



# ANNUAL STATEMENT

## For the Year Ended DECEMBER 31, 2018

### OF THE CONDITION AND AFFAIRS OF THE

# UNIVERSAL INSURANCE COMPANY

NAIC Group Code	0071	0071	NAIC Company Code	31704	Employer's ID Number	66-0313825
	(Current Period)	(Prior Period)				
Organized under the Laws of	Puerto Rico		State of Domicile or Port of Entry	PR		
Country of Domicile	United States					
Incorporated/Organized	05/15/1971		Commenced Business	03/01/1972		
Statutory Home Office	Metro Office Park, Street 1, Lot 10			Guaynabo, PR, US 00968		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	Metro Office Park, Street 1, Lot 10					
	(Street and Number)					
	Guaynabo, PR, US 00968			(787)706-7155		
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	GPO Box 71338			San Juan, PR, US 00936		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	Metro Office Park, Street 1, Lot 10					
	(Street and Number)					
	Guaynabo, PR, US 00968			(787)282-1722		
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.universalpr.com					
Statutory Statement Contact	Linda Viera Orengo			(787)282-1722		
	(Name)			(Area Code)(Telephone Number)(Extension)		
	orodriguez@universalpr.com			(787)620-4205		
	(E-Mail Address)			(Fax Number)		

### OFFICERS

Name	Title
Josely Vega	President
Josely Vega	Secretary
Maritere Jimenez	Treasurer

### OTHERS

Jorge Amadeo Pérez, Vice President  
Linda Viera Orengo, Vice President

Brenda Rivera, Vice President  
Joe Ortiz, Vice President

### DIRECTORS OR TRUSTEES

Josely Vega  
Monique Miranda Merle  
Jorge J Amadeo López  
Jose Andreu Garcia

Waldemar Fabry  
Jorge J Amadeo Pérez  
Rafael Rodriguez

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

\_\_\_\_\_  
(Signature)  
Josely Vega  
\_\_\_\_\_  
(Printed Name)  
1.  
\_\_\_\_\_  
President  
\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)  
Josely Vega  
\_\_\_\_\_  
(Printed Name)  
2.  
\_\_\_\_\_  
Secretary  
\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)  
Maritere Jimenez  
\_\_\_\_\_  
(Printed Name)  
3.  
\_\_\_\_\_  
Treasurer  
\_\_\_\_\_  
(Title)

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

- a. Is this an original filing?  
b. If no, 1. State the amendment number  
2. Date filed  
3. Number of pages attached

Yes[X] No[ ]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	332,555,295		332,555,295	359,966,422
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	7,000,000		7,000,000	7,000,000
2.2 Common Stocks .....	194,104,632		194,104,632	184,695,836
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 \$.....6,000,000 encumbrances) .....	56,586,995	4,151,886	52,435,109	54,412,638
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....(9,651,732), Schedule E Part 1), cash equivalents (\$.....15,933,523, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA) .....	6,281,791		6,281,791	81,375,572
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....	39,238,367		39,238,367	34,302,049
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	635,767,080	4,151,886	631,615,194	721,752,517
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	2,827,173		2,827,173	3,266,418
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	61,539,252	6,723,735	54,815,517	46,130,852
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....	8,310		8,310	18,985
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	84,517,112		84,517,112	4,807,439
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	582,812		582,812	4,050,670
18.2 Net deferred tax asset .....	2,284,775		2,284,775	
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	2,487,167	1,657,491	829,676	1,148,463
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	3,037,102	3,037,102		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	150,469,365		150,469,365	85,975,316
24. Health care (\$.....0) and other amounts receivable .....	12,600,040	3,933,496	8,666,544	14,545,792
25. Aggregate write-ins for other than invested assets .....	340,702		340,702	841,448
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	956,460,890	19,503,710	936,957,180	882,537,900
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	956,460,890	19,503,710	936,957,180	882,537,900
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Other Asset .....	340,702		340,702	841,448
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) .....	340,702		340,702	841,448

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	52,605,473	65,485,621
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	14,690,501	12,450,501
4. Commissions payable, contingent commissions and other similar charges .....	2,771,923	2,126,821
5. Other expenses (excluding taxes, licenses and fees) .....	5,573,492	9,222,297
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	2,575,647	2,629,619
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		1,790,503
8. Borrowed money \$.....152,648,000 and interest thereon \$.....187,933 .....	152,835,933	182,439,851
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....33,961,399 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act) .....	158,762,433	114,458,827
10. Advance premiums .....	229,521,801	198,623,460
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	29,599,588	2,590,171
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) .....		
14. Amounts withheld or retained by company for account of others .....	1,726,272	1,600,354
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 3 Column 78) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	4,004,750	147,585
20. Derivatives .....		
21. Payable for securities .....		
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$.....0 and interest thereon \$.....0 .....		
25. Aggregate write-ins for liabilities .....	26,521,661	39,988,553
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	681,189,474	633,554,163
27. Protected cell liabilities .....		
28. TOTAL Liabilities (Lines 26 and 27) .....	681,189,474	633,554,163
29. Aggregate write-ins for special surplus funds .....	56,686,518	54,819,123
30. Common capital stock .....	2,800,000	2,800,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other-than-special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	76,627,486	76,627,486
35. Unassigned funds (surplus) .....	119,653,702	114,737,128
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$.....0) .....		
36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....		
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	255,767,706	248,983,737
38. TOTALS (Page 2, Line 28, Column 3) .....	936,957,180	882,537,900
<b>DETAILS OF WRITE-INS</b>		
2501. Other Liability .....	26,521,661	39,988,553
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) .....	26,521,661	39,988,553
2901. Catastrophe Insurance pursuant to Chapter 25 of the Insurance Code of P.R. includes accrued interest .....	56,686,518	54,819,123
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) .....	56,686,518	54,819,123
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....		

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	232,841,741	205,393,453
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7) .....	124,990,200	106,652,043
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	28,916,416	26,708,818
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	85,648,149	76,536,218
5. Aggregate write-ins for underwriting deductions .....		
6. TOTAL Underwriting Deductions (Lines 2 through 5) .....	239,554,765	209,897,079
7. Net income of protected cells .....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....	(6,713,024)	(4,503,626)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	20,443,900	26,969,908
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)) .....	7,113,631	(8,563,417)
11. Net investment gain or (loss) (Lines 9 + 10) .....	27,557,531	18,406,491
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0) .....		
13. Finance and service charges not included in premiums .....	1,093,649	316,566
14. Aggregate write-ins for miscellaneous income .....	6,063,083	1,860,925
15. TOTAL Other Income (Lines 12 through 14) .....	7,156,732	2,177,491
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	28,001,239	16,080,356
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	28,001,239	16,080,356
19. Federal and foreign income taxes incurred .....	3,550,355	506,412
20. Net income (Line 18 minus Line 19) (to Line 22) .....	24,450,884	15,573,944
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	248,983,737	252,950,955
22. Net income (from Line 20) .....	24,450,884	15,573,944
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(188,107) .....	14,962,583	32,640,712
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....	3,944,075	(2,991,469)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3) .....	(6,573,573)	481,762
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes:		
32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments:		
33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....	(30,000,000)	(40,000,000)
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....		(9,672,167)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	6,783,969	(3,967,218)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	255,767,706	248,983,737
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....		
1401. Other income (expense) .....	6,063,083	(5,074,792)
1402. Extraordinary dividends from ASC .....		6,935,717
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	6,063,083	1,860,925
3701. Release of Catastrophe Reserve permitted by the Commissioner of PR .....		(9,672,167)
3702. Adjustment to beginning surplus related to OTTI permitted by the Commissioner of PR .....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....		
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above) .....		(9,672,167)

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	324,662,433	207,497,130
2.	Net investment income .....	22,314,085	28,626,790
3.	Miscellaneous income .....	7,156,732	2,177,491
4.	TOTAL (Lines 1 through 3) .....	354,133,251	238,301,411
5.	Benefit and loss related payments .....	217,580,021	93,752,230
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	115,382,240	95,945,552
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	25,593	4,032,464
10.	TOTAL (Lines 5 through 9) .....	332,987,854	193,730,246
11.	Net cash from operations (Line 4 minus Line 10) .....	21,145,397	44,571,164
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	123,325,813	116,962,688
12.2	Stocks .....	1,527,810	13,082,466
12.3	Mortgage loans .....		
12.4	Real estate .....	820,251	
12.5	Other invested assets .....	5,665,583	23,724,913
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	9,494,206	12,914,547
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7) .....	140,833,663	166,684,614
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	87,240,647	112,924,264
13.2	Stocks .....	4,705,054	10,779,432
13.3	Mortgage loans .....		
13.4	Real estate .....	5,377,094	1,713,977
13.5	Other invested assets .....	10,601,901	5,025,789
13.6	Miscellaneous applications .....	1,196,469	10,041,443
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6) .....	109,121,165	140,484,905
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) .....	31,712,498	26,199,709
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....	(29,603,918)	14,759,115
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....	30,000,000	40,000,000
16.6	Other cash provided (applied) .....	(68,347,758)	(25,128,483)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(127,951,676)	(50,369,368)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(75,093,782)	20,401,506
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	81,375,572	60,974,067
19.2	End of year (Line 18 plus Line 19.1) .....	6,281,791	81,375,572

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001	.....		
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....	308,542	1,085,860	971,696	422,706
2. Allied lines .....	1,660,624	1,198,151	1,354,777	1,503,998
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....	27,171,468	18,254,780	19,907,166	25,519,082
5. Commercial multiple peril .....	32,262,558	22,389,357	29,964,456	24,687,459
6. Mortgage guaranty .....				
8. Ocean marine .....	(25,451)	57,489	52,169	(20,131)
9. Inland marine .....	216,805	272,188	334,655	154,338
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....	1,723,626	1,532,943	1,522,017	1,734,552
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....				
17.1 Other liability - occurrence .....	7,758,488	3,450,211	4,459,418	6,749,281
17.2 Other liability - claims-made .....				
17.3 Excess Workers' Compensation .....				
18.1 Products liability - occurrence .....	433,646	143,423	214,546	362,523
18.2 Products liability - claims-made .....				
19.1 19.2 Private passenger auto liability .....	13,481,348	5,413,046	6,771,176	12,123,218
19.3 19.4 Commercial auto liability .....	13,873,227	7,885,032	8,556,506	13,201,753
21. Auto physical damage .....	143,127,753	68,372,469	78,021,318	133,478,904
22. Aircraft (all perils) .....				
23. Fidelity .....	(25)			(25)
24. Surety .....	1,891,738	1,275,459	1,275,328	1,891,869
26. Burglary and theft .....				
27. Boiler and machinery .....	3,185	1,071	2,139	2,117
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance-Nonproportional Assumed Property .....				
32. Reinsurance-Nonproportional Assumed Liability .....				
33. Reinsurance-Nonproportional Assumed Financial Lines .....				
34. Aggregate write-ins for other lines of business .....	12,255,135	4,130,029	5,355,066	11,030,098
35. TOTALS .....	256,142,667	135,461,507	158,762,433	232,841,741
<b>DETAILS OF WRITE-INS</b>				
3401. Compulsory vehicle liability .....	12,255,135	4,130,029	5,355,066	11,030,098
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	12,255,135	4,130,029	5,355,066	11,030,098

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3  Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire .....	971,696				971,696
2. Allied lines .....	1,354,777				1,354,777
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....	19,907,166				19,907,166
5. Commercial multiple peril .....	29,964,456				29,964,456
6. Mortgage guaranty .....					
8. Ocean marine .....	52,169				52,169
9. Inland marine .....	334,655				334,655
10. Financial guaranty .....					
11.1 Medical professional liability - occurrence .....					
11.2 Medical professional liability - claims-made .....					
12. Earthquake .....	1,522,017				1,522,017
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....					
17.1 Other liability - occurrence .....	4,459,418				4,459,418
17.2 Other liability - claims-made .....					
17.3 Excess Workers' Compensation .....					
18.1 Products liability - occurrence .....	214,546				214,546
18.2 Products liability - claims-made .....					
19.1 19.2 Private passenger auto liability .....	6,771,176				6,771,176
19.3 19.4 Commercial auto liability .....	8,556,506				8,556,506
21. Auto physical damage .....	75,184,211	2,837,107			78,021,318
22. Aircraft (all perils) .....					
23. Fidelity .....					
24. Surety .....	1,275,328				1,275,328
26. Burglary and theft .....					
27. Boiler and machinery .....	2,139				2,139
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance-Nonproportional Assumed Property .....					
32. Reinsurance-Nonproportional Assumed Liability .....					
33. Reinsurance-Nonproportional Assumed Financial Lines .....					
34. Aggregate write-ins for other lines of business .....	5,355,066				5,355,066
35. TOTALS .....	155,925,326	2,837,107			158,762,433
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Sum of Lines 35 through 37) .....					158,762,433
<b>DETAILS OF WRITE-INS</b>					
3401. Compulsory vehicle liability .....	5,355,066				5,355,066
3402. ....					
3403. ....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	5,355,066				5,355,066

(a) State here basis of computation used in each case: Pro rata

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	1,754,712				1,446,170	308,542
2. Allied lines .....	6,667,824				5,007,200	1,660,624
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....	37,093,523				9,922,055	27,171,468
5. Commercial multiple peril .....	88,216,391				55,953,833	32,262,558
6. Mortgage guaranty .....						
8. Ocean marine .....	505,832				531,283	(25,451)
9. Inland marine .....	966,152				749,347	216,805
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	5,769,861				4,046,235	1,723,626
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....						
17.1 Other liability - occurrence .....	10,723,994				2,965,506	7,758,488
17.2 Other liability - claims-made .....						
17.3 Excess Workers' Compensation .....						
18.1 Products liability - occurrence .....	440,108				6,462	433,646
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....	13,607,875				126,527	13,481,348
19.3 19.4 Commercial auto liability .....	14,869,456				996,229	13,873,227
21. Auto physical damage .....	144,343,049				1,215,296	143,127,753
22. Aircraft (all perils) .....						
23. Fidelity .....	(100)				(75)	(25)
24. Surety .....	3,243,178				1,351,440	1,891,738
26. Burglary and theft .....						
27. Boiler and machinery .....	41,092				37,907	3,185
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance-Nonproportional Assumed Property .....	X X X					
32. Reinsurance-Nonproportional Assumed Liability .....	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X					
34. Aggregate write-ins for other lines of business .....	12,255,135					12,255,135
35. TOTALS .....	340,498,082				84,355,415	256,142,667
<b>DETAILS OF WRITE-INS</b>						
3401. Compulsory Vehicle Liability .....	12,255,135					12,255,135
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	12,255,135					12,255,135

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No[X]  
 If yes, (1) The amount of such installment premiums \$.....0.  
 (2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire	2,807,268		2,207,017	600,251	133,824	91,249	642,826	152.07
2. Allied lines	72,633,425		72,935,361	(301,936)	66,760	175,383	(410,559)	(27.30)
3. Farmowners multiple peril								
4. Homeowners multiple peril	108,153,226		96,806,941	11,346,285	5,655,033	5,572,002	11,429,316	44.79
5. Commercial multiple peril	396,076,627		382,865,909	13,210,718	18,348,964	21,303,788	10,255,894	41.54
6. Mortgage guaranty								
8. Ocean marine	725,591		413,420	312,171	18,522	39,443	291,250	(1,446.76)
9. Inland marine	887,055		795,190	91,865	12,503	54,472	49,896	32.33
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake	73,303		78,134	(4,831)	5,300	1,249	(780)	(0.04)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	2,871,307		24,575	2,846,732	7,453,858	9,737,082	563,508	8.35
17.2 Other liability - claims-made								
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence								
18.2 Products liability - claims made								
19.1 19.2 Private passenger auto liability	6,660,646		1,030	6,659,616	4,348,003	4,869,823	6,137,796	50.63
19.3 19.4 Commercial auto liability	7,620,799		843,563	6,777,236	8,029,354	8,915,589	5,891,001	44.62
21. Auto physical damage	101,640,494		12,917,860	88,722,634	6,867,727	13,697,820	81,892,541	61.35
22. Aircraft (all perils)								
23. Fidelity								
24. Surety	236,873		38,634	198,239	334,105	(274,072)	806,416	42.63
26. Burglary and theft								
27. Boiler and machinery	36,996		36,996					
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business	7,411,368			7,411,368	1,331,520	1,301,793	7,441,095	67.46
35. TOTALS	707,834,978		569,964,630	137,870,348	52,605,473	65,485,621	124,990,200	53.68
<b>DETAILS OF WRITE-INS</b>								
3401. Compulsory Vehicle Liability	7,411,368			7,411,368	1,265,020	1,235,293	7,441,095	67.46
3402. Title Insurance					66,500	66,500		
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	7,411,368			7,411,368	1,331,520	1,301,793	7,441,095	67.46

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....	100,202		46,041	54,161	145,140		65,477	133,824	49,574
2. Allied Lines .....	658,512		643,214	15,298	103,927		52,465	66,760	37,955
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....	4,477,280		1,193,508	3,283,772	14,512,535		12,141,274	5,655,033	1,058,140
5. Commercial multiple peril .....	12,448,305		1,622,952	10,825,353	76,838,369		69,314,758	18,348,964	3,326,495
6. Mortgage guaranty .....									
8. Ocean marine .....	21,416		8,545	12,871	5,859		208	18,522	1,375
9. Inland marine .....	1,701		901	800	109,034		97,331	12,503	117,474
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....	4,300		(1,000)	5,300				5,300	
13. Group accident & health .....								(a)	
14. Credit accident & health (group & individual) .....								(a)	
15. Other accident & health .....									
16. Workers' compensation .....									
17.1 Other liability - occurrence .....	7,608,215		1,641,976	5,966,239	2,251,189		763,570	7,453,858	1,930,096
17.2 Other liability - claims-made .....									
17.3 Excess Workers' Compensation .....									
18.1 Products liability - occurrence .....									
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....	2,548,577		9,572	2,539,005	1,930,018		121,020	4,348,003	1,706,433
19.3 19.4 Commercial auto liability .....	6,111,876		952,216	5,159,660	2,894,601		24,907	8,029,354	1,608,310
21. Auto physical damage .....	5,289,454		92,304	5,197,150	1,664,285		(6,292)	6,867,727	4,308,206
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....	(2,348,645)		(1,725,279)	(623,366)	1,461,621		504,150	334,105	508,883
26. Burglary and theft .....									
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
34. Aggregate write-ins for other lines of business .....	201,994			201,994	1,129,526			1,331,520	37,560
35. TOTALS .....	37,123,187		4,484,950	32,638,237	103,046,104		83,078,868	52,605,473	14,690,501
<b>DETAILS OF WRITE-INS</b>									
3401. Compulsory Vehicle Liability .....	201,494			201,494	1,063,526			1,265,020	
3402. Title Insurance .....	500			500	66,000			66,500	37,560
3403. ....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	201,994			201,994	1,129,526			1,331,520	37,560

(a) Including \$.....0 for present value of life indemnity claims.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	35,619,352			35,619,352
1.2 Reinsurance assumed .....				
1.3 Reinsurance ceded .....	32,779,447			32,779,447
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	2,839,905			2,839,905
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		65,493,209		65,493,209
2.2 Reinsurance assumed, excluding contingent .....				
2.3 Reinsurance ceded, excluding contingent .....		21,274,843		21,274,843
2.4 Contingent - direct .....				
2.5 Contingent - reinsurance assumed .....				
2.6 Contingent - reinsurance ceded .....		221,903		221,903
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		43,996,463		43,996,463
3. Allowances to manager and agents .....				
4. Advertising .....	556,598	1,921,442	92	2,478,132
5. Boards, bureaus and associations .....	54,713	760,153		814,866
6. Surveys and underwriting reports .....		7,499		7,499
7. Audit of assureds' records .....				
8. Salary and related items:				
8.1 Salaries .....	13,711,033	14,683,117	281,100	28,675,250
8.2 Payroll taxes .....	996,795	1,063,982	20,543	2,081,320
9. Employee relations and welfare .....	2,704,541	3,966,537	93,847	6,764,925
10. Insurance .....	229,550	390,326	5,832	625,708
11. Directors' fees .....	10,575	8,625		19,200
12. Travel and travel items .....	944,025	1,029,086	19,400	1,992,511
13. Rent and rent items .....	2,247,104	1,409,885	60,947	3,717,936
14. Equipment .....	763,775	4,967,390	36,297	5,767,462
15. Cost or depreciation of EDP equipment and software .....	266,996	166,201	276	433,473
16. Printing and stationery .....	1,052,305	795,293	1,815	1,849,413
17. Postage, telephone and telegraph, exchange and express .....	389,603	400,819	4,092	794,514
18. Legal and auditing .....	79,701	512,231	150,870	742,802
19. TOTALS (Lines 3 to 18) .....	24,007,314	32,082,586	675,111	56,765,011
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....		2,248,522		2,248,522
20.2 Insurance department licenses and fees .....	10,642	172,025		182,667
20.3 Gross guaranty association assessments .....				
20.4 All other (excluding federal and foreign income and real estate) .....	1,744	34,346	872	36,962
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	12,386	2,454,893	872	2,468,151
21. Real estate expenses .....	670,295	103,564	1,062,824	1,836,683
22. Real estate taxes .....	257,635	211,513	1,787	470,935
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	1,128,881	6,799,130	4,581,867	12,509,878
25. TOTAL expenses incurred .....	28,916,416	85,648,149	6,322,461	(a) 120,887,026
26. Less unpaid expenses - current year .....	14,690,501	10,921,065		25,611,566
27. Add unpaid expenses - prior year .....	12,450,501	14,351,583		26,802,084
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	26,676,416	89,078,667	6,322,461	122,077,544
<b>DETAILS OF WRITE-INS</b>				
2401. Other .....	1,128,881	3,357,574	4,581,867	9,068,322
2402. AAI Home & Road Assistance Service Fees .....		1,053,280		1,053,280
2403. Goodwill amortization .....		1,258,393		1,258,393
2498. Summary of remaining write-ins for Line 24 from overflow page .....		1,129,883		1,129,883
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	1,128,881	6,799,130	4,581,867	12,509,878

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 5,453,730	5,222,153
1.1 Bonds exempt from U.S. tax	(a) 6,888,649	6,812,086
1.2 Other bonds (unaffiliated)	(a) 711,871	605,345
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,418,273	1,418,273
2.21 Common stocks of affiliates	9,500,000	9,500,000
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 180,918	174,347
7. Derivative instruments	(f)	
8. Other invested assets	3,034,158	3,034,158
9. Aggregate write-ins for investment income		
10. TOTAL gross investment income	27,187,598	26,766,361
11. Investment expenses		(g) 6,322,461
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		6,322,461
17. Net Investment income (Line 10 minus Line 16)		20,443,900

**DETAILS OF WRITE-INS**

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(2,452)		(2,452)	614,030	
1.1 Bonds exempt from U.S. tax	8,586,255		8,586,255		
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)	367,965	(1,836,702)	(1,468,736)	(1,738,076)	
2.21 Common stocks of affiliates				15,696,758	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(1,845)	410	(1,436)		
7. Derivative instruments				201,763	
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	8,949,922	(1,836,292)	7,113,631	14,774,475	

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	4,151,886	363,677	(3,788,209)
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	4,151,886	363,677	(3,788,209)
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	6,723,735	5,007,053	(1,716,682)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums and contracts subject to redetermination .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....			
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....	1,657,491	1,370,519	(286,972)
21. Furniture and equipment, including health care delivery assets .....	3,037,102	2,786,987	(250,115)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....	3,933,496	3,401,901	(531,595)
25. Aggregate write-ins for other than invested assets .....			
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	19,503,710	12,930,137	(6,573,573)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. TOTAL (Lines 26 and 27) .....	19,503,710	12,930,137	(6,573,573)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. ....			
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) .....			

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies:

- A. The accompanying financial statements of Universal Insurance Company (the Company) have been prepared on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner).

The Commissioner recognizes only statutory accounting practices prescribed or permitted by the Commonwealth of Puerto Rico for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Puerto Rico Insurance Code. The National Association of Insurance Commissioners' latest Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the Commissioner. The Commissioner has adopted certain prescribed accounting practices which differ from those found in NAIC SAP, specifically, the deferred income tax arising from the temporary difference resulting from additions to the Catastrophe Loss Reserve which is deductible for tax purposes. During 2017, the Commissioner authorized the Company to withdraw approximately \$9.7 million from the Catastrophe Loss Reserve (the Reserve) to cover losses related to hurricanes Irma and Maria. The amount withdrawn from the Reserve was excluded from losses paid and recognized as a reduction of special surplus fund- catastrophe reserve.

A reconciliation of the Company's capital and surplus and net income between NAIC SAP and practices prescribed and permitted by the Commissioner are shown below.

	12/31/2018	12/31/2017
Statutory Surplus, PR Insurance Code	\$ 255,767,706	\$ 248,983,737
Adjustment to conform to NAIC SAP – deferred tax liability on catastrophe reserve special surplus fund not recorded under accounting practices permitted by the Commissioner	(8,502,978)	(8,222,868)
Statutory capital and surplus in conformity with NAIC SAP	\$ 247,264,728	\$ 240,760,869
Total statutory net income - as reported	24,450,884	15,573,944
Adjustment to beginning surplus related to OTTI permitted by the Commissioner	-	-
Release of Catastrophe Reserve related to Hurricane Maria and Irma permitted by the Commissioner	-	(9,672,167)
Statutory net income in conformity with SAP	\$ 24,450,884	\$ 5,901,777

- B. Use of estimates in the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.
- C. Accounting Policy
1. Short term investments are stated at market.
  2. Bonds are carried at amortized cost using the effective interest method.
  3. Common stocks are carried at market value. Declines in value are accounted in accordance with SSAP No. 30.
  4. Preferred stocks are stated at market.
  5. Mortgage Loans – Not applicable
  6. Prepayment assumptions for loan-backed securities were obtained from broker dealer survey values. The retrospective adjustment method is used to value all securities.

## Notes to Financial Statements

7. Investments in subsidiary and affiliated are stated at statutory equity for Universal Life Insurance Company and at GAAP equity adjusted to a limited STAT basis for PointGuard Insurance Agency and Subsidiaries.
8. Investments in joint ventures, partnerships and limited liability companies – Not applicable
9. All derivatives are stated at fair value.
10. The company use anticipated investment income as a factor in the premium deficiency test.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess or less than the amount provided. The methods for making such estimates and for establishing the resulting liability; are continually reviewed and any adjustments are reflected in the period determined.
12. The company has not modified its capitalization policy from the prior period.
13. Pharmaceutical Rebate Receivables – Not applicable

### 2. Accounting changes and corrections of errors

None

### 3. Business combinations and goodwill

#### A. Statutory Purchase Method –

1. The Company owns 100% of Point Guard Insurance Agency (PGIA) and its wholly-owned subsidiary Point Guard Insurance Company (PGIC). PGIA operates as a handling insurance services company. PGIC is subject to the provisions of the Insurance Code of Puerto Rico and the regulations issued by the Office of the Commissioner of Insurance Puerto Rico. PGIC is authorized to write all lines of property and casualty insurance, however almost all direct premiums written for 2018 and 2017 were from compulsory vehicle insurance. The PGIA transaction was accounted for as statutory purchase. This purchase was approved by the Commissioner of Insurance of Puerto Rico.

Also, the Company owns 100% of the outstanding stocks of Universal Life Insurance Company (ULICO). ULICO is engaged in the life, annuity, and accident and health insurance business, generating the majority of its business from individual annuities, group life, group accident and health, and credit life policies.

2. The PGIA transaction is stated at GAAP equity adjusted to a limited statutory basis of accounting in accordance with SAP No.97, *Investment in Subsidiary, Controlled and Affiliated Entities, paragraph 9*.
3. The cost of PGIA and subsidiary was \$40,935,636 resulting in goodwill of \$30,397,772. Unamortized goodwill amounted to \$18,238,663, (7.11% of surplus) as of December 31, 2018.

The cost of ULICO transfer was \$36,519,650 resulting, in goodwill of \$12,583,925 of which \$3,775,177, (1.47% of surplus), is unamortized as of December 31, 2018.

4. Both Goodwill are amortized over ten years. Current amortization for PGIA and subsidiaries was \$3,039,777 and for ULICO was \$1,258,393. Goodwill amortization for PGIA is recorded as a component of change in net unrealized capital gains (losses). Goodwill amortization for ULICO is recorded as part of other underwriting expenses incurred in the accompanying statutory-basis statement of income.

B. Statutory Merger - Not applicable

C. Impairment Loss - Not applicable

## Notes to Financial Statements

4. **Discontinued Operations** – Not applicable
5. **Investments**
- A. Mortgage Loans - Not applicable
  - B. Troubled Debt Restructuring for Creditors – Not applicable
  - C. Reverse Mortgage – Not applicable
  - D. Loan backed securities and structured securities -
    - 1. Prepayment assumptions for loan-backed securities were obtained from broker dealer survey values.
    - 2. No other-than-temporary impairments for loan-backed securities were recorded.
    - 3. The Company does not have any loan-backed and structured securities that were in a continuous unrealized loss position during the current period.
    - 4. All loan-backed and structured securities in an unrealized loss position, if any, were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity.
  - E. Dollar Repurchase Agreements and / or Securities Lending Transactions  
For repurchase agreements, the Company is required a minimum of 88% to 149% of the fair value of securities lend as collateral. Cash collateral received under repurchase agreements is invested in short-term investments, affiliates short-term loans. As of December 31, 2018, the Company has approximately \$158,648,000 in repurchase agreements less \$6,000,000 encumbrances and these are classified as secured borrowings. The collateral, mostly U.S. Governmental Bonds with carrying value of \$170,389,835 and fair value of \$170,186,467 are included in the Balance Sheet and their maturities are in January 2019.
  - F. Repurchase Agreements Transactions Accounted for as Secured Borrowings – Not applicable
  - G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowings – Not applicable
  - H. Repurchase Agreements Transactions Accounted for as Sale – Not applicable
  - I. Reverse Repurchase Agreements transactions Accounted for as Sale – Not applicable
  - J. Real Estate – Not applicable
  - K. Low-Income Housing Tax Credits – Not applicable



## Notes to Financial Statements

## L. Restricted Assets

Note 5L1 - Restricted Assets (Including Pledged)											
Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						Current Year				
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (Col.5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending arrangements											
c. Subject to repurchase agreements	158,648,000				158,648,000	189,797,000	(31,149,000)		158,648,000	18.748%	19.050%
d. Subject to reverse repurchase agreements											
e. Subject to dollar repurchase agreements											
f. Subject to dollar reverse repurchase agreements											
g. Placed under option contracts											
h. Letter stock or securities restricted as to sale -excluding FHLB capital stock											
i. FHLB capital stock											
j. On deposit with states	2,047,963				2,047,963	1,800,785	247,178		2,047,963	0.242%	0.246%
k. On deposit with other regulatory bodies	54,909,302				54,909,302	62,878,389	(7,969,087)		54,909,302	6.489%	6.593%
l. Pledged as collateral to FHLB (including assets backing funding agreements)											
m. Pledged as collateral not captured in other categories											
n. Other restricted assets											
o. Total restricted assets	215,605,266				215,605,266	254,476,174	(38,870,908)		215,605,266	25.479%	25.889%

M. Working Capital Finance Investments - Not applicable

N. Offsetting and Netting of Assets and Liabilities - Not applicable

O. Structured Notes:

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (Y/N)
22549Y-20-6	\$250,000	\$245,500	\$250,000	N
40435J-42-2	\$200,000	\$123,000	\$200,000	N
40436A-83-4	\$200,000	\$192,200	\$200,000	N
90281A-15-7	\$250,000	\$230,000	\$250,000	N
<b>Total</b>	<b>\$900,000</b>	<b>\$790,700</b>	<b>\$900,000</b>	<b>XXX</b>

P. 5\* Securities - Not applicable

Q. Short Sales - Not applicable

R. Prepayment Penalty and Acceleration Fees - Not applicable

## Notes to Financial Statements

### 6. Joint Ventures, Partnerships and Limited Liability Companies - Not applicable

### 7. Investment Income

#### A. Accrued Investment Income –

The investment income is accrued as earned. Gains or losses on sale of securities are determined under the specific method.

During 2018, the Company recorded OTTI losses on equity securities amounting to \$1,836,709.

Amounts Non-admitted – Not applicable

### 8. Derivative Instruments

In December 2002, the Company entered into an interest rate swap agreement to manage its exposure to interest rate movements by converting a portion of its debt and certain financing arrangements from variable rates to fixed rates. Maturity dates of interest swap agreement generally match those of the underlying debt or financing arrangements. This agreement, which has a maturity of up to 20 years, involved the exchange of variable rate payments for fixed rate payments without the exchange of the underlying principal amounts. Variable rates are based on three-month U.S. dollar libor and are reset on quarterly basis. The differential between variable and fixed rates to be paid or received is accrued as interest rates change in accordance with the agreement and recognized over the life of the agreement as an adjustment to interest expense. The notional principal amount of the interest rate swap outstanding was a loss of \$235,901 at December 31, 2018. The derivative instruments are recognized at fair market value and the resulted gains or losses are recorded as unrealized gain or losses. The company recognized a net unrealized gain of \$201,763 during the reporting period resulted from the repurchase agreement.

### 9. Income Tax

The Company's current income tax is determined on the basis of Statutory Annual Statements filed with the insurance regulatory authorities. Also, operations are subject to an alternative minimum tax, which is calculated based on a formula established by the existing tax laws in the Commonwealth of Puerto Rico.

#### A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DLTs)

##### 1. Components of net deferred tax as of December 31, 2018 and 2017:

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	Ordinary	Capital	(Col 7+8) Total
a. Gross deferred tax assets	\$ 88,463	\$ 4,902,188	\$ 4,990,651	\$ 170,689	\$ 7,040,787	\$ 7,211,476	\$ (82,226)	\$ (2,138,599)	\$ (2,220,825)
b. Statutory valuation allowance adjustment	-	(2,420,871)	(2,420,871)	-	(5,103,506)	(5,103,506)	-	2,682,635	2,682,635
c. Adjusted gross deferred tax assets (1a-1b)	88,463	2,481,317	2,569,780	170,689	1,937,281	2,107,970	(82,226)	544,036	461,810
d. Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
e. Subtotal net admitted deferred tax assets (1c-1d)	88,463	2,481,317	2,569,780	170,689	1,937,281	2,107,970	(82,226)	544,036	461,810
f. Deferred tax liability	285,005	-	285,005	3,898,473	-	3,898,473	(3,613,468)	-	(3,613,468)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ (196,541)	\$ 2,481,317	\$ 2,284,775	\$ (3,727,783)	\$ 1,937,281	\$ (1,790,503)	\$ 3,531,242	\$ 544,036	\$ 4,075,278

## Notes to Financial Statements

## 2. Admission Calculation Components

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	(Col 1+2)			(Col 4+5)			(Col 7+8)		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal income taxes paid in			\$ -			\$ -	\$ -	\$ -	\$ -
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above after application of the threshold limitation. ( The lesser of 2(b) 1 and 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	88,463	2,481,317	2,569,780	170,689	1,937,281	2,107,970	(82,226)	544,036	461,810
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 liability	XXXXXXX	XXXXXXX	34,595,912	XXXXXXX	XXXXXXX	33,228,490	XXXXXXX	XXXXXXX	1,367,422
d. Deferred tax assets admitted as the result of application of SSAP 101									
Total (2(a)+2(b)+2(c)	\$ 88,463	\$ 2,481,317	\$ 2,569,780	\$ 170,689	\$ 1,937,281	\$ 2,107,970	\$ (82,226)	\$ 544,036	\$ 461,810

## 3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	589%	487%
b. Amount of adjusted capital and surplus to determine recovery period and threshold limitations in 2(b) 2 above	253,482,930	248,983,737

## 4. Impact of Tax Planning Strategies

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	(Col 1+2)			(Col 4+5)			(Col 7+8)		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Net admitted adjusted gross DTAs (%of total net admitted adjusted gross DTAs)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. Does the company's tax planning strategies include the use of reinsurance?					Yes ( )	No (X)			

## B. Deferred Tax Liabilities Not Recognized -

Not applicable

## Notes to Financial Statements

### C. Current and Deferred Income Taxes -

#### 1. Current Income Tax

	1	2	3
	2018	2017	(Col 1-2) Change
a. Federal	\$ -	\$ -	\$ -
b. Foreign- Puerto Rico	3,550,355	506,412	3,043,943
c. Subtotal	3,550,355	386,150	3,043,943
d. Puerto Rico income tax on net capital gains	-	-	-
e. Utilization of capital loss carry -forwards	-	-	-
f. Other	-	-	-
g. Federal and Foreign income taxes incurred	\$ 3,550,355	\$ 386,150	\$ 3,043,943

#### 2. Deferred Tax Assets

	1	2	(Col 1-2)
	2018	2017	Change
a. Ordinary			
1- Unrealized loss on valuation of derivative financial instrument	\$ 88,463	\$ 170,689	\$ (82,226)
99- Subtotal	88,463	170,689	(82,226)
b. Statutory valuation allowance adjustment	-	-	-
c. Non admitted	-	-	-
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	88,463	170,689	(82,226)
e. Capital			
1- OTTI- debts & equity securities	3,649,606	6,001,634	(2,352,027)
2- Real estate	117,000	117,000	-
3- Unrealized loss on securities	1,135,582	922,153	213,428
99- Subtotal	4,902,188	7,040,787	(2,138,599)
f. Statutory valuation allowance adjustment	2,420,871	5,103,506	(2,682,635)
g. Non admitted	-	-	-
h. Admitted capital deferred tax assets (2e99-2f-2g)	2,481,317	1,937,281	544,036
i. Admitted deferred tax assets (2d+2h)	\$ 2,569,780	\$ 2,107,970	\$ 461,810

#### 3. Deferred Tax Liability

	1	2	3
	2018	2017	Col (1-2) Change
a. Ordinary			
1- Difference in depreciation method	\$ 174,644	\$ 320,255	\$ (145,610)
2- Ceding commission reserve	110,361	110,361	-
3- Jua dividends	-	3,467,858	-
99- Subtotal	285,005	3,898,473	(145,610)
b. Capital			
1- Unrealized valuation on equity securities	-	-	-
99- Subtotal	-	-	-
c. Deferred tax liability (3a99+3b99)	\$ 285,005	\$ 3,898,473	\$ (145,610)

4. Net Deferred Tax Asset \$ 2,284,775    \$(1,790,503)    \$ 4,075,278

### D. Reconciliation of Statutory Income Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

## Notes to Financial Statements

	2018		2017	
	Amount	Effective tax rate	Amount	Effective tax rate
Computed income tax at statutory rate	\$ 10,500,465	37.5%	\$ 6,271,339	39.0%
Benefit of net exempt income	(5,071,307)	-18.1%	(4,450,407)	-34.3%
Benefit of contributions to catastrophe reserve	(700,273)	-2.5%	(995,283)	-5.1%
Other than temporary impairment	688,610	2.5%	3,915,985	2.6%
Dividend received deduction	(4,345,085)	-15.5%	(6,218,080)	-14.8%
Disallowed expenses	957,974	3.4%	595,538	6.0%
Other - net	1,519,972	5.4%	1,387,321	-3.5%
Total income tax provision	\$ 3,550,355	13.0%	\$ 506,413	-10.1%

- E. Operating Loss and Tax Credit Carry forwards and Protective Tax Deposits - Not applicable
- F. Consolidated Federal Income tax return - Not applicable
- G. Federal or Foreign Federal Income Tax Loss Contingencies - Not applicable

#### 10. Information concerning Parents, Subsidiaries, Affiliates and Other Related Parties

- A. Nature of Relationship - The Company is a wholly owned subsidiary of Universal group, Inc. a Puerto Rico Corporation.
- B. Detail of transactions Greater than ½ of 1% of Admitted Assets – As of December 31, 2018,  
On September 30, 2016 (the Closing Date), Universal Insurance Holdings North America (UIHNA), an affiliate, and the Company entered into an Agreement (the Agreement) to convert a \$7,000,000 loan (the Debt) between UIHNA and Universal as the lender, outstanding since November 7, 2011, into \$7,000,000 of Series D preferred stock of UIHNA (the “Series D Preferred Stock”). The Series D rate shall equal the one-year London Interbank Offered Rate (the “LIBOR Rate”) for U.S. dollars, as compiled by the British Bankers Association and published in the Wall Street Journal immediately prior to the Series D issuance date, plus 150 basis points. Notwithstanding the foregoing, the Series D Preferred Stock Rate shall not be less than 5.5% per annum. Interests earned at December 31, 2018 amounts to \$385,000.

During December 2018, Universal Insurance Company (the Parent) received from its affiliate Universal Life Insurance Company ordinary dividends of \$9,500,000 and is presented in the Statement of Income as net investment income.

- C. Change in terms of Intercompany Arrangements - Not applicable
- D. Amounts due to or from related parties – the intercompany balances must be settled within 30 days. The amounts due from /to affiliates are as follows:

Amount due from affiliates	\$ 150,469,365
Amount due to affiliates	<u>4,004,750</u>
Net Receivable from affiliates	<u>\$ 146,464,615</u>

- E. Guarantees or contingencies for related parties - Not applicable
- F. Management, Service Contracts, Cost Sharing Arrangements

## Notes to Financial Statements

The Parent has agreed to provide certain management services to all members of the holding company group.

- G. Nature of relationships that could affect operations - Not applicable
- H. Amount deducted for Investment in upstream company - Not applicable
- I. Detail of Investments in affiliates greater than 10% of admitted assets -Not applicable.
- J. Write downs for impairment - Not applicable
- K. Investment in a foreign insurance subsidiary - Not applicable
- L. Downstream Holding Company Valued Using Look-Through Method – Not applicable

### 11. Debt - Not applicable

### 12. Retirement plans, deferred compensation benefits and compensated absences and other postretirement benefit plans

- A. Defined Benefit Plans – Not applicable
- B. Defined Contribution Plans

The company has a qualified non-contributory profit sharing plan for the eligible employees. Pension cost allocated to the company amounted approximately \$1,073,600 for the period ended December 31, 2018.

The plan calls for a voluntary contribution of no less than 1% of the annual compensation as defined. The parent sponsors a defined contribution savings plan covering substantially all employees of the Company. Employees may contribute up to 6% of salary to the plan which is subject to 50% parent match. The company's share of the savings plan was approximately \$347,764.

- C. Multi employer plans - Not applicable
- D. Consolidated/Holding Company Plans - Not applicable
- E. Post Employment Benefits and Compensated Absences - Not applicable
- F. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable

### 13. Capital and Surplus, Dividends Restrictions and Quasi-Reorganizations

- A. Outstanding Shares

The Company has a total authorized capital of 560,000 common shares at \$5 par value and 15,000 Preferred Shares at \$1,000. Universal Insurance Company has 200,000, 200,000 and 160,000 common shares of Class A, Class B and Class C issued and outstanding, respectively. No preferred stocks are outstanding. The types of common stocks are as follows:

## Notes to Financial Statements

Type of Stocks	# Shares	Par Value	Amount
Common Class A	200,000	\$ 5	\$1,000,000
Common Class B	200,000	5	1,000,000
Common Class C	160,000	5	800,000

B. Dividend Rate of Preferred Stock - Not applicable.

C. Dividend Restrictions and Amounts of Dividends Paid

Dividends in common stock are paid as declared by the Board of Directors of the Company. Under the insurance regulations of Puerto Rico, the maximum amount of dividends which the company may pay to shareholders without approval of the Commissioner of Insurance is restricted to statutory limitations. Shareholders' dividends declared and paid were \$30,000,000 and \$40,000,000 for the periods ended December 31, 2018 and December 31, 2017, respectively.

D. Restriction on the unassigned funds

In accordance with Chapter 25 of the Insurance Code, as amended, the Company is required to record a catastrophe loss reserve. This catastrophe loss reserve is supported by a trust fund for the payment of catastrophe losses. The reserve increases by amounts determined by applying a contribution rate, not in excess of 5%, to catastrophe written premiums as instructed annually by the Commissioner of Insurance, unless the level of the reserve exceeds 8% of catastrophe exposure, as defined. The reserve also increases by an amount equal to the resulting return in the supporting trust fund and decreases by payments on catastrophe losses or authorized withdrawals from the trust fund. Additions to the catastrophe loss reserve are deductible for income tax purposes. This trust may invest its funds in securities authorized by the Insurance Code, but not in investments whose value may be affected by hazards covered by the catastrophic insurance losses. The interest earned on these investments and any realized gains (loss) on investment transactions are part of the trust fund and are recorded as income (expense) of the Company. An amount equal to the investment returns is recorded as an addition to the trust fund.

During 2017, the Commissioner authorized the Company to withdraw approximately \$9.7 million from the Catastrophe Loss Reserve (the Reserve) to cover losses related to hurricanes Irma and Maria. The amount withdrawn from the Reserve was excluded from losses paid and recognized as a reduction of special surplus fund- catastrophe reserve.

Pursuant to the law, Universal has established a reserve in the amount of \$56,686,518 and \$54,819,123 as of December 31, 2018, and December 31, 2017 respectively. This reserve is presented in the Annual Statement as "Aggregate write-ins for special funds". During the period ended December 31, 2018, the interest earned of the aforementioned reserve was \$1,867,395.

E. Mutual Surplus Advances - Not applicable

F. Company Stock Held for Special Surplus - Not applicable

G. Changes in Special Funds

Balance as of December 31, 2017	\$	54,819,123
Interest earned		1,867,395
Balance as of December 31, 2018	\$	<b>56,686,518</b>

## Notes to Financial Statements

### H. Change in Unassigned Funds:

	Dec-18	Dec-17	Change
Net unrealized preferred stocks	-	-	-
Net unrealized common stocks	(97,382)	1,293,079	(1,390,461)
Net unrealized in derivative instrument	(147,438)	(266,975)	119,537
Net unrealized on bonds	277,804	(258,944)	536,748
Net unrealized on other invested assets	(3,333,730)	(3,333,730)	-
Net unrealized in common stocks -affiliates	91,789,189	76,092,430	15,696,759
Change in unrealized	<u>88,488,443</u>	<u>73,525,860</u>	<u>14,962,583</u>

### I. Surplus Notes - Not applicable

### J. Quasi Reorganizations – Not applicable

## 14. Contingencies

### A. Contingent Commitments

Pursuant to Chapter 41 of the Puerto Rico Insurance Code and Rule No. 56 of the insurance regulations of the Commonwealth of Puerto Rico, property and liability insurance companies are members of the “*Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Medico-Hospitalaria (SIMED)*” and the “*Sindicato de Aseguradores de Responsabilidad Profesional para Medicos*”. Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member the Company shares risks with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations. During 2018 “Simed” declared and paid dividends amounting to \$5,217,236. The dividend income is presented as aggregate write-ins for miscellaneous income in the statement of income.

Also, pursuant to Chapter 37 of the Puerto Rico Insurance Code, property and liability companies who underwrite premiums directly related to fire and allied lines for commercial or residential properties are members of the “*Asociación de Suscripción Conjunta de Seguros de Incendio y Líneas Aliadas*”. This association was created for the purpose of underwriting fire and allied lines insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations.

Additional, pursuant to Article 12 of Rule LXIX of the Puerto Rico Insurance Code, Universal, is a member of the Compulsory Vehicle Liability Insurance Joint Underwriting Association ( the “Association”), which was organized during 1977 to underwrite insurance coverage motor vehicles property damage liability risks effective January 1, 1988. As a member of the Association the Company shares the risk proportionally with other members based on a formula established by the Puerto Rico Insurance Code. For the year 2018, regular dividends collected from the Association were \$288,648. During 2017, the Association declares extraordinary dividends amounting to \$6,635,717 subject to a special income tax rate of 50%, dividends were collected during 2018. All dividends have been included as part of the net other income in the accompanying statement of income.

### B. Assessments

Property and Liability Insurance companies are also members of the Puerto Rico Property and Casualty Insurance Guaranty Association. Members are obligated to provide funds for the settlement of claims and reimbursements of unearned premiums of Insurance policies issued by insolvent insurance companies. No assessment have been imposed during 2018.



## Notes to Financial Statements

- C. Gain Contingencies – Not applicable
- D. Extra Contractual Obligation and Bad Faith Losses – Not applicable
- E. Product Warranties – Not applicable
- F. Other Contingencies -

Lawsuits arise against the Company in the normal course of the business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of Universal. The Company recorded a contingent liability related to the PointGuard acquisition amounting to \$6.5mm as of December 31, 2017. During the year 2018 such liability was paid.

### 15. Leases

#### A. Lessee Leasing Arrangements

1. The Company leases office facilities under various operating leases. Rent expense for the period ended December 31, 2018 is \$349,867.
2. Minimum future rental payments for the next five years under the remaining non-cancelable operating leases will be approximately as follow:

Year	Amount
2019	\$ 222,500
2020	\$ 89,500
2021	\$ 82,000
2022	\$ 82,000
2023	\$ 82,000

3. The Company has not entered into any sale and leaseback arrangement.

#### B. Lessor Leasing Arrangements – Not applicable

### 16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk

Not applicable

### 17. Sale, transfer and servicing of financial assets and financial and extinguishments of liabilities.

Not applicable

### 18. Gain or loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.

Not applicable

### 19. Direct Premium written/produced by managing general agents/third party administrators

The major general agents and direct premiums written for the Company were:

## Notes to Financial Statements

Name and Address	FEI Number	Exclusive Contract	Type of Business	Type of Authority Granted	Direct Premiums Written
Eastern America Insurance Agency PO Box 193900 Hato Rey, PR 00919-3900	66-0388346	N	P/C	U	\$ 137,435,660
FMI Agency PO Box 363766 San Juan, PR 00936	66-0829612	N	P/C	U	\$ 7,612,832
Benitez Insurance PO Box 86 Barranquitas, PR 00794	66-0343660	N	P/C	U	\$ 8,508,476
Selecta Insurance PO Box 2055 Bayamón, PR 00960	66-0347961	N	P/C	U	\$ 5,722,633
Other					\$ 11,038,381
Direct business					170,180,100
<b>Total</b>					<b>\$ 340,498,082</b>

## 20. Fair Value Measurement

### A. Inputs Used for Assets and Liabilities Measured at Fair Value

#### 1. Fair Value Measurement by levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows.

*Level 1* — Level 1 asset and liabilities would include for example equity securities that are traded in an active exchange market, as well as certain U.S. Treasury and other U.S. government agency securities that are traded by dealers or brokers in active markets.

*Level 2* — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities would include for example (i) mortgage-backed securities for which the fair value is estimated based on valuations obtained from third party pricing services for identical or comparable assets, (ii) debt securities with quoted prices that are traded less frequently than exchange-traded instruments and (iii) derivative contracts and financial liabilities.

*Level 3* — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities would include for example financial instruments whose value is determined using pricing models, for which the determination of fair value requires significant management judgment or estimation.

## Notes to Financial Statements

**Recurring Measurements** - The following table presents for each of these hierarchy levels, the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2018

	Level 1	Level 2	Level 3	Total
Debt securities:				
States, municipalities, and political subdivisions	-	-	-	-
Equity securities:				
Common	3,292,261	-	-	3,292,261
Mutual Funds	25,244,373	-	2,201,216	27,445,589
<b>Total equity securities</b>	<b>28,536,634</b>	<b>-</b>	<b>2,201,216</b>	<b>30,737,850</b>
<b>Total</b>	<b>\$ 28,536,634</b>	<b>\$ -</b>	<b>\$ 2,201,216</b>	<b>\$ 30,737,850</b>
<b>Liabilities:</b>				
Derivative liabilities		235,901		235,901
<b>Total liabilities reported at fair value</b>	<b>\$ -</b>	<b>\$ 235,901</b>	<b>\$ -</b>	<b>\$ 235,901</b>

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3.

## 2. Rollforward of Level 3 items

The rollforward of all assets measured at fair value using significant unobservable inputs (Level 3) for the period ended December 31, 2018, is as follows:

	Beginning Balance at Jan 1 2017	Transfer into Level 3	Transfer out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Issuance Purchases	Issuance Sales	Settlements	Other than temporary impairment	Ending Balance 12/31/2018
<b>Equity securities:</b>										
Mutual Funds	467,622	-	-	-	564,437	-	-	-	-	1,032,059
Common Stocks	2,165,137	-	(984,723)	-	-	-	-	-	(11,257)	1,169,157
Total equity securities	2,632,759	-	(984,723)	-	564,437	-	-	-	(11,257)	2,201,216
<b>Total assets reported at fair value</b>	<b>\$ 2,632,759</b>	<b>\$ -</b>	<b>\$ (984,723)</b>	<b>\$ -</b>	<b>\$ 564,437</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,257)</b>	<b>\$ 2,201,216</b>

## 3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

## 4. Inputs and Techniques used for level 2 and level 3 fair values

The following is a description of the valuation methodologies used for instruments measured at fair value:

**Debt Securities** — Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as discounted cash flow methodologies, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Level 1 investment securities include those identical securities traded in active markets, such as U.S. treasuries, U.S. agency mortgage backed securities (pass-through), and common and preferred stocks. Level 2 investment securities primarily include U.S.

## Notes to Financial Statements

agencies, U.S. state and municipalities, Puerto Rico government and agencies, corporate debt, Puerto Rico open-ended funds, U.S. agency mortgage-backed securities. Level 3 securities include Puerto Rico closed-end funds, Puerto Rico agency mortgage backed securities, asset-backed securities and non-agency mortgage-backed securities. The estimated fair value of these instruments is mainly determined by using a third-party cash flow valuation model to calculate the present value of projected future cash flows.

*Preferred and Common Stocks* - equity securities that are traded in an active exchange market for which fair value categorized as Level 1. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

*Other Equity Securities* - Level 3 assets would include financial instruments whose value is determined using pricing models, for which the determination of fair value requires significant management judgment or estimation.

### 5. Derivative Fair Values

The fair values of the interest rate swaps were obtained using an independent valuation model and based on inputs other than quoted prices that are observable for the underlying (e.g., index, interest rates).

#### B. Other Fair Value Disclosures - Not applicable

#### C. Fair Value for all Financial Instruments by levels 1, 2 and 3

Type of Financial Instrument	Aggregated Fair Value	Admitted value	Level 1	Level 2	Level 3	Not Practicable (carrying Value)
Financial Instrument - assets						
Bonds	\$ 336,994,106	\$332,555,295	\$ -	\$ 333,552,301	\$ 3,441,805	\$ -
Preferred stocks	\$ 7,000,000	\$ 7,000,000				\$ 7,000,000
Common stocks	3,292,261	3,292,261	3,292,261			
Mutual funds	27,445,589	27,445,589	25,244,373		2,201,216	
Cash, cash equivalents and short-term investments	6,281,791	6,281,791	6,281,791			
Other invested assets						
Loans to affiliates						
Loans to third parties		9,954,381				9,954,381
Limited Liability Partnership Fund		14,981,000				14,981,000
Limited Liability Company Fund		13,302,986				13,302,986
Other		1,000,000				1,000,000
<b>Total assets</b>	<b>\$ 381,013,747</b>	<b>\$415,813,303</b>	<b>\$ 34,818,425</b>	<b>\$ 333,552,301</b>	<b>\$ 5,643,021</b>	<b>\$ 46,238,367</b>
Financial instrument - Liabilities						
Securites sold under agreements to repurchase	\$ 158,648,000	\$158,835,933		\$ 158,835,933		
Derivative	235,901	235,901		235,901		
<b>Total liabilities</b>	<b>\$ 158,883,901</b>	<b>\$159,071,834</b>	<b>\$ -</b>	<b>\$ 159,071,834</b>	<b>\$ -</b>	<b>\$ -</b>

#### D. Financial Instruments for which Not Practicable to Estimate Fair Value – Not applicable

## Notes to Financial Statements

Not Practicable to Estimate FV	Carrying Value	Effective Interest Rate	Maturity	Description	Explanation
Loan to Others	3,419,014	Various	Various	Loan receivable from unrelated parties collateralized	A
Plaza Las Americas	6,535,367	4.54%	04/1/2028	Loan - private placement	A
Guayacan Fund of Funds IV, LP	761,006	10.00%	-	Limited Partnership - Fund of Funds	A
Bay Boston Capital LP	2,320,379	10.00%	-	Limited Partners Fund	A
GPB Cold Storage LP	1,500,000	6.00%	-	Private Equity Investment	A
GPB Holdings II, LP	4,000,000	8.00%	-	Private Placement - Limited Partnership	A
GPB Automotive Portfolio LP	3,000,000	8.00%	-	Private Equity Investment	A
Wheat Self-Storage Partners II, LP	1,000,000	0.00%	-	Private Placement - Limited Partnership	A
Walton Street Real State Debt Fund-A, LP	1,811,680	9.59%	-	Real Estate Debt Fund	A
Romark Laboratories LLC	5,000,000	8.00%	10/1/2020	Convertible Subordinated Note	A
ARC Property Trust, Inc	1,000,000	12.00%	-	Private Placement - Real Estate Investment Trust	A
Wheat Self-Storage Partners I, LP	587,935	0.00%	-	Private Placement - Limited Partnership	A
Storage At Anthem, LLC	200,000	0.00%	-	Private Placement - Limited Partnership	A
Parliament Capital, LLC	750,000	0.00%	-	Private Placement - Limited Partnership	A
Leitlock Directed Capital Fund I, LLC	1,500,000	0.00%	-	Private Placement - Limited Partnership	A
Phoenix Fund LLC	6,000,000	0.00%	-	Private Placement - Limited Partnership	A
Mill Green Opportunity Fund II LLC	(147,013)	12.00%	-	Private Placement - Real Estate Development Fund	A

A - It was not practicable to determine the fair value of these financial instruments as a quoted market price was not available due to their recently issuance and the cost of obtaining an independent appraisal appears excessive considering the materiality of the instruments to the reporting entity.

## 21. Other Items

- A. Unusual or Infrequent Items –Not applicable
- B. Trouble Debt Restructuring -Not applicable
- C. Other Disclosures - Not applicable
- D. Business Interruption Insurance Recoveries - Not applicable
- E. State Transferable and Non-transferable Tax Credits – Not applicable
- F. Subprime Mortgages Related Risk Exposure
  1. The Company classifies investments as having subprime exposure if they meet any one of the following:
    - I.
      - A. Bloomberg Collateral Label is RESB/C (Residential B and C Rated)
      - B. Average FICO scores below 670
      - C. Percentage of Collateral with FICO scores below 650 exceeds 25%
    - II. If average FICO scores are unknown or fall below 700 the Company considers the following loan characteristics in determining the subprime classification:
      - A. Greater than 50% I/O Loans
      - B. Average LTV above 85%
      - C. Low Doc Loans Below 50%
      - D. Negative Amortization Loans Exceed 10%
    - III. None of these factors taken alone would necessarily classify a holding as subprime, but could be indications of potential subprime exposure and would require the Company to make a specific judgment classifying the exposure as either subprime or not.
    - IV. Delinquencies and credit enhancement levels of all whole loan positions are monitored on a monthly basis regardless of classification.

It is the Company's policy to invest in high grade securities which meet investment guidelines set forth by the NAIC SVO and that of any relevant state regulated department of insurance.

2. The Company does not have any direct exposure to subprime mortgage loans as the Company does not hold any subprime mortgage loans as defined above.

## Notes to Financial Statements

3. The Company does not have any direct exposure through other investments separated by the categories of residential mortgage backed securities; commercial mortgage backed securities; collateralized debt obligations; structured securities (including principal protected notes); equity investments in subsidiary, controlled, or affiliated entities with significant subprime mortgage-related risk exposure.
4. The Company does not write mortgage guaranty insurance, directors and officer's liability, errors and omissions liability, or any other insurance expected to be impacted by subprime related losses and therefore has no underwriting exposure expected to be impacted by subprime related losses.

The Company reflects or holds any security with direct exposure to subprime mortgage loans. Assessment of the possible exposure has been addressed consistently by management.

### G. Insurance-Linked Securities (ILS) Contracts – Not applicable

## 22. Events subsequent

The Company has evaluated all subsequent events through April 15, 2019 the date the statutory-basis financial statements were issued.

## 23. Reinsurance

### A. Unsecured Reinsurance Recoverable

The following represents the unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premiums that exceed 3% of capital and surplus:

	<u>2018</u>	<u>2017</u>
	<u>Net Amount</u>	<u>Net Amount</u>
	<u>Recoverable from</u>	<u>Recoverable from</u>
	<u>Reinsurers</u>	<u>Reinsurers</u>
Everest Reinsurance	\$ –	\$ 17,380,000
Odyssey American Reinsurance Company	10,407,000	25,891,000
Scor Reinsurance	28,002,000	78,951,000
Aspen Insurance Ltd	–	21,134,000
Transatlantic Reinsurance	33,991,000	118,581,000
Hannover Ruck SE	–	14,721,000
Lloyds Syndicate Number 2003	12,713,000	36,433,000
Markel International Insurance Company Ltd	9,024,000	30,787,000
Munchener Ruckversicherungs	16,373,000	145,874,000
R.V. Versicherung AG	–	16,253,000

### B. Reinsurance Recoverable in Dispute- None

### B. Reinsurance Assumed and Ceded

1. The following table summarized ceded and assumed unearned premiums and the related commission equity at December 31, 2018:

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
A. Affiliates	\$ -	-	-	-	-	-
B. All other	\$ -	-	33,961,399	10,592,707	(33,961,399)	(10,592,707)
C. Totals	<u>\$ -</u>	<u>-</u>	<u>\$ 33,961,399</u>	<u>\$ 10,592,707</u>	<u>\$ (33,961,399)</u>	<u>\$ (10,592,707)</u>
D. Direct Unearned Premiums Reserve			<u>\$ 192,723,831</u>			

- i. Certain agency agreements and ceded reinsurance contracts provide for additional or returned commission based on the actual loss experience of the produced or reinsurance business. Amounts accrued at December 31, 2018.

## Notes to Financial Statements

Description	Direct	Assumed	Ceded	Net
A. Contingent Commissions	\$ -	-	-	-
B. Sliding scale adjustments	\$ -	-	-	-
C. Other profit commissions	\$ -	-	-	-
D. Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

3. Uncollectible Reinsurance – Not applicable
4. Commutation of Ceded Reinsurance – Not applicable
5. Retroactive Reinsurance – Not applicable
6. Reinsurance Accounted for as a Deposit – Not applicable
7. Run-off Agreements – Not applicable

### 24. Retrospectively rated contracts and contracts subject to redetermination

- A. Method used to estimate - Not applicable
- B. Method used to record - Not applicable
- C. Amount and Percent of net Retrospective Premium - Not applicable
- D. Calculation of Non-admitted Accrued Retrospective Premiums - Not applicable

### 25. Change in incurred losses and loss adjustment expenses

During 2017, Hurricanes Irma and Maria affected the Company. The Commissioner of Insurance authorized the withdrawal from the Catastrophe Loss Reserve the Company's retention for both Hurricane. As of December 31, 2018, the loss and LAE reserve for Hurricane Maria amounted to \$75.5 million as gross and \$383,000 ceded reserve and for Hurricane Irma gross loss and LAE reserve amounted to \$5.3 million with ceded loss and LAE of \$4.2 million for a net loss and LAE reserve of \$1.1 million. The retention for Hurricane Irma amounted to \$1.9 million, for Hurricane Maria amounted to \$7.8 million, and were excluded from losses paid and recognized as a reduction of special surplus fund catastrophe reserve as required by the Commissioner of Insurance of Puerto Rico in the statement of income for the year ended December 31, 2017.

	<u>2018</u>	<u>2017</u>
Balance - January 1	\$ 77,936,122	\$ 63,368,791
Incurred related to:		
Current year	136,632,000	136,099,000
Prior years	17,274,616	(2,738,139)
Total incurred	<u>153,906,616</u>	<u>133,360,861</u>
Paid related to:		
Current year	99,652,000	92,002,000
Prior years	64,894,764	26,791,530
Total paid	<u>164,546,764</u>	<u>118,793,530</u>
Balance - December 31	<u>\$ 67,295,974</u>	<u>\$ 77,936,122</u>

### 26. Intercompany pooling arrangements - Not applicable

## Notes to Financial Statements

- 27. **Structured Settlements** - Not applicable
- 28. **Health Care Receivables** - Not applicable
- 29. **Participating Policies** - Not applicable
- 30. **Premiums Deficiencies Reserves** - Not applicable
- 31. **High deductible** - Not applicable
- 32. **Discounting of liabilities for unpaid losses or unpaid loss adjustment expenses** - Not applicable
- 33. **Asbestos/Environmental Reserves** – Not applicable
- 34. **Subscriber Savings Account** - Not applicable
- 35. **Multiple Peril Crop Insurance** - Not applicable
- 36. **Financial Guaranty Insurance** – Not applicable



# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating? Puerto Rico
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes[ ] No[X]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/2013.....
- 3.2 State as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....12/31/2013.....
- 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). .....09/01/2015.....
- 3.4 By what department or departments?  
Insurance Commissioner of Puerto Rico
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?  
If yes, complete and file the merger history data file with the NAIC. Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, ..... 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	No	No	No	No

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, 1000 Scotiabank Plaza, 273 Ponce de Leon Avenue, Hato Rey, Puerto Rico 00917
- 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 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 response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Alejandra Nolibos - Willis Towers Watson - 1450 Brickell Avenue, Suite 1600, Miami, Fl. 33131

## GENERAL INTERROGATORIES (Continued)

- 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 \$ ..... 0  
 12.2 If yes, provide explanation \$ ..... 0
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 [ ] N/A [X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ] N/A [X]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.  
 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a 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 \$ ..... 0  
 20.12 To stockholders not officers \$ ..... 0  
 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0  
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers \$ ..... 0  
 20.22 To stockholders not officers \$ ..... 0  
 20.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being 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 \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ ..... 0  
 22.22 Amount paid as expenses \$ ..... 0  
 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 77,310,000

### 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 [ ] No [X]  
 24.02 If no, give full and complete information, relating thereto  
 Security were held by custodians  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0  
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [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]

## GENERAL INTERROGATORIES (Continued)

- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- |   |            |
|---|------------|
| 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.                   | \$ ..... 0 |
| 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. | \$ ..... 0 |
| 24.103 Total payable for securities lending reported on the liability page.                                       | \$ ..... 0 |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is 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  | \$ ..... 158,648,000 |
| 25.22 Subject to reverse repurchase agreements  | \$ ..... 0           |
| 25.23 Subject to dollar repurchase agreements   | \$ ..... 0           |
| 25.24 Subject to reverse dollar repurchase agreements                                 | \$ ..... 0           |
| 25.25 Placed under option agreements  | \$ ..... 0           |
| 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock | \$ ..... 0           |
| 25.27 FHLB Capital Stock  | \$ ..... 0           |
| 25.28 On deposit with states  | \$ ..... 2,047,963   |
| 25.29 On deposit with other regulatory bodies   | \$ ..... 54,909,302  |
| 25.30 Pledged as collateral - excluding collateral pledged to an FHLB                 | \$ ..... 0           |
| 25.31 Pledged as collateral to FHLB - including assets backing funding agreements     | \$ ..... 0           |
| 25.32 Other   | \$ ..... 0           |
- 25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, 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
Santander Securities	Ave Ponce De Leon #207, Piso 4, San Juan, PR 00917
UBS Financial Services, Incorporated of PR	American International Plaza, 250 Muñoz Avenue, San Juan PR 00918
Citibank, N.A. - Puerto Rico	270 Muñoz Rivera Avenue 6th Floor San Juan PR 00918
Popular Securities	209 Muñoz Rivera Ave., Popular Center - 12th Floor, SJ, PR 00918
Oriental Financial Services Corp	Professional Office Park V, 997 San Roberto Street, Oriental Tower 9th Floor, San Juan PR 00926
Banco Popular De PR	209 Muñoz Rivera Avenue, Hato Rey, PR 00918
Raymond James & Associates Inc.	50 N.Front Street Floor 12 Memphis, TN 38103
Merrill Lynch	Millennium Park Plaza #15 Second Street, suite 210, Guaynabo PR 00968
Pariter Securities, LLC	243 Carretera #2 Guaynabo PR, 00966
Atlas Asset Management, LLC	Buchanan Office Center, 40 Carr 165 STE 201, Guaynabo PR 00968
Morgan Stanley	595 SO Federal Hwy Ste 400, Boca Raton, FL 33432
South Street Securities, LLC	135 S. La Salle Street, Chicago IL 60603

- 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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |
- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[ ] No[X]
- 28.04 If yes, give full and complete information relating thereto:

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

- 28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [ " that have access to the investment accounts"; " handle securities"]
- | 1<br>Name of Firm or Individual                | 2<br>Affiliation |
|--|------------------|
| Raúl Ramírez Negrón (Chief Investment Officer) | I                |
- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes[ ] No[X]
- 28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes[ ] No[X]
- 28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

## GENERAL INTERROGATORIES (Continued)

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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)]?)

Yes[X] No[ ]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
00162Q866	Alerian MLP ETFs (AMLP)	756,254
049446107	AtlasUS TacticalIncFund A(ATLASAX)	2,397,353
25156A106	DEUTSCHE GLOBAL SMALL CAP (KGDAX)	924,607
464287234	ISHARES Emerging Markets (EEM)	265,803
46435G342	ISHARES FTSE NAREIT Mortgage (REM)	578,958
72201F474	PIMCO FDS (PONAX)	4,494,374
74255L738	PRINCIPAL SM-MIDCAP DIV INC(PMDIX)	1,445,073
81369Y506	Energy Select Sector ETFs (XLE)	997,890
81369Y605	Financial Select Sector SPDR (XLF)	1,012,112
87234N765	TCW EMERG MKTS INC FUND CL1(TGEIX)	2,531,643
880208400	TEMPLETON GLB BOND ADV NAV (TGBAX)	1,678,229
921908844	Vanguard Dividend Apprec ETF (VIG)	3,017,742
921946406	Vanguard High DVD ETF (VYM)	3,791,094
97717X701	WisdomTree Europe Hedge ETS (HEDJ)	318,604
33611R102	First PR Tax Exempt (Mat FD V)	66,484
33611R201	First PR Tax Exempt V	60,649
998397A60	First PR Tax Exempt (Mercury)	904,925
29.2999 Total		25,241,796

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Alerian MLP ETFs (AMLP)	Plains All American Pipe	229,977	12/31/2018
AtlasUS TacticalIncFund A(ATLASAX)	TOPIX Exchange Traded Fund	328,286	12/31/2018
DEUTSCHE GLOBAL SMALL CAP (KGDAX)	Ducommun Inc	123,706	12/31/2018
ISHARES Emerging Markets (EEM)	Tencent Holdings Ltd	531,434	12/31/2018
ISHARES FTSE NAREIT Mortgage (REM)	Annaly Capital Management	142,881	12/31/2018
PIMCO FDS (PONAX)	FNMA 4% 1/19	962,617	12/31/2018
PRINCIPAL SM-MIDCAP DIV INC(PMDIX)	PacWest Bancorp	169,929	12/31/2018
Energy Select Sector ETFs (XLE)	Exxon Mobil Corp	301,198	12/31/2018
Financial Select Sector SPDR (XLF)	Barkshire Hathaway Inc	240,024	12/31/2018
TCW EMERG MKTS INC FUND CL1(TGEIX)	PETROBRAS Global Finance Bond 5.75% 2/1/2029	325,217	12/31/2018
TEMPLETON GLB BOND ADV NAV (TGBAX)	Institutional Fiduciary Trust	747,290	12/31/2018
Vanguard Dividend Apprec ETF (VIG)	Microsoft Corp	422,002	12/31/2018
Vanguard High DVD ETF (VYM)	Johnson & Johnson	511,363	12/31/2018
WisdomTree Europe Hedge ETS (HEDJ)	Anheuser-Busch InBev S	46,167	12/31/2018
First PR Tax Exempt (Mat FD V)	California ST - US municipal	16,109	12/31/2018
First PR Tax Exempt V	California ST - US municipal	14,695	12/31/2018
First PR Tax Exempt (Mercury)	Federal Home Loan Bank	98,187	12/31/2018

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	332,555,295	336,994,109	4,438,814
30.2 Preferred stocks			
30.3 Totals	332,555,295	336,994,109	4,438,814

30.4 Describe the sources or methods utilized in determining the fair values:  
Interactive data third party provider of listed markets. Broker Custodian market price

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[X] No[ ]

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[X] No[ ] N/A[ ]

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:

Used Security Valuation office to valued the portfolio

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes[X] No[ ]

## GENERAL INTERROGATORIES (Continued)

32.2 If no, list exceptions:

33. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:
- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
  - b. Issuer or obligor is current on all contracted interest and principal payments.
  - c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting-entity self-designated 5GI securities?

Yes[ ] No[X]

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

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

Has the reporting entity self-designated PLGI securities?

Yes[ ] No[X]

### OTHER

35.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ ..... 786,749

35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Service Office .....	711,352

36.1 Amount of payments for legal expenses, if any?

\$ ..... 107,155

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

1 Name	2 Amount Paid
Casillas, Santiago & Torres LLC .....	101,675

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

\$ ..... 0

37.2 List the name of 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 (Continued)

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
- 1.6 Individual policies
- Most current three years:
- 1.61 Total premium earned \$ ..... 0
- 1.62 Total incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 0
- 1.65 Total incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies
- Most current three years:
- 1.71 Total premium earned \$ ..... 0
- 1.72 Total incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ ..... 0
- 1.75 Total incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	.....	.....
2.2 Premium Denominator .....	232,841,741	205,393,453
2.3 Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4 Reserve Numerator .....	.....	.....
2.5 Reserve Denominator .....	226,058,407	192,394,949
2.6 Reserve Ratio (2.4 / 2.5) .....	.....	.....

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No[X]
- 3.2 If yes, state the amount of calendar year premiums written on: \$ ..... 0
- 3.21 Participating policies \$ ..... 0
- 3.22 Non-participating policies
- 4. For Mutual reporting entities and Reciprocal Exchanges only:
- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ] N/A[X]
- 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ] N/A[X]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... 0.000%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ ..... 0
- 5. For Reciprocal Exchanges Only:
- 5.1 Does the exchange appoint local agents? Yes [ ] No [ ] N/A[X]
- 5.2 If yes, is the commission paid: Yes [ ] No [ ] N/A[X]
- 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A[X]
- 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A[X]
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes [ ] No [ ] N/A[X]
- 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  
Not applicable
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
Computer software Link 13.0 from RMS for hurricane and earthquake risks.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss:  
Catastrophe Reinsurance Program
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes[X] No [ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No[X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ..... 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ] N/A[X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No[X]
- 8.2 If yes, give full information.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;

# GENERAL INTERROGATORIES (Continued)

- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [ ] No[X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No[X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A[X]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ ..... 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A[X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... 0.000%
- 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ ..... 0
- 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 500,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No[X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 0
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ] N/A[X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes [ ] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [ ] No[X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption.
- 17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 exempt from the statutory provision for unauthorized reinsurance \$ ..... 0
- 17.12 Unfunded portion of Interrogatory 17.11 \$ ..... 0
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$ ..... 0
- 17.14 Case reserves portion of Interrogatory 17.11 \$ ..... 0
- 17.15 Incurred but not reported portion of Interrogatory 17.11 \$ ..... 0
- 17.16 Unearned premium portion of Interrogatory 17.11 \$ ..... 0
- 17.17 Contingent commission portion of Interrogatory 17.11 \$ ..... 0

## GENERAL INTERROGATORIES (Continued)

- |  |              |   |
|--|--------------|---|
| 18.1 Do you act as a custodian for health savings accounts?  | Yes[ ] No[X] |   |
| 18.2 If yes, please provide the amount of custodial funds held as of the reporting date:   | \$.....      | 0 |
| 18.3 Do you act as an administrator for health savings accounts?   | Yes[ ] No[X] |   |
| 18.4 If yes, please provide the balance of the funds administered as of the reporting date:  | \$.....      | 0 |
| 19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?   | Yes[ ] No[X] |   |
| 19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? | Yes[ ] No[X] |   |



## FIVE - YEAR HISTORICAL DATA

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

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	39,641,433	31,430,153	36,992,213	36,565,679	39,889,159
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26)	159,501,598	135,223,670	129,546,989	126,504,620	136,152,876
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	125,856,838	79,803,706	75,296,591	74,710,434	79,157,266
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	15,498,213	12,495,038	13,628,546	8,759,589	2,953,141
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33)					
6. TOTAL (Line 35)	340,498,082	258,952,567	255,464,339	246,540,322	258,152,442
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	35,546,709	27,714,177	32,970,648	33,059,949	36,269,371
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	147,037,350	122,480,134	117,321,618	112,313,026	119,340,497
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	59,411,760	41,685,425	40,716,137	41,094,032	38,579,095
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	14,146,848	11,727,709	12,672,260	7,914,151	2,074,219
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33)					
12. TOTAL (Line 35)	256,142,667	203,607,445	203,680,663	194,381,158	196,263,182
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8)	(6,713,024)	(4,503,626)	(4,058,725)	(1,067,831)	(1,876,629)
14. Net investment gain or (loss) (Line 11)	27,557,531	18,406,491	19,065,234	13,662,746	22,411,572
15. TOTAL other income (Line 15)	7,156,732	2,177,491	2,048,512	5,565,123	3,824,629
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	3,550,355	506,412	386,150	823,226	994,724
18. Net income (Line 20)	24,450,884	15,573,944	16,668,871	17,336,812	23,364,848
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	936,957,180	882,537,900	832,069,662	770,844,481	805,527,769
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	54,815,517	46,130,852	38,089,365	33,397,418	30,091,202
20.2 Deferred and not yet due (Line 15.2)	8,310	18,985	470,771	5,031,424	10,606,676
20.3 Accrued retrospective premiums (Line 15.3)					
21. TOTAL liabilities excluding protected cell business (Page 3, Line 26)	681,189,474	633,554,163	579,118,707	519,516,710	552,380,566
22. Losses (Page 3, Line 1)	52,605,473	65,485,621	51,158,290	47,728,620	49,354,454
23. Loss adjustment expenses (Page 3, Line 3)	14,690,501	12,450,501	12,210,501	13,670,501	13,430,501
24. Unearned premiums (Page 3, Line 9)	158,762,433	114,458,827	116,244,835	115,127,147	116,803,760
25. Capital paid up (Page 3, Lines 30 & 31)	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
26. Surplus as regards policyholders (Page 3, Line 37)	255,767,706	248,983,737	252,950,955	251,327,771	253,147,203
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	21,145,397	44,571,164	28,925,426	19,657,323	23,092,205
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital	255,767,706	248,983,737	252,950,955	251,327,771	253,147,203
29. Authorized control level risk-based capital	43,006,166	51,178,076	27,617,125	26,475,406	21,931,967
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
(Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	52.7	49.9	52.9	58.0	68.4
31. Stocks (Lines 2.1 & 2.2)	31.8	26.6	22.5	21.0	11.1
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	8.3	7.5	7.8	8.4	7.8
34. Cash, cash equivalents and short-term investments (Line 5)	1.0	11.3	8.6	5.0	8.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	6.2	4.8	8.1	7.6	4.7
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)	7,000,000	7,000,000	7,000,000		
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)	163,366,785	153,928,420	121,050,153	105,471,298	51,650,397
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. TOTAL of above Lines 42 to 47	170,366,785	160,928,420	128,050,153	105,471,298	51,650,397
49. TOTAL investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)	66.6	64.6	50.6	42.0	20.4

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....	14,962,583	32,640,712	28,720,691	8,322,635	6,768,183
52. Dividends to stockholders (Line 35) .....	(30,000,000)	(40,000,000)	(35,000,000)	(25,000,000)	(25,000,000)
53. Change in surplus as regards policyholders for the year (Line 38) .....	6,783,969	(3,967,218)	1,623,184	(1,819,432)	87,240
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	17,152,752	13,677,006	17,126,341	16,565,739	23,192,419
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	178,041,545	94,822,829	67,515,613	69,740,221	73,828,277
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	504,992,440	123,564,480	24,349,724	21,132,037	22,748,262
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	7,648,241	6,417,114	6,861,318	2,086,680	1,155,320
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
59. TOTAL (Line 35) .....	707,834,978	238,481,429	115,852,996	109,524,677	120,924,278
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	16,283,584	13,563,417	16,332,260	16,544,925	18,707,048
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	89,107,983	62,452,455	66,954,187	69,389,087	73,627,800
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	24,869,174	9,885,758	17,843,325	17,089,711	18,268,535
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....	7,609,607	6,423,082	6,782,699	1,638,080	1,059,728
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
65. TOTAL (Line 35) .....	137,870,348	92,324,712	107,912,471	104,661,803	111,663,111
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	53.7	51.9	55.0	52.6	54.4
68. Loss expenses incurred (Line 3) .....	12.4	13.0	11.3	12.3	12.0
69. Other underwriting expenses incurred (Line 4) .....	36.8	37.3	35.7	35.7	34.5
70. Net underwriting gain (loss) (Line 8) .....	(2.9)	(2.2)	(2.0)	(0.5)	(0.9)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	30.6	36.5	34.5	33.1	33.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	66.1	64.9	66.3	64.9	66.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	100.1	81.8	80.5	77.3	77.5
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	1,055	(742)	(2,742)	(198)	(1,668)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) .....	0.4	(0.3)	(1.1)	(0.1)	(0.7)
<b>Two Year Loss Development (\$000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(1,450)	(1,037)	(768)	279	(375)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(0.6)	(0.4)	(0.3)	0.1	(0.1)

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[ ] N/A[X]

If no, please explain:

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	X X X	X X X	X X X	2,218	565	296	106	68	15	1,911	X X X		
2. 2009	316,953	78,102	238,851	146,742	11,933	2,110	404	24,560	347	24,380	160,728	X X X	
3. 2010	305,903	72,491	233,412	142,274	11,504	2,331	336	25,607	205	24,829	158,168	X X X	
4. 2011	288,520	73,630	214,890	133,463	9,821	2,707	384	22,280	321	22,666	147,924	X X X	
5. 2012	278,103	67,157	210,946	131,431	7,585	3,019	754	22,327		22,255	148,438	X X X	
6. 2013	273,414	68,402	205,012	123,326	6,828	3,704	809	21,335		20,374	140,729	X X X	
7. 2014	263,588	63,313	200,275	108,848	3,980	2,646	741	20,264		16,633	127,037	X X X	
8. 2015	250,990	54,933	196,058	103,326	6,172	2,092	827	19,268		16,856	117,687	X X X	
9. 2016	254,768	52,204	202,564	108,831	5,056	1,351	369	18,840		18,584	123,597	X X X	
10. 2017	260,285	54,891	205,394	815,986	711,932	10,046	8,182	39,420		28,256	145,339	X X X	
11. 2018	303,694	70,852	232,841	96,608	759	627	29	3,206		8,248	99,652	X X X	
12. Totals	X X X	X X X	X X X	1,913,053	776,135	30,930	12,941	217,174	873	203,096	1,371,209	X X X	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	394	(1,193)	9	3					224		456	1,817	X X X
2. 2009	262	(23)	7	9				11	2	38	19	330	X X X
3. 2010	407	129	13	24				15	3	57	95	334	X X X
4. 2011	2,838	1,467	130	139				35	6	324	85	1,715	X X X
5. 2012	1,221	242	262	293				44	5	175	277	1,162	X X X
6. 2013	1,219	79	735	673				80	13	234	615	1,505	X X X
7. 2014	2,349	(356)	948	820				125	25	361	297	3,293	X X X
8. 2015	2,809	66	1,672	1,235				225	50	442	375	3,796	X X X
9. 2016	6,830	447	2,313	1,691				354	59	855	545	8,153	X X X
10. 2017	9,779	3,332	27,803	28,038				736	139	1,403	3,386	8,212	X X X
11. 2018	9,016	293	69,154	50,153				4,054	595	5,797	9,807	36,980	X X X
12. Totals	37,123	4,485	103,045	83,078				5,679	897	9,910	15,956	67,297	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,592	224
2. 2009	173,730	12,671	161,058	54.8	16.2	67.4				283	47
3. 2010	170,704	12,201	158,503	55.8	16.8	67.9				266	68
4. 2011	161,777	12,138	149,639	56.1	16.5	69.6				1,362	353
5. 2012	158,478	8,879	149,599	57.0	13.2	70.9				947	215
6. 2013	150,635	8,401	142,234	55.1	12.3	69.4				1,203	302
7. 2014	135,541	5,210	130,330	51.4	8.2	65.1				2,833	461
8. 2015	129,834	8,351	121,483	51.7	15.2	62.0				3,180	617
9. 2016	139,374	7,623	131,751	54.7	14.6	65.0				7,004	1,150
10. 2017	905,174	751,623	153,551	347.8	1,369.3	74.8				6,212	2,000
11. 2018	188,461	51,829	136,632	62.1	73.2	58.7				27,724	9,256
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	52,605	14,692

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One Year	Two Year
1. Prior	33,278	30,231	29,337	28,799	29,030	28,812	28,175	28,684	29,322	30,786	1,464	2,102
2. 2009	145,970	137,943	137,517	137,180	136,780	136,606	137,194	136,959	136,917	136,808	(109)	(151)
3. 2010	X X X	138,571	134,449	134,379	132,974	132,826	133,028	133,279	133,104	133,044	(61)	(236)
4. 2011	X X X	X X X	127,666	127,722	127,115	126,491	126,396	126,398	126,538	127,357	819	959
5. 2012	X X X	X X X	X X X	123,937	126,112	126,908	127,279	126,945	127,658	127,097	(561)	152
6. 2013	X X X	X X X	X X X	X X X	120,854	119,555	121,072	120,295	120,743	120,664	(79)	369
7. 2014	X X X	X X X	X X X	X X X	X X X	111,794	109,649	109,663	110,258	109,706	(552)	43
8. 2015	X X X	X X X	X X X	X X X	X X X	X X X	105,643	103,471	102,859	101,773	(1,087)	(1,698)
9. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	115,046	112,598	112,055	(543)	(2,991)
10. 2017	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	110,964	112,727	1,763	X X X
11. 2018	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	127,629	X X X	X X X
12. TOTALS											1,055	(1,450)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1. Prior	000	11,131	15,512	18,502	22,204	24,873	25,777	26,704	27,351	29,194	X X X	X X X
2. 2009	109,646	127,444	130,609	133,322	134,266	135,112	135,663	136,285	136,320	136,516	X X X	X X X
3. 2010	X X X	104,496	123,813	126,937	129,123	130,621	131,671	132,588	132,676	132,766	X X X	X X X
4. 2011	X X X	X X X	99,646	116,868	120,215	122,695	123,967	124,534	125,201	125,965	X X X	X X X
5. 2012	X X X	X X X	X X X	97,228	116,243	120,850	123,524	124,543	125,228	126,111	X X X	X X X
6. 2013	X X X	X X X	X X X	X X X	92,183	110,628	114,206	116,926	118,322	119,394	X X X	X X X
7. 2014	X X X	X X X	X X X	X X X	X X X	83,338	100,473	103,042	105,592	106,773	X X X	X X X
8. 2015	X X X	X X X	X X X	X X X	X X X	X X X	80,172	92,870	96,275	98,419	X X X	X X X
9. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	87,796	101,774	104,757	X X X	X X X
10. 2017	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	72,198	105,918	X X X	X X X
11. 2018	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	96,446	X X X	X X X

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Prior	8,412	1,457	257	378	168	297	150	22	54	6
2. 2009	31,081	2,239	113	538	10	24	60	(6)	24	7
3. 2010	X X X	22,130	2,166	737	5	37	50	(16)	73	0
4. 2011	X X X	X X X	17,502	1,839	77	53	91	(21)	76	21
5. 2012	X X X	X X X	X X X	15,410	786	(341)	91	(20)	210	8
6. 2013	X X X	X X X	X X X	X X X	16,599	708	468	51	320	130
7. 2014	X X X	X X X	X X X	X X X	X X X	16,756	1,521	763	724	228
8. 2015	X X X	X X X	X X X	X X X	X X X	X X X	15,687	3,016	1,169	611
9. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,185	2,450	916
10. 2017	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	19,550	362
11. 2018	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	22,460

# SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
States, Etc.									
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	340,498,082	303,693,600		707,834,978	216,806,275	140,169,290		
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. TOTALS	X X X	340,498,082	303,693,600		707,834,978	216,806,275	140,169,290		
<b>DETAILS OF WRITE-INS</b>									
58001.	X X X								
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

(a) Active Status Counts:

L Licensed or Chartered - Licensed insurance carrier or domiciled RRG

E Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile See DSLI)

D Domestic Surplus Lines Insurer (DSLII) Reporting entities authorized to write surplus lines in the state of domicile.

1

R Registered - Non-domiciled RRGs

Q Qualified - Qualified or accredited reinsurer

N None of the above Not allowed to write business in the state

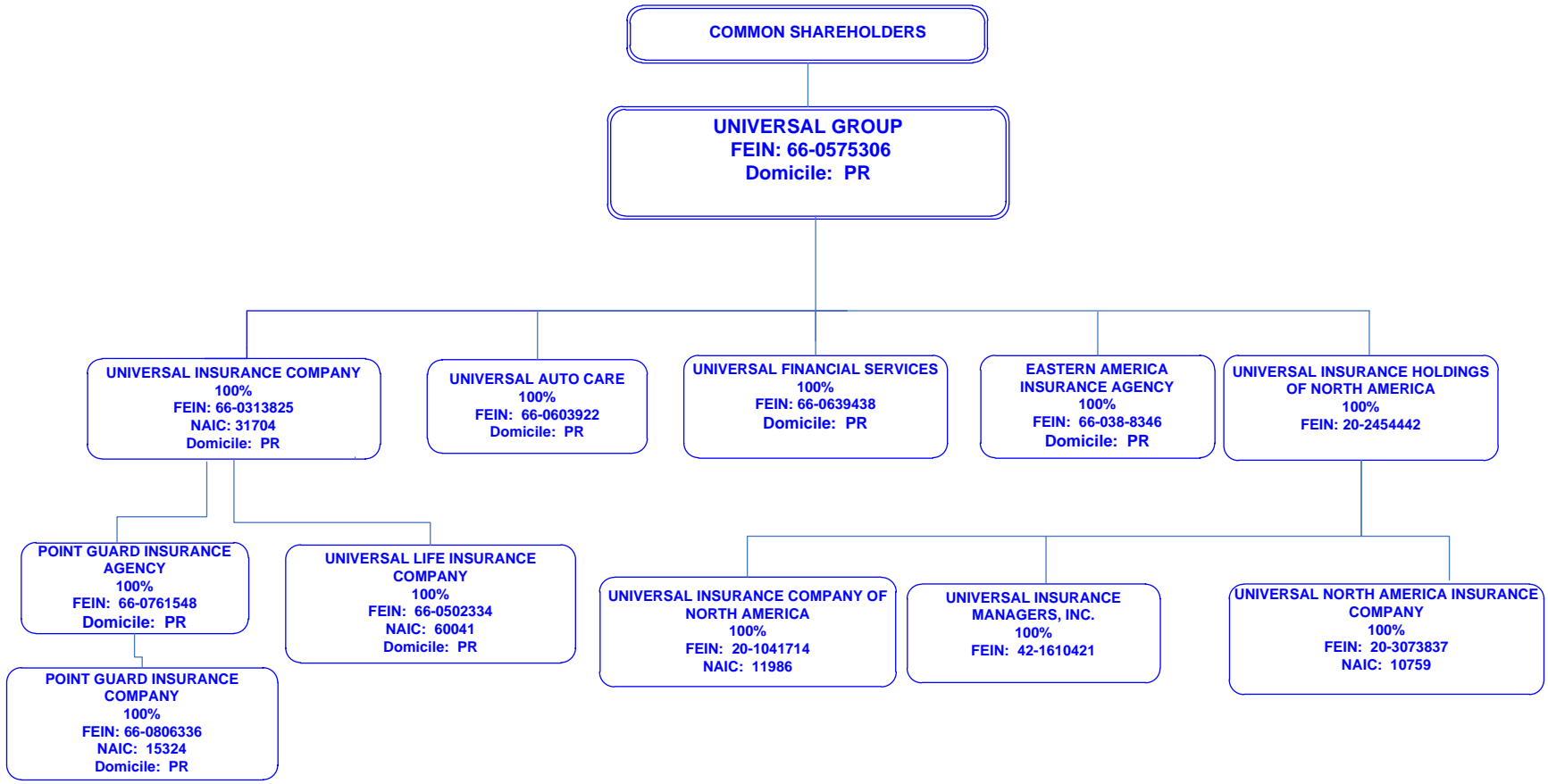
56

Explanation of basis of allocation of premiums by states, etc.: Location of property

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

**UNIVERSAL GROUP ORGANIZATIONAL STRUCTURE**

Q11



# INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Assets .....	2
Cash Flow .....	5
Exhibit of Capital Gains (Losses) .....	12
Exhibit of Net Investment Income .....	12
Exhibit of Nonadmitted Assets .....	13
Exhibit of Premiums and Losses (State Page) .....	19
Five-Year Historical Data .....	17
General Interrogatories .....	15
Jurat Page .....	1
Liabilities, Surplus and Other Funds .....	3
Notes To Financial Statements .....	14
Overflow Page for Write-ins .....	100
Schedule A - Part 1 .....	E01
Schedule A - Part 2 .....	E02
Schedule A - Part 3 .....	E03
Schedule A - Verification Between Years .....	SI02
Schedule B - Part 1 .....	E04
Schedule B - Part 2 .....	E05
Schedule B - Part 3 .....	E06
Schedule B - Verification Between Years .....	SI02
Schedule BA - Part 1 .....	E07
Schedule BA - Part 2 .....	E08
Schedule BA - Part 3 .....	E09
Schedule BA - Verification Between Years .....	SI03
Schedule D - Part 1 .....	E10
Schedule D - Part 1A - Section 1 .....	SI05
Schedule D - Part 1A - Section 2 .....	SI08
Schedule D - Part 2 - Section 1 .....	E11
Schedule D - Part 2 - Section 2 .....	E12
Schedule D - Part 3 .....	E13
Schedule D - Part 4 .....	E14
Schedule D - Part 5 .....	E15
Schedule D - Part 6 - Section 1 .....	E16
Schedule D - Part 6 - Section 2 .....	E16
Schedule D - Summary By Country .....	SI04
Schedule D - Verification Between Years .....	SI03
Schedule DA - Part 1 .....	E17
Schedule DA - Verification Between Years .....	SI10
Schedule DB - Part A - Section 1 .....	E18
Schedule DB - Part A - Section 2 .....	E19
Schedule DB - Part A - Verification Between Years .....	SI11
Schedule DB - Part B - Section 1 .....	E20
Schedule DB - Part B - Section 2 .....	E21
Schedule DB - Part B - Verification Between Years .....	SI11
Schedule DB - Part C - Section 1 .....	SI12
Schedule DB - Part C - Section 2 .....	SI13
Schedule DB - Part D - Section 1 .....	E22
Schedule DB - Part D - Section 2 .....	E23
Schedule DB - Verification .....	SI14
Schedule DL - Part 1 .....	E24
Schedule DL - Part 2 .....	E25
Schedule E - Part 1 - Cash .....	E26
Schedule E - Part 2 - Cash Equivalents .....	E27
Schedule E - Part 2 - Verification Between Years .....	SI15
Schedule E - Part 3 - Special Deposits .....	E28
Schedule F - Part 1 .....	20
Schedule F - Part 2 .....	21
Schedule F - Part 3 .....	22
Schedule F - Part 4 .....	23
Schedule F - Part 5 .....	24

# INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule F - Part 6 - Section 1 .....	25
Schedule F - Part 6 - Section 2 .....	26
Schedule F - Part 7 .....	27
Schedule F - Part 8 .....	28
Schedule F - Part 9 .....	29
Schedule H - Accident and Health Exhibit - Part 1 .....	30
Schedule H - Parts 2, 3, and 4 .....	31
Schedule H - Part 5 - Health Claims .....	32
Schedule P - Part 1 - Summary .....	33
Schedule P - Part 1A - Homeowners/Farmowners .....	35
Schedule P - Part 1B - Private Passenger Auto Liability/Medical .....	36
Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical .....	37
Schedule P - Part 1D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	38
Schedule P - Part 1E - Commercial Multiple Peril .....	39
Schedule P - Part 1F - Section 1 - Medical Professional Liability - Occurrence .....	40
Schedule P - Part 1F - Section 2 - Medical Professional Liability - Claims-Made .....	41
Schedule P - Part 1G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	42
Schedule P - Part 1H - Section 1 - Other Liability - Occurrence .....	43
Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made .....	44
Schedule P - Part 1I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) .....	45
Schedule P - Part 1J - Auto Physical Damage .....	46
Schedule P - Part 1K - Fidelity/Surety .....	47
Schedule P - Part 1L - Other (Including Credit, Accident and Health) .....	48
Schedule P - Part 1M - International .....	49
Schedule P - Part 1N - Reinsurance - Nonproportional Assumed Property .....	50
Schedule P - Part 1O - Reinsurance - Nonproportional Assumed Liability .....	51
Schedule P - Part 1P - Reinsurance - Nonproportional Assumed Financial Lines .....	52
Schedule P - Part 1R - Section 1 - Products Liability - Occurrence .....	53
Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made .....	54
Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty .....	55
Schedule P - Part 1T - Warranty .....	56
Schedule P - Part 2, Part 3 and Part 4 - Summary .....	34
Schedule P - Part 2A - Homeowners/Farmowners .....	57
Schedule P - Part 2B - Private Passenger Auto Liability/Medical .....	57
Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical .....	57
Schedule P - Part 2D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	57
Schedule P - Part 2E - Commercial Multiple Peril .....	57
Schedule P - Part 2F - Section 1 - Medical Professional Liability - Occurrence .....	58
Schedule P - Part 2F - Section 2 - Medical Professional Liability - Claims-Made .....	58
Schedule P - Part 2G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	58
Schedule P - Part 2H - Section 1 - Other Liability - Occurrence .....	58
Schedule P - Part 2H - Section 2 - Other Liability - Claims - Made .....	58
Schedule P - Part 2I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) .....	59
Schedule P - Part 2J - Auto Physical Damage .....	59
Schedule P - Part 2K - Fidelity, Surety .....	59
Schedule P - Part 2L - Other (Including Credit, Accident and Health) .....	59
Schedule P - Part 2M - International .....	59
Schedule P - Part 2N - Reinsurance - Nonproportional Assumed Property .....	60
Schedule P - Part 2O - Reinsurance - Nonproportional Assumed Liability .....	60
Schedule P - Part 2P - Reinsurance - Nonproportional Assumed Financial Lines .....	60
Schedule P - Part 2R - Section 1 - Products Liability - Occurrence .....	61
Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made .....	61
Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty .....	61
Schedule P - Part 2T - Warranty .....	61
Schedule P - Part 3A - Homeowners/Farmowners .....	62
Schedule P - Part 3B - Private Passenger Auto Liability/Medical .....	62
Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical .....	62
Schedule P - Part 3D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	62
Schedule P - Part 3E - Commercial Multiple Peril .....	62
Schedule P - Part 3F - Section 1 - Medical Professional Liability - Occurrence .....	63
Schedule P - Part 3F - Section 2 - Medical Professional Liability - Claims-Made .....	63
Schedule P - Part 3G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	63
Schedule P - Part 3H - Section 1 - Other Liability - Occurrence .....	63
Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made .....	63



## INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule P - Part 3I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) .....	64
Schedule P - Part 3J - Auto Physical Damage .....	64
Schedule P - Part 3K - Fidelity/Surety .....	64
Schedule P - Part 3L - Other (Including Credit, Accident and Health) .....	64
Schedule P - Part 3M - International .....	64
Schedule P - Part 3N - Reinsurance - Nonproportional Assumed Property .....	65
Schedule P - Part 3O - Reinsurance - Nonproportional Assumed Liability .....	65
Schedule P - Part 3P - Reinsurance - Nonproportional Assumed Financial Lines .....	65
Schedule P - Part 3R - Section 1 - Products Liability - Occurrence .....	66
Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made .....	66
Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty .....	66
Schedule P - Part 3T - Warranty .....	66
Schedule P - Part 4A - Homeowners/Farmowners .....	67
Schedule P - Part 4B - Private Passenger Auto Liability/Medical .....	67
Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical .....	67
Schedule P - Part 4D Workers' Compensation (Excluding Excess Workers' Compensation) .....	67
Schedule P - Part 4E - Commercial Multiple Peril .....	67
Schedule P - Part 4F - Section 1 - Medical Professional Liability - Occurrence .....	68
Schedule P - Part 4F - Section 2 - Medical Professional Liability - Claims-Made .....	68
Schedule P - Part 4G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	68
Schedule P - Part 4H - Section 1 - Other Liability - Occurrence .....	68
Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made .....	68
Schedule P - Part 4I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) .....	69
Schedule P - Part 4J - Auto Physical Damage .....	69
Schedule P - Part 4K - Fidelity/Surety .....	69
Schedule P - Part 4L - Other (Including Credit, Accident and Health) .....	69
Schedule P - Part 4M - International .....	69
Schedule P - Part 4N - Reinsurance - Nonproportional Assumed Property .....	70
Schedule P - Part 4O - Reinsurance - Nonproportional Assumed Liability .....	70
Schedule P - Part 4P - Reinsurance - Nonproportional Assumed Financial Lines .....	70
Schedule P - Part 4R - Section 1 - Products Liability - Occurrence .....	71
Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made .....	71
Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty .....	71
Schedule P - Part 4T - Warranty .....	71
Schedule P - Part 5A - Homeowners/Farmowners .....	72
Schedule P - Part 5B - Private Passenger Auto Liability/Medical .....	73
Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical .....	74
Schedule P - Part 5D - Workers' Compensation (Excluding Excess Worker' Compensation) .....	75
Schedule P - Part 5E - Commercial Multiple Peril .....	76
Schedule P - Part 5F - Medical Professional Liability - Claims-Made .....	78
Schedule P - Part 5F - Medical Professional Liability - Occurrence .....	77
Schedule P - Part 5H - Other Liability - Claims-Made .....	80
Schedule P - Part 5H - Other Liability - Occurrence .....	79
Schedule P - Part 5R - Products Liability - Claims-Made .....	82
Schedule P - Part 5R - Products Liability - Occurrence .....	81
Schedule P - Part 5T - Warranty .....	83
Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical .....	84
Schedule P - Part 6D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	84
Schedule P - Part 6E - Commercial Multiple Peril .....	85
Schedule P - Part 6H - Other Liability - Claims-Made .....	86
Schedule P - Part 6H - Other Liability - Occurrence .....	85
Schedule P - Part 6M - International .....	86
Schedule P - Part 6N - Reinsurance - Nonproportional Assumed Property .....	87
Schedule P - Part 6O - Reinsurance - Nonproportional Assumed Liability .....	87
Schedule P - Part 6R - Products Liability - Claims-Made .....	88
Schedule P - Part 6R - Products Liability - Occurrence .....	88
Schedule P - Part 7A - Primary Loss Sensitive Contracts .....	89
Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts .....	91
Schedule P Interrogatories .....	93
Schedule T - Exhibit of Premiums Written .....	94
Schedule T - Part 2 - Interstate Compact .....	95

## INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule Y - Part 1 - Information Concerning Activities of Insurer Members of a Holding Company Group .....	96
Schedule Y - Part 1A - Detail of Insurance Holding Company System .....	97
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	98
Statement of Income .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	99
Underwriting and Investment Exhibit Part 1 .....	6
Underwriting and Investment Exhibit Part 1A .....	7
Underwriting and Investment Exhibit Part 1B .....	8
Underwriting and Investment Exhibit Part 2 .....	9
Underwriting and Investment Exhibit Part 2A .....	10
Underwriting and Investment Exhibit Part 3 .....	11