137,449	137,449
2. 2011	129,456	147,978	149,586	149,586	149,586
3. 2012	XXX	135,073	153,195	154,373	154,373
4. 2013	XXX	XXX	146,801	160,437	160,709
5. 2014	XXX	XXX	XXX	145,145	158,453
6. 2015	XXX	XXX	XXX	XXX	144,050

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

	1	2	3	4	5	6	7	8	9	10
Years in Which Premiums Were Earned and Claims Were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1. 2011	138,003	129,967	1,160	0.893	131,127	95.017			131,127	95.017
2. 2012	143,290	133,690	1,553	1.162	135,243	94.384			135,243	94.384
3. 2013	155,305	141,286	1,655	1.171	142,941	92.039	13	1	142,955	92.048
4. 2014	152,659	144,254	2,580	1.789	146,834	96.184	651	13	147,498	96.619
5. 2015	155,824	130,847	2,803	2.142	133,650	85.770	13,204	264	147,118	94.413

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	336,027	393,692	395,085	395,085	395,085
3. 2012	XXX	379,126	435,786	437,334	437,334
4. 2013	XXX	XXX	392,195	455,152	455,152
5. 2014	XXX	XXX	XXX	348,664	348,664
6. 2015	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	403,682	463,235	465,311	465,311	465,311
3. 2012	XXX	459,599	533,732	535,970	535,970
4. 2013	XXX	XXX	441,268	521,880	521,880
5. 2014	XXX	XXX	XXX	384,768	384,768
6. 2015	XXX	XXX	XXX	XXX	

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	456,088	395,085	9,945	2.517	405,030	88.805			405,030	88.805
2. 2012	524,078	437,334	13,923	3.184	451,257	86.105	690		451,947	86.237
3. 2013	506,071	455,152	13,013	2.859	468,165	92.510	17,655		485,820	95.998
4. 2014	460,604	348,664	9,600	2.753	358,264	77.781	36,104		394,368	85.620
5. 2015										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

	Cumulative Net Amounts Paid				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	XXX	XXX	XXX	XXX	459,004

Section B - Incurred Health Claims - Title XIX Medicaid

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
Year in Which Losses Were Incurred	2011	2012	2013	2014	2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	XXX	XXX	XXX	XXX	555,340

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011										
2. 2012										
3. 2013										
4. 2014										
5. 2015	607,352	459,004			459,004	75.575	98,014	1,724	558,742	91.996

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	11,746	12,004	12,004	12,004	
3. 2012	XXX	8,291	8,628	8,628	
4. 2013	XXX	XXX	9,840	10,658	
5. 2014	XXX	XXX	XXX	15,357	
6. 2015	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	11,951	12,209	12,209	12,209	
3. 2012	XXX	8,647	8,984	8,984	
4. 2013	XXX	XXX	10,007	10,825	
5. 2014	XXX	XXX	XXX	15,262	
6. 2015	XXX	XXX	XXX	XXX	

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	9,733	12,004	555	4.623	12,559	129.035			12,559	129.035
2. 2012	11,712	8,628	1,090	12.633	9,718	82.975			9,718	82.975
3. 2013	11,231	10,658	710	6.662	11,368	101.220			11,368	101.220
4. 2014	16,900	15,357	1,978	12.880	17,335	102.574			17,335	102.574
5. 2015										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	815,763	823,216	823,216	823,216	823,216
2. 2011	1,029,278	1,214,516	1,224,847	1,224,847	1,224,847
3. 2012	XXX	1,097,515	1,280,162	1,289,084	1,289,084
4. 2013	XXX	XXX	1,106,615	1,277,895	1,282,585
5. 2014	XXX	XXX	XXX	1,036,625	1,125,424
6. 2015	XXX	XXX	XXX	XXX	1,081,191

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	959,523	966,809	966,809	966,809	966,809
2. 2011	1,237,767	1,431,223	1,444,997	1,444,997	1,444,997
3. 2012	XXX	1,326,873	1,534,640	1,544,890	1,544,890
4. 2013	XXX	XXX	1,299,097	1,496,386	1,501,418
5. 2014	XXX	XXX	XXX	1,184,568	1,282,218
6. 2015	XXX	XXX	XXX	XXX	1,283,877

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	1,414,021	1,224,847	27,732	2.264	1,252,579	88.583			1,252,579	88.583
2. 2012	1,497,151	1,289,084	37,231	2.888	1,326,315	88.589			1,326,315	88.589
3. 2013	1,455,123	1,282,585	35,561	2.773	1,318,146	90.587	343	6	1,318,495	90.611
4. 2014	1,355,707	1,128,424	35,258	3.125	1,163,682	85.836	5,851	86	1,169,619	86.274
5. 2015	1,453,562	1,081,191	30,700	2.839	1,111,891	76.494	204,364	3,279	1,319,534	90.779

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	18,510	18,510							
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including $ .... for investment income)									
5. Aggregate write-ins for other policy reserves	10,931,992							10,931,992	
6. Totals (gross)	10,950,502	18,510						10,931,992	
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	10,950,502	18,510						10,931,992	
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501. PSG Profit Sharing	10,931,992							10,931,992	
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	10,931,992							10,931,992	
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ ....for occupancy of own building)		264	7,333,807		7,334,071
2. Salaries, wages and other benefits	16,866,895	2,124,008	50,487,023		69,477,926
3. Commissions (less $..........ceded plus $..........assumed)			23,915,733		23,915,733
4. Legal fees and expenses			1,661,432		1,661,432
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	6,396,490	5,896,583	22,618,862	51,419	34,963,354
7. Traveling expenses		885,926	1,145,887		2,031,813
8. Marketing and advertising	557,355	24,913	5,485,736		6,068,004
9. Postage, express, and telephone		77,127	4,435,665		4,512,792
10. Printing and office supplies		159,367	1,777,734		1,937,101
11. Occupancy, depreciation and amortization		40,353	4,563,053		4,603,406
12. Equipment		46,670	698,866		745,536
13. Cost or depreciation of EDP equipment and software	20,855	50,822	5,062,355		5,134,032
14. Outsourced services including EDP, claims, and other services		2,728,411	6,376,686		9,105,097
15. Boards, bureaus and association fees	390	98,787	3,012,303		3,111,480
16. Insurance, except on real estate		2,903	1,747,574		1,750,477
17. Collection and bank service charges			1,929,036		1,929,036
18. Group service and administration fees			998,184		998,184
19. Reimbursements by uninsured accident and health plans	(5,493,519)	(3,255,025)	(41,496,665)		(50,245,209)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			7,586,341		7,586,341
23.3 Regulator authority licenses and fees			15,931,141		15,931,141
23.4 Payroll taxes	1,101,513	129,729	3,236,946		4,468,188
23.5 Other (excluding federal income and real estate taxes)	2,426	5,953	610,107		618,486
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	151,601	2,598,994	11,397,538		14,148,133
26. Total expenses incurred (Line 1 to Line 25)	19,604,006	11,615,785	140,515,344	51,419	(a) 171,786,554
27. Less expenses unpaid December 31, current year		3,371,320	49,323,934		52,695,254
28. Add expenses unpaid December 31, prior year		1,986,320	39,447,202		41,433,522
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30)	19,604,006	10,230,785	130,638,612	51,419	160,524,822
DETAILS OF WRITE-INS					
2501.	151,601	2,598,994	11,397,538		14,148,133
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)	151,601	2,598,994	11,397,538		14,148,133

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 8,112,789	6,515,930
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	2,303,313	2,261,214
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 49,554	49,233
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	16,040	16,040
10.	Total gross investment income	10,481,696	8,842,417
11.	Investment expenses		(g) 51,419
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 4,812
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		56,231
17.	Net investment income (Line 10 minus Line 16)		8,786,186
	DETAILS OF WRITE-INS		
0901.	FEHBP Investment income	16,040	16,040
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)	16,040	16,040
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 $ 134,044 accrual of discount less $ 649,880 amortization of premium and less $ 764,950 paid for accrued interest on purchases.
(b) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued dividends on purchases.
(c) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.
(d) Includes $ .... for company's occupancy of its own buildings; and excludes $ .... interest on encumbrances.
(e) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.
(f) Includes $ .... accrual of discount less $ .... amortization of premium.
(g) Includes $ .... investment expenses and $ .... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ .... interest on surplus notes and $ .... interest on capital notes.
(i) Includes $ .... depreciation on real estate and $ .... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	4,894,898		4,894,898		
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	6,629,407		6,629,407	(8,359,835)	
2.21	Common stocks of affiliates				42,534,085	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	2,028,974		2,028,974	(457,121)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	13,553,279		13,553,279	33,717,129	
	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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	2,047,601	5,470,037	3,422,436
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)	2,047,601	5,470,037	3,422,436
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	12,521,969	26,096,810	13,574,841
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	5,961,856	2,340,663	(3,621,193)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	4,803,000	2,408,000	(2,395,000)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	3,189,589	6,664,483	3,474,894
21. Furniture and equipment, including health care delivery assets	2,098,976	4,385,380	2,286,404
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	3,565,916		(3,565,916)
24. Health care and other amounts receivable	18,011,445	13,559,002	(4,452,443)
25. Aggregate write-ins for other-than-invested assets	1,970,433	5,320,716	3,350,283
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	54,170,785	66,245,091	12,074,306
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	54,170,785	66,245,091	12,074,306
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. Other non admitted assets	1,970,433	5,320,716	3,350,283
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)	1,970,433	5,320,716	3,350,283

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health Maintenance Organizations	20,531					
2. Provider Service Organizations						
3. Preferred Provider Organizations	654,598	584,535	577,338	568,234	562,951	6,903,547
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	1,428,690	1,407,045	433,093	423,944	422,923	3,855,944
7. Total	2,103,819	1,991,580	1,010,431	992,178	985,874	10,759,491
DETAILS OF WRITE-INS						
0601. Medicaid	1,428,690	1,407,045	433,093	423,944	422,923	3,855,944
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	1,428,690	1,407,045	433,093	423,944	422,923	3,855,944

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

A. Accounting Practices

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

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

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

	Domicile	2015	2014
NET INCOME			
(1) Triple-S Salud, Inc. state basis	PR	$ 33,336,016	$ 42,490,974
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	PR	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP	PR	-	-
(4) NAIC SAP		$ 33,336,016	$ 42,490,974
SURPLUS			
(1) Triple-S Salud, Inc. state basis	PR	$ 406,382,924	$ 395,107,351
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	PR	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP	PR	-	-
(4) NAIC SAP		$ 406,382,924	$ 395,107,351

B. Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities to prepare these statutory financial statements in conformity with the accounting practices prescribed or permitted by the Commissioner of Insurance. Actual results could differ from those estimates. The most significant items on the statutory statement of admitted assets, liabilities, and capital and surplus that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the claims liabilities; additional minimum pension liability; risk adjustments, Part D reinsurance, risk corridor accrual related to Medicare Advantage and deferred tax assets. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results.

C. Accounting Policy

NOTES TO FINANCIAL STATEMENTS

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

The nonadmitted assets charged to surplus during 2015 and 2014 are as follows:

	2015	2014
Deferred tax assets	$ 4,803,000	$ 2,408,000
Accounts receivable	$ 36,495,270	$ 41,996,475
Furniture and equipment	$ 5,288,565	$ 11,049,862
Goodwill	$ 1,139,484	$ 4,244,014
Investment in subsidiary	$ 908,117	$ 1,226,023
Due from affiliates	$ 3,565,916	$ -
Other	$ 1,970,433	$ 5,320,716
	$ 54,170,785	$ 66,245,090

Depreciation expense on the related furniture and equipment designated as nonadmitted assets amounted to approximately $6,179,189 and $14,483,721 for the years ended December 31, 2015 and 2014, respectively. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Short-Term investments
Short-term investments which have maturities of less than one year are stated at cost. There are no short-term investments at December 31, 2015.

Investments
Debt and equity securities are valued in accordance with rules promulgated by the NAIC. Debt securities that are designated highest-quality and high-quality (NAIC designation 1 and 2) are reported at amortized cost, with all other debt securities reported at the lower of amortized cost or fair market value. Debt securities eligible for amortization under such rules are stated net of unamortized premiums or discounts. As of December 31, 2015 and 2014 there are no debt securities reported at fair value on the Statements of Admitted Assets, Liabilities, and Capital and Surplus.

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

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

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

A decline in the fair value of any security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new net cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether evidence indicating that the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in the value subsequent to year-end, and forecasted performance of the investee.

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

grace period at the option of the Company. Managed care premiums are reported as earned when due.

For uncollectible premiums receivables, the Company follows SSAP No. 5R – *Liabilities, Contingencies and Impairments of Assets.* This guidance states that loss contingency or impairment of an asset (i.e. loss reserves) is defined as an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will be resolved when a future event occur or fail to occur (i.e. collection of receivables). SSAP No. 5R also states that any uncollectible receivable shall be written off and charged to income in the period the determination is made if the following two (2) conditions are met: (1) the loss is probable and (2) the amount of loss can be reasonably estimated. For the years ended December 31, 2015 and 2014, the Company recorded write-offs that were charged to income of $2,186,591 and $9,462,634, respectively.

Premiums for the Medicare Advantage (MA) business are based on a bid contract with the Centers for Medicare and Medicaid Services (CMS) and collected in advance of the coverage period. MA contracts provide for a risk factor to adjust premiums paid for members that represent a higher or lower risk to the Company. Retroactive rate adjustments are made periodically based on the aggregate health status and risk scores of the Company's MA membership. These risk adjustments are evaluated quarterly based on estimates. Actual results could differ from these estimates. As additional information becomes available, the recorded estimate are revised and reflected in operating results. The amount of net premium written subject to these retroactive adjustments amounted to $427,766,439, which represents 32% for the year ended December 31, 2014.

The Company did not accrue for medical loss ratio rebates since it did not exceed the threshold established in the Public Health Service Act.

Administrative service fees include revenue from certain groups, including the PSG contract effective November 1, 2011, that have managed care contracts that provide for the group to be at risk for all or a portion of their claims experience. For these groups, the Company is not at risk and only handles the administration of the insurance coverage for an administrative service fee. Except for the PSG contract, the Company pays claims under self-funded arrangements from its own funds, and subsequently receives reimbursement from these groups. The claims related to the administration of the Medicaid business are paid from a bank account owned and funded by the government of Puerto Rico. Claims paid under self-funded arrangements are excluded from the claims incurred in the accompanying financial statements. Administrative service fees under the self-funded arrangements are recognized based on the self-funded groups' membership or incurred claims for the period multiplied by an administrative fee rate plus other fees. Some of these self-funded groups purchase aggregate and/or specific stop-loss coverage. In exchange for a premium, the group's aggregate liability or the group's liability on any one episode of care is capped for the year. Premiums for the stop-loss coverage are actuarially determined based on experience and other factors and are recorded as earned over the period of the contract in proportion to the coverage provided. This fully insured portion of premiums is included within the premiums earned, net in the accompanying statements of earnings. The Medicaid contract with the Government of Puerto Rico contains a saving sharing provision whereby the Government of Puerto Rico shares with the Company a portion of the medical cost savings obtained with the administration of the regions served on an administrative service basis. Any savings sharing amount is recorded when earned as administrative service fees in the accompanying statements of earnings.

Electronic Data Processing Equipment

Electronic data processing equipment is stated at cost. Maintenance and repairs are expensed as incurred. Cost of electronic data processing equipment is capitalized and amortized over the lesser of the estimated useful lives of the assets or three years. Depreciation expense on electronic data processing equipment amounted to approximately $1,666,110 and $1,667,512 for the years ended December 31, 2015 and 2014, respectively.

Investment in affiliates

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

Other invested assets

NOTES TO FINANCIAL STATEMENTS

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

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

As part of the services to the Reform program, until September 30, 2010 the Company contracted with Independent Practice Associations (IPAs) for certain medical care services provided to the Reform's subscribers. The IPAs are compensated based on a capitation basis. The Company retains a portion of the capitation payments to provide for incurred but not reported losses. At December 31, 2015 and 2014, total withholdings and capitation payable amounted to $1,022,663, which are recorded as part of the liabilities, capital and surplus.

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

Fair Value of Financial Instruments
The estimated fair value information for financial instruments in the accompanying statutory financial statements was determined as follows:

- Cash and Short-Term Investments – The carrying amount approximates estimated fair value because of the short-term nature of those instruments.

- Investment in Securities – The estimated fair value of investment in securities is based on quoted market prices for those or similar investments. Additional information pertinent to the estimated fair value of investment in securities is included in Note 3.

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

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date. On November 6, 2011, SSAP No. 101, Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10, was adopted by the NAIC. SSAP No. 101 contains changes to accounting for current and deferred federal and foreign income taxes, effective January 1, 2012. This guidance provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. There are no deferred credits related to income tax credits as of December 31, 2015 and 2014.

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

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

NOTES TO FINANCIAL STATEMENTS

when the paid or accrued assessment is recoverable through either premium taxes or policy surcharges.

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

2. Accounting Changes and Corrections of Errors

Not Applicable

3. Business Combinations and Goodwill

Effective February 7, 2011, the Company completed the acquisition of 100% of the outstanding capital stock of American Health (now Triple-S Advantage), a provider of Medicare Advantage services to over 40,000 dual and non-dual elegible members in Puerto Rico.

The transaction was accounted for as statutory purchase. The cost was $84,751,160, resulting in goodwill in the amount of $61,376,000. Accumulated goodwill amortization for 2015 and 2014 amounted to $30,176,649 and $24,039,026, respectively, which resulted in $1,139,484 and $4,244,014, respectively, to be considered as non admitted. Goodwill amortization relating to the purchase of American Health was $6,137,624 for the years ended December 31, 2015 and 2014, respectively.

4. Discontinued Operations

Not Applicable

5. Investments

A. Mortgage Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Debt Securities

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

	2015			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of government-sponsored enterprises	$ 66,556,696	$ 266,204	$ -	$ 66,822,900
US Treasury and obligations of US governmental instrumentalities	97,700,356	$ 29,295	$ (173,321)	97,556,330
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	687,520	-	(602)	686,918
Municipal bonds	105,963,423	7,648,810	(100,548)	113,511,685
Corporate debt securities				-
Mortgage-backed securities	-	-	-	-
Collateralized mortgage obligations	-	-	-	-
	$ 270,907,995	$ 7,944,309	$ (274,471)	$ 278,577,833

NOTES TO FINANCIAL STATEMENTS

	2014			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of government-sponsored enterprises	$ 97,567,518	$ 940,757	$ (24,429)	$ 98,483,846
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	15,634,179	3,821	-	15,638,000
Municipal bonds	154,009,079	13,704,848	(18,199)	167,695,728
Corporate debt securities				-
Mortgage-backed securities	-	-	-	-
Collateralized mortgage obligations	3,759,478	89,827	-	3,849,305
	$270,970,254	$ 14,739,253	$ (42,628)	$285,666,879

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

	2015	2014
Bonds and notes	$270,220,475	$251,576,597
Mortgage-backed securities	-	-
Zero coupons and certificates of accrual	687,520	15,634,179
Collateralized mortgage obligations	-	3,759,478
	$270,907,995	$270,970,254

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2015 and 2014 are as follows:

	2015					
	Less Than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Obligations of government-sponsored enterprises	$ -	$ -	$ -	$ -	$ -	$ -
US Treasury and obligations of US governmental instrumentalities	85,621,430	(173,321)	-	-	85,621,430	(173,321)
Obligations of the Commonwealth of PuertoRico and its instrumentalities	686,918	(602)	-	-	686,918	(602)
Municipal bonds	24,775,143	(100,548)	-	-	24,775,143	(100,548)
Collateralized mortgage obligations	-	-	-	-	-	-
	$111,083,491	$ (274,471)	$ -	$ -	$111,083,491	$ (274,471)

	2014					
	Less Than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Obligations of government-sponsored enterprises	$ 12,439,500	$ (12,578)	$25,060,875	$ (11,851)	$ 37,500,375	$ (24,429)
Obligations of the Commonwealth of PuertoRico and its instrumentalities	-	-	-	-	-	-
Municipal bonds	9,533,233	(18,199)	-	-	9,533,233	(18,199)
Corporate debt securities					-	-
Collateralized mortgage obligations	-	-	-	-	-	-
	$ 21,972,733	$ (30,777)	$25,060,875	$ (11,851)	$ 47,033,608	$ (42,628)

The Company on a quarterly basis monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, an other-than-temporary impaired analysis (OTTI) is performed. The OTTI analysis includes, but not limited to, evaluating: (1) the length of time and the extent to which the estimated fair value has been less than amortized cost for fixed maturity securities, or cost for equity securities, (2) the financial condition, near-term and long-term prospects for the issuer, including relevant industry conditions and trends, and implications of rating agency actions, (3) the Company's intent to sell the security or the likelihood of a required sale prior to recovery, (4) the recoverability of principal and interest for fixed maturity securities, or cost for equity securities, and (5) other factors, as applicable. This process is not exact and further requires consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its estimated fair value solely due to changes in interest rates, other-than temporary impairment may not be appropriate. Due to the subjective nature of the Company's analysis, along with the judgment that must be applied in the analysis, it is possible that the Company could reach a different conclusion whether or not to impair a security if it had access to additional information about the investee. Additionally, it is possible that the investee's ability to meet future contractual obligations may be different than what the Company determined during its analysis, which may lead to a different impairment conclusion in future periods. If after monitoring and analyzing impaired securities, the Company determines that a decline in the estimated fair value of any available-for-sale or held-to-maturity security below cost is other than temporary, the carrying amount of the security is reduced to its fair value in accordance with current accounting guidance. The new cost basis of an impaired security is not adjusted for subsequent increases, in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment, the impaired security is accounted for as if it had been purchased on the measurement date of the impairment. For debt securities, the discount (or reduced premium) based on the new cost basis may be accreted into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

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

- Identification and evaluation of securities that have possible indications of other-than-temporary impairment, which includes an analysis of all investments with gross unrealized investments losses that represent 20% or more of cost and all investments with an unrealized loss greater than $100,000.

- Review and evaluation of any other security based on the investee's current financial condition, liquidity, near-term recovery prospects, implications of rating agency actions, the outlook for the business sectors in which the investee operates and other factors. This evaluation is in addition to the evaluation of those securities with a gross unrealized investment loss representing 20% or more of their cost.

- Consideration of evidential matter, including an evaluation of factors or triggers that may or may not cause individual investments to qualify as having other-than-temporary impairments; and

- Determination of the status of each analyzed security as other-than-temporary or not, with documentation of the rationale for the decision.

- Equity securities are considered to be impaired when a position is in an unrealized loss for a period longer than 6 months.

No impairments on investments were recorded for the years ended December 31, 2015 and 2014. Given the current market conditions and the significant judgment involved, there is a continuing risk, that further declines in fair value may occur and additional material other-than-temporary impairments may be recorded in future periods. Throughout the calendar year the Company continues to monitor the investment portfolios under the Company's impairment review policy.

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

Residential Mortgage Backed Securities and Collateralized Mortgage Obligations
The unrealized losses on investments in residential mortgage backed securities and collateralized mortgage obligations (CMOs) were mostly caused by fluctuations in interest rates and credit spreads. The contractual cash flows of these securities, other than private CMOs, are guaranteed by a U.S. government-sponsored enterprise. Any loss in these securities is determined according

to the seniority level of each tranche, with the least senior (or most junior), typically the unrated residual tranche, taking any initial loss. The investment grade credit rating of our securities reflects the seniority of the securities that the Company owns. The Company does not consider these investments other than temporary impaired. Because the decline in fair value is attributable to changes in interest rates and not credit quality; the Company does not intend to sell the investments and it is more likely than not that the Company will not be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and because the Company expects to collect all contractual cash flows.

The amortized cost and estimated fair value of debt securities at December 31, 2015 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year or less	$ 12,491,699	$ 12,788,750
Due after 1 year through 5 years	210,740,438	213,032,650
Due after 5 years through 10 years	27,506,161	29,516,899
Due after 10 years	20,169,697	23,239,534
	$ 270,907,995	$ 278,577,833

Proceeds from sales and maturities of debt securities during the year ended December 31, 2015 and 2014 were approximately $133,339,548 and $65,466,325, respectively. Gross gains and losses of approximately $4,977,147 and $82,249 in 2015, respectively, and $1,070,808 and $169,379 in 2014, respectively, were realized on those sales.

No instruments were held in the trading portfolio as of December 31, 2015.

E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Real Estate

Not Applicable

G. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

H. Restricted Assets

Investments with an amortized cost of $466,283 and $505,794 as of December 31, 2015 and 2014, respectively, (estimated fair value of $495,009 and $505,995 at December 31, 2015 and 2014, respectively), were deposited with the Commissioner of Insurance to comply with the deposit requirements of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code). Investments with an amortized cost of $519,618 and $515,458 as of December 31, 2015 and 2014, respectively, (estimated fair value of $519,618 and $515,458 as of December 31, 2015 and 2014, respectively), were deposited with the Commissioner of Insurance of the Government of the U.S. Virgin Islands.

I. Working Capital Finance Investments

Not Applicable

J. Offsetting and Netting of Assets and Liabilities

Not Applicable

K. Stuctured Notes

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Equity Securities

The cost, gross unrealized gains, gross unrealized losses, and estimated fair value of the equity securities at December 31, 2015 and 2014 are as follows:

	2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities				
Common stocks	$ 61,958,996	$ 15,597,326	$ -	$ 77,556,322
	$ 61,958,996	$ 15,597,326	$ -	$ 77,556,322

	2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities				
Common stocks	$ 56,965,979	$ 23,957,158	$ -	$ 80,923,137
	$ 56,965,979	$ 23,957,158	$ -	$ 80,923,137

Proceeds from sales of equity securities during the year ended December 31, 2015 and 2014 were approximately $25,482,056 and $52,270,458, respectively. Gross gains and losses of approximately $6,889,178 and $259,772 in 2015 and gross gains and losses of approximately $14,480,101 and $767,331 in 2014, respectively, were realized on those sales.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

7. Investment Income

Components of net investment income earned for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Debt securities		
Bonds and notes	$ 6,428,662	$ 8,460,775
Mortgage-backed securities	-	363
Zero coupons and certificates of accrual	49,527	509,585
Collateralized mortgage obligations	37,741	396,395
Cash and short-term investments	49,233	48,399
Other	16,040	9,491
	6,581,203	9,425,008
Equity securities		
Common stocks	2,261,214	2,775,569
	2,261,214	2,775,569
	8,842,417	12,200,577
Less: Investment and interest expenses incurred	56,231	194,560
	$ 8,786,186	$ 12,006,017

8. Derivative Instruments

Not Applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

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

(in thousands)	December 31,2015			December 31,2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross deferred tax assets	43,030		43,030	51,137		51,137	(8,107)	-	(8,107)
b. Statutory valuation allowance adjustments	(4,453)	-	(4,453)	(3,859)	-	(3,859)	(594)	-	(594)
c. Adjusted gross deferred tax assets (1a-1b)	38,577	-	38,577	47,278	-	47,278	(8,701)	-	(8,701)
d. Deferred tax asset nonadmitted	(4,803)		(4,803)	(2,408)		(2,408)	(4,803)	-	(2,395)
e. Subtotal net admitted deferred tax assets (1c-1d)	33,774	-	33,774	44,870		44,870	(13,504)	-	(11,096)
f. Deferred tax liabilities		(3,119)	(3,119)	-	(2,875)	(2,875)	-	(244)	(244)
g. Net admitted deferred tax assets /(net deferred tax liability) (1e-1f)	33,774	(3,119)	30,655	44,870	(2,875)	41,995	(11,096)	(244)	(11,340)

Admission Calculation Components SSAP No. 101
(in thousands)

	December 31,2015			December 31,2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-	-	-	-	-	-	-
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above after aplication of the threshold limitation.(the lesser of 2(b)2 below	-	-	-	-	-	-	-	-	-
1 Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2 Adjusted gross deferred tax assets allowed per limitation threshold	33,774		33,774	44,870		44,870	(11,096)		(11,096)
c. Adjusted gross deferred tax assets(excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	(3,119)	(3,119)	-	(2,875)	(2,875)	-	(244)	(244)
d.Deferred tax assets admitted as the result of application of SSAP No. 101 total (2(a) +2(b)+2c	33,774	(3,119)	30,655	44,870	(2,875)	41,995	(11,096)	(244)	(11,340)

	2015	2014
a. Ratio percentage used to determine recovery period and threshold limitation amount	482%	597%

For both years ended December 31, 2015 and 2014, income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes mainly as a result of exempt interest income, changes in nonadmitted assets, and unrealized gains at preferential rates. Additionally, the difference in the tax rate for the year ended December 31, 2014 is also impacted by the cumulative effect of the change in the enacted tax rate.

NOTES TO FINANCIAL STATEMENTS

Deferred income taxes reflect the tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The net deferred tax asset at December 31, 2014 and 2013 of the Company is composed of the following:

(in thousands)	**2015**	**2014**
Deferred tax assets		
Employee benefits plan	$ 1,646	$ 1,050
Postretirement medical plan accrual	-	1,198
Deferred compensation	1,454	1,268
Contingency reserves	124	273
Shared based compensation	1,667	1,177
Severance	624	-
Accumulated Value on Capital Assets	3,726	5,000
Depreciation	10,881	11,662
Tax Credit	-	2,887
Net operating loss	4,453	3,859
Nonadmitted assets	18,455	22,763
Total gross deferred tax assets	43,030	51,137
Statutory Valuation allowance	(4,453)	(3,859)
Adjusted Gross DTA	38,577	47,278
Less: Nonadmitted deferred tax assets	(4,803)	(2,408)
	33,774	44,870
Deferred tax liability		
Employee benefits plan	-	-
Unrealized on investment	(3,119)	(2,875)
Total deferred tax liabilities	(3,119)	(2,875)
Net deferred tax assets	$ 30,655	$ 41,995

The tax credits purchased by the Company are used against any income tax liability. The change in the net deferred tax asset at December 31, 2015 is as follows:

Change in total gross deferred tax assets	$ (8,700)
Change in total gross deferred tax liability	(244)
Change in net deferred taxes affecting surplus	$ (8,944)

Nonadmitted deferred tax assets increased $2,395,000 and decreased $69,000 for the years ended December 31, 2015 and 2014, respectively.

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

10. Information Concerning Parent, Subsidiaries and Other Related Parties

NOTES TO FINANCIAL STATEMENTS

The The Company accounts transactions with related parties in accordance with SSAP No. 25, *Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*. Transactions between related parties must be in the form of a written agreement and the agreement must provide for a timely settlement of amounts owed with a specific due date. Amounts owed that are more than 90 days from the due date are nonadmitted. If the agreement does not contain a due date, the uncollected receivable amounts are nonadmitted. Receivable due from Triple-S Advantage in the amount of $3,549,216 and from TSM International in the amount of $16,700 were recorded as nonadmitted assets as of December 31, 2015. No intercompany receivables were recorded as nonadmitted assets as of December 31, 2014.

The Company has the following net balances due from (to) the Parent Company and affiliates at December 31, 2015, which are recorded as due from Parent Company and affiliates and other receivables or as other expenses due and accrued and other liabilities, as applicable, in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus:

	2015						
(in thousands)	Triple-S Vida, Inc.	Triple-S Propiedad, Inc.	Interactive Systems, Inc.	Triple-S Advantage Inc.	Triple-C Inc.	Triple-S International Inc.	Triple-S Management Corporation
Net balances due from (to) Parent Company and affiliates	$ 375	$ 145	$ 1,771	$ 3,549	$ 193	$ 17	$ 27,560

	2014						
(in thousands)	Triple-S Vida, Inc.	Triple-S Propiedad, Inc.	Interactive Systems, Inc.	Triple-S Advantage Inc.	Triple-C Inc.	Triple-S International Inc.	Triple-S Management Corporation
Net balances due from (to) Parent Company and affiliates	$ 486	$ 188	$ 3,354	$ (39,787)	$ 194	$ (13)	$ 28,147

The balance due from Triple-S Management Corporation includes a note receivable in the amount of $15,716,000 and $15,000,238 for December 31, 2015 and 2014, respectively. This Note, which was approved by the Commissioner of Insurance of Puerto Rico, bears interest at an annual rate of 4.70% and shall be due and payable in a single installment including principal and interests accrued, on December 31, 2017.

The following are other related-party transactions during the years ended December 31, 2015 and 2014:

	2015	2014
Rent charges from Parent Company and an affiliate	$ 6,528,382	$ 6,528,382
Data processing charges from an affiliate including commissions of $472,000 and $486,000 in 2015 and 2014, respectively	5,082,000	5,497,238
Administrative charges to affiliates	7,375,419	5,982,477
Subscribers premiums billed to affiliates under rated and self-funded arrangements	7,016,000	7,679,388
Insurance premiums paid to affiliates	7,000	10,961

Effective December 31, 2014, Triple-S Advantage (TSA) and the Company entered into a novation agreement after obtaining approval from the Centers for Medicare and Medicaid Services (CMS), whereby all the assets and liabilities of the related MA business maintained at the effective date were transferred to TSA. Triple-S Advantage assumed all obligations of the policies and all obligations that may exist under the contracts. The total assets of $40,003,943 and total liabilities of $79,348,183 related to the MA business were transferred as included in the table below. The difference between the assets and liabilities was settled in cash prior to March 31, 2015 and is recorded as an intercompany payable and intercompany receivable for the Company and TSA, respectively, as of December 31, 2014. Therefore, there is no gain or loss for either entity as a result of this transaction for the year-ended December 31, 2014.

Assets:		
Premiums and accounts receivable	$	39,629,427
Other assets		374,516
Due from TSS		39,344,240
Total assets	$	79,348,183
Liabilities:		
Claims liabilities	$	55,069,989
Accounts payable and accrued liabilities		24,278,194
Total liabilities	$	79,348,183

The novation transaction was accounted for as a transfer of a business between entities under common control. For purposes of the Company's financial statements as the contributing entity, historical results of the MA business are included within the statement of operations. The assets and liabilities related to the MA business transferred are included in the investment in subsidiary as of December 31, 2014 because the Company's investment in Triple-S Advantage is reported under the equity method of accounting.

11. Debt

Not applicable.

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

Noncontributory Defined benefit Pension Plan

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

The administration of the Plans resides in the Parent Company. The pension costs are allocated to the Company by the Parent Company based on the percentage of total accumulated benefit obligations of Company employees to total accumulated benefit obligations of all employees covered in the Plans.

Pension expense allocated to the Company amounted to $6,182,000 and $5,228,000 in 2015 and 2014, respectively. The Company's allocated contribution for the plan was $5,181,000 for 2015 and $4,998,000 for 2014.

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13. Capital and Surplus

As a member of the BCBSA, the Company is required by membership standards of the association to maintain liquidity as defined by BCBSA, that is, to maintain net worth exceeding the Company action level as defined in the NAIC's *Risk-Based Capital for Insurers Model Act*. The Company is in compliance with this requirement. On March 18, 2008, the Puerto Rico Insurance Code was amended to require that Insurance companies must comply with the requirements established by the NAIC's *Risk-Based Capital for Insurers Model Act* commencing on December 31, 2009.

Common stock included as a component of stockholder's equity has a par value of $40 per share and consists of 3,750,000 shares issued, authorized and outstanding at December 31, 2015 and 2014, respectively.

The accumulated earnings of the Company are restricted as to the payment of dividends by statutory limitations applicable to domestic insurance companies. Such limitations restrict the payment of dividends by insurance companies generally to unrestricted unassigned surplus reported for statutory purposes, which is estimated at $242,000,000 at December 31, 2015.

14. Contingencies

Legal Proceedings

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

As of December 31, 2015, the Company is involved in various legal actions arising in the ordinary course of business. The Company is also defendant in various other litigations and proceedings, some of which are described below. Where the Company believes that a loss is both probable and estimable, such amounts have been recorded. Although the Company believes the estimates of such losses are reasonable, these estimates could change as a result of further developments in these matters. In other cases, it is at least reasonably possible that the Company may incur a loss related to one or more of the mentioned pending lawsuits or investigations, but the Company is unable to estimate the range of possible loss which may be ultimately realized, either individually or in the aggregate, upon their resolution. The outcome of legal proceedings is inherently uncertain and pending matters for which accruals have not been established have not progressed sufficiently to enable us to estimate a range of possible loss, if any. Given the inherent unpredictability of these matters, it is possible that an adverse outcome in one or more of these matters could have a material adverse effect on the consolidated financial condition, operating results and/or cash flows of the Company.

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

Claims by Heirs of Former Shareholders

The Company and Triple-S Salud, Inc. (TSS) are defending nine individual lawsuits, all filed in state court, from persons who claim to have inherited a total of 124 shares of the Company or one of its predecessors or affiliates (before giving effect to the 3,000-for-one stock split). While each case presents unique facts and allegations, the lawsuits generally allege that the redemption of the shares by the Company pursuant to transfer and ownership restrictions contained in the Company's (or its predecessors' or affiliates') articles of incorporation and bylaws was improper.

In one of these cases, entitled Vera Sánchez, et al, v. Triple-S, the plaintiffs argued that the redemption of shares was fraudulent and was not subject to the two-year statute of limitations contained in the local securities law. The Puerto Rico's Court of First Instance dismissed the claim and determined it was time barred under the local securities law. On January 27, 2012, the Puerto Rico Court of Appeals upheld the dismissal. On October 1, 2013, the Puerto Rico Supreme Court reversed the dismissal, holding that the two-year statute of limitations contained in the local securities law did not apply and returning it to the Court of First Instance. After returning to the Court of First Instance, the parties have been conducting discovery. On December 16, 2015, the Company filed a motion for summary judgment.

In the second case, entitled Olivella Zalduondo, et al, v. Seguros de Servicios de Salud, et al, Puerto Rico's Court of First Instance granted the Company's motion to dismiss on grounds that the complaint was time-barred under the two-year statute of limitations of the local securities laws. On appeal, the Court of Appeals affirmed the decision of the lower court. On January 8, 2013, the Puerto Rico Supreme Court ruled that the applicable statute of limitations is the fifteen-year period of the Puerto Rico's Civil Code for collection of monies. On January 28, 2013, the Company filed a motion for reconsideration which was subsequently denied. On March 26, 2013, plaintiffs amended their complaint, which was answered by the Company on April 16, 2013. Discovery is ongoing.

In the third case, entitled Heirs of Dr. Juan Acevedo, et al, v. Triple-S Management Corporation, et al, the Puerto Rico Court of First Instance denied our motion for summary judgment based on its determination that there are material issues of fact in controversy. In response to our appeal, the Puerto Rico Court of Appeals confirmed the decision of the Puerto Rico's Court of First Instance and denied a subsequent plea for reconsideration. Both parties have filed motions for summary judgment and, consequently, their respective oppositions. The parties are awaiting the court's decision on their respective motions for summary judgment.

The fourth case, entitled Montilla López, et al, v. Seguros de Servicios de Salud, et al, was filed on November 29, 2011. The Company filed a motion to dismiss on the grounds that the claim is time barred under the local securities laws, which was denied by the court on January 24, 2013. After two amendments to plaintiff's complaint, the Company filed its response on June 13, 2013. A status conference is scheduled for May 24, 2016. Discovery is ongoing.

The fifth case, entitled Cebollero Santamaría v. Triple-S Salud, Inc., et al, was filed on March 26, 2013, and the Company filed its response on May 16, 2013. On October 29, 2013, the Company filed a motion for summary judgment on the grounds that the claim is time-barred under the fifteen-year statute of limitations of the Puerto Rico Civil Code for collection of monies and, in the alternative, that plaintiff failed to state a claim for which relief can be granted, which was denied by the court. On November 2, 2015, the Company filed a petition of Writ of Certiorari with the Puerto Rico Court of Appeals. Discovery is ongoing.

The sixth case, entitled Irizarry Antonmattei, et al, v. Seguros de Servicios de Salud, et al, was filed on April 16, 2013 and the Company filed its response on June 21, 2013. After several pleas, including a motion to dismiss filed by the Company, plaintiff amended their complaint. On November 5, 2013, the Company moved to dismiss the first amended complaint. On May 16, 2014, plaintiffs filed a motion for summary judgment, which the Company opposed on May 28, 2014. On June 16, 2014, the court ordered plaintiffs to file a memorandum of law and struck plaintiff's motion for summary judgment. On September 18, 2014, the court denied our motion to dismiss the amended complaint. On September 29, 2014, the Company filed a motion for reconsideration, which was denied by the court on November 4, 2014. On December 4, 2014, the Company filed a petition of Writ of Certiorari with the Puerto Rico Court of Appeals, which was denied on April 1, 2015. A pretrial hearing is scheduled for June 16, 2016. Discovery is ongoing.

The seventh case, entitled Allende Santos, et al, v. Triple-S Salud, et al, was filed on March 28, 2014. On July 2, 2014, the Company filed its response. A status conference is scheduled for May 19, 2016. Discovery is ongoing.

The eighth case, entitled Gallardo Mendez, et al, v. Triple-S Management Corporation, was filed on December 30, 2014. On March 13, 2015, the Company filed a motion to dismiss. After an extension of time granted by the court, plaintiff did not file an opposition. Therefore, on June 16, 2015, the court deemed our motion to dismiss unopposed. We are awaiting the court's ruling on the Company's motion to dismiss and further proceedings.

The ninth case, entitled Ruiz de Porras, et al, v. Triple-S Salud, Inc., was filed on January 7, 2016. The Company is in the process to file its response.

Management believes the aforesaid claims are time barred under one or more statutes of limitations and will vigorously defend them on these grounds; however, as a result of the Puerto Rico Supreme Court's decision to deny the applicability of the statute of limitations contained in the local securities law, some of these claims will likely be litigated on their merits.

Joint Underwriting Association Litigations

On August 19, 2011, plaintiffs, purportedly a class of motor vehicle owners, filed an action in the United States District Court for the District of Puerto Rico against the Puerto Rico Joint Underwriting Association (JUA) and 18 other defendants, including TSP, alleging violations under the Puerto Rico Insurance Code, the Puerto Rico Civil Code, the Racketeer Influenced and Corrupt Organizations Act (RICO) and the local statute against organized crime and money laundering. JUA is a private association created by law to administer a compulsory public liability insurance program for motor vehicles in Puerto Rico (CLI). As required by its enabling act, JUA is composed of all the insurers that underwrite private motor vehicle insurance in Puerto Rico and exceed the minimum underwriting percentage established in such act. TSP is a member of JUA.

In this lawsuit, entitled Noemí Torres Ronda, et al v. Joint Underwriting Association, et al., plaintiffs allege that the defendants illegally charged and misappropriated a portion of the CLI premiums paid by motor vehicle owners in violation of the Puerto Rico Insurance Code.

Specifically, they claim that because the defendants did not incur acquisition or administration costs allegedly totaling 12% of the premium dollar, charging for such costs constitutes the illegal traffic of premiums. Plaintiffs also claim that the defendants, as members of JUA, violated RICO through various inappropriate actions designed to defraud motor vehicle owners located in Puerto Rico and embezzle a portion of the CLI premiums for their benefit.

Plaintiffs seek the reimbursement of funds for the class amounting to $406,600, treble damages under RICO, and equitable relief, including a permanent injunction and declaratory judgment barring defendants from their alleged conduct and practices, along with costs and attorneys' fees. Discovery has been completed.

Since 2011, TSP has been defending this claim and, jointly with other defendants, has filed several pleas in connection with the certification of the class and the dismissal of the claim. On December 17, 2015, other three defendants filed a joint motion informing the court that said defendants are conducting negotiations to settle the claim and requested a 60-day period in other to continue the negotiations. Subsequently, the term to continue negotiations was extended until March 17, 2016.

In re Blue Cross Blue Shield Antitrust Litigation

TSS is a co-defendant with multiple Blue Plans and the BCBSA in a multi-district class action litigation filed on July 24, 2012 that alleges that the exclusive service area (ESA) requirements of the Primary License Agreements with Plans violate antitrust law, and the plaintiffs in these suits seek monetary awards and in some instances, injunctive relief barring ESAs. Those cases have been centralized in the United States District Court for the Northern District of Alabama. Prior to centralization, motions to dismiss were filed by several plans, including TSS. The parties have filed several pleas and presented their position in argumentative hearings before the court in connection with the motion to dismiss, which was ultimately dismissed without prejudice by the court. Also, on April 6, 2015, plaintiffs filed suit in the United States District Court of Puerto Rico, which we believe does not preclude TSS' jurisdictional arguments. Discovery is ongoing. The Company has joined BCBSA in vigorously contesting these claims.

Claims Relating to the Provision of Health Care Services

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

On June 5, 2014, ASES initiated an administrative hearing against TSS moved by a primary medical group for alleged outstanding claims related to services provided to Medicaid beneficiaries from 2005 to 2010, totaling approximately $3,000. On June 19, 2014, TSS filed its response. On June 25, 2014, the hearing officer ordered the parties to file a joint working plan and schedule, which the parties are executing. Discovery has been completed and the parties are awaiting further proceedings.

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

Regulatory Matters

Our business is subject to review by regulators in Puerto Rico, U.S. Virgin Islands, British Virgin Islands, Anguilla and Costa Rica. Also, our Medicare and Medicaid segments are subject to the review of federal regulatory authorities. These regulatory authorities conduct regular reviews of many aspects of our business, including, but not limited to, legal and regulatory compliance, business practices, privacy issues, delivery of services, among others. These reviews could result in fines or other sanctions being imposed on us or may require us to adopt corrective action plans or changes in our practices. Also, they could have a material adverse effect on our reputation and business, including mandatory disclosure to the media, significant increases in the cost of managing and remediating incidents and material fines, contract termination, penalties and litigation awards, among other consequences, any of which could have a material and adverse effect on our results of operations, financial position and cash flows.

On November 20, 2015, the Company entered into a Resolution Agreement with HHS and OCR (the Resolution Agreement) to settle all incidents being investigated by OCR up to the date of execution of the Resolution Agreement. As part of the Resolution Agreement, the Company agreed to pay $3.5 million, without admitting any liability, implement a three year corrective action plan, and comply with other terms and conditions. The amount paid as part of this agreement is included as operating expenses in the accompanying consolidated statements of earnings for the year ended December 31, 2015.

On November 20, 2015, the Company also reached a settlement agreement with ASES (the ASES Settlement Agreement) related to any and all privacy related incidents reported to ASES up to the date of execution of the ASES Settlement Agreement. As part of the ASES Settlement Agreement, the Company did not admit any liability and agreed to pay ASES $1.5 million in full accord and satisfaction and settlement of any and all reported incidents. The amount paid as part of this agreement is included as operating expenses in the accompanying consolidated statements of earnings for the year ended December 31, 2015.

ASES Audits

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

On July 2, 2014, ASES notified TSS that the results of an audit conducted in connection with the government health plan contract for several periods between October 2005 to September 2013, reflected overpayment of premiums made to TSS pursuant to prior contracts with ASES in the amount of $7,950. The alleged overpayments were related to duplicated payments or payments made for deceased members, and requested the reimbursement of the alleged overpayment. TSS contends that ASES request for reimbursement has no merits on several grounds, including a 2011 settlement between both parties covering the majority of the amount claimed by ASES, and that ASES, under the terms of the contracts, was responsible for certifying the membership. On March 24, 2015, the court ruled that the scope of the 2011 settlement agreement did not preclude ASES from recovering “future claims” including the alleged improper payments. After the denial of a subsequent motion for reconsideration and a petition for a Writ of Certiorari by the Puerto Rico Court of Appeals, on January 21, 2016, TSS filed a petition of a Writ of Certiorari with the Supreme Court of Puerto Rico. TSS also amended its claim to include the Puerto Rico Health Department (PRHD), as it asserts the PRHD is an indispensable party for the resolution of this matter. With this amendment, TSS seeks payment of approximately $5,000 as, if ASES’s allegations are considered correct, premiums paid to TSS should have been higher than what ASES actually paid given the additional risk assumed by TSS. The Company will continue to conduct a vigorous defense of this matter.

b. Guarantee Association

We are required by Puerto Rico law and by the BCBSA guidelines to participate in certain guarantee associations. To operate in Puerto Rico, the Company is required to be a member of the Asociación de Garantía de Seguros de Vida, Incapacidad y Salud, which is organized to pay policyholders contractual benefits on behalf of insurers declared insolvent. This association levy assessments, up to prescribed limits, on a proportional basis, to all member insurers in the line of business in which the insolvent insurer was engaged. In accordance with insurance laws and regulations assessments are recoverable through policy surcharges. During 2015 and 2014 no assessments were attributable to the Company. The Company paid approximately $13,000 and $9,000 to this association during 2015 and 2014, respectively. It is the opinion of management that any possible future guarantee association assessments will not have a material effect on our operating results and/or cash flows, although there is no ceiling on these payment obligations.

15. Leases

The Company leases its office building to the Parent Company, regional offices, certain equipment, and warehouse facilities under operating noncancelable leases. Minimum annual rental commitments at December 31, 2015 under existing agreements are summarized as follows:

NOTES TO FINANCIAL STATEMENTS

Years Ending December 31,	
2016	$ 4,604,000
2017	721,000
2018	240,000
2019	183,000
2020	605,000
Thereafter	-
	$ 6,353,000

Rental expense for 2015 and 2014 was approximately $7,862,000 and $9,156,000, respectively, after deducting approximately $87 and $50, respectively, related to amounts reimbursed by Medicare.

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

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

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

Not Applicable

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

The Company processes and pays claims as an Administrative Services Contract (ASC) plan for several private groups and as an Administrative Service Only (ASO) plan island-wide of PSG (formerly known as Mi Salud Program). The contract between the Company and the Commonwealth of Puerto Rico for the provision of services related to the Reform expired by its own terms on September 30, 2010 (Note 1). The PSG became effective November 1, 2011 with an ASO contract with the Commonwealth of Puerto Rico that expired on March 31, 2015. Beginning April 1, 2015 the Company participates in PSG as a fully insured provider in two regions of Puerto Rico. In accordance with SSAP No. 47, *Uninsured Plans*, the premiums earned and benefits incurred related to administrative service contracts are excluded from the accompanying statutory statements of revenue and expenses. Also, the administrative fees and related reimbursements from the uninsured plans are presented as a deduction of operating expenses in the accompanying statutory statements of revenue and expenses.

Following is a summary of the results from the operations of the uninsured accident and health plans during 2015 and 2014:

	2015	2014
Uninsured ASO plans		
Gross administrative fees earned	$ 25,200,226	$ 96,258,768
Gross administrative expenses incurred	23,686,641	(75,605,431)
Net gain from operations	$ 48,886,867	$ 20,653,337
Claim payment volume	$ 1,527,138,127	$ 1,527,138,127
Uninsured ASC plans		
Gross reimbursement for medical costs incurred	$ 325,596,647	$ 363,723,397
Gross administrative fees earned	25,044,984	27,724,350
Gross claims and administrative expenses incurred	(358,699,482)	(394,991,828)
Net (loss) gain from operations	$ (8,057,851)	$ (3,544,081)

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

Not Applicable

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurement

Fair Value Hierarchy

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

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

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820, Fair Value Measurements. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.
- The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2015:

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2015	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Bonds				
US Government	$ 164,257,052	$ 97,556,330	$ 66,822,900	
State Territories and Possessions	$ 105,963,423		$ 113,511,685	
Special Revenue and Assessment	$ 687,520		$ 686,918	
Total Bonds	$ 270,907,995	$ 97,556,330	$ 181,021,503	$ -
Stocks				
Mutual Funds	$ 77,556,322	$ 71,130,084	$ 5,625,198	$ 801,040
Total Stocks	$ 77,556,322	$ 71,130,084	$ 5,625,198	$ 801,040
Assets at fair Value	$ 348,464,317	$ 168,686,414	$ 186,646,701	$ 801,040

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2014:

NOTES TO FINANCIAL STATEMENTS

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2014	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Bonds				
US Government	$ 97,567,518	$ 23,866,728	$ 74,617,118	
State Territories and Poss	$ 154,009,079		$ 167,695,730	
Special Revenue and Ass	$ 19,393,657		$ 19,487,305	
Total Bonds	$ 270,970,254	$ 23,866,728	$ 261,800,153	$ -
Stocks				
Mutual Funds	$ 80,923,137	$ 75,205,643	$ 5,717,494	
Total Stocks	$ 80,923,137	$ 75,205,643	$ 5,717,494	$ -
Assets at fair Value	$ 351,893,391	$ 99,072,371	$ 267,517,647	$ -

21. Other Items

Not Applicable

22. Events Subsequent

On January 1, 2016, the Company will be subject to an annual fee under section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be $24,897,202. This amount is reflected in special surplus. This assessment is expected to impact risk based capital by approximately 6%. Reporting the ACA assessment as of December 31, 2015, would not have triggered an RBC action level.

Information regarding the ACA assessment follows:

	Current Year	Prior Year
A. ACA fee assessment payable for the upcoming year:	$ 24,897,202	$ 16,269,280
B. ACA fee assessment paid:	$ 15,854,622	$ 20,626,429
C. Premiums written subject to ACA 9010 assessment:	$ 1,452,113,773	$ 880,467,853
D. Total Adjusted Capital before surplus adjustment:	$ 406,019,054	$ 402,739,313
E. Authorized Control Level before surplus adjustment:	$ 84,316,357	$ 61,404,123
F. Total Adjusted Capital after surplus adjustment:	$ 381,121,852	$ 386,470,033
G. Authorized Control Level after surplus adjustment:	$ 84,316,357	$ 61,404,123
H. Would reporting the ACA assessment as of Dec. 31, 2015 triggered an RBC action level (YES/NO)? **NO**		

23. Reinsurance

NOTES TO FINANCIAL STATEMENTS

Section 1 – General Interrogatories

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

Yes ( ) No (X)

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

Yes ( ) No (X)

Section 2 – Ceded Reinsurance Report – Part A

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

Yes ( ) No (X)

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

Yes ( ) No (X)

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

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

Yes ( ) No (X)

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

25. Change in Incurred Losses

The activity in the claim liabilities during 2015 and 2014 is as follows (in thousands):

(in thousands)	**2015**	**2014**
Claim liabilities at beginning of year	$ 123,372	$ 223,884
Incurred claims		
Current period insured events	1,284,443	1,208,378
Prior periods insured events	(17,592)	(36,763)
Total incurred	1,266,851	1,171,615
Payment for claims		
Current period insured events	1,079,806	1,037,406
Prior periods insured events	96,488	179,651
Total paid	1,176,294	1,217,057
Net claim liabilities	213,929	178,442
Calims liabilities transfer to TSA	-	(55,070)
Claim liabilities at end of year	$ 213,929	$ 123,372

As a result of differences between actual amounts and estimates of insured events in prior years, the amounts included as incurred claims for prior periods insured events differ from anticipated claims incurred. The credits in the claims incurred and loss-adjustment expenses for prior period insured events for 2015 and 2014 are due primarily to better than expected utilization trends.

26. Intercompany Pooling Arrangements

Not Applicable

27. Structured Settlements

Not Applicable

28. Health Care Receivables

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

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

NOTES TO FINANCIAL STATEMENTS

(in thousands) Quarter Ended	2015 Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
December 31, 2015	$ 4,200	$ 4,200	$ -	$ -	$ -
September 30, 2015	4,200	6,265	-	-	-
June 30, 2015	4,200	5,654	-	2,956	1,388
March 31, 2015	4,200	5,295	-	3,030	2,089
	$ 16,800	$ 21,414	$ -	$ 5,986	$ 3,477

(in thousands) Quarter Ended	2014 Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
December 31, 2014	$ 5,300	$ 5,085	$ -	$ 3,824	$ 1,191
September 30, 2014	7,684	8,591	-	2,579	1,878
June 30, 2014	7,284	7,387	-	3,160	3,207
March 31, 2014	7,235	7,679	-	2,528	5,105
	$ 27,503	$ 28,742	$ -	$ 12,091	$ 11,381

(in thousands) Quarter Ended	2013 Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
December 31, 2013	$ 6,895	$ 7,570	$ -	$ 3,044	$ 4,399
September 30, 2013	5,800	6,928	-	1,863	5,003
June 30, 2013	6,000	6,565	-	3,120	3,295
March 31, 2013	5,900	6,184	-	2,337	3,847
	$ 24,595	$ 27,247	$ -	$ 10,364	$ 16,544

29. Participating Policies

Not Applicable

30. Premium Deficiency Reserves

No premiums deficiency reserve was deemed necessary at 12/31/15.

31. Anticipated Salvage and Subrogation

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ( )

If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No ( ) N/A ( )

1.3 State Regulating? ....

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. 12/31/2011

3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2011

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

3.4 By what department or departments?

....

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes ( ) No ( ) N/A (X)

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No ( ) N/A ( )

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes ( ) No (X)
4.12 renewals? Yes ( ) No (X)

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes ( ) No (X)
4.22 renewals? Yes ( ) No (X)

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)

5.2 If yes, provide the name of 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 ( )

6.2 If yes, give full information:

....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No ( )

7.2 If yes,

7.21 State the percentage of foreign control .... %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No ( )

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No ( )

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte, 350 Carlos Chardon Avenue, San Juan, Puerto Rico 00918

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes ( ) No (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:

....

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Marc A. Lambright, Three Logan Square, Suite 1100, Philadelphia, PA 19103

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)

12.11 Name of real estate holding company ....

12.12 Number of parcels involved ....

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 ( )

13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No (X)

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain: ....

14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)

14.21 If the response to 14.2 is yes, provide information related to amendment(s). ....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). ....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes ( ) No (X)

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes (X) No ( )

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes (X) No ( )

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes (X) No ( )

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ( ) No (X)

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
20.11 To directors or other officers $..........
20.12 To stockholders not officers $..........
20.13 Trustees, supreme or grand (Fraternal only) $..........

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
20.21 To directors or other officers $..........
20.22 To stockholders not officers $..........
20.23 Trustees, supreme or grand (Fraternal only) $..........

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ( ) No (X)

21.2 If yes, state the amount thereof at December 31 of the current year:
21.21 Rented from others $..........
21.22 Borrowed from others $..........
21.23 Leased from others $..........
21.24 Other $..........

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: $ 30,044,339

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25.21	Subject to repurchase agreements	$..................
25.22	Subject to reverse repurchase agreements	$..................
25.23	Subject to dollar repurchase agreements	$..................
25.24	Subject to reverse dollar repurchase agreements	$..................
25.25	Placed under option agreements	$..................
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$..................
25.27	FHLB Capital Stock	$..................
25.28	On deposit with states	$..................
25.29	On deposit with other regulatory bodies	$.........985,901
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	$..................
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	$..................
25.32	Other	$..................

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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	$ 270,907,995	$ 278,577,833	$ 7,669,838
30.2 Preferred stocks	$	$	$
30.3 Totals	$ 270,907,995	$ 278,577,833	$ 7,669,838

30.4 Describe the sources or methods utilized in determining the fair values:
NAIC Securities Valuation Office

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? $

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
	$
	$
	$
	$

34.1 Amount of payments for legal expenses, if any? $ 1,041,856

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
Casellas, Alcover & Burgos	$ 329,180
Reichard & Escalera Law Office	$ 330,771
	$
	$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 - HEALTH INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only. $ 24,107,584

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

1.31 Reason for excluding:

....

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 16,100,008

1.6 Individual policies:

Most current three years:		
1.61	Total premium earned	$ 24,107,584
1.62	Total incurred claims	$ 16,100,008
1.63	Number of covered lives	 17,591
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 polices:

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	$ 1,453,346,505	$ 1,345,212,731
2.2	Premium Denominator	$ 1,453,346,505	$ 1,361,687,708
2.3	Premium Ratio (2.1 / 2.2)	.... 1.000	.... 0.988
2.4	Reserve Numerator	$ 221,508,455	$ 121,385,829
2.5	Reserve Denominator	$ 221,508,455	$ 121,620,093
2.6	Reserve Ratio (2.4 / 2.5)	.... 1.000	.... 0.998

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

3.2 If yes, give particulars:

....

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

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

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

5.2 If no, explain:

....

5.3 Maximum retained risk (see instructions)

5.31	Comprehensive Medical	$ 1,000,000
5.32	Medical Only	$..................
5.33	Medicare Supplement	$..................
5.34	Dental & Vision	$..................
5.35	Other Limited Benefit Plan	$..................
5.36	Other	$ 100,000

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

....

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

7.2 If no, give details:

....

8. Provide the following information regarding participating providers:

8.1	Number of providers at start of reporting year	....
8.2	Number of providers at end of reporting year	....

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

9.2 If yes, direct premium earned:

9.21	Business with rate guarantees between 15-36 months	 16,511,063
9.22	Business with rate guarantees over 36 months	....

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

10.2 If yes:

10.21	Maximum amount payable bonuses	$....................
10.22	Amount actually paid for year bonuses	$....................
10.23	Maximum amount payable withholds	$....................
10.24	Amount actually paid for year withholds	$....................

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

11.1 Is the reporting entity organized as:

11.12	A Medical Group / Staff Model,	Yes ( ) No (X)
11.13	An Individual Practice Association (IPA), or	Yes ( ) No (X)
11.14	A Mixed Model (combination of above)?	Yes ( ) No (X)

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

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

11.4 If yes, show the amount required. $ 1,000,000

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

11.6 If the amount is calculated, show the calculation

....

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

1 Name of Service Area

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

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

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

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

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

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

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

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

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

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

FIVE - YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
BALANCE SHEET (Page 2 and Page 3)					
1. Total admitted assets (Page 2, Line 28)	735,822,119	653,632,964	714,192,085	702,473,363	626,057,235
2. Total liabilities (Page 3, Line 24)	329,803,066	258,525,613	332,394,130	368,162,858	335,333,546
3. Statutory minimum capital and surplus requirement	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4. Total capital and surplus (Page 3, Line 33)	406,019,054	395,107,351	381,797,954	334,310,505	290,723,690
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	1,453,562,258	1,355,707,881	1,455,123,560	1,497,200,630	1,416,750,484
6. Total medical and hospital expenses (Line 18)	1,266,851,185	1,171,615,421	1,281,468,531	1,317,363,339	1,225,141,692
7. Claims adjustment expenses (Line 20)	31,219,791	36,233,466	35,214,484	36,903,936	36,645,203
8. Total administrative expenses (Line 21)	140,515,344	121,370,215	133,587,819	108,791,810	127,942,802
9. Net underwriting gain (loss) (Line 24)	14,975,938	26,488,779	10,852,728	34,141,545	27,020,787
10. Net investment gain (loss) (Line 27)	22,339,465	27,198,038	14,004,519	14,191,428	26,821,744
11. Total other income (Line 28 plus Line 29)	2,546,049	1,766,439	3,056,272	3,548,913	2,039,612
12. Net income or (loss) (Line 32)	33,336,018	42,490,974	23,964,569	39,505,138	49,363,542
CASH FLOW (Page 6)					
13. Net cash from operations (Line 11)	137,883,152	(22,983,017)	18,907,320	55,782,981	95,180,424
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	406,019,054	395,107,353	381,797,954	334,310,505	290,723,690
15. Authorized control level risk-based capital	84,316,357	59,095,789	63,311,330	63,262,888	44,137,646
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	985,874	2,103,819	2,159,464	1,670,108	1,651,924
17. Total members months (Column 6, Line 7)	10,759,491	25,357,492	21,404,367	19,943,245	11,072,266
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	87.2	86.4	88.1	88.0	86.5
20. Cost containment expenses	1.3	0.7	1.2	0.9	1.5
21. Other claims adjustment expenses	0.8	1.9	1.3	1.5	1.0
22. Total underwriting deductions (Line 23)	99.0	98.0	99.7	97.7	98.1
23. Total underwriting gain (loss) (Line 24)	1.0	2.0	0.3	2.3	1.9
UNPAID CLAIMS ANALYSIS (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	104,360,321	207,540,462	221,032,084	210,309,504	224,432,367
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	121,385,829	220,493,049	239,289,129	219,819,448	237,057,467
INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)	77,879,400	35,345,314	56,279,340	44,456,055	67,677,347
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Line 26 to Line 31	77,879,400	35,345,314	56,279,340	44,456,055	67,677,347
33. Total investment in parent included in Line 26 to Line 31 above					

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only Year to Date							
		2	3	4	5	6	7	8	9
States, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Column 2 Through Column 7	Deposit-Type Contracts
1. Alabama AL	N								
2. Alaska AK	N								
3. Arizona AZ	N								
4. Arkansas AR	N								
5. California CA	N								
6. Colorado CO	N								
7. Connecticut CT	N								
8. Delaware DE	N								
9. District of Columbia DC	N								
10. Florida FL	N								
11. Georgia GA	N								
12. Hawaii HI	N								
13. Idaho ID	N								
14. Illinois IL	N								
15. Indiana IN	N								
16. Iowa IA	N								
17. Kansas KS	N								
18. Kentucky KY	N								
19. Louisiana LA	N								
20. Maine ME	N								
21. Maryland MD	N								
22. Massachusetts MA	N								
23. Michigan MI	N								
24. Minnesota MN	N								
25. Mississippi MS	N								
26. Missouri MO	N								
27. Montana MT	N								
28. Nebraska NE	N								
29. Nevada NV	N								
30. New Hampshire NH	N								
31. New Jersey NJ	N								
32. New Mexico NM	N								
33. New York NY	N								
34. North Carolina NC	N								
35. North Dakota ND	N								
36. Ohio OH	N								
37. Oklahoma OK	N								
38. Oregon OR	N								
39. Pennsylvania PA	N								
40. Rhode Island RI	N								
41. South Carolina SC	N								
42. South Dakota SD	N								
43. Tennessee TN	N								
44. Texas TX	N								
45. Utah UT	N								
46. Vermont VT	N								
47. Virginia VA	N								
48. Washington WA	N								
49. West Virginia WV	N								
50. Wisconsin WI	N								
51. Wyoming WY	N								
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	L	679,099,028		607,351,859	152,435,213			1,438,886,100	
55. U.S. Virgin Islands VI	L	14,401,143			3,388,855			17,789,998	
56. Northern Mariana Islands MP	N								
57. Canada CAN	N								
58. Aggregate Other Alien OT	XXX								
59. Subtotal	XXX	693,500,171		607,351,859	155,824,068			1,456,676,098	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. Total (Direct Business)	(a) 2	693,500,171		607,351,859	155,824,068			1,456,676,098	
DETAILS OF WRITE-INS									
58001.									
58002.									
58003.									
58998. Summary of remaining write-ins for Line 58 from overflow page									
58999. Total (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)									

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

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

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

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

Organizational Chart of Triple-S Management Corporation*

Triple-S Management Corporation
---A publicly-traded company--- Holding company of TSS
EIN – 66-0555678
NAIC GROUP CODE - 4802

Triple-S Propiedad, Inc. (“TSP”)[1]
A property and casualty insurance company
EIN – 66-0437064

Clínica Las Américas Guaynabo
Subsidiary of TSM (99.6% ownership)
EIN – 66-0559600
NAIC CODE – N/A

Triple-S Salud, Inc. (“TSS”)[1]
Holding company of SMSH
EIN – 66-0555677
NAIC CODE – 55816

Triple-S Vida, Inc. (“TSV”)[1]
A life insurance company
EIN – 66-0258488
NAIC CODE – 73814

Interactive Systems, Inc.
A technology service company
EIN – 66-0482092
NAIC CODE – N/A

TSM International, LLC.
An international banking entity
EIN – 66-0749178

Fundación para el Desarrollo Profesional e Investigaciones en Puerto Rico, Inc.
A non-profit organization
EIN – N/A
NAIC CODE – N/A

Triple-C, Inc.
Currently inactive
EIN – 66-0508158
NAIC CODE – N/A

NeoDeck Holding Corp. (“NDHC”)
Not a subsidiary
TSM owns 49% ownership
EIN – 66-0749383
NAIC CODE – N/A
DOMICILED - PR

Triple-S Insurance Agency, Inc.
Wholly-owned subsidiary of TSP
EIN - 66-0286587
NAIC CODE – N/A

Socios Mayores en Salud Holdings, Inc. (“SMSH”)* *Wholly-owned subsidiary of TSS*
EIN - 26-0133931
NAIC CODE – N/A

PR Life Services, Corp.
Wholly-owned subsidiary of TSV
EIN – 66-0526558
NAIC CODE – N/A
DOMICILED - PR

Triple-S Blue Inc., I.I. (Formerly ASICO)
Wholly-owned subsidiary of TSV
EIN – 66-0175224
NAIC CODE – N/A
DOMICILED - PR

Triple-S Advantage Solutions, Inc. (“TSAS”)
Wholly-owned subsidiary of SMSI
EIN - 66-0650587
NAIC CODE – N/A

Triple-S Advantage , Inc.
Provider of MA services
Wholly-owned subsidiary of TSAS
EIN – 66-0593034

Notes:

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

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

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

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