



ANNUAL STATEMENT

For the Year Ended December 31, 2010
of the Condition and Affairs of the

P.R. Medical Defense Insurance Company

NAIC Group Code..... , (Current Period) (Prior Period)	NAIC Company Code..... 12332	Employer's ID Number..... 66-0631029
Organized under the Laws of Puerto Rico Incorporated/Organized..... March 3, 2003	State of Domicile or Port of Entry Puerto Rico Commenced Business..... September 1, 2005	Country of Domicile US
Statutory Home Office	Ave de la Constitución #530..... San Juan PR 00901-2304 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	Ave de la Constitución #530..... San Juan PR 00901-2304 <i>(Street and Number) (City or Town, State and Zip Code)</i>	787-289-7833 <i>(Area Code) (Telephone Number)</i>
Mail Address	Ave de la Constitución #530..... San Juan PR 00901-2304 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	Ave de la Constitución #530..... San Juan PR 00901-2304 <i>(Street and Number) (City or Town, State and Zip Code)</i>	787-789-7833 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	N/A	
Statutory Statement Contact	Dennis Hanftwurzle <i>(Name)</i> dhanft@prmdic.com <i>(E-Mail Address)</i>	787-289-7833 <i>(Area Code) (Telephone Number) (Extension)</i> 787-289-8707 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Dennis Hanftwurzle Mr.	President	2. Francisco Uriarte Mr.	Treasurer
3. Francisco Uriarte Mr.	Secretary	4. Juan A. Terrassa Mr.	Vicepresident

OTHER

DIRECTORS OR TRUSTEES

Juan A. Terrassa Mr.	Dennis Hanftwurzle Mr.	Charles Juarbe Dr.	Luis Oms Dr.
Vanessa Marcial Dra.	Eitel Gómez Mr.		

State of.....
County of.....

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

_____ (Signature) Dennis Hanftwurzle Mr. _____ 1. (Printed Name) President _____ (Title)	_____ (Signature) Francisco Uriarte Mr. _____ 2. (Printed Name) Treasurer _____ (Title)	_____ (Signature) Francisco Uriarte Mr. _____ 3. (Printed Name) Secretary _____ (Title)
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Subscribed and sworn to before me
This _____ day of _____ 2011

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,490,975		1,490,975	1,337,721
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	7,377		7,377	17,568
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).....			.0	
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 (\$.....1,868,464, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....0, Sch. DA).....	1,868,464		1,868,464	1,646,534
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives.....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	9,769		9,769	2,565
10. Securities lending reinvested collateral assets.....			.0	
11. Aggregate write-ins for invested assets.....	15,793	15,793	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,392,378	15,793	3,376,585	3,004,388
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....			.0	
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	81,908		81,908	62,039
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	12,026		12,026	38,740
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.....	229,100		229,100	131,700
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	1,898		1,898	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	3,602
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	.0	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	3,717,310	15,793	3,701,517	3,240,469
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	3,717,310	15,793	3,701,517	3,240,469

DETAILS OF WRITE-INS

1101. Rent Security Deposit.....	1,700	1,700	.0	
1102. Prepaid Insurance.....	14,093	14,093	.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).....	15,793	15,793	.0	.0
2501. ....			.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).....	.0	.0	.0	.0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	.612,160	.268,212
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	.31,932	.9,972
4. Commissions payable, contingent commissions and other similar charges.....	.(40,953)	.(204,810)
5. Other expenses (excluding taxes, licenses and fees).....	.66,764	.80,055
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
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 \$.....146,690 and including warranty reserves of \$.....0).....	.770,120	.617,955
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	.165,996	.370,340
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.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	.(77,068)	.(123,591)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	.1,528,951	.1,018,133
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	.1,528,951	.1,018,133
29. Aggregate write-ins for special surplus funds.....	.0	.0
30. Common capital stock.....	.2,468,250	.2,180,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	.55,179	.502,789
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....		
35. Unassigned funds (surplus).....	.(350,863)	.(460,453)
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).....	.2,172,566	.2,222,336
38. TOTALS (Page 2, Line 28, Col. 3).....	.3,701,517	.3,240,469

DETAILS OF WRITE-INS

2501. Transfer from Unearned Premiums pursuant to Art. 5.190 PR Insurance Code.....	.(77,068)	.(123,591)
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.(77,068)	.(123,591)
2901.		
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).....	.0	.0
3201. Funds collected through assesment to members.....		.401,087
3202. Transfer from Unearned Premiums pursuant to Art. 5.190 PR Insurance Code.....	.55,179	.101,702
3203. Transfer from assesment.....		
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).....	.55,179	.502,789

Annual Statement for the year 2010 of the **P.R. Medical Defense Insurance Company**
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	1,150,903	392,944
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	343,948	186,024
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	30,590	2,327
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	918,899	801,647
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	1,293,437	989,998
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(142,534)	(597,054)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	77,147	32,988
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....		
11. Net investment gain (loss) (Lines 9 + 10).....	77,147	32,988
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(65,387)	(564,066)
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).....	(65,387)	(564,066)
19. Federal and foreign income taxes incurred.....		
20. Net income (Line 18 minus Line 19) (to Line 22).....	(65,387)	(564,066)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	2,222,336	798,722
22. Net income (from Line 20).....	(65,387)	(564,066)
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....		
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	97,400	131,700
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	(1,906)	(13,888)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		(364,000)
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....	288,250	2,180,000
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	(368,127)	53,868
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(49,770)	1,423,614
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	2,172,566	2,222,336
DETAILS OF WRITE-INS		
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. Interest expense on reinsurance balances payable.....		
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).....	0	0
3701. Funds collected through assessment to members.....	(401,086)	(47,834)
3702. Transfer from unearned premiums pursuant to Art. 5.190 of the P.R. Insurance Code.....	(46,523)	101,702
3703. Transfer to Surplus from conversion.....	79,482	
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).....	(368,127)	53,868

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	1,078,855	1,269,126
2. Net investment income.....	64,050	19,834
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	1,142,905	1,288,960
5. Benefit and loss related payments.....	(26,714)	38,740
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	776,963	988,620
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....		
10. Total (Lines 5 through 9).....	750,249	1,027,360
11. Net cash from operations (Line 4 minus Line 10).....	392,656	261,600
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....		
12.2 Stocks.....	18,792	51,618
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	18,792	51,618
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	140,156	550,625
13.2 Stocks.....	8,602	
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	9,109	16,453
13.7 Total investments acquired (Lines 13.1 to 13.6).....	157,867	567,078
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).....	(139,075)	(515,460)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		(364,000)
16.2 Capital and paid in surplus, less treasury stock.....	367,732	2,180,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(399,383)	(92,917)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(31,651)	1,723,083
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	221,930	1,469,223
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	1,646,534	177,311
19.2 End of year (Line 18 plus Line 19.1).....	1,868,464	1,646,534

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

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				.0
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....				.0
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....	1,303,068	617,955	770,120	1,150,903
12. Earthquake.....				.0
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....				.0
17.1 Other liability - occurrence.....				.0
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.....				.0
19.3, 19.4 Commercial auto liability.....				.0
21. Auto physical damage.....				.0
22. Aircraft (all perils).....				.0
23. Fidelity.....				.0
24. Surety.....				.0
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.....	.0	.0	.0	.0
35. TOTALS.....	1,303,068	617,955	770,120	1,150,903

DETAILS OF WRITE-INS

3401. ....				.0
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).....	.0	.0	.0	.0

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.....					0
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....					0
9. Inland marine.....					0
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....	770,120				770,120
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....					0
17.1 Other liability - occurrence.....					0
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.....					0
19.3, 19.4 Commercial auto liability.....					0
21. Auto physical damage.....					0
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....					0
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.....	0	0	0	0	0
35. TOTALS.....	770,120	0	0	0	770,120
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					770,120

DETAILS OF WRITE-INS

3401.					0
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).....	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....	1,543,097				240,029	1,303,068
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
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.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.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.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	1,543,097	.0	.0	.0	240,029	1,303,068

DETAILS OF WRITE-INS

3401. ....						.0
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).....	.0	.0	.0	.0	.0	.0

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

If yes: 1. The amount of such installment premiums \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, 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.....				.0			.0	
2. Allied lines.....				.0			.0	
3. Farmowners multiple peril.....				.0			.0	
4. Homeowners multiple peril.....				.0			.0	
5. Commercial multiple peril.....				.0			.0	
6. Mortgage guaranty.....				.0			.0	
8. Ocean marine.....				.0			.0	
9. Inland marine.....				.0			.0	
10. Financial guaranty.....				.0			.0	
11.1 Medical professional liability - occurrence.....				.0			.0	
11.2 Medical professional liability - claims-made.....				.0	612,160	268,212	343,948	.29.9
12. Earthquake.....				.0			.0	
13. Group accident and health.....				.0			.0	
14. Credit accident and health (group and individual).....				.0			.0	
15. Other accident and health.....				.0			.0	
16. Workers' compensation.....				.0			.0	
17.1 Other liability - occurrence.....				.0			.0	
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.....				.0			.0	
19.3, 19.4 Commercial auto liability.....				.0			.0	
21. Auto physical damage.....				.0			.0	
22. Aircraft (all perils).....				.0			.0	
23. Fidelity.....				.0			.0	
24. Surety.....				.0			.0	
26. Burglary and theft.....				.0			.0	
27. Boiler and machinery.....				.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.....	.0	.0	.0	.0	.0	.0	.0	
35. TOTALS.....	.0	.0	.0	.0	612,160	268,212	343,948	.29.9

DETAILS OF WRITE-INS

3401. ....				.0			.0	
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).....	.0	.0	.0	.0	.0	.0	.0	

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.....				.0				.0	
2. Allied lines.....				.0				.0	
3. Farmowners multiple peril.....				.0				.0	
4. Homeowners multiple peril.....				.0				.0	
5. Commercial multiple peril.....				.0				.0	
6. Mortgage guaranty.....				.0				.0	
8. Ocean marine.....				.0				.0	
9. Inland marine.....				.0				.0	
10. Financial guaranty.....				.0				.0	
11.1 Medical professional liability - occurrence.....				.0				.0	
11.2 Medical professional liability - claims-made.....	.485,000		.441,350	.43,650	.938,583		.370,073	.612,160	.31,932
12. Earthquake.....				.0				.0	
13. Group accident and health.....				.0				(a) .0	
14. Credit accident and health (group and individual).....				.0				.0	
15. Other accident and health.....				.0				(a) .0	
16. Workers' compensation.....				.0				.0	
17.1 Other liability - occurrence.....				.0				.0	
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.....				.0				.0	
19.3, 19.4 Commercial auto liability.....				.0				.0	
21. Auto physical damage.....				.0				.0	
22. Aircraft (all perils).....				.0				.0	
23. Fidelity.....				.0				.0	
24. Surety.....				.0				.0	
26. Burglary and theft.....				.0				.0	
27. Boiler and machinery.....				.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.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS.....	.485,000	.0	.441,350	.43,650	.938,583	.0	.370,073	.612,160	.31,932
DETAILS OF WRITE-INS									
3401. ....				.0				.0	
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).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(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.....	78,349			78,349
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	47,759			47,759
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	30,590	0	0	30,590
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		230,386		230,386
2.2 Reinsurance assumed, excluding contingent.....				0
2.3 Reinsurance ceded, excluding contingent.....				0
2.4 Contingent - direct.....		4,582		4,582
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	234,968	0	234,968
3. Allowances to manager and agents.....				0
4. Advertising.....		53,110		53,110
5. Boards, bureaus and associations.....		1,525		1,525
6. Surveys and underwriting reports.....		13,402		13,402
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....		303,706		303,706
8.2 Payroll taxes.....		19,944		19,944
9. Employee relations and welfare.....		46,290		46,290
10. Insurance.....		30,556		30,556
11. Directors' fees.....				0
12. Travel and travel items.....		265		265
13. Rent and rent items.....		19,957		19,957
14. Equipment.....				0
15. Cost or depreciation of EDP equipment and software.....		3,905		3,905
16. Printing and stationery.....		18,038		18,038
17. Postage, telephone and telegraph, exchange and express.....		18,482		18,482
18. Legal and auditing.....		149,110		149,110
19. Totals (Lines 3 to 18).....	0	678,290	0	678,290
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....				0
20.2 Insurance department licenses and fees.....		5,125		5,125
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	5,125	0	5,125
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	516	4,353	4,869
25. Total expenses incurred.....	30,590	918,899	4,353	(a) 953,842
26. Less unpaid expenses - current year.....	31,932	66,764		98,696
27. Add unpaid expenses - prior year.....	9,972	80,055		90,027
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).....	8,630	932,190	4,353	945,173

DETAILS OF WRITE-INS

2401. BANK CHARGES.....			4,353	4,353
2402. parking & tolls.....		516		516
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	516	4,353	4,869

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....	.....
1.1 Bonds exempt from U.S. tax.....	(a).....57,573	.....64,018
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).....	.....160	.....7
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....16,722	.....17,475
6. Cash, cash equivalents and short-term investments.....	(e).....	.....
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....74,455	.....81,500
11. Investment expenses.....	.....	(g).....4,353
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....4,353
17. Net investment income (Line 10 minus Line 16).....	.....	.....77,147

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 \$.....15,600 accrual of discount less \$.....2,503 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 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.....			0		
1.1 Bonds exempt from U.S. tax.....			0		
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).....			0		
2.21 Common stocks of affiliates.....			0		
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).....	0	0	0	0	0

DETAILS OF WRITE-INS

0901.			0		
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.....	15,794	13,888	(1,906)
12. Subtotals, cash and invested assets (Lines 1 to 11).....	15,794	13,888	(1,906)
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.....			.0
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.....			.0
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.....			.0
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.....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	15,794	13,888	(1,906)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	15,794	13,888	(1,906)

DETAILS OF WRITE-INS

1101. Rent Deposit.....	1,700	1,700	.0
1102. Prepaid Insurance.....	14,094	12,188	(1,906)
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).....	15,794	13,888	(1,906)
2501. ....			.0
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).....	.0	.0	.0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of Puerto Rico Medical Defense Insurance Company of Puerto Rico (the "Company") have been prepared on the basis of accounting practices prescribed or permitted by the Puerto Rico Insurance Department.

The Office of the Commissioner of Puerto Rico requires insurance companies domiciled in the Commonwealth of Puerto Rico to prepare their statutory 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 Puerto Rico Insurance Department.

A. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

B. Accounting Policies

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts, except for policies subscribed during the solicitation period as further explained below. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by the pro rata method for direct and ceded business. 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.

Net investment income earned consists primarily of interest income less investment related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include write-downs for impairments considered to be other than temporary.

C. In addition, the Company uses the following accounting policies:

1. Basis of valuation of short-term investments - Short term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value. No non-investment grade securities are held by the Company.
2. Basis for valuation of bonds - Investment grade bonds are stated at amortized value.
3. Basis of valuation of common stocks, other than investments in stocks of subsidiaries and affiliates. As of Statement Date the balance in common stock represent Mutual Funds. As required by Statutory Accounting, these are presented as Common Stocks at market value for financial statements presentation.
4. Basis of valuation of preferred stock. Not applicable.
5. Basis of valuation of mortgage loans. Not applicable.
6. Basis of valuation of loan-backed securities. Not applicable.
7. Basis for valuation of subsidiary controlled and affiliated companies. Not applicable.
8. Basis for valuation of joint ventures, partnerships and LLC. Not applicable.
9. Basis for valuation of derivatives. Not applicable.
10. Premium Deficiency Reserve. Not applicable.
11. Method of establishing loss and LAE reserves.
Unpaid losses and loss adjustment expenses reserves are determined on individual case estimates and loss reports. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The reserve estimates are continually reviewed based on the actual developments in each case and any adjustments are reflected in the period during which a change is determined to be necessary.

NOTES TO FINANCIAL STATEMENTS

12. Method of establishing asbestos and environmental reserves. Not applicable.

13. Change in capitalization policy. Not applicable.

14. Method of estimating pharmaceutical rebate receivables. Not applicable.

Note 2 - Accounting Changes and Corrections of Errors

- A. Accounting changes other than Codification and corrections of errors. Not applicable.
- B. Accounting changes as a result of the initial implementation of Codification. Not applicable.

Note 3 - Business Combinations and Goodwill

- A. Statutory purchase method. Not applicable.
- B. Statutory mergers. Not applicable.
- C. Write-downs for impairment of investments in affiliates. Not applicable.

Note 4 - Discontinued Operations

Not applicable

Note 5 - Investments

- A. Mortgage loans- Not Applicable
- B. Mezzanine real estate loans. Not applicable.
- C. Troubled debt restructuring for creditors. Not applicable.
- D. Reverse mortgages. Not applicable.
- E. Loan-backed securities. Not applicable.
- F. Repurchase agreements. Not applicable.
- G. Write-downs for impairments of real estate and retail land sales. Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

- A. Detail for those greater than 10% of admitted assets. Not applicable.
- B. Write-downs for impairments of joint ventures, partnerships, LLCs. Not applicable.

Note 7 - Investment Income

Accrued investment income.

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

Amounts non-admitted. Not applicable

Note 8 - Derivative Instruments

Not Applicable

Note 9 - Income Taxes

- A. Components of DTAs and DTLs. - The Company provides for income tax using the applicable Puerto Rico income tax statutory rates. However, the effective income tax rate may be different than the applicable statutory rate due to certain items that are not deductible for tax purposes. As of December 31, 2010, the deferred tax asset amounting to approximately \$229,100 is composed of the unused net operating loss carry forward, available to offset future taxable income until the year 2019.
- B. Unrecognized DTLs. Not applicable.
- C. Current tax and change in deferred tax. Not applicable.
- D. Reconciliation of federal income tax rate to actual effective rate. Not applicable.
- E. Operating loss and tax credit carry-forwards. As per P.R. Tax Code.
- F. Consolidated federal income tax return. Not applicable.

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

- A. Nature of relationships. Not applicable.
- B. Detail of transactions greater than 1/2% of admitted assets. Not applicable.
- C. Change in terms of inter-company arrangements. Not applicable.
- D. Amounts due to or from related parties. - NONE
- E. Guarantees or contingencies for related parties. Not applicable.
- F. Management, service contracts, cost sharing arrangements. Not applicable.
- G. Nature of relationships that could affect operations. Not applicable.
- H. Amount deducted for investment in upstream company. Not applicable.
- I. Detail of investments in affiliates greater than 10% of admitted assets. Not applicable.

NOTES TO FINANCIAL STATEMENTS

- J. Write-down for impairments of investments in affiliates. Not applicable.
- K. Foreign insurance subsidiary valued using CARVM. Not applicable.

Note 11 - Debt

- A. Amount, interest, maturities, collateral, covenants. Not applicable.

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

- A. Defined benefit plans. Not applicable.
- B. Defined contribution plans. Not applicable.
- C. Multiemployer plans. Not applicable.
- D. Consolidated / holding company plans. Not applicable.
- E. Post-employment benefits and compensated absences. Not applicable.

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

As previously reported, during the year 2007, the members of the mutual insurer approved a plan to reorganize the Company into a stock insurer (the Plan). The proposed plan was submitted and approved by the Office of the Commissioner of Insurance (OCS) and the final plan was approved by the members. As part of the Plan, the Articles of Incorporation of the Company were amended on January 2009, to declare the Company's change to a stock insurance company and to change the name of the insurer to Puerto Rico Medical Defense Insurance Company.

Pursuant to the Plan approved by the Office of the Commissioner of Insurance, the members had the option of converting their individual participation in the Net Assets of the Company into common stock of the reorganized Company, investing additional capital or requesting said participation to be paid in cash. Coverage provided under the policies will not be affected as a result of the reorganization.

On July 2009, the Company received \$2,180,000, as authorized capital, consisting of 218,000 shares of common stock with a par value of \$7.50 and a premium of \$2.50 for a total of \$10 (the "Common Stock"). During the second quarter of 2010, the members exercised the option to convert their participation in the mutual company into common stock of the Company. As a result common stock increased by 28,825 shares at \$10 par value for a total additional stock of \$288,250. In early July 2010, insured's who requested the liquidation of their participation in the mutual company were fully paid off.

As of December 31, 2010, total shares issued and outstanding amount to 246,825 with a value of \$2,468,250. The total authorized capital of the Company, pursuant to the amendments; consist of \$350,000 shares of common stock with a par value of \$10.

During the last quarter of 2009, the Company paid off the surplus notes in the amount of \$364,000. This payment was following the reorganization plan approved by the OCS. As of Statement Date, the Company complies with the minimum surplus requirement of \$2,000,000 for casualty insurers pursuant to 26 L.P.R.A § 309 (the "Minimum Required Surplus").

- A. Outstanding shares. The authorized capital of the Company, consist of 246,825 shares of common stock with a par value of \$7.50 and a premium of \$2.50 for a total of \$10
- B. Dividend rate of preferred stock. Not applicable.
- C. Dividend restrictions. Not applicable.
- D. Amount of ordinary dividends that may be paid. Not applicable.
- E. Restrictions on unassigned funds. Not applicable.
- F. Mutual surplus advances. Not applicable.
- G. Company stock held for special purposes. Not applicable.
- H. Changes in special surplus funds. Not applicable.
- I. Changes in unassigned funds.
 - i. Total amount of advances to surplus not repaid. Not applicable.
 - ii. Stock held by Company, including stock of affiliated companies, for special purposes are:
 - 1. For conversion of preferred stock: Not applicable.
 - 2. For employee stock options: Not applicable.
 - 3. For stock purchase warrants: Not applicable.
 - iii. Changes in balances of special surplus funds from the prior year are due to: Not applicable.
 - iv. The portion of unassigned funds (surplus) represented or reduced.
- J. Impact of quasi-reorganizations. Not applicable.
- K. Date of quasi-reorganizations. Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 14 - Contingencies

The Company is defendant in various lawsuits arising in the ordinary course of business. Management and their legal counsels are of the opinion that the ultimate disposition of these matters will not have a material adverse effect on its financial position and the results of its operations.

- A. Contingent commitments. Not applicable.
- B. Guaranty fund and other assessments. Not applicable.
- C. Gain contingencies. Not applicable.
- D. Other contingencies and write-downs for impairment. Not applicable.

Note 15 - Leases

- A. Lessee leasing arrangements. Not applicable.
- B. Lessor leasing arrangements. Not applicable.

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

- A. Face or contracts amounts. Not applicable.
- B. Nature and terms. Not applicable.
- C. Exposure to credit-related losses. Not applicable.
- D. Collateral policy. Not applicable.

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

- A. Transfers of receivables reported as sales. Not applicable
- B. Transfers and servicing of financial assets. Not applicable.
- C. Wash sales. Not applicable.

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

- A. Administrative services only (ASO) plans. Not applicable.
- B. Administrative services contract (ASC) plans. Not applicable.
- C. Medicare or similarly structured cost based reimbursement contracts. Not applicable.

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

- D. Detail if amount greater than 5% of policy holders' surplus. Not applicable.

Note 20 - Other Items

- A. September 11 Events.
- B. Description of related losses and contingencies. Not applicable.
- C. Other Items
- D. Extraordinary items.
 - a) Troubled debt restructuring for debtors. Not applicable.
 - b) Assets held by government authorities or pledged as collateral. None
 - c) Uncollectible premiums receivable. Not applicable.
 - d) Business interruption insurance recoveries. Not applicable.

Note 21 - Events Subsequent

None

Note 22 – Reinsurance

During the year 2009, the Company entered into a proportional reinsurance and to an excess of loss agreement.

Under the proportional reinsurance agreement in effect to policies with effective date September 1, 2008 to June 30, 2009, the Company ceded 91% of the risk related to its policies. These reinsurance agreements reduce the Company's possible losses arising from the insurance risks. This reinsurance agreement provide for a provisional ceding commission of 25% of all premiums ceded, which shall be adjusted periodically based on ratio of losses incurred to premiums earned for the applicable underwriting period. The agreement provides for a maximum commission of 30% with a loss ratio of 34% or les, and a minimum commission of 10% with a loss ratio of 70% or greater. As of December 31, 2010, an estimated additional commission of approximately \$41,000 was recorded for the agreement ended September 1, 2009. Amount was collected in the first quarter of 2011.

NOTES TO FINANCIAL STATEMENTS

On July 1, 2009, the Company entered an excess of loss reinsurance agreement. The Company shall retain and be liable for the first \$200,000 of ultimate net loss each claim, each insured. The Reinsurer shall then be liable for the amount by which such ultimate net loss excess the Company's retention, by the liability of the Reinsurer shall not exceed \$1,800,000 each claim, each insured. In addition, the Company shall retain the first \$200,000 of ultimate net loss retained by the Company per claim arising out of each event. The Reinsurer shall be liable for the amount by which such ultimate net loss exceeds the Company's retention, but the liability of the Reinsurer shall not exceed \$800,000 arising out of any one loss event. As respects any declaratory judgment action regarding a claim under a policy, if the Company is successful or settles prior to judgment, the Company shall retain the first \$75,000 of declaratory judgment expense and the reinsurer shall be liable for 80% of the amount in excess of that retention. The maximum recovery from the reinsurer under both coverage's for the year 2009-2010 is \$1,798,812.

At December 31, 2010, the claims reserve of \$1,556,183 has been reduced by reinsurance ceded of \$912,251. Premiums amounting to approximately \$240,029 were ceded to the excess of loss reinsurance treaty. The amounts deducted from the statutory financial statements for ceded policy and contract reserves represent a contingent liability for the Company.

The Company does not control directly or indirectly, any reinsurers with they conduct business. No policies issued by the Company have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of reinsurance. As of December 31, 2010, there is no reinsurance agreement in effect such that the amount of losses paid or accrued exceeds the total premium collected.

- A. Unsecured reinsurance recoverable. Not applicable.
- B. Reinsurance recoverable in dispute. Not applicable.
- C. Reinsurance assumed and ceded and protected cells.

	Assumed		Ceded		Assumed less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity
a. Affiliates	--	--	--	--	--	--
b. All other	--	--	146,690	--	146,690	--
c. Totals	--	--	146,690	--	146,690	--
d. Direct unearned premium reserve : \$916,810						

2. Additional or return commissions, predicated on loss experience or any other forms of profit sharing arrangements in this annual statement. The Company is subject to additional contingent commissions amounting to approximately \$41,000. Amount was collected in the first quarter of 2011.

- 3. Types of risks attributed to each of the Company's protected cells. Not applicable. The Company does not use protected cells as an alternative to traditional reinsurance.
 - e) Uncollectible reinsurance. Not applicable.
 - f) Commutation of ceded reinsurance. Not applicable.
 - g) Retroactive reinsurance. Not applicable.
 - h) Reinsurance accounted for as a deposit. Not applicable.

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Method used to estimate. Not applicable.
- B. Method used to record (written or earned). Not applicable.
- C. Amount and percent of net retrospective premiums. Not applicable.
- D. Calculation of non-admitted accrued retrospective premiums. Not applicable.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

- A. During the nine months ended December 31, 2010, no major variances resulted in case reserves.
- B. As of December 31, 2010, only five claims have been reported to the quota share agreement. No reserve has been established.
- C. Reasons for changes in prior year incurred. Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 25 - Intercompany Pooling Arrangements

A. Companies, percentages, lines of business, non-affiliated reinsurance, right of direct recovery and sharing of Schedule F penalty and write-offs. Not applicable.

Note 26 - Structured Settlements

Not applicable.

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating 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

Note 32 - Asbestos/Environmental Reserves

Not applicable

Note 33 - Subscriber Savings Accounts

Not applicable

Note 34 - Multiple Peril Crop 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 [] No [X]

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 [] N/A [X]

1.3 State regulating? _____
 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change: _____
 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010
 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. 12/31/2010

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

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [] N/A []
 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 4.11 sales of new business? Yes [X] No []
 4.12 renewals? Yes [X] No []

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 [] No [X]

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

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?
 RSM ROC & CO. PO BOX 10528, SAN JUAN PR 00922-0528

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 [] No [X]
- 10.8 If the answer to 10.7 is no or n/a, please explain.
CURRENTLY IN THE PROCESS OF APPOINTING AN AUDIT COMMITTEE.
-
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?
Martha A. Winslow, FCAS, MAAA, Senior Consultant TOWERS WATSON , 8400 Normandale Lake Blvd, Suite 1700, MINNEAPOLIS, MN. 55435
-
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company

- 12.12 Number of parcels involved
12.13 Total book/adjusted carrying value
- 12.2 If yes, provide explanation.

-
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

-
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [X] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
-
- 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 [] No [X]
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount.

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 [] No [X]
- 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).

- 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 []
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A []
- 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 []

- 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 \$.....0
- 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

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

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.....	1,490,975		(1,490,975)
29.2 Preferred stocks.....			0
29.3 Totals.....	1,490,975	0	(1,490,975)

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

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? \$.....0

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

33.1 Amount of payments for legal expenses, if any? \$.....0

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

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.....	\$.....1,150,903	\$.....392,944
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....1,414,212	\$.....896,139
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 []
 5.22 As a direct expense of the exchange Yes [] No [] N/A []
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]
- 5.5 If yes, give full information:

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

- 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:

- 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?

- 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 [] No [X]

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]

- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No [X]

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 Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such 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 [] No [] N/A [X]
- 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 [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From%
 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): \$.....0
- 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 [X] No []
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.0

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]

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

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

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:

15.1 Has the reporting entity guaranteed any financial premium accounts? Yes [] No [X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes [] No [X]

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

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

* Disclose type of coverage:

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

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 [X]

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

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

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

FIVE-YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
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).....	1,543,097	1,334,813	1,323,118	1,100,383	931,693
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	1,543,097	1,334,813	1,323,118	1,100,383	931,693
Net Premiums Written (Page 8, Part 1B, Col. 6)					
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).....	1,303,068	937,934	119,081	99,035	83,853
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	1,303,068	937,934	119,081	99,035	83,853
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(142,534)	(597,054)	29,857	3,165	3,428
14. Net investment gain (loss) (Line 11).....	77,147	32,988	40,246	17,311	3,261
15. Total other income (Line 15).....					
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....					
18. Net income (Line 20).....	(65,387)	(564,066)	70,102	20,476	6,689
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	3,701,517	3,240,469	1,020,619	1,062,234	1,043,860
20. Premiums and considerations (Page 2, Col. 3):					
20.1 | In course of collection (Line 15.1).....	81,908	62,039	(3,222)	4,077	150,945
20.2 | Deferred and not yet due (Line 15.2).....					
20.3 | Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	1,528,951	1,018,133	221,898	330,305	359,049
22. Losses (Page 3, Line 1).....	612,160	268,212	82,188	22,950	
23. Loss adjustment expenses (Page 3, Line 3).....	31,932	9,972	10,023		
24. Unearned premiums (Page 3, Line 9).....	770,120	617,955	72,965	63,002	29,712
25. Capital paid up (Page 3, Lines 30 & 31).....	2,468,250	2,180,000			
26. Surplus as regards policyholders (Page 3, Line 37).....	2,172,566	2,222,336	798,719	731,930	684,811
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	392,656	261,600	(64,407)	12,856	(407,633)
Risk-Based Capital Analysis					
28. Total adjusted capital.....	2,172,566	2,222,336	798,719		
29. Authorized control level risk-based capital.....	409,305	367,600	92,305		
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	44.2	44.5	75.6	61.7	72.0
31. Stocks (Lines 2.1 & 2.2).....	0.2	0.6	6.8	12.0	
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	55.3	54.8	17.3	25.9	28.0
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).....	0.3	0.1	0.3	0.3	
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
Investments in Parent, Subsidiaries and Affiliates					
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).....					
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.....	0	0	0	0	0
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).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....					
51. Dividends to stockholders (Line 35).....					
52. Change in surplus as regards policyholders for the year (Line 38).....	(49,770)	1,423,614	66,791	47,120	522,881
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
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).....					
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
58. Total (Line 35).....	.0	.0	.0	.0	.0
Net Losses Paid (Page 9, Part 2, Col. 4)					
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).....					
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
64. Total (Line 35).....	.0	.0	.0	.0	.0
Operating Percentages (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).....	29.9	47.3	54.3	25.5	
67. Loss expenses incurred (Line 3).....	2.7	0.6	8.8	1.4	
68. Other underwriting expenses incurred (Line 4).....	79.8	204.0	9.5	69.7	90.0
69. Net underwriting gain (loss) (Line 8).....	(12.4)	(151.9)	27.4	3.5	(180.0)
Other Percentages					
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).....	70.5	85.5	8.7	63.4	36.0
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	32.5	47.9	63.1	26.8	
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).....	60.0	42.2	14.9	13.5	12.0
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(107)	(29)	19		
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).....	(4.8)	(3.6)	2.6		
Two Year Loss Development (000 omitted)					
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).....	(46)	7	6		
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).....	(5.8)	1.0	0.8		

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						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	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				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....								0	XXX.....
2. 2001.....			0								0	XXX.....
3. 2002.....			0								0	XXX.....
4. 2003.....			0								0	XXX.....
5. 2004.....			0								0	XXX.....
6. 2005.....	727	661	66								0	XXX.....
7. 2006.....	375	341	34			2	1				1	XXX.....
8. 2007.....	1,000	911	89			28	26				2	XXX.....
9. 2008.....	1,212	1,103	109			36	33				3	XXX.....
10. 2009.....	1,359	966	393			27	25				2	XXX.....
11. 2010.....	1,413	262	1,151			6	1				5	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	0	0	99	86	0	0	0	13	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.....											0	XXX.....	
2. 2001.....											0	XXX.....	
3. 2002.....											0	XXX.....	
4. 2003.....											0	XXX.....	
5. 2004.....											0	XXX.....	
6. 2005.....											0	XXX.....	
7. 2006.....			3	3			1	1			0	XXX.....	
8. 2007.....	250	228	6	5			2	2			23	XXX.....	
9. 2008.....	185	168	18	16			7	6			20	XXX.....	
10. 2009.....	50	46	188	74			27	20			125	XXX.....	
11. 2010.....			724	272			96	72			476	XXX.....	
12. Totals.....	485	442	939	370	0	0	133	101	0	0	644	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.....	0	0
2. 2001.	0	0	0	0.0	0.0	0.0				0	0
3. 2002.	0	0	0	0.0	0.0	0.0				0	0
4. 2003.	0	0	0	0.0	0.0	0.0				0	0
5. 2004.	0	0	0	0.0	0.0	0.0				0	0
6. 2005.	0	0	0	0.0	0.0	0.0				0	0
7. 2006.	6	5	1	1.6	1.5	2.9				0	0
8. 2007.	286	261	25	28.6	28.6	28.1				23	0
9. 2008.	246	223	23	20.3	20.2	21.1				19	1
10. 2009.	292	165	127	21.5	17.1	32.3				118	7
11. 2010.	826	345	481	58.5	131.7	41.8				452	24
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	612	32

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 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 One Year	12 Two Year
1. Prior.....											0	0
2. 2001.....											0	0
3. 2002.....	XXX										0	0
4. 2003.....	XXX	XXX									0	0
5. 2004.....	XXX	XXX	XXX								0	0
6. 2005.....	XXX	XXX	XXX	XXX							0	0
7. 2006.....	XXX	XXX	XXX	XXX	XXX			6	2	1	(1)	(5)
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	24	37	29	25	(4)	(12)
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	52	35	23	(12)	(29)
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	217	127	(90)	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	481	XXX	XXX
12. Totals.....											(107)	(46)

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 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	.000										XXX	XXX
2. 2001.....											XXX	XXX
3. 2002.....	XXX										XXX	XXX
4. 2003.....	XXX	XXX									XXX	XXX
5. 2004.....	XXX	XXX	XXX								XXX	XXX
6. 2005.....	XXX	XXX	XXX	XXX							XXX	XXX
7. 2006.....	XXX	XXX	XXX	XXX	XXX				1	1	XXX	XXX
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	1	1	1	2	XXX	XXX
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	2	3	XXX	XXX
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	2	XXX	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5	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 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010
1. Prior.....										
2. 2001.....										
3. 2002.....	XXX									
4. 2003.....	XXX	XXX								
5. 2004.....	XXX	XXX	XXX							
6. 2005.....	XXX	XXX	XXX	XXX						
7. 2006.....	XXX	XXX	XXX	XXX	XXX			5	1	
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX		13	4	1
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32	15	3
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	217	121
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	476

P.R. Medical Defense 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	1,543,097	1,412,807			302,319	1,423,583		
55. US Virgin Islands.....VI	..N								
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)	.....1	1,543,097	1,412,807	0	0	302,319	1,423,583	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.

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

PART 1 - ORGANIZATIONAL CHART

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