



**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).....	306,712,237		306,712,237	293,390,187
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	31,839,747		31,839,747	32,719,340
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	37,415,297		37,415,297	38,255,213
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....29,932,139, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....135,071, Sch. DA).....	30,067,210		30,067,210	33,725,499
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	406,034,491	0	406,034,491	398,090,239
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,986,884		2,986,884	2,911,872
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	26,905,233	8,238,423	18,666,810	15,514,258
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	576,652		576,652	672,882
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			0	660,776
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	2,255,953
18.2 Net deferred tax asset.....	10,156,777	1,675,284	8,481,493	6,555,407
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	140,499		140,499	167,707
21. Furniture and equipment, including health care delivery assets (\$.....0).....	2,910,378	2,910,378	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	2,154,600		2,154,600	1,832,278
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	13,647,401	13,647,401	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	465,512,915	26,471,486	439,041,429	428,661,372
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	465,512,915	26,471,486	439,041,429	428,661,372

**DETAILS OF WRITE-INS**

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Other receivables and prepaid software licences.....	13,647,401	13,647,401	0	
2502.....			0	
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	13,647,401	13,647,401	0	0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	80,332,605	87,354,784
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	4,024,237	4,418,834
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	12,496,633	13,436,122
4. Commissions payable, contingent commissions and other similar charges.....	4,698,746	5,171,625
5. Other expenses (excluding taxes, licenses and fees).....	1,700,523	1,747,083
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,597,044	1,358,965
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	3,047,855	
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....27,873,222 and including warranty reserves of \$.....0).....	105,781,686	100,695,354
10. Advance premium.....	7,783,152	10,756,568
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	4,932,778	2,626,922
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	936,549	822,452
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....	21,485	9,933
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	68,836	27,247
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.....	17,103,631	9,683,576
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	244,525,760	238,109,465
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	244,525,760	238,109,465
29. Aggregate write-ins for special surplus funds.....	28,556,707	21,680,974
30. Common capital stock.....	5,000,000	5,000,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	65,000,000	65,000,000
35. Unassigned funds (surplus).....	95,958,962	98,870,933
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	194,515,669	190,551,907
38. TOTALS (Page 2, Line 28, Col. 3).....	439,041,429	428,661,372

### DETAILS OF WRITE-INS

2501. Reserve for Catastrophe Insurance Losses Minimum Required Retention.....		4,545,293
2502. Reinsurance Recoverable, net of salvage and subrogation (Sch. F Pt. 3 Col 7,8).....	338,469	
2503. Unclaimed Funds.....	3,201,056	3,311,747
2598. Summary of remaining write-ins for Line 25 from overflow page.....	13,564,106	1,826,536
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	17,103,631	9,683,576
2901. Reserve for Catastrophe Insurance Losses pursuant to Ch. 25 of the Insurance Code of Puerto Rico.....	28,556,707	21,680,974
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	28,556,707	21,680,974
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	148,841,701	150,126,805
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7).....	60,804,475	77,841,078
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	17,514,003	18,764,201
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	55,860,805	52,404,092
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	134,179,283	149,009,371
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	14,662,418	1,117,434
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	18,699,695	19,737,364
10. Net realized capital gains (losses) less capital gains tax of \$.....221,902 (Exhibit of Capital Gains (Losses)).....	1,257,448	4,317,182
11. Net investment gain (loss) (Lines 9 + 10).....	19,957,143	24,054,546
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....32,228).....	(32,228)	(186,348)
13. Finance and service charges not included in premiums.....	48,538	50,624
14. Aggregate write-ins for miscellaneous income.....	291,670	110,870
15. Total other income (Lines 12 through 14).....	307,980	(24,854)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	34,927,541	25,147,126
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).....	34,927,541	25,147,126
19. Federal and foreign income taxes incurred.....	5,175,846	(2,019,644)
20. Net income (Line 18 minus Line 19) (to Line 22).....	29,751,695	27,166,770
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	190,551,907	177,876,192
22. Net income (from Line 20).....	29,751,695	27,166,770
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(112,377).....	(3,998,353)	(3,889,852)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	1,939,717	1,384,586
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	(5,763,038)	(2,911,360)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(11,552)	(9,933)
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.....	(22,500,000)	(7,875,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	4,545,293	(1,189,496)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	3,963,762	12,675,715
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	194,515,669	190,551,907
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Other income (expense).....	291,670	110,870
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	291,670	110,870
3701. Establishment of Catastrophe Insurance Losses Minimum Retention Reserve.....	4,545,293	(1,189,496)
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	4,545,293	(1,189,496)

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	148,322,479	119,368,988
2. Net investment income.....	16,736,001	19,168,270
3. Miscellaneous income.....	307,979	(24,854)
4. Total (Lines 1 through 3).....	165,366,459	138,512,404
5. Benefit and loss related payments.....	67,560,475	73,851,273
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	72,176,226	68,504,189
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	93,940	12,886
10. Total (Lines 5 through 9).....	139,830,641	142,368,348
11. Net cash from operations (Line 4 minus Line 10).....	25,535,818	(3,855,944)
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	106,475,087	154,948,703
12.2 Stocks.....	317,347	
12.3 Mortgage loans.....		
12.4 Real estate.....	7,979,083	
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	114,771,517	154,948,703
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	119,028,126	151,047,047
13.2 Stocks.....	3,974,654	1,980,154
13.3 Mortgage loans.....		
13.4 Real estate.....	6,533,412	2,262,920
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	129,536,192	155,290,121
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(14,764,675)	(341,418)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	22,500,000	7,875,000
16.6 Other cash provided (applied).....	8,070,568	(3,410,657)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(14,429,432)	(11,285,657)
<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 Line 15 plus Line 17).....	(3,658,289)	(15,483,019)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	33,725,499	49,208,518
19.2 End of year (Line 18 plus Line 19.1).....	30,067,210	33,725,499

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 December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	2,183,770	1,089,157	796,108	2,476,819
2. Allied lines.....	11,993,997	7,287,596	8,704,394	10,577,199
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....	12,470,715	8,136,919	9,085,697	11,521,937
5. Commercial multiple peril.....	34,044,296	22,386,938	27,366,951	29,064,283
6. Mortgage guaranty.....				0
8. Ocean marine.....	1,065,315	687,653	619,160	1,133,808
9. Inland marine.....	1,720,239	3,241,990	2,506,538	2,455,691
10. Financial guaranty.....				0
11.1 Medical professional liability - occurrence.....				0
11.2 Medical professional liability - claims-made.....				0
12. Earthquake.....	11,597,171	7,407,482	9,308,357	9,696,296
13. Group accident and health.....	20,737			20,737
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....	420,427	35,505	266,301	189,631
17.1 Other liability - occurrence.....	11,261,263	3,954,782	6,011,752	9,204,293
17.2 Other liability - claims-made.....				0
17.3 Excess workers' compensation.....				0
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....	4,920,277	2,928,598	2,761,468	5,087,407
19.3, 19.4 Commercial auto liability.....	13,924,912	7,855,380	7,315,686	14,464,606
21. Auto physical damage.....	44,314,089	33,151,443	28,656,014	48,809,518
22. Aircraft (all perils).....				0
23. Fidelity.....	29,819	8,673	16,503	21,989
24. Surety.....	2,846,727	1,846,626	1,742,124	2,951,229
26. Burglary and theft.....				0
27. Boiler and machinery.....				0
28. Credit.....				0
29. International.....				0
30. Warranty.....				0
31. Reinsurance - nonproportional assumed property.....				0
32. Reinsurance - nonproportional assumed liability.....				0
33. Reinsurance - nonproportional assumed financial lines.....				0
34. Aggregate write-ins for other lines of business.....	1,114,279	676,612	624,633	1,166,258
35. TOTALS.....	153,928,033	100,695,354	105,781,686	148,841,701

#### DETAILS OF WRITE-INS

3401. Travel Assistance.....	1,114,279	676,612	624,633	1,166,258
3402. ....				0
3403. ....				0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	1,114,279	676,612	624,633	1,166,258

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Uneamed (Running One Year or Less from Date of Policy) (a)	Amount Uneamed (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Uneamed Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	782,817	13,291			796,108
2. Allied lines.....	8,629,062	75,332			8,704,394
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	9,011,600	74,097			9,085,697
5. Commercial multiple peril.....	26,339,187	1,027,764			27,366,951
6. Mortgage guaranty.....					0
8. Ocean marine.....	612,393	6,767			619,160
9. Inland marine.....	1,252,437	1,254,101			2,506,538
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....	9,233,960	74,397			9,308,357
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....	145,272	121,029			266,301
17.1 Other liability - occurrence.....	5,804,192	207,560			6,011,752
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....	2,761,467				2,761,467
19.3, 19.4 Commercial auto liability.....	7,036,710	278,977			7,315,687
21. Auto physical damage.....	24,742,685	3,913,329			28,656,014
22. Aircraft (all perils).....					0
23. Fidelity.....	16,503				16,503
24. Surety.....	1,291,687	450,437			1,742,124
26. Burglary and theft.....					0
27. Boiler and machinery.....					0
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	507,018	117,615	0	0	624,633
35. TOTALS.....	98,166,990	7,614,696	0	0	105,781,686
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					105,781,686

#### DETAILS OF WRITE-INS

3401. Travel Assistance.....	507,018	117,615			624,633
3402. ....					0
3403. ....					0
3498. Summary of remaining write-ins for Line 34 from overflow page....	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	507,018	117,615	0	0	624,633

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	6,413,514			4,187,723	42,021	2,183,770
2. Allied lines.....	41,300,148			12,886,446	16,419,705	11,993,997
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	14,369,656			1,886,241	12,700	12,470,715
5. Commercial multiple peril.....	60,525,432			26,064,076	417,060	34,044,296
6. Mortgage guaranty.....						0
8. Ocean marine.....	1,733,196			610,219	57,662	1,065,315
9. Inland marine.....	4,203,566			2,462,327	21,000	1,720,239
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....	21,513,126			9,872,676	43,279	11,597,171
13. Group accident and health.....	82,950			62,213		20,737
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....	434,085			13,658		420,427
17.1 Other liability - occurrence.....	13,265,470			1,785,456	218,751	11,261,263
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	2,042,852	3,083,700		206,275		4,920,277
19.3, 19.4 Commercial auto liability.....	15,582,978			1,235,274	422,792	13,924,912
21. Auto physical damage.....	20,586,028	24,168,050		249,769	190,220	44,314,089
22. Aircraft (all perils).....						0
23. Fidelity.....	29,820			1		29,819
24. Surety.....	5,614,348			2,587,257	180,364	2,846,727
26. Burglary and theft.....						0
27. Boiler and machinery.....	614,648				614,648	0
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	.XXX					0
32. Reinsurance - nonproportional assumed liability.....	.XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	.XXX					0
34. Aggregate write-ins for other lines of business.....	878,249	356,036	0	120,018	(12)	1,114,279
35. TOTALS.....	209,190,066	27,607,786	0	64,229,629	18,640,190	153,928,033

#### DETAILS OF WRITE-INS

3401. Travel Assistance.....	878,249	356,036		120,018	(12)	1,114,279
3402. ....						0
3403. ....						0
3498. Summary of remaining write-ins for Line 34 from overflow page..	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	878,249	356,036	0	120,018	(12)	1,114,279

(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 \$.00

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.00

## 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, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....	1,188,491			1,188,491	343,137	338,265	1,193,363	48.2
2.	Allied lines.....	1,834,108		1,549,653	284,455	195,545	139,447	340,553	3.2
3.	Farmowners multiple peril.....				0			0	
4.	Homeowners multiple peril.....	4,756,807		17,684	4,739,123	2,966,421	2,123,745	5,581,799	48.4
5.	Commercial multiple peril.....	13,711,342	(1,244)	1,028,523	12,681,575	25,944,571	25,158,339	13,467,807	46.3
6.	Mortgage guaranty.....				0			0	
8.	Ocean marine.....	226,872			226,872	243,371	137,023	333,220	29.4
9.	Inland marine.....	415,540			415,540	419,125	257,635	577,030	23.5
10.	Financial guaranty.....				0			0	
11.1	Medical professional liability - occurrence.....				0			0	
11.2	Medical professional liability - claims-made.....				0			0	
12.	Earthquake.....	118,244			118,244	54,791	5,560	167,475	1.7
13.	Group accident and health.....	27,992		20,965	7,027	19,081	6,490	19,618	94.6
14.	Credit accident and health (group and individual).....				0			0	
15.	Other accident and health.....				0			0	
16.	Workers' compensation.....	18,718		79,807	(61,089)	11,958		(49,131)	(25.9)
17.1	Other liability - occurrence.....	4,858,381		556,358	4,302,023	17,007,218	16,872,426	4,436,815	48.2
17.2	Other liability - claims-made.....				0			0	
17.3	Excess workers' compensation.....				0			0	
18.1	Products liability - occurrence.....				0			0	
18.2	Products liability - claims-made.....				0			0	
19.1, 19.2	Private passenger auto liability.....	1,352,741	1,786,379		3,139,120	3,931,311	3,232,731	3,837,700	75.4
19.3, 19.4	Commercial auto liability.....	12,270,088		308,001	11,962,087	23,456,727	29,952,468	5,466,346	37.8
21.	Auto physical damage.....	11,974,025	13,526,682		25,500,707	4,036,219	4,248,284	25,288,642	51.8
22.	Aircraft (all perils).....				0			0	
23.	Fidelity.....				0			0	
24.	Surety.....	2,643,509		(194,274)	2,837,783	1,645,094	4,719,071	(236,194)	(8.0)
26.	Burglary and theft.....				0			0	
27.	Boiler and machinery.....	209,638		209,638	0			0	
28.	Credit.....				0			0	
29.	International.....				0			0	
30.	Warranty.....				0			0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34.	Aggregate write-ins for other lines of business.....	595,377	98,904	209,585	484,696	58,036	163,300	379,432	32.5
35.	<b>TOTALS.....</b>	<b>56,201,873</b>	<b>15,410,721</b>	<b>3,785,940</b>	<b>67,826,654</b>	<b>80,332,605</b>	<b>87,354,784</b>	<b>60,804,475</b>	<b>40.9</b>

#### DETAILS OF WRITE-INS

3401.	Travel Assistance.....	595,377	98,904	209,585	484,696	58,036	163,300	379,432	32.5
3402.	.....				0			0	
3403.	.....				0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	595,377	98,904	209,585	484,696	58,036	163,300	379,432	32.5

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	271,310			271,310	71,827			343,137	36,424
2. Allied lines.....	551,950		527,440	24,510	347,626		176,591	195,545	80,811
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	2,116,121		326,222	1,789,899	1,176,522			2,966,421	402,532
5. Commercial multiple peril.....	17,400,248		3,654,417	13,745,831	14,813,048		2,614,308	25,944,571	3,835,569
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	28,001		1	28,000	215,371			243,371	29,807
9. Inland marine.....	170,560		1,000	169,560	249,565			419,125	26,596
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....	54,750			54,750	41			54,791	2,703
13. Group accident and health.....	14,831			14,831	17,000		12,750	(a) 19,081	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	11,958			11,958				11,958	1,855
17.1 Other liability - occurrence.....	8,526,863		1,276,008	7,250,855	11,544,506		1,788,143	17,007,218	2,216,294
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	1,183,129	1,362,317		2,545,446	858,198	527,667		3,931,311	734,038
19.3, 19.4 Commercial auto liability.....	14,171,721		638,487	13,533,234	10,280,385		356,892	23,456,727	4,166,416
21. Auto physical damage.....	1,456,959	880,556		2,337,515	1,443,474	255,230		4,036,219	596,925
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....	(2,484,024)		(2,102,744)	(381,280)	3,066,758		1,040,384	1,645,094	203,599
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	414,500		414,500	0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	52,789	76	37,946	14,919	28,007	15,110	0	58,036	163,064
35. TOTALS.....	43,941,666	2,242,949	4,773,277	41,411,338	44,112,328	798,007	5,989,068	80,332,605	12,496,633

**DETAILS OF WRITE-INS**

3401. Travel Assistance.....	52,789	76	37,946	14,919	28,007	15,110		58,036	163,064
3402. ....				0				0	
3403. ....				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	52,789	76	37,946	14,919	28,007	15,110	0	58,036	163,064

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

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	5,897,937			5,897,937
1.2 Reinsurance assumed.....	174,913			174,913
1.3 Reinsurance ceded.....	1,060,191			1,060,191
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	5,012,659	0	0	5,012,659
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		35,872,728		35,872,728
2.2 Reinsurance assumed, excluding contingent.....		4,148,187		4,148,187
2.3 Reinsurance ceded, excluding contingent.....		9,767,279		9,767,279
2.4 Contingent - direct.....		1,370,876		1,370,876
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	31,624,512	0	31,624,512
3. Allowances to manager and agents.....		247,820		247,820
4. Advertising.....		667,053		667,053
5. Boards, bureaus and associations.....		520,896		520,896
6. Surveys and underwriting reports.....		44,155		44,155
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	6,253,486	13,990,427	537,013	20,780,926
8.2 Payroll taxes.....	506,524	1,131,359	43,084	1,680,967
9. Employee relations and welfare.....	1,022,550	2,281,819	86,502	3,390,871
10. Insurance.....	139,615	311,551	11,811	462,977
11. Directors' fees.....		2,458	2,625	5,083
12. Travel and travel items.....	549,511	1,226,232	46,485	1,822,228
13. Rent and rent items.....	1,296,361	2,892,829	109,664	4,298,854
14. Equipment.....	1,159,740	2,587,960	98,107	3,845,807
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	104,380	232,924	8,830	346,134
17. Postage, telephone and telegraph, exchange and express.....	365,724	816,112	30,938	1,212,774
18. Legal and auditing.....	83,248	314,777	136,051	534,076
19. Totals (Lines 3 to 18).....	11,481,139	27,268,372	1,111,110	39,860,621
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		(469,772)		(469,772)
20.2 Insurance department licenses and fees.....	47,941	114,234	4,056	166,231
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....	144,293	(1,187,985)	12,237	(1,031,455)
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	192,234	(1,543,523)	16,293	(1,334,996)
21. Real estate expenses.....			182,644	182,644
22. Real estate taxes.....			350,110	350,110
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	827,971	(1,488,556)	691,566	30,981
25. Total expenses incurred.....	17,514,003	55,860,805	2,351,723	(a) 75,726,531
26. Less unpaid expenses - current year.....	12,496,633	6,635,988	205,901	19,338,522
27. Add unpaid expenses - prior year.....	13,436,122	7,048,008	273,609	20,757,739
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	18,453,492	56,272,825	2,419,431	77,145,748

**DETAILS OF WRITE-INS**

2401. Investment expense consultant.....			241,677	241,677
2402. Donations.....		917	980	1,897
2403. Other consultant fees.....	773,357	1,725,744	65,421	2,564,522
2498. Summary of remaining write-ins for Line 24 from overflow page.....	54,614	(3,215,217)	383,488	(2,777,115)
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	827,971	(1,488,556)	691,566	30,981

(a) Includes management fees of \$.....(3,337,155) 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).....9,797,360	9,632,677
1.1 Bonds exempt from U.S. tax.....	(a).....1,641,757	1,962,229
1.2 Other bonds (unaffiliated).....	(a).....	
1.3 Bonds of affiliates.....	(a).....	
2.1 Preferred stocks (unaffiliated).....	(b).....	
2.11 Preferred stocks of affiliates.....	(b).....	
2.2 Common stocks (unaffiliated).....	.....155,926	155,926
2.21 Common stocks of affiliates.....	.....8,000,000	8,000,000
3. Mortgage loans.....	(c).....	
4. Real estate.....	(d).....	1,498,500
5. Contract loans.....	(e).....	
6. Cash, cash equivalents and short-term investments.....	(e).....488,718	407,941
7. Derivative instruments.....	(f).....	
8. Other invested assets.....	(f).....	
9. Aggregate write-ins for investment income.....	0	0
10. Total gross investment income.....	20,083,761	21,657,273
11. Investment expenses.....		(g).....2,335,430
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....16,293
13. Interest expense.....		(h).....
14. Depreciation on real estate and other invested assets.....		(i).....605,855
15. Aggregate write-ins for deductions from investment income.....		0
16. Total deductions (Lines 11 through 15).....		2,957,578
17. Net investment income (Line 10 minus Line 16).....		18,699,695

### DETAILS OF WRITE-INS

0901. ....		
0902. ....		
0903. ....		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0
1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		0

- (a) Includes \$.....240,403 accrual of discount less \$.....1,376,911 amortization of premium and less \$.....660,132 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 \$.....605,855 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	1,428,009		1,428,009		
1.1 Bonds exempt from U.S. tax.....			0	477,510	
1.2 Other bonds (unaffiliated).....			0		
1.3 Bonds of affiliates.....			0		
2.1 Preferred stocks (unaffiliated).....			0		
2.11 Preferred stocks of affiliates.....			0		
2.2 Common stocks (unaffiliated).....	51,341		51,341	271,671	
2.21 Common stocks of affiliates.....			0	(4,859,911)	
3. Mortgage loans.....			0		
4. Real estate.....			0		
5. Contract loans.....			0		
6. Cash, cash equivalents and short-term investments.....			0		
7. Derivative instruments.....			0		
8. Other invested assets.....			0		
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	1,479,350	0	1,479,350	(4,110,730)	0

### DETAILS OF WRITE-INS

0901. ....					
0902. ....			0		
0903. ....			0		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives.....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets.....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	8,238,423	6,018,282	(2,220,141)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....	1,675,284	1,549,276	(126,008)
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....	2,910,378	2,783,827	(126,551)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	13,647,401	10,357,063	(3,290,338)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	26,471,486	20,708,448	(5,763,038)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	26,471,486	20,708,448	(5,763,038)

**DETAILS OF WRITE-INS**

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Other receivable and prepaid software licenses.....	13,647,401	10,357,063	(3,290,338)
2502.....			.0
2503.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	13,647,401	10,357,063	(3,290,338)

**NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies****A. Accounting Practices**

MAPFRE PRAICO Insurance Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner of Insurance). The Commissioner of Insurance requires insurance companies domiciled in the Commonwealth of Puerto Rico to prepare their statutory basis (SAP) financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices include a variety of publications of the NAIC including its codification initiative contained in its accounting practices and procedures manual, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. One such difference relates to the treatment of certain deferred tax items. The Commissioner of Insurance prescribed the recognition of the deferred tax liability resulting from the contributions made over the years to the catastrophic reserve fund that would otherwise have resulted under NAIC SAP.

The monetary effect on statutory net income and on statutory capital and surplus of using accounting practices prescribed or permitted by the Commissioner of Insurance is as follows:

Net Income as per statutory financial statements of income	<b>\$ 29,751,695</b>
Effect of the Commissioner of Insurance prescribed practices	<u>-</u>
Net Income in accordance with the NAIC statutory accounting practice	<u><b>\$29,751,695</b></u>
Statutory capital and surplus per statutory financial statements	<b>\$194,515,669</b>
Effect of the Commissioner of Insurance prescribed practice to not recognize deferred tax liability for catastrophe loss reserve trust fund contributions	<u><b>(3,321,237)</b></u>
Statutory capital and surplus in accordance with the NAIC statutory accounting practices	<u><b>\$191,194,432</b></u>

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in these statutory financial statements and notes. Actual results could differ from those estimates.

**C. Accounting Policies**

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods for direct and ceded business and based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Other significant accounting principles are as follows:

- (1) Short-term investments are stated at amortized cost.
- (2) Common and preferred stocks are stated at estimated fair value.
- (3) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (4) 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 of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 2 - Accounting Changes and Corrections of Errors**

A. Accounting Changes other than Codification and Correction of Errors

Not applicable

B. Accounting Changes as a Result of the Initial Implementation of Codification January 1, 2001

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance. The Commonwealth of Puerto Rico requires insurance companies domiciled in Puerto Rico to prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Commissioner of Insurance.

Accounting Changes adopted effective January 1, 2001 to conform with the provisions of the revised NAIC *Accounting Practices and Procedures Manual* were reported as changes in accounting principles. The cumulative effect of changes in accounting principles was reported as an adjustment in unassigned funds (surplus) in the period of the change. The cumulative effect was the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at the date if the new accounting principles had been applied retroactively for all prior periods.

### **Note 3 - Business Combinations and Goodwill**

Not applicable

### **Note 4 - Discontinued Operations**

Not applicable

### **Note 5 - Investments**

A. Mortgage Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

- (1) The Company uses the acquisition date for applying the retrospective adjustment method.
- (2) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.
- (3) The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

Not applicable

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

Not applicable

### **Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

Not applicable

### **Note 7 - Investment Income**

A. Accrued Investment Income

The Company includes all of its investment income due and accrued in the financial statements.

B. Amounts Non-admitted

**NOTES TO FINANCIAL STATEMENTS**

Not applicable

**Note 8 - Derivative Instruments**

Not applicable

**Note 9 - Income Taxes**

## A. Components of Net Deferred Tax Assets

	December 31, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
1. Total gross deferred tax assets	\$ 10,154,045	2,732	10,156,777	7,989,574	115,109	8,104,683
2. Total gross deferred tax liabilities	–	–	–	–	–	–
3. Net deferred tax asset			10,156,777			8,104,683
4. Deferred tax assets nonadmitted			1,675,284			1,549,276
5. Net admitted deferred tax assets			8,481,493			6,555,407
6. (Increase) decrease in non admitted asset			\$ 126,008			49,856

The Company has elected not to admit additional DTAs pursuant to SSAP 10R paragraph 10e, for the years ended December 31, 2010 and December 31, 2009.

## B. Unrecognized Deferred Tax Liabilities

\$3,321,237 as of 2010 and \$3,156,469 as of 2009.

## C. Current Tax

\$5,397,748 for 2010 and (\$1,462,817) for 2009.

## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The differences between income taxes at the statutory rate of 39% and the income tax provision in the accompanying statements of income are mainly due to exempt investment income.

## E. Operating Loss and Tax Credit Carryforwards

At December 31, 2010 and 2009, the Company did not have any unused operating loss carryforward available to offset against future taxable income.

## F. Consolidated Federal Income Tax Return

Not applicable

**Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. 100% of outstanding shares of the Company are owned by MAPFRE PRAICO Corporation, which is a holding company domiciled in San Juan, Puerto Rico.
- B. During 2010 and 2009, the Company paid dividends amounting to \$22,500,000 and \$7,875,000 to MAPFRE PRAICO Corporation. No stocks were issued during 2010 nor 2009.
- C. Except for as stated in Note #10 (E) in this annual statement, the Company does not hold any assets of its Parent or Affiliates.
- D. The Company owns 100% shares of its subsidiary MAPFRE Preferred Risk Insurance Company (MAPFRE PRICO).
- E. As of December 31, 2010 and 2009, the Company reports a net intercompany receivable of \$2,085,763 and \$1,805,031, respectively. The terms of the intercompany agreement require that intercompany balances be settled on quarterly basis.
- F. There is no commitment in the form of loan guarantees.
- G. The Company, as part of a cost-sharing agreement, has agreed to distribute to its subsidiary, MAPFRE PRICO, and its affiliate, MAPFRE Pan American Insurance Company (MAPFRE PAICO), part of the Underwriting and Investment Expenses. The costs to be distributed are the costs incurred by the Company on behalf of its subsidiary and its affiliate.
- H. The Company does not own non-insurance companies.
- I. The Company did not recognize any impairment write-down for its investment in subsidiary.

**NOTES TO FINANCIAL STATEMENTS****Note 11 - Debt**

On January 18, 2007, the Company partially financed the acquisition of a commercial land lot located in Carolina, Puerto Rico through an unsecured term loan of approximately \$2.6 million with a local financing institution. At December 31, 2009, the corresponding outstanding balance amounted to \$1,211,610. The loan was payable in monthly installments of approximately \$51,800 including principal and interest at 6.625%. On August 18, 2010 the Company paid off the loan's outstanding balance, which amounted to \$891,378.

**Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

## A. Defined Benefit Plan

Not applicable

## B. (1) Defined Contribution Plan

The Company's employees are covered by a qualified contribution pension plan sponsored by MAPFRE PRAICO Corporation. The Company matches the employee contributions up to a maximum of 6% of the eligible employee's gross salary. The Company's contribution to the plan amounted to approximately \$1,474,000 and \$1,509,000 for the years ended December 31, 2010 and 2009, respectively.

- (2) The health plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory for the first \$10,000. In excess of the \$10,000, employees contribute 100%.

## C. Multi-employer Plans

The Plan described above covers substantially all of the employees of MAPFRE PRAICO Corporation and its subsidiaries (the Group) except those who are compensated exclusively on a commission or fee basis, and/or those who are employed outside of Puerto Rico who are not Puerto Rico residents. The Plan is intended to qualify under the provisions of Section 1165(e) of the Puerto Rico Internal Revenue Code of 1994, as amended (PRIRC), and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

## D. Consolidated/Holding Company Plans

Not applicable

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

As of December 31, 2010 and 2009, surplus is restricted in the amount of \$28,556,707 and \$21,680,974 for the payment of catastrophic losses. Any future dividends are limited to the available funds that are derived from any realized net profit of the business.

**Note 14 - Contingencies**

Not applicable

**Note 15 - Leases**

The Company leases equipment under operating leases that expire in various dates through May 30, 2013. Rental expense for the year ended December 31, 2010 and 2009 amounted to approximately \$679,000 and \$910,000, respectively.

At December 31, 2010, the minimum rental commitments of MAPFRE PRAICO are as follows:

2011	\$ 272,983
2012	131,829
2013	<u>37,335</u>
	\$ <u>442,147</u>

**Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

Not applicable

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

Not applicable

**NOTES TO FINANCIAL STATEMENTS****Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not applicable

**Note 20 - Other Items**

In accordance with Chapter 25 of the Insurance Code, as amended, the Company is required to establish and maintain a reserve supported by a trust fund for the payments of catastrophe losses. The establishment of this trust fund increases the financial capacity in order to offer protection for those insurers exposed to catastrophe losses. This trust may invest its funds in securities authorized by the Insurance Code, but not in investments whose value may be affected by hazards covered by the catastrophe insurance losses. The interest earned on these investments and any realized gain (loss) on investment transactions becomes part of the reserve for catastrophe insurance losses and are recorded as income (expense) of the Company. The assets in this fund will be used solely and exclusively to pay catastrophe insurance losses covered under policies written in Puerto Rico, upon approval by the Commissioner. The Company established a trust with a bank to deposit the funds.

The Company is required to make deposits to the trust fund, if any, on or before January 30 of the following year. Contributions to be deposited in the trust fund are determined by applying a contribution rate, not in excess of 5%, to catastrophe written premiums as instructed annually by the Commissioner, unless the balance of the reserve exceeds 8% of the catastrophe exposure, as defined by Chapter 25. The Company deposited in January 2011 and 2010 the amount of \$1,113,294 and \$1,022,066 respectively, corresponding to the contributions for writings in 2010 and 2009, respectively. The amounts deposited in the trust fund are deductible for income tax purposes. A deferred tax expense and liability were recorded to account for the difference in tax basis caused by deducting the transfer in a different period when the actual CAT losses have not been incurred. The balance of the catastrophe loss reserve as of December 31, 2010 and December 31, 2009 was \$28,556,707 and \$26,226,267, respectively.

Chapter 25 establishes that within a four-year period, beginning with 2008, the Company was required to reclassify its minimum catastrophe exposure retention as defined, from restricted surplus to a liability and that during 2008, at least 20% of that minimum catastrophe exposure retention should be reclassified to this liability. On February 12, 2010, Rule 72, Operation of Reserve for Catastrophic Losses, was amended and it repealed the requirement of reclassifying the minimum catastrophe exposure as a liability in the financial statements of the Company. Prospectively, all the reserve is recorded as an aggregate write-ins for special surplus funds.

Therefore, as of December 31, 2010 and 2009, \$28,556,707 and \$21,680,974, respectively, of the catastrophe loss reserve was presented in the accompanying Statements of Admitted Assets, Liabilities and Capital and Surplus as restricted surplus. Only for 2009, \$4,545,293 was presented as a liability as it was required by Chapter 25 prior to the amendment of Rule 72.

The amount deposited in the trust fund may be reimbursed in the case that the Company ceases to underwrite property risks, subject to catastrophe losses, upon approval by the Commissioner. Also, authorized withdrawals are allowed when the catastrophe loss reserve exceeds 8% of the catastrophe exposure, as defined by Chapter 25.

**Note 21 - Events Subsequent**

There were no events occurring subsequent to December 31, 2010 through the date of this filing meriting disclosure.

**Note 22 - Reinsurance****A. Unsecured Reinsurance Recoverable**

Individual reinsurers having unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium in excess of 3% of the Company's policyholders' surplus at December 31, 2010 are the following:

NAIC Code	Federal ID #	Name of Reinsurer	Amount
00000	AA-0030001	MAPFRE Re Compañía de Reaseguro, SA	\$ 19,687,662
00000	AA-9992201	National Flood Insurance Program	\$ 8,530,751

**B. Reinsurance Receivable in Dispute**

Not applicable

**C. Reinsurance Assumed and Ceded and Protected Cells**

- (1) Effective May 1, 2004 MAPFRE PRICO entered into 71.50% Quota Share Agreement with the Company covering all business written and retained by MAPFRE PRICO. Also, effective January 1, 2005, MAPFRE

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## **NOTES TO FINANCIAL STATEMENTS**

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PAICO entered into a 71.50% Quota Share Agreement with the Company covering all business written and retained by MAPFRE PAICO.

- (2) There is no additional or return commission, predicated on loss experience or any other form of profit-sharing arrangement in this statement as a result of existing contractual arrangements.
- (3) The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Revenue

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance accounted for as Deposit

Not applicable

### **Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not applicable

### **Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses**

There are no events attributable to prior years that may affect neither the incurred loss nor the loss adjustment expenses.

### **Note 25 - Intercompany Pooling Arrangements**

Not applicable

### **Note 26 - Structured Settlements**

A. Reserves released due to Purchase of Annuities

Not applicable

B. Annuity Insurers with Balances due greater than 1% of Policyholders' Surplus

Not applicable

### **Note 27 - Health Care Receivables**

Not applicable

### **Note 28 - Participating Accident and Health Policies**

Not applicable

### **Note 29 - Premium Deficiency Reserves**

Not applicable

### **Note 30 - High Deductibles**

Not applicable

### **Note 31 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Not applicable

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## **NOTES TO FINANCIAL STATEMENTS**

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**Note 32 - Asbestos/Environmental Reserves**

Not applicable

**Note 33 - Subscriber Savings Accounts**

Not applicable

**Note 34 - Multiple Peril Crop Insurance**

Not applicable

**Note 35 - Financial Guaranty Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 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 [ ] No [ X ] N/A [ ]
- 1.3 State regulating? Puerto Rico

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: \_\_\_\_\_

- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the 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. 12/31/1998
- 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). 11/01/2000

- 3.4 By what department or departments? Office of the Insurance Commissioner of the Commonwealth 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? 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 Co. Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information: \_\_\_\_\_

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

- 7.2 If yes,
- 7.21 State the percentage of foreign control .....100.000 %

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

1 Nationality	2 Type of Entity
Spain	Corporation

- 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 Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, Puerto Rico LLC, Scotiabank Plaza 273 Ponce De León Ave. Hato Rey, PR

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
\_\_\_\_\_
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
\_\_\_\_\_
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:  
\_\_\_\_\_
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ]
- 10.8 If the answer to 10.7 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?  
Scott P. Weinstein, FACS, MAAA, KPMG, LLP Atlanta, Georgia
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [X] No [ ]
- 12.11 Name of real estate holding company  
Health Care Reit, Inc.
- 12.12 Number of parcels involved .....0
- 12.13 Total book/adjusted carrying value \$.....500,205
- 12.2 If yes, provide explanation.  
Health Care REIT, Inc is a real estate investment trust that has been at the forefront of senior living and helath care real estate since the company was founded in 1970.
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
\_\_\_\_\_
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
- 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).  
\_\_\_\_\_

### BOARD OF DIRECTORS

15. 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 [ ]
16. 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 [ ]
17. 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

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.11 To directors or other officers \$.....0
- 19.12 To stockholders not officers \$.....0
- 19.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.21 To directors or other officers \$.....0
- 19.22 To stockholders not officers \$.....0
- 19.23 Trustees, supreme or grand (Fraternal only) \$.....0

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 20.1 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]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others .....
- 20.22 Borrowed from others .....
- 20.23 Leased from others .....
- 20.24 Other .....
- 21.1 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]
- 21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment .....
- 21.22 Amount paid as expenses .....
- 21.23 Other amounts paid .....
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

### INVESTMENT

- 23.1 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 23.3)? Yes [X] No [ ]
- 23.2 If no, give full and complete information relating thereto.

23.3 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).  
**NOT APPLICABLE**

- 23.4 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]
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. ....
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. ....
- 23.7 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]
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

- 24.1 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 20.1 and 23.3) Yes [X] No [ ]

- 24.2 If yes, state the amount thereof at December 31 of the current year:
- 24.21 Subject to repurchase agreements \$.....0
- 24.22 Subject to reverse repurchase agreements \$.....0
- 24.23 Subject to dollar repurchase agreements \$.....0
- 24.24 Subject to reverse dollar repurchase agreements \$.....0
- 24.25 Pledged as collateral \$.....0
- 24.26 Placed under option agreements \$.....0
- 24.27 Letter stock or securities restricted as to sale \$.....0
- 24.28 On deposit with state or other regulatory body \$.....30,865,763
- 24.29 Other \$.....0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 25.2 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.

- 26.1 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]

- 26.2 If yes, state the amount thereof at December 31 of the current year: .....

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

27.01 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
The Bank of New York Mellon/ Custody	One Mellon Bank Center Room 1035 Pttsburgh, PA 15258-0001
Banco Popular de Puerto Rico / Trust Department	209 Muñoz Rivera Ave., Hato Rey, PR 00918

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

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

- 27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ ] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
NONE		

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
28.2999. TOTAL		0

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

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

29. 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 (+)
29.1 Bonds.....	306,847,308	314,955,526	8,108,218
29.2 Preferred stocks.....			0
29.3 Totals.....	306,847,308	314,955,526	8,108,218

29.4 Describe the sources or methods utilized in determining the fair values:

The Bank of New York Mellon / SVO

30.1 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 [ ]

30.2 If the answer to 30.1 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 [ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

31.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

31.2 If no, list exceptions:

### OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....520,896

32.2 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 Services Office	440,530

33.1 Amount of payments for legal expenses, if any? \$.....300,952

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

1 Name	2 Amount Paid
Lcdo. José A. Cepeda Rodríguez	95,208

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]  
 1.2 If yes, indicate premium earned on U.S. business only. ....  
 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ....  
 1.31 Reason for excluding: .....

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ....  
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. ....  
 1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned .....  
 1.62 Total incurred claims .....  
 1.63 Number of covered lives .....  
 All years prior to most current three years:  
 1.64 Total premium earned .....  
 1.65 Total incurred claims .....  
 1.66 Number of covered lives .....  
 1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned .....  
 1.72 Total incurred claims .....  
 1.73 Number of covered lives .....  
 All years prior to most current three years:  
 1.74 Total premium earned .....  
 1.75 Total incurred claims .....  
 1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....148,841,701	\$.....150,126,805
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....19,081	\$.....6,490
2.5 Reserve Denominator.....	\$.....202,635,161	\$.....205,905,094
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]  
 3.2 If yes, state the amount of calendar year premiums written on:  
 3.21 Participating policies .....  
 3.22 Non-participating policies .....

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]  
 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]  
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%  
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. ....

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [ ] No [ ]  
 5.2 If yes, is the commission paid:  
 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]  
 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]  
 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?  
 \_\_\_\_\_  
 \_\_\_\_\_

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]  
 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?  
The entity has a very limited workers compensation exposure. By laws the State Insurance Fund insures all employers in Puerto Rico.

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:  
The entity runs a detail catastrophe analysis on each major line of business. This analysis includes among others, policy limits, location, construction and deductible. We utilized the latest version of RMS modeling software for both perils of earthquake and windstorm.

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?  
The entity buys a comprehensive property reinsurance program including the following coverage: Comm. Property Multi Peril Pro Rata, Personal Lines/ Residential Condominium Catastrophe XL, Commercial Catastrophe XL, Automobile Physical Damage XL, Marine XL, and Umbrella Catastrophe XL. The program provides limits for Hurr and EQ of \$852M and \$977M, respectively.

6.4 Does the reporting entity carry catastrophe 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 [X] No [ ]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....1

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 [X] No [ ]

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 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;
  - (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 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 affiliate 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 32 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
  - (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
  - (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 reinsurance 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 [X] No [ ] N/A [ ]
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting 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 assets 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 [X] N/A [ ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From .....%
  - 12.42 To .....%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by 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 .....
  - 12.62 Collateral and other funds .....
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....63,721,403
- 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. .....4

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes  No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants: Yes  No
- XL Contracts: The recording of the reinsurance among the companies is allocated using a proportional rate based on premiums written.
- QUOTA SHARE OR SURPLUS: The recording of the reinsurance among the companies is allocated to the specific policy issuer.
- 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
- 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
- 14.5 If the answer to 14.4 is no, please explain:

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- 15.1 Has the reporting entity guaranteed any financial premium accounts? Yes  No
- 15.2 If yes, give full information:

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- 16.1 Does the reporting entity write any warranty business? Yes  No
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage: .....

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes  No
- Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

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

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

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

- 18.1 Do you act as a custodian for health savings account? Yes  No
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. .....
- 18.3 Do you act as an administrator for health savings accounts? Yes  No
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. .....

**FIVE-YEAR HISTORICAL DATA**

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

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	34,409,085	33,529,459	43,865,063	44,842,750	49,885,079
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	118,184,432	113,546,822	137,349,883	121,333,772	117,976,600
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	77,242,932	74,244,327	79,967,970	77,118,014	69,629,954
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	6,961,403	6,255,539	8,170,065	9,897,091	10,099,492
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	236,797,852	227,576,147	269,352,981	253,191,627	247,591,125
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	30,526,879	28,992,703	38,388,825	39,614,245	45,292,138
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	71,809,266	62,331,142	94,008,752	84,256,366	87,898,304
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	47,580,326	29,899,519	32,903,731	38,147,853	35,532,735
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	4,011,562	3,863,626	4,049,141	5,315,816	5,030,853
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	153,928,033	125,086,990	169,350,449	167,334,280	173,754,030
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	14,662,418	1,117,434	4,424,875	2,026,153	8,575,026
14. Net investment gain (loss) (Line 11).....	19,957,143	24,054,546	25,689,448	14,809,484	14,516,609
15. Total other income (Line 15).....	307,980	(24,854)	55,964	(295,023)	(606,818)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	5,175,846	(2,019,644)	1,539,569	108,069	3,620,900
18. Net income (Line 20).....	29,751,695	27,166,770	28,630,718	16,432,545	18,863,917
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	439,041,429	428,661,372	449,362,080	439,139,956	420,419,211
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	18,666,810	15,514,258	20,306,539	23,418,237	20,362,695
20.2 Deferred and not yet due (Line 15.2).....	576,652	672,882	695,877	675,369	570,273
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	244,525,760	238,109,465	271,485,888	267,024,886	270,664,807
22. Losses (Page 3, Line 1).....	80,332,605	87,354,784	85,965,732	80,381,994	77,414,035
23. Loss adjustment expenses (Page 3, Line 3).....	12,496,633	13,436,122	13,492,448	13,179,021	13,041,424
24. Unearned premiums (Page 3, Line 9).....	105,781,686	100,695,354	125,735,169	124,667,171	125,687,510
25. Capital paid up (Page 3, Lines 30 & 31).....	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	194,515,669	190,551,907	177,876,192	172,115,070	149,754,404
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	25,535,818	(3,855,944)	35,665,405	16,659,673	14,469,523
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	194,515,669	190,551,907	177,876,192	172,115,070	149,754,404
29. Authorized control level risk-based capital.....	16,036,639	15,213,697	13,802,166	16,146,174	15,563,862
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	75.5	73.7	71.0	68.7	78.2
31. Stocks (Lines 2.1 & 2.2).....	7.8	8.2	8.2	9.7	8.8
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	9.2	9.6	8.9	8.4	8.3
34. Cash, cash equivalents and short-term investments (Line 5).....	7.4	8.5	11.9	13.2	4.7
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....		XXX	XXX	XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....		XXX	XXX	XXX	XXX
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 (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	23,766,823	28,626,734	32,555,220	38,711,014	33,764,533
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	23,766,823	28,626,734	32,555,220	38,711,014	33,764,533
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	12.2	15.0	18.3	22.5	22.5

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains (losses) (Line 24).....	(3,998,353)	(3,889,852)	(5,937,108)	4,949,214	3,998,826
51. Dividends to stockholders (Line 35).....	(22,500,000)	(7,875,000)	(11,000,000)		
52. Change in surplus as regards policyholders for the year (Line 38).....	3,963,762	12,675,715	5,761,123	22,360,666	21,845,554
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1&amp;2)</b>					
53. 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).....	20,286,307	22,159,056	26,755,424	28,990,881	26,973,400
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	29,057,090	35,645,839	38,626,111	44,842,761	48,571,801
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	18,903,415	18,849,438	18,127,686	17,799,812	14,095,778
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	3,365,782	8,732,964	6,775,888	6,922,927	3,250,587
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
58. Total (Line 35).....	71,612,594	85,387,297	90,285,109	98,556,381	92,891,566
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
59. 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).....	19,342,141	20,739,709	25,127,340	27,135,814	25,283,317
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	27,507,437	33,748,789	36,448,898	44,432,839	48,243,167
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	17,647,570	18,214,868	14,152,056	12,701,307	11,772,056
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	3,329,506	3,748,660	2,100,810	2,405,188	974,203
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
64. Total (Line 35).....	67,826,654	76,452,026	77,829,104	86,675,148	86,272,743
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	40.9	51.9	49.6	53.2	51.7
67. Loss expenses incurred (Line 3).....	11.8	12.5	11.4	10.5	9.2
68. Other underwriting expenses incurred (Line 4).....	37.5	34.9	36.4	35.0	34.1
69. Net underwriting gain (loss) (Line 8).....	9.9	0.7	2.6	1.2	5.0
<b>Other Percentages</b>					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	36.1	41.9	36.2	35.4	34.0
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	52.6	64.3	60.9	63.8	60.9
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	79.1	65.6	95.2	97.2	116.0
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(3,551)	(1,338)	(9,124)	(6,183)	(7,670)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	(1.9)	(0.8)	(5.3)	(4.1)	(6.0)
<b>Two Year Loss Development (000 omitted)</b>					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(3,012)	(10,809)	(4,893)	(7,854)	(4,301)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(1.7)	(6.3)	(3.3)	(6.1)	(3.9)

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

Yes [ ] No [ ]

If no, please explain:

## SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

### SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	449	314	54	126	5		(103)	67	XXX
2. 2001.....	47,964	24,497	23,467	23,730	6,462	1,648	840	1,314		546	19,390	XXX
3. 2002.....	57,533	30,492	27,041	24,331	6,867	2,315	1,191	2,641		369	21,228	XXX
4. 2003.....	62,904	30,148	32,756	21,632	5,285	2,715	929	2,724		446	20,858	XXX
5. 2004.....	94,069	42,789	51,280	42,595	9,994	3,170	1,277	4,995		683	39,489	XXX
6. 2005.....	105,976	36,155	69,821	44,928	5,973	5,742	174	5,133		881	49,655	XXX
7. 2006.....	114,654	41,154	73,500	39,320	2,344	4,212	737	5,643		1,036	46,095	XXX
8. 2007.....	121,970	45,875	76,095	40,699	3,481	3,902	388	5,919		1,541	46,650	XXX
9. 2008.....	264,485	96,202	168,283	81,723	4,359	4,041	422	13,380		9,123	94,362	XXX
10. 2009.....	254,620	104,492	150,128	59,264	2,502	2,200	72	12,383		4,280	71,274	XXX
11. 2010.....	233,937	85,095	148,842	40,843	1,643	1,121	19	11,692		2,003	51,993	XXX
12. Totals.....	XXX	XXX	XXX	419,512	49,223	31,120	6,175	65,829	0	20,804	461,062	XXX

	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.....	390	66			27	23			16		0	344	XXX
2. 2001.....	617	126	9	0	48	44	1	0	11		5	516	XXX
3. 2002.....	(219)	(166)	67	25	(52)	(58)	17	4	11		147	19	XXX
4. 2003.....	1,767	900	346	84	329	314	64	15	40		5	1,234	XXX
5. 2004.....	254	(239)	374	124	(68)	(83)	84	22	30		298	851	XXX
6. 2005.....	2,671	773	1,275	437	315	269	251	77	95		379	3,051	XXX
7. 2006.....	3,242	673	1,936	101	298	235	117	18	135		212	4,701	XXX
8. 2007.....	5,500	531	3,782	846	304	185	557	150	270		525	8,702	XXX
9. 2008.....	7,351	77	8,855	1,481	236	27	983	262	503		231	16,083	XXX
10. 2009.....	10,531	945	14,706	1,101	738	328	1,003	195	949		201	25,358	XXX
11. 2010.....	14,081	1,090	13,561	1,790	2,023	34	1,169	253	4,305		779	31,971	XXX
12. Totals.....	46,185	4,773	44,910	5,989	4,198	1,317	4,246	995	6,365	0	2,781	92,829	XXX

	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..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	324	20
2. 2001.	27,378	7,472	19,906	57.1	30.5	84.8				500	15
3. 2002.	29,110	7,863	21,248	50.6	25.8	78.6				(11)	30
4. 2003.	29,618	7,526	22,092	47.1	25.0	67.4				1,129	104
5. 2004.	51,434	11,094	40,340	54.7	25.9	78.7				743	108
6. 2005.	60,409	7,704	52,706	57.0	21.3	75.5				2,736	315
7. 2006.	54,903	4,107	50,796	47.9	10.0	69.1				4,405	297
8. 2007.	60,932	5,581	55,352	50.0	12.2	72.7				7,905	797
9. 2008.	117,072	6,627	110,445	44.3	6.9	65.6				14,649	1,434
10. 2009.	101,774	5,142	96,632	40.0	4.9	64.4				23,191	2,167
11. 2010.	88,793	4,829	83,965	38.0	5.7	56.4				24,762	7,209
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	80,333	12,497

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
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	One Year	Two Year
1. Prior.....	19,015	17,400	19,654	19,495	20,654	20,772	20,429	20,884	20,796	20,758	(38)	(126)
2. 2001.....	18,813	17,031	17,576	18,432	18,770	18,671	18,849	18,386	18,362	18,581	219	195
3. 2002.....	XXX	22,779	16,194	18,375	19,733	18,878	19,021	19,115	19,133	18,596	(537)	(519)
4. 2003.....	XXX	XXX	23,920	17,181	18,245	18,893	19,482	19,759	19,213	19,328	115	(431)
5. 2004.....	XXX	XXX	XXX	39,690	40,943	37,570	36,960	35,746	35,296	35,314	18	(432)
6. 2005.....	XXX	XXX	XXX	XXX	49,356	46,952	46,591	47,633	47,235	47,477	242	(156)
7. 2006.....	XXX	XXX	XXX	XXX	XXX	49,844	45,089	45,194	45,317	45,018	(299)	(176)
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	56,293	49,272	50,639	49,163	(1,476)	(109)
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	97,821	98,168	96,562	(1,606)	(1,259)
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	83,489	83,300	(189)	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	67,968	XXX	XXX
12. Totals.....											(3,551)	(3,012)

### 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
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1. Prior.....	.000	7,124	13,671	16,697	18,218	19,146	19,511	19,978	20,368	20,430	XXX	XXX
2. 2001.....	6,757	10,192	13,037	15,320	16,337	17,114	17,715	17,737	17,694	18,076	XXX	XXX
3. 2002.....	XXX	6,250	9,819	12,216	15,883	17,281	17,696	18,184	18,557	18,588	XXX	XXX
4. 2003.....	XXX	XXX	6,713	8,464	11,505	14,435	16,424	17,104	18,085	18,134	XXX	XXX
5. 2004.....	XXX	XXX	XXX	13,248	22,269	29,101	32,704	33,898	34,336	34,494	XXX	XXX
6. 2005.....	XXX	XXX	XXX	XXX	16,226	27,009	35,323	40,740	43,353	44,522	XXX	XXX
7. 2006.....	XXX	XXX	XXX	XXX	XXX	16,600	28,702	34,997	38,417	40,452	XXX	XXX
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	17,508	29,333	35,694	40,731	XXX	XXX
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	51,308	70,923	80,983	XXX	XXX
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	45,337	58,890	XXX	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,302	XXX	XXX

### SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Prior.....	1,922	516	26	(573)	572	501	164	60	41	
2. 2001.....	6,270	1,971	574	816	887	495	258	114	27	9
3. 2002.....	XXX	12,110	2,134	1,299	1,635	541	274	272	137	55
4. 2003.....	XXX	XXX	11,186	3,694	2,311	1,050	618	294	71	312
5. 2004.....	XXX	XXX	XXX	16,121	10,821	2,866	1,319	652	177	313
6. 2005.....	XXX	XXX	XXX	XXX	22,332	9,177	2,742	1,559	937	1,011
7. 2006.....	XXX	XXX	XXX	XXX	XXX	18,222	7,668	3,199	2,221	1,934
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	23,489	8,599	5,983	3,344
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,275	12,558	8,096
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	21,689	14,412
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,687

# MAPFRE PRAICO Insurance Company SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	..N								
2. Alaska.....AK	..N								
3. Arizona.....AZ	..N								
4. Arkansas.....AR	..N								
5. California.....CA	..N								
6. Colorado.....CO	..N								
7. Connecticut.....CT	..N								
8. Delaware.....DE	..N								
9. 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	206,132,185	203,948,729		56,157,726	48,344,885	87,961,340		
55. US Virgin Islands.....VI	..L	3,057,881	2,153,462		44,146	(7,866)	92,655		
56. Northern Mariana Islands.....MP	..N								
57. Canada.....CN	..N								
58. Aggregate Other Alien.....OT	..XXX	0	0	0	0	0	0	0	0
59. Totals.....(a)	..2	209,190,066	206,102,191	0	56,201,872	48,337,019	88,053,995	0	0

**DETAILS OF WRITE-INS**

5801.....	..XXX								
5802.....	..XXX								
5803.....	..XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	..XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	..XXX	0	0	0	0	0	0	0	0

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

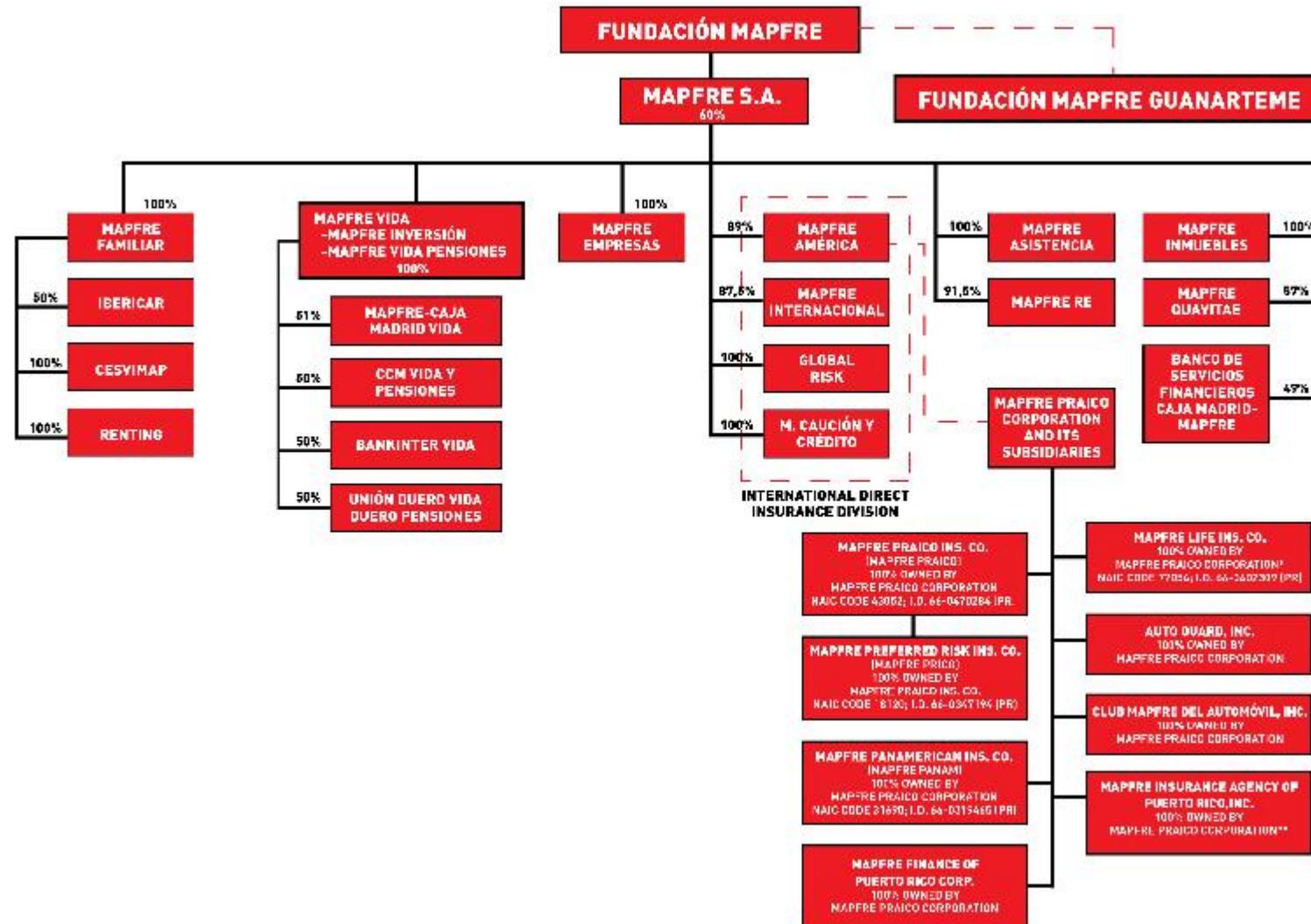
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of Basis of Allocation of Premiums by States, etc.

Premiums are allocated to those states where the insured risks are located.

# SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



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