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ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2010

OF THE CONDITION AND AFFAIRS OF THE

Triple-S Salud, Inc.

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

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

Country of Domicile US

Licensed as business type:

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

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

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

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

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

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

Internet Website Address www.ssspr.com

Statutory Statement Contact Pedro E Rosario (Name) 787-749-4949-4572 (Area Code) (Telephone Number) (Extension)
perosario@ssspr.com (E-Mail Address) 787-749-4003 (Fax Number)

OFFICERS

Socorro Rivas (President)
Pablo Almodovar (Executive Vice President)
Carlos Torres (Senior Operation Vice President)

OTHER OFFICERS

Nydia Ortiz, CPA
Juan Jose Rodriguez, CPA
Carmen L Sandin
Gloria Lebron, ESQ
Hector Rodriguez
John P Wagner
Luis Rodriguez, ENG
Madeline Hernandez, CPA
Myra Plumey
Vivian Lopez
Elena Diaz

DIRECTORS OR TRUSTEES

Jesus R Sanchez, MD
Jose Hawayek Alemany, MD
Jaime Morgan Stubbe
Luis A Clavell Rodriguez, MD
Roberto Munoz Zayas, MD
Antonio F Faria Soto
Manuel Figueroa Collazo, Eng
Jorge Fuentes Benejam
Socorro Rivas, CPA
Juan E Rodriguez, ESQ
Ramon M Ruiz Comas, CPA

State of Puerto Rico
County of ______ } SS

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

Socorro Rivas, CPA President	Juan Jose Rodriguez, CPA Finance Vice President	

Subscribed and sworn to before me this
day of

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	372,552,889		372,552,889	374,780,432
2. Stocks (Schedule D):				
2.1 Preferred stocks				180,320
2.2 Common stocks	54,980,330		54,980,330	53,297,002
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ .... encumbrances)				
4.2 Properties held for the production of income (less $ .... encumbrances)				
4.3 Properties held for sale (less $ .... encumbrances)				
5. Cash ($ 20,253,485, Schedule E - Part 1), cash equivalents ($ ...., Schedule E - Part 2) and short-term investments ($ ...., Schedule DA)	20,253,485		20,253,485	14,156,224
6. Contract loans (including $ .... premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Line 1 through Line 11)	447,786,704		447,786,704	442,413,978
13. Title plants less $ .... charged off (for Title insurers only)				
14. Investment income due and accrued	3,497,487		3,497,487	3,920,151
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	140,621,454	3,324,834	137,296,620	84,515,688
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)				
15.3 Accrued retrospective premiums				730,029
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	11,862,450		11,862,450	10,006,197
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	73,123,986	10,881,205	62,242,781	58,222,700
18.1 Current federal and foreign income tax recoverable and interest thereon	294,161		294,161	3,700,104
18.2 Net deferred tax asset	32,199,831	25,924,000	6,275,831	12,453,455
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	7,586,806		7,586,806	4,365,264
21. Furniture and equipment, including health care delivery assets ($ ....)	38,727,122	38,727,122		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	2,217,074		2,217,074	6,043,392
24. Health care ($ 8,156,984) and other amounts receivable	8,156,984		8,156,984	10,896,299
25. Aggregate write-ins for other than invested assets	25,326,951	16,551,845	8,775,106	24,484,962
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	791,401,010	95,409,006	695,992,004	661,752,219
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	791,401,010	95,409,006	695,992,004	661,752,219
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)				
2501. Other assets	25,326,951	16,551,845	8,775,106	24,484,962
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	25,326,951	16,551,845	8,775,106	24,484,962

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1. Claims unpaid (less $ ......reinsurance ceded)	237,057,467		237,057,467	244,126,119
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	6,293,975		6,293,975	4,768,567
4. Aggregate health policy reserves	295,086		295,086	931,504
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	4,304,925		4,304,925	6,064,169
9. General expenses due or accrued	32,099,712		32,099,712	37,470,878
10.1 Current federal and foreign income tax payable and interest thereon (including $ ......on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable	7,960,272		7,960,272	8,934,564
12. Amounts withheld or retained for the account of others	15,341,112		15,341,112	13,887,355
13. Remittances and items not allocated	667,333		667,333	524,401
14. Borrowed money (including $ ......current) and interest thereon $ ...... (including $ ......current)	51,819,986		51,819,986	51,944,761
15. Amounts due to parent, subsidiaries and affiliates	9,648,128		9,648,128	10,484,930
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with ($ ......authorized reinsurers and $ ......unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	13,858,096		13,858,096	12,354,205
23. Aggregate write-ins for other liabilities (including $ ......current)	15,018,102		15,018,102	13,001,974
24. Total liabilities (Line 1 to Line 23)	394,364,194		394,364,194	404,493,427
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX	150,000,000	150,000,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	151,627,808	107,258,796
32. Less treasury stock, at cost:				
32.1 ......shares common (value included in Line 26 $ ......)	XXX	XXX		
32.2 ......shares preferred (value included in Line 27 $ ......)	XXX	XXX		
33. Total capital and surplus (Line 25 to Line 31 minus Line 32)	XXX	XXX	301,627,808	257,258,796
34. Total liabilities, capital and surplus (Line 24 and Line 33)	XXX	XXX	695,992,002	661,752,223
DETAILS OF WRITE-INS				
2301. Federal Employees Health Benefit Program	15,018,102		15,018,102	13,001,974
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	15,018,102		15,018,102	13,001,974
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599. Totals (Line 2301 through Line 2503 plus Line 2598) (Line 25 above)	XXX	XXX		
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	14,592,522	15,050,252
2. Net premium income (including $ .... non-health premium income)	XXX	1,699,615,846	1,678,288,691
3. Change in unearned premium reserves and reserve for rate credits	XXX	636,418	(161,074)
4. Fee-for-service (net of $ .... medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX		
7. Aggregate write-ins for other non-health revenues	XXX		
8. Total revenues (Line 2 to Line 7)	XXX	1,700,252,264	1,678,127,617
Hospital and Medical:			
9. Hospital/medical benefits		1,005,866,906	1,007,329,418
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area		110,720,406	107,061,383
13. Prescription drugs		383,023,839	397,660,793
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Line 9 to Line 15)		1,499,611,151	1,512,051,594
Less:			
17. Net reinsurance recoveries		1,856,253	2,820,044
18. Total hospital and medical (Line 16 minus Line 17)		1,497,754,898	1,509,231,550
19. Non-health claims (net)			
20. Claims adjustment expenses, including $ 3,767,764 cost containment expenses		28,155,434	22,341,277
21. General administrative expenses		135,666,593	106,064,500
22. Increase in reserves for life and accident and health contracts (including $ .... increase in reserves for life only)			
23. Total underwriting deductions (Line 18 through Line 22)		1,661,576,925	1,637,637,327
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	XXX	38,675,339	40,490,290
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		15,868,474	17,861,910
26. Net realized capital gains (losses) less capital gains tax of $		3,296,929	(213,247)
27. Net investment gains (losses) (Line 25 plus Line 26)		19,165,403	17,648,663
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ ....) (amount charged off $ ....)]			
29. Aggregate write-ins for other income or expenses		2,185,441	3,809,782
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29)	XXX	60,026,183	61,948,735
31. Federal and foreign income taxes incurred	XXX	13,914,272	19,351,210
32. Net income (loss) (Line 30 minus Line 31)	XXX	46,111,911	42,597,525
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	XXX		
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above)	XXX		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)			
2901. Other income		2,185,441	3,809,782
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		2,185,441	3,809,782

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting year	257,258,796	209,039,038
34. Net income or (loss) from Line 32	46,111,911	42,597,525
35. Change in valuation basis of aggregate policy and claims reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of $	4,604,739	8,110,765
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(2,497,000)	2,310,000
39. Change in nonadmitted assets	(1,033,905)	(14,692,092)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Tranferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	(2,816,732)	9,893,560
48. Net change in capital and surplus (Line 34 to Line 47)	44,369,013	48,219,758
49. Capital and surplus end of reporting year (Line 33 plus Line 48)	301,627,809	257,258,796
DETAILS OF WRITE-INS		
4701. AMPL	4,305,905	3,362,300
4702. Other	(5,181,586)	6,531,260
4703. Derivative	(1,941,051)	
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above)	(2,816,732)	9,893,560

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,642,969,591	1,684,071,782
2. Net investment income	17,395,608	18,854,732
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	1,660,365,199	1,702,926,514
5. Benefit and loss related payments	1,506,679,803	1,474,185,614
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	159,372,624	149,483,651
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	1,265,705	34,737,520
10. Total (Line 5 through Line 9)	1,667,318,132	1,658,406,785
11. Net cash from operations (Line 4 minus Line 10)	(6,952,933)	44,519,729
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	206,367,303	235,251,762
12.2 Stocks	20,504,341	4,907,372
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	226,871,644	240,159,134
13. Cost of investments acquired (long-term only):		
13.1 Bonds	204,395,478	234,265,163
13.2 Stocks	16,737,013	4,708,825
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	6,118,938	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	227,251,429	238,973,988
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(379,785)	1,185,146
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds	(124,775)	(18,573,969)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	13,554,749	(17,477,208)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	13,429,974	(36,051,177)
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)	6,097,256	9,653,698
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	14,156,228	4,502,530
19.2 End of year (Line 18 plus Line 19.1)	20,253,484	14,156,228

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	1,699,615,846	779,245,821	36,081,972			130,802,861	455,510,834	285,083,790	12,890,568	
2. Change in unearned premium reserves and reserve for rate credit	636,418	598,688	37,730							
3. Fee-for-service (net of $ .... medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Line 1 through Line 6)	1,700,252,264	779,844,509	36,119,702			130,802,861	455,510,834	285,083,790	12,890,568	
8. Hospital/medical benefits	1,005,866,906	416,125,939	33,640,071			72,459,524	303,731,626	179,909,746		XXX
9. Other professional services										XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area	110,720,406	75,972,961	564,339			1,715,904	4,921,213	27,545,989		XXX
12. Prescription drugs	383,023,839	202,031,917				48,694,381	75,665,902	47,395,989	9,235,650	XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments, and bonus amounts										XXX
15. Subtotal (Line 8 through Line 14)	1,499,611,151	694,130,817	34,204,410			122,869,809	384,318,741	254,851,724	9,235,650	XXX
16. Net reinsurance recoveries	1,856,253	1,508,580					347,673			XXX
17. Total hospital and medical (Line 15 minus Line 16)	1,497,754,898	692,622,237	34,204,410			122,869,809	383,971,068	254,851,724	9,235,650	XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ .... cost containment expenses	28,155,434	15,852,646	782,866			1,205,982	5,607,452	4,181,400	525,088	
20. General administrative expenses	135,666,593	76,850,240	3,795,167			5,759,984	26,782,182	19,971,108	2,507,912	
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Line 17 through Line 22)	1,661,576,925	785,325,123	38,782,443			129,835,775	416,360,702	279,004,232	12,268,650	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	38,675,339	(5,480,614)	(2,662,741)			967,086	39,150,132	6,079,558	621,918	
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Total (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)										XXX

UNDERWRITING AND INVESTMENT EXHIBIT

Part 1 - Premiums

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (hospital and medical)	786,311,173	156,208	7,221,560	779,245,821
2. Medicare Supplement	36,081,972			36,081,972
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan	130,802,861			130,802,861
6. Title XVIII - Medicare	459,495,033		3,984,199	455,510,834
7. Title XIX - Medicaid	285,083,790			285,083,790
8. Other health	12,890,568			12,890,568
9. Health subtotal (Line 1 through Line 8)	1,710,665,397	156,208	11,205,759	1,699,615,846
10. Life				
11. Property/casualty				
12. Totals (Line 9 to Line 11)	1,710,665,397	156,208	11,205,759	1,699,615,846

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	1,506,679,803	668,871,987	34,175,410			122,155,443	383,023,708	289,163,605	9,289,650	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,506,679,803	668,871,987	34,175,410			122,155,443	383,023,708	289,163,605	9,289,650	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	237,057,467	119,896,903	10,217,000			15,302,950	65,736,087	25,645,327	259,200	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	237,057,467	119,896,903	10,217,000			15,302,950	65,736,087	25,645,327	259,200	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	11,862,450	4,996,278					6,866,172			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	244,126,120	94,638,072	10,188,000			14,588,585	64,441,055	59,957,208	313,200	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	244,126,120	94,638,072	10,188,000			14,588,585	64,441,055	59,957,208	313,200	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	10,006,196	3,487,967					6,518,229			
12. Incurred benefits:										
12.1 Direct	1,499,611,150	694,130,818	34,204,410			122,869,808	384,318,740	254,851,724	9,235,650	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	1,856,254	1,508,311					347,943			
12.4 Net	1,497,754,896	692,622,507	34,204,410			122,869,808	383,970,797	254,851,724	9,235,650	
13. Incurred medical incentive pools and bonuses										

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	57,613,648	29,126,661	2,482,025			3,577,139	18,646,721	3,707,577	73,525	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	57,613,648	29,126,661	2,482,025			3,577,139	18,646,721	3,707,577	73,525	
2. Incurred but Unreported:										
2.1 Direct	179,443,819	90,770,242	7,734,975			11,725,811	47,089,366	21,937,750	185,675	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	179,443,819	90,770,242	7,734,975			11,725,811	47,089,366	21,937,750	185,675	
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	237,057,467	119,896,903	10,217,000			15,302,950	65,736,087	25,645,327	259,200	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	237,057,467	119,896,903	10,217,000			15,302,950	65,736,087	25,645,327	259,200	

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
Line of Business	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Column 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	110,964,294	556,399,113	5,167,347	114,729,556	116,131,641	94,638,072
2. Medicare Supplement	8,099,572	26,075,838	584,081	9,632,919	8,683,653	10,188,000
3. Dental Only						
4. Vision Only						
5. Federal Employees Health Benefits Plan	14,384,247	107,771,197	940,000	14,362,950	15,324,247	14,588,585
6. Title XVIII - Medicare	63,996,937	318,679,098	2,870,000	62,866,087	66,866,937	64,441,055
7. Title XIX - Medicaid	37,705,714	251,457,891	2,040,000	23,605,327	39,745,714	59,957,208
8. Other health	258,350	9,031,300		259,200	258,350	313,200
9. Health subtotal (Line 1 through Line 8)	235,409,114	1,269,414,437	11,601,428	225,456,039	247,010,542	244,126,120
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12)	235,409,114	1,269,414,437	11,601,428	225,456,039	247,010,542	244,126,120

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

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

	Cumulative Net Amounts Paid				
	1	2	3	4	5
Year in Which Losses Were Incurred	2006	2007	2008	2009	2010
1. Prior	67,108	3,530			
2. 2006	425,992	70,163	4,926		
3. 2007	XXX	516,581	97,908	5,581	
4. 2008	XXX	XXX	428,678	110,940	5,315
5. 2009	XXX	XXX	XXX	475,410	105,649
6. 2010	XXX	XXX	XXX	XXX	556,399

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

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
Year in Which Losses Were Incurred	2006	2007	2008	2009	2010
1. Prior	73,842	3,530			
2. 2006	495,052	74,769	4,926		
3. 2007	XXX	505,543	102,501	5,581	
4. 2008	XXX	XXX	501,092	115,787	5,315
5. 2009	XXX	XXX	XXX	565,201	110,816
6. 2010	XXX	XXX	XXX	XXX	671,129

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2006	546,268	501,081	12,096	2.414	513,177	93.942			513,177	93.942
2. 2007	579,662	517,237	14,037	2.714	531,274	91.652			531,274	91.652
3. 2008	594,824	544,933	11,977	2.198	556,910	93.626			556,910	93.626
4. 2009	680,927	581,059	10,605	1.825	591,664	86.891	5,167	95	596,926	87.664
5. 2010	779,817	556,399	15,130	2.719	571,529	73.290	114,730	2,112	688,371	88.273

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	12,892	547			
2. 2006	30,193	10,875	3		
3. 2007	XXX	5,699	69	3	
4. 2008	XXX	XXX	14,205	64	388
5. 2009	XXX	XXX	XXX	14,144	7,712
6. 2010	XXX	XXX	XXX	XXX	26,076

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	13,900	547			
2. 2006	42,099	11,535	3		
3. 2007	XXX	15,670	664	3	
4. 2008	XXX	XXX	23,249	711	388
5. 2009	XXX	XXX	XXX	23,684	8,296
6. 2010	XXX	XXX	XXX	XXX	35,709

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2006	53,587	41,068	942	2.294	42,010	78.396			42,010	78.396
2. 2007	17,890	5,697	410	7.197	6,107	34.136			6,107	34.136
3. 2008	15,116	30,645	334	1.090	30,979	204.942			30,979	204.942
4. 2009	15,229	21,856	257	1.176	22,113	145.203	584	2	22,699	149.051
5. 2010	36,147	26,076	747	2.865	26,823	74.205	9,633	39	36,495	100.963

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	8,911	507			
2. 2006	96,988	10,079	532		
3. 2007	XXX	114,670	10,569	509	
4. 2008	XXX	XXX	104,925	10,257	689
5. 2009	XXX	XXX	XXX	106,260	13,695
6. 2010	XXX	XXX	XXX	XXX	107,771

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

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	9,471	507			
2. 2006	107,113	10,579	532		
3. 2007	XXX	114,884	12,039	509	
4. 2008	XXX	XXX	117,373	10,817	689
5. 2009	XXX	XXX	XXX	106,274	14,635
6. 2010	XXX	XXX	XXX	XXX	122,134

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2006	113,241	107,599	1,064	0.989	108,663	95.957			108,663	95.957
2. 2007	113,228	114,242	1,243	1.088	115,485	101.993			115,485	101.993
3. 2008	113,241	107,934	977	0.905	108,911	96.176			108,911	96.176
4. 2009	125,994	119,955	1,282	1.069	121,237	96.224	940	19	122,196	96.986
5. 2010	130,803	107,771	1,151	1.068	108,922	83.272	14,363	284	123,569	94.470

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII Medicare

	Cumulative Net Amounts Paid				
	1	2	3	4	5
Year in Which Losses Were Incurred	2006	2007	2008	2009	2010
1. Prior	4,383	795			
2. 2006	81,048	15,805	1,348		
3. 2007	XXX	207,995	26,785	1,392	
4. 2008	XXX	XXX	332,379	27,668	3,065
5. 2009	XXX	XXX	XXX	391,292	60,931
6. 2010	XXX	XXX	XXX	XXX	318,679

Section B - Incurred Health Claims - Title XVIII Medicare

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
Year in Which Losses Were Incurred	2006	2007	2008	2009	2010
1. Prior	4,589	795			
2. 2006	111,027	16,357	1,348		
3. 2007	XXX	206,968	27,777	1,392	
4. 2008	XXX	XXX	380,356	30,097	3,065
5. 2009	XXX	XXX	XXX	453,304	63,801
6. 2010	XXX	XXX	XXX	XXX	381,545

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2006	155,739	98,201	2,792	2.843	100,993	64.848			100,993	64.848
2. 2007	243,910	208,040	3,370	1.620	211,410	86.675			211,410	86.675
3. 2008	427,698	363,112	5,433	1.496	368,545	86.169			368,545	86.169
4. 2009	495,086	452,223	5,879	1.300	458,102	92.530	2,870	41	461,013	93.118
5. 2010	455,511	318,679	5,352	1.679	324,031	71.136	62,866	904	387,801	85.135

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	52,868	1,963			
2. 2006	379,316	39,009	2,507		
3. 2007	XXX	301,346	49,831	2,278	
4. 2008	XXX	XXX	248,660	45,275	1,806
5. 2009	XXX	XXX	XXX	269,244	35,900
6. 2010	XXX	XXX	XXX	XXX	251,458

Section B - Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	58,724	1,963			
2. 2006	422,043	42,370	2,507		
3. 2007	XXX	295,616	55,989	2,278	
4. 2008	XXX	XXX	299,721	47,315	1,806
5. 2009	XXX	XXX	XXX	327,162	37,940
6. 2010	XXX	XXX	XXX	XXX	275,063

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2006	455,891	420,832	6,513	1.548	427,345	93.738			427,345	93.738
2. 2007	327,544	301,117	5,040	1.674	306,157	93.470			306,157	93.470
3. 2008	340,123	295,741	4,490	1.518	300,231	88.271			300,231	88.271
4. 2009	348,097	305,144	6,702	2.196	311,846	89.586	2,040	223	314,109	90.236
5. 2010	285,084	251,458	3,991	1.587	255,449	89.605	23,605	2,575	281,629	98.788

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	10,171	293			
3. 2007	XXX	11,438	235		
4. 2008	XXX	XXX	11,557	258	
5. 2009	XXX	XXX	XXX	10,783	258
6. 2010	XXX	XXX	XXX	XXX	9,031

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	12,143	293			
3. 2007	XXX	11,452	235		
4. 2008	XXX	XXX	11,854	258	
5. 2009	XXX	XXX	XXX	11,097	258
6. 2010	XXX	XXX	XXX	XXX	9,291

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2006	15,080	10,464	513	4.903	10,977	72.792			10,977	72.792
2. 2007	11,660	11,438	1,093	9.556	12,531	107.470			12,531	107.470
3. 2008	11,025	11,815	512	4.333	12,327	111.810			12,327	111.810
4. 2009	12,796	11,041	468	4.239	11,509	89.942			11,509	89.942
5. 2010	12,891	9,031	501	5.548	9,532	73.943	259		9,791	75.952

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	146,161	7,342			
2. 2006	1,023,707	146,224	9,315		
3. 2007	XXX	1,194,712	185,397	9,763	
4. 2008	XXX	XXX	1,141,191	194,462	11,264
5. 2009	XXX	XXX	XXX	1,267,133	224,145
6. 2010	XXX	XXX	XXX	XXX	1,269,414

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	160,526	7,342			
2. 2006	1,189,477	155,902	9,315		
3. 2007	XXX	1,150,133	199,205	9,763	
4. 2008	XXX	XXX	1,333,644	204,348	11,264
5. 2009	XXX	XXX	XXX	1,487,702	235,747
6. 2010	XXX	XXX	XXX	XXX	1,494,870

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2006	1,372,565	1,173,787	29,530	2.516	1,203,317	87.669			1,203,317	87.669
2. 2007	1,498,952	1,333,176	27,218	2.042	1,360,394	90.756			1,360,394	90.756
3. 2008	1,569,239	1,442,541	25,865	1.793	1,468,406	93.574			1,468,406	93.574
4. 2009	1,556,311	1,564,978	26,963	1.723	1,591,941	102.289	11,601	380	1,603,922	103.059
5. 2010	1,700,252	1,269,414	26,872	2.117	1,296,286	76.241	225,456	5,914	1,527,656	89.849

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

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
POLICY RESERVE									
1. Unearned premium reserves	295,086	286,593	8,238				255		
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including $ .... for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	295,086	286,593	8,238				255		
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	295,086	286,593	8,238				255		
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ ....for occupancy of own building)	601,054	526,762	6,279,703		7,407,519
2. Salaries, wages and other benefits	3,836,119	8,577,632	54,731,557	286,668	67,431,976
3. Commissions (less $..........ceded plus $..........assumed)			23,563,575		23,563,575
4. Legal fees and expenses		20,730	2,459,864		2,480,594
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	995,838	5,876,620	29,415,869	294,869	36,583,196
7. Traveling expenses	127,170	111,979	2,140,264	806	2,380,219
8. Marketing and advertising	66,154	243,828	8,656,314		8,966,296
9. Postage, express, and telephone	125,530	759,525	3,638,001		4,523,056
10. Printing and office supplies	11,909	223,485	2,834,081		3,069,475
11. Occupancy, depreciation and amortization	461,966	670,863	4,616,152		5,748,981
12. Equipment	126	260,965	427,366		688,457
13. Cost or depreciation of EDP equipment and software	22,133	445,344	11,251,395		11,718,872
14. Outsourced services including EDP, claims, and other services	1,696,248	5,382,841	6,588,418		13,667,507
15. Boards, bureaus and association fees			3,047,483	980	3,048,463
16. Insurance, except on real estate	53,222	46,384	1,831,270		1,930,876
17. Collection and bank service charges			1,308,165		1,308,165
18. Group service and administration fees			690,822		690,822
19. Reimbursements by uninsured accident and health plans	(5,668,177)	(2,022,118)	(35,538,951)		(43,229,246)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes		56	(1,453,102)		(1,453,046)
23.2 State premium taxes					
23.3 Regulator authority licenses and fees		168,488	200,105		368,593
23.4 Payroll taxes	311,156	516,785	3,570,413	19,713	4,418,067
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	1,127,316	2,577,500	5,407,828	2,743	9,115,387
26. Total expenses incurred (Line 1 to Line 25)	3,767,764	24,387,669	135,666,592	605,779	(a) 164,427,804
27. Less expenses unpaid December 31, current year		6,293,975	32,099,712		38,393,687
28. Add expenses unpaid December 31, prior year		4,768,567	37,470,878		42,239,445
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30)	3,767,764	22,862,261	141,037,758	605,779	168,273,562
DETAILS OF WRITE-INS					
2501. Software and hardware expense	1,119,821	2,480,623	4,963,042	2,743	8,566,229
2502. Intercompany and overhead charges			(6,931,667)		(6,931,667)
2503. Other	7,495	96,877	7,376,453		7,480,825
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	1,127,316	2,577,500	5,407,828	2,743	9,115,387

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 20,496,629	18,071,485
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	1,483,951	1,456,937
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)	172,286
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		30,158
10.	Total gross investment income	21,980,580	19,730,866
11.	Investment expenses		(g) 605,779
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 3,256,613
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Totals deductions (Line 11 through Line 15)		3,862,392
17.	Net investment income (Line 10 minus Line 16)		15,868,474
	DETAILS OF WRITE-INS		
0901.	FEHBP Investment Income		30,158
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		30,158
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes $ 657,807 accrual of discount less $ 1,762,277 amortization of premium and less $ 862,285 paid for accrued interest on purchases.
(b) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued dividends on purchases.
(c) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.
(d) Includes $ .... for company's occupancy of its own buildings; and excludes $ .... interest on encumbrances.
(e) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.
(f) Includes $ .... accrual of discount less $ .... amortization of premium.
(g) Includes $ .... investment expenses and $ .... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ .... interest on surplus notes and $ .... interest on capital notes.
(i) Includes $ .... depreciation on real estate and $ .... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Cols. 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	1,063,316	1,567,877	2,631,193		
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	1,781,405	(1,115,669)	665,736	4,604,739	
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	2,844,721	452,208	3,296,929	4,604,739	
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivable for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	3,324,834	2,099,435	(1,225,399)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	10,881,205	11,315,713	434,508
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	25,924,000	29,614,000	3,690,000
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	38,727,122	28,926,742	(9,800,380)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivable from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable		196,368	196,368
25. Aggregate write-ins for other than invested assets	16,551,845	22,222,843	5,670,998
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	95,409,006	94,375,101	(1,033,905)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	95,409,006	94,375,101	(1,033,905)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. Other non admitted assets	16,551,845	22,222,843	5,670,998
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	16,551,845	22,222,843	5,670,998

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health Maintenance Organizations						
2. Provider Service Organizations	806,954	830,700	816,998	801,887	788,893	9,731,807
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	540,142	533,153	543,667	545,318		4,860,715
7. Total	1,347,096	1,363,853	1,360,665	1,347,205	788,893	14,592,522
DETAILS OF WRITE-INS						
0601. Medicaid	540,142	533,153	543,667	545,318		4,860,715
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	540,142	533,153	543,667	545,318		4,860,715

1. Significant Accounting Policies and Practices

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

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

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

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

The nonadmitted assets charged to surplus during 2010 and 2009 are as follows:

	2010	2009
Deferred tax assets	$ 25,924,000	$ 29,614,000
Accounts receivable	21,663,412	13,158,846
Furniture and equipment	38,727,122	38,177,368
Other	9,094,472	13,424,887
	$ 95,409,006	$ 94,375,101

Depreciation expense on the related furniture and equipment designated as nonadmitted assets amounted to approximately $5,560,284 and $3,167,064 for the years ended December 31, 2010 and 2009, respectively. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Short-Term investments
There are no short-term investments at December 31, 2010.

Investments
Debt and equity securities are valued in accordance with rules promulgated by the NAIC. Debt securities that are designated highest-quality and high-quality (NAIC designation 1 and 2) are reported at amortized cost, with all other debt securities reported at the lower of amortized cost or fair market value. Debt securities eligible for amortization under such rules are stated net of unamortized premiums or discounts. As of December 31, 2010 there are no debt securities reported at fair value on the Statements of Admitted Assets, Liabilities, and Capital and Surplus (classified as Level 2 of the fair value hierarchy under ASC 820 *Fair Value Measurements*).

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

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

The Company regularly invests in mortgaged-backed securities and other securities subject to prepayment and call risk. Significant changes in prevailing interest rates may adversely affect the timing and amount of cash flows on such securities. In addition, the amortization of market premium and accretion of market discount for mortgaged-backed securities is based on historical

NOTES TO FINANCIAL STATEMENTS

experience and estimates of future payment speeds on the underlying mortgage loans. Actual prepayment speeds will differ from original estimates and may result in material adjustments to amortization or accretion recorded in future periods.

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

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

Premiums for the Medicare Advantage (MA) business are based on a bid contract with the Centers for Medicare and Medicaid Services (CMS) and collected in advance of the coverage period. MA contracts provide for a risk factor to adjust premiums paid for members that represent a higher or lower risk to the Company. Retroactive rate adjustments are made periodically based on the aggregate health status and risk scores of the Company's MA membership. These risk adjustments are evaluated quarterly based on actuarial estimates. Actual results could differ from these estimates. As additional information becomes available, the recorded estimate are revised and reflected in operating results.

The Company offers prescription drug coverage to Medicare eligible beneficiaries as part of its MA plans (MA-PD) and on a stand-alone basis (stand-alone PDP). Premiums are based on a bid contract with CMS that considers the estimated costs of providing prescription drug benefits to enrolled participants. MA-PD and stand-alone PDP premiums are subject to adjustment, positive or negative, based upon the application of risk corridors that compare the estimate prescription drug costs included in the bids to CMS to actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company or in the Company refunding CMS a portion of the premiums collected. The Company estimates and records adjustments to earned premiums related to estimated risk corridor payments based upon actual prescription drug costs for each reporting period as if the annual contract were to end at the end of each reporting period. CMS pays the Company an estimated amount for the Part D-Catastrophic Reinsurance Subsidy to fund the CMS obligation to pay approximately the 80% of the costs incurred by individual members in excess of the individual annual out-of-pocket maximum. The Company does not recognize premium revenue or claims expense for these CMS subsidies. Amounts are subject to future settlements which may differ from original estimate. Any difference between the settlement and the estimated amount is recorded in the period in which they become known.

NOTES TO FINANCIAL STATEMENTS

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

Electronic Data Processing Equipment
Electronic data processing equipment is stated at cost. Maintenance and repairs are expensed as incurred. Cost of electronic data processing equipment is capitalized and amortized over the lesser of the estimated useful lives of the assets or three years. Depreciation expense on electronic data processing equipment amounted to approximately $2,631,118 and $2,405,309 for the years ended December 31, 2010 and 2009, respectively.

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

The Company contracts with IPAs to provide healthcare services to MA beneficiaries. The amount of capitation payable at December 31, 2010 and 2009 related to the MA program amounted to approximately $18,720,246 and $7,968,000, respectively.

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

Operating Expenses Reimbursed
The Company allocates its operating expenses by various lines of business to determine the expense reimbursement due from the Medicare — Part B Program, where the Company acts as a fiscal carrier, the FEHBP, and the Company's affiliates.

Derivative Instruments and Hedging Activities
The Company accounts for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities in accordance with the provisions of Statement of Statutory Accounting Principles (SSAP) No. 86, *Accounting for Derivative Instruments and Hedging Activities.*

On the date the derivative contract designated as a hedging instrument is entered into, the Company designates the instrument as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair-value hedge), a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge), a foreign currency fair-value or cash-flow hedge (foreign-currency hedge), or a hedge of a net investment in a foreign operation. For all hedging relationships the Company formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness. This process includes linking all derivatives that are designated as fair-value, cash-flow, or foreign-currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Company has invested in other derivative instruments in order to diversify its investment in securities and participate in the foreign stock market. The Company invested in structured notes in which the interest income earned is linked to the performance of a foreign stock index. Due to the link to a foreign stock index, the structured note is considered to have an embedded derivative component.

In accordance with SSAP No. 86, embedded derivatives are neither separated from the host contract nor accounted for separately as a derivative instrument. Thus, for statutory purposes, the structured note is accounted for as an investment and carried at its amortized cost in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus.

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

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

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

- Long-Term Borrowings — The carrying amounts and fair value of the Company's long-term borrowings are as follows (in thousands):

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior unsecured notes payable	$ 50,000	$ 49,625	$ 50,000	$ 48,000

The fair value of the senior unsecured notes payable was estimated using market quotations provided by market makers. Additional information pertinent to long-term borrowings is included in Note 11.

- **Short-term borrowing** – The carrying amount approximates fair value because of the short-term nature of these notes payable and their interest rate structure.

Fair Value Measurements
The Company follows the guidance in the provisions of ASC 820 *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the statutory financial statements on a recurring basis. SC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

NOTES TO FINANCIAL STATEMENTS

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date. Gross deferred income tax assets are admitted assets in accordance with the provisions of NAIC SSAP No. 10R, Income Taxes. Deferred tax assets are limited to the sum of those deferred tax assets expected to be realized within three years plus the amount of gross deferred tax assets that can be offset against existing gross deferred tax liabilities. During 2010 and 2009 the Company purchased tax credits amounting to approximately $2,100,000 and $17,661,000, respectively. Tax credits not realized amounted to approximately $7,375,000 and are included in deferred tax assets in the accompanying statutory statement of admitted assets, liabilities, and capital and surplus as of December 31, 2009. The deferred credits related to such income tax credits amounted to approximately $954,000 and are included in other expenses due and accrued and other liabilities as of December 31, 2009. Deferred credits will be amortized to income tax expense in proportion to the realization of the tax benefits that gave rise to the deferred credit. There were no deferred credits related to income tax credits as of December 31, 2010.

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

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

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

2. Accounting Changes and Corrections of Errors

Not Applicable

3. Business Combinations and Goodwill

Not Applicable

4. Discontinued Operations

Not Applicable

5. Investment

Not Applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

NOTES TO FINANCIAL STATEMENTS

7. Net Investment Income Earned

Components of net investment income earned for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Debt securities		
Bonds and notes	$ 14,880,918	$ 16,761,289
Mortgage-backed securities	104,702	94,967
Zero coupons and certificates of accrual	380,018	364,725
Collateralized mortgage obligations	2,705,847	2,507,259
Cash and short-term investments	172,286	258,098
Other	30,158	18,877
Subtotal	18,273,929	20,005,215
Equity securities		
Common stocks	1,456,937	1,620,292
Preferred stocks	-	15,563
Subtotal	1,456,937	1,635,855
	19,730,866	21,641,070
Less investment expenses incurred	605,780	542,210
Total	$ 19,125,086	$ 21,098,860

8. Derivative instruments and Hedging Activities

The Company has invested in other derivative instruments in order to diversify its investment in securities and participate in the foreign stock market.

During 2005, the Company invested in two structured note agreements amounting to $5 million each, where the interest income received is linked to the performance of the Dow Jones Euro STOXX 50 and Nikkei 225 Equity Indexes (the Indexes). Under these agreements, the principal invested by the Company is protected; the only amount that varies according to the performance of the Indexes is the interest to be received upon the maturity of the instruments. Should the Indexes experience a negative performance during the holding period of the structured notes, no interest will be received and no amount will be paid by the issuer of the structured notes. The contingent interest payment component within the structured note agreements meets the definition of an embedded derivative. The Company accounts for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities in accordance with the provisions of SSAP No. 86, *Accounting for Derivative Instruments and Hedging Activities.*

In accordance with the provisions of SSAP No. 86, this embedded derivative instrument shall be neither separated from the host contract nor accounted for separately as a derivative instrument. Accordingly, it is recorded as an investment at its amortized cost in the accompanying statutory financial statements. As of December 31, 2010 and 2009, the amortized cost of the investment component of both structured notes amounted to $10,000,000.

9. Income Taxes

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

During the years ended December 31, 2010 and 2009, income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes as a result of the following (in thousands):

NOTES TO FINANCIAL STATEMENTS

	2010	2009
Income before taxes		
Statutory tax rate	$ 60,026	$ 61,949
Income tax expense at statutory rate	40.95 %	40.95 %
	24,581	25,368
Increase (decrease) in taxes resulting from		
Exempt interest income	(7,452)	(8,278)
Effect of taxing capital gains at a preferential rate	(757)	(133)
Bond interest disallowance	598	730
Nonadmitted assets	(1,934)	(6,571)
Tax credit income	(599)	1,393
Deferred tax on minimum pension liability	1,931	1,347
Deferred tax on contingency reserve	-	1,737
Deferred tax on unrealized gain or losses of investment securities	531	1,394
Tax credits		-
Other	(487)	57
Total statutory income tax expense	$ 16,412	$ 17,044
Income taxes incurred	$ 13,914	$ 19,351
Change in net deferred income tax	2,496	(2,307)
Total statutory income tax expense (benefit)	$ 16,410	$ 17,044

Deferred income taxes reflect the tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The net deferred tax asset at December 31, 2010 and 2009 of the Company is composed of the following (in thousands):

	2010	2009
Deferred tax assets		
Employee benefits plan	$ 698	$ 1,992
Postretirement medical plan accrual	1,198	1,344
Deferred compensation	1,450	1,156
Contingency reserves	213	210
Additional minimum pension liability	-	1,931
Other-than-temporary impairment of securities	1,001	1,299
Shared based compensation	121	383
Tax credits		7,375
Unrealized losses on investment securities		-
Nonadmitted assets	28,454	26,520
Total gross deferred tax assets	33,135	42,210
Less nonadmitted deferred tax assets	(25,924)	(29,614)
Admitted deferred tax assets	7,211	12,596
Deferred tax liability		
Insurance claims receivables	936	143
Total deferred tax liabilities	936	143
Net deferred tax assets	$ 6,275	$ 12,453

The tax credits purchased by the Company are used against any income tax liability. Unused portions of such tax credits are presented as a deferred tax asset. The change in the net deferred tax asset excluding tax credits at December 31, 2010 is as follows:

Change in total gross deferred tax assets, excluding tax credits	$ 793
Change in total gross deferred tax liability	1,703
Change in net deferred taxes affecting surplus	$ 2,496

10. Transactions with Related Parties

The Company accounts transactions with related parties in accordance with SSAP No. 96, Settlement Requirements for Intercompany Transactions, An amendment to SSAP No. 25 – Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties. In accordance with the provisions of SSAP No. 96, transactions between related parties must be in the form of a written agreement and the agreement must provide for a timely settlement of amounts owed with a specific due date. Amounts owed that are more than 90 days from the due date are nonadmitted. If the agreement does not contain a due date, the uncollected receivable amounts are nonadmitted. No intercompany receivables were recorded as nonadmitted assets as of December 31, 2010 and 2009.

The Company has the following net balances due from (to) the Parent Company and affiliates at December 31, 2010, which are recorded as due from Parent Company and affiliates and other receivables or as other expenses due and accrued and other liabilities, as applicable, in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus:

	2010				
	Triple-S Vida, Inc.	Triple-S Propiedad, Inc.	Interactive Systems, Inc.	Triple-C Inc.	Triple-S Management Corporation
Net balances due from (to) Parent Company and affiliates	$ 594	$ 1,623	$ (6,100)	$ (2,504)	$ (1,044)

On December 31, 2008 the Company borrowed funds from affiliates amounting to $18,470,070 due on January 2, 2009. The loans bore interest from to 1.17% to 1.90% annual rate. Borrowed funds were paid on such due date.

The following are other related-party transactions during the years ended December 31, 2010 and 2009:

	2010	2009
Rent charges from Parent Company and an affiliate	$ 6,469,411	$ 6,351,829
Data processing charges from an affiliate including commissions of $844,000 and $1,005,000 in 2010 and 2009, respectively	$ 9,290,560	$ 11,059,126
Administrative charges to affiliates	$ 11,451,012	$ 10,990,447
Subscribers premiums billed to affiliates under rated and self-funded arrangements	$ 4,164,421	$ 3,927,869
Insurance premiums paid to affiliates	$ 925,870	$ 941,927

11. Debt

On September 30, 2004, the Company issued and sold $50 million of 6.30% senior unsecured notes due September 2019 (the notes). The notes are unconditionally guaranteed by the Company as to payment of principal; premium, if any, and interest. The notes were privately placed to various institutional investors under a note purchase agreement between the Company and the investors. The notes contain certain non-financial covenants with which the Company has complied at December 31, 2010.

Interest expense on the above long-term borrowings amounted to $3,194,000 and $3,176,000 for the years ended December 31, 2010 and 2009, respectively.

12. Pension Plan

Noncontributory Defined benefit Pension Plan

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

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

13. Capital and Surplus

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

Common stock included as a component of stockholder's equity has a par value of $40 per share and consists of 3,750,000 shares issued, authorized and outstanding at December 31, 2010 and 2009, respectively.

The accumulated earnings of the Company are restricted as to the payment of dividends by statutory limitations applicable to domestic insurance companies. Such limitations restrict the payment of dividends by insurance companies generally to unrestricted unassigned surplus reported for statutory purposes.

14. Contingencies

Legal Proceedings
As of December 31, 2009, the Company is a defendant in various lawsuits arising in the ordinary course of business. The Company is also defendants in various other claims and proceedings; some of which are described below. Furthermore, the Commissioner of Insurance, as well as other Federal and Puerto Rico government authorities, regularly make inquiries and conduct audits concerning the Company's compliance with applicable insurance and other laws and regulations.

Management believes that the aggregate liabilities, if any, arising from all such claims, assessments, audits and lawsuits will not have a material adverse effect on the financial position or results of operations of the Company. However, given the inherent unpredictability of these matters, it is possible that an adverse outcome in certain matters could have a material adverse effect on the Company's financial condition, operating results and/or cash flows. Where the Company believes that a loss is both probable and estimable, such amounts have been recorded. In other cases, it is at least reasonably possible that the Company may incur a loss related to one or more of the mentioned pending lawsuits or investigations, but the Company is unable to estimate the range of possible loss which may be ultimately realized, either individually or in the aggregate, upon their resolution.

ACODESE Investigation
During April 2010, the Company received subpoenas for documents from the U.S. Attorney for the Commonwealth of Puerto Rico (the "U.S. Attorney") and the Puerto Rico Department of Justice ("PRDOJ") requesting information with respect to the Asociacion de Companies de Seguros de Puerto Rico, inc. ("ACODESE" by its Spanish acronym), The Company also received a request for information from the Office of the Commissioner of Insurance of Puerto Rico ("OCI"). The Company is member of ACODESE, an insurance trade association established in Puerto Rico since 1975, and the Company's president has participated over the years on ACODESE's board of directors.

The subpoenas from the U.S. Attorney and the PRDOJ and the information request by the OCI pertain to documents and information related to ACODESE. The Company believes similar subpoenas and information requests were issued to all or a majority of the member companies of ACODESE in connection with the investigation of alleged payments by the former Executive Vice President of ACODESE to members of the Puerto Rico Legislative Assembly beginning in 2005. The Company, however, has not been informed of the specific subject matter of the investigations being conducted by the U.S. Attorney, the PRDOJ or the OCI. The Company is fully complying with the subpoenas and the request for information and intends to cooperate with any related government investigation.

Hau et at Litigation (formerly known as Jordan et al)
On April 24, 2002, Octavio Jordan, Agripino Lugo, RamOn Vidal, and others filed a suit against the Company, TSS and others in the Court of First Instance for San Juan, Superior Section (the "Court"), alleging, among other things, violations by the defendants of provisions of the Puerto Rico Insurance Code, antitrust violations, unfair business practices, RICO violations, breach of contract with providers, and damages in the amount of $12 million, Following years of complaint amendments, motions practice and interim appeals up to the level of the Puerto Rico Supreme Court, the plaintiffs amended their complaint on June 20, 2008 to allege with particularity the same claims initially asserted but on behalf of a more limited group of plaintiffs, and increase their claim for damages to approximately $207 million. The Company intends to vigorously defend this claim.

Puerto Rico Center for Municipal Revenue Collection
On March 1, 2006 and March 3, 2006, respectively, the Puerto Rico Center for Municipal Revenue Collection (CRIM) imposed a real property tax assessment of approximately $1.3 million and a personal property tax assessment of approximately $4.0 million upon TSS for fiscal years 1992-1993 through 2002-2003. During that time, TSS qualified as a tax-exempt entity under Puerto Rico law pursuant to rulings issued by the Puerto Rico tax authorities. In imposing the tax assessments, CRIM revoked the tax rulings retroactively, based on its contention that a for-profit corporation such as TSS is not entitled to such an exemption. On March 28, 2006 and March 29, 2006, respectively, TSS challenged the real and personal property tax assessments in the Court of First Instance. The court granted summary judgment affirming the real property and personal property tax assessments on October 29, 2007 and December 5, 2007, respectively.

After unsuccessfully filing motions for reconsideration in both cases, TSS appealed the court's decisions before the Puerto Rico Court of Appeals on November 29, 2007 and February 21, 2008, respectively. TSS also requested a consolidation of both cases, which the Court of Appeals approved on April 17, 2008. On June 30, 2008 the Court of Appeals confirmed the summary judgment issued by the Court of First Instance in both property tax cases. On September 29, 2008, TSS timely filed a certiorari petition with the Puerto Rico Supreme Court. The court denied the petition on March 13, 2009. TSS filed a request for reconsideration before the Puerto Rico Supreme Court on March 30, 2009, which was denied on April 29, 2009. TSS filed a second request for reconsideration, which was denied on May 22, 2009.

The Company submitted a petition for certiorari to the U.S. Supreme Court on August 26, 2009, based on its strong belief that CRIM's retroactive revocation of applicable tax rulings and its imposition of a tax liability reaching back over ten years constituted a violation of the Company's due process rights. The U.S. Supreme Court requested the CRIM to file a response on December 2, 2009. On January 11, 2010, the U.S. Supreme Court invited the Solicitor General of the U.S. to file a brief in this case expressing the views of the United States.

Dentist's Association Litigation
On February 11, 2009, the Puerto Rico Dentists Association (Colegio de Cirujanos Dentistas de Puerto Rico) filed a complaint in the Court of First Instance against 24 health plans operating in Puerto Rico that offer dental health coverage. The Corporation and two of its subsidiaries, TSS and TC were included as defendants. This litigation purports to be a class action filed on behalf of Puerto Rico dentists who are similarly situated; however, the complaint does not include a single dentist as a class representative nor a definition of the intended class.

The complaint alleges that the defendants, on their own and as part of a common scheme, systematically deny, delay and diminish the payments due to dentists so that they are not paid in a timely and complete manner for the covered medically necessary services they render. The complaint also alleges, among other things, violations to the Puerto Rico Insurance Code, antitrust laws, the Puerto Rico racketeering statute, unfair business practices, breach of contract with providers, and total damages in the amount of $150 million. In addition, the complaint claims that the Puerto Rico Insurance Companies Association is the hub of an alleged conspiracy concocted by the member plans to defraud dentists.

There are numerous available defenses to oppose both the request for class certification and the merits. The Company intends to vigorously defend this claim.

Two codefendant plans removed the case to federal court, which the plaintiffs and the other codefendants, including the Company, opposed. The federal District Court decided that it lacked jurisdiction under the Class Action Fairness Act ("CAFA") and remanded the case to state court. The removing defendants petitioned to appeal to the First Circuit Court of Appeals. Having accepted the appeal, the First Circuit Court of Appeals issued an order in late October 2009 which found the lower court's decision premature. The Court of Appeals remanded the case to the federal District Court and allowed limited discovery to determine whether the case should be heard in federal court pursuant to CAFA.

Claims by Heirs of Former Shareholders
The Company and TSS are defending four individual lawsuits, all filed in state court, from persons who claim to have inherited a total of 90 shares of the Company or one of its predecessors or affiliates (before giving effect to the 3,000-for-one stock split). While each case presents unique facts, the lawsuits generally allege that the redemption of the shares by the Company pursuant to transfer and ownership restrictions contained in the Company's (or its predecessors' or affiliates') articles of incorporation and bylaws was improper. Discovery is underway in each case. Management believes all these claims are time barred under one or more statutes of limitations and is vigorously defending them.

Guarantee Associations
The Company is a member of the Asociacion de Garantia de Seguros de Vida, Incapacidad y Salud. As a member, it is required to provide funds for the payment of claims and unearned premium reimbursements for policies issued by insurance companies declared insolvent. The Company paid approximately $33,000 and $87,000 to this association during 2009 and 2008, respectively.

15. Commitments

The Company leases its office building to the Parent Company, regional offices, certain equipment, and warehouse facilities under operating noncancelable leases. Minimum annual rental commitments at December 31, 2010 under existing agreements are summarized as follows:

Years Ending December 31	
2011	$ 7,578,000
2012	7,465,000
2013	6,867,000
2014	6,554,000
2015	6,557,000
Thereafter	3,767,000
Total	$ 38,788,000

Rental expense for 2010 and 2009 was approximately $7,752,000 and $7,218,000, respectively, after deducting approximately $112,000 and $132,000, respectively, related to amounts reimbursed by Medicare.

16. Concentration of Credit Risk, Financial Instruments and Allowance for Doubtful Receivables

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

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

Not Applicable

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

The Company processes and pays claims as an Administrative Services Contract (ASC) plan for several private groups and as an Administrative Service Only (ASO) plan for the Reform Metro-North region. In accordance with SSAP No. 47, Uninsured Plans, the premiums earned and benefits incurred related to administrative service contracts are excluded from the accompanying statutory statements of revenue and expenses. Also, the administrative fees and related reimbursements from the uninsured plans are presented as a deduction of operating expenses in the accompanying statutory statements of revenue and expenses.

Following is a summary of the results from the operations of the uninsured accident and health plans during 2010 and 2009:

	2010	2009
Uninsured ASO plans		
Gross administrative fees earned	$ 12,319,440	$ 23,298,517
Gross administrative expenses incurred	(10,008,000)	(13,554,000)
Net gain from operations	$ 2,311,440	$ 9,744,517
Uninsured ASC plans		
Gross reimbursement for medical costs incurred	$ 452,614,426	$ 375,825,307
Gross administrative fees earned	30,909,806	28,021,176
Gross claims and administrative expenses incurred	(484,124,628)	(397,561,070)
Net gain from operations	$ (600,396)	$ 6,285,413

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

Not Applicable

20. Other Items

Not Applicable

21. Events Subsequent

Not Applicable

22. Reinsurance

i. Section 1 – General Interrogatories

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

iii. Yes ( ) No (X)

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

v. Yes ( ) No (X)

vi. Section 2 – Ceded Reinsurance Report

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

viii. Yes ( ) No (X)

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

x. Yes ( ) No (X)

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

xi. Not Applicable

xii.

24. Change in Incurred Claims and Claims Adjustement Expenses

The activity in the claim liabilities during 2010 and 2009 is as follows (in thousands):

	2010	2009
Claim liabilities at beginning of year	$ 248,895	$ 210,637
Incurred claims		
Current period insured events	1,503,316	1,506,164
Prior periods insured events	(5,560)	3,068
Total incurred	1,497,756	1,509,232
Payment for claims		
Current period insured events	1,267,891	1,258,147
Prior periods insured events	235,409	212,827
Total paid	1,503,300	1,470,974
Claim liabilities at end of year	$ 243,351	$ 248,895

As a result of change in estimates of insured events in prior years, the amounts included as incurred claims for prior periods insured events differ from anticipated claims incurred. The amount in the incurred claims for prior period-insured events for the years 2009 reflect an unfavorable development of the claims *liabilities* attributed to higher than expected utilization. During 2008, prior period insured events caused a favorable development of the claims liability from lower utilization trends.

25. Intercompany Pooling Arrangements

Not Applicable

26. Structured Settlements

Not Applicable

27. Pharmaceutical Rebate Receivable

Pharmaceutical rebates arrangements are administered by the Company's Pharmacy Benefit Manager (PBM). The PBM contracts directly with the pharmaceutical companies the terms and conditions applicable for rebatable drugs. Billings of rebates is then performed by the PBM on a quarterly basis. Once collected from the pharmaceutical companies the PBM remits to the

NOTES TO FINANCIAL STATEMENTS

Company the Company's share of rebates received. An estimate of quarterly billable rebates is recorded as a reduction of claims expenses in the accompanying statement of earnings. Subsequent adjustments to such estimates are recorded in the period they become known by the Company.

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

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing / Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing / Confirmation	Rebates Collected More than 180 Days After Invoicing / Confirmation	Uncollected Rebates as of December 31, 2010	Admitted	Non-Admitted
12/31/10	$ 5,044	$ 3,447	$ -	$ -	$ -	$ 3,447	$ 3,447	$ -
09/30/10	5,382	3,512	-	-	-	3,512	3,512	-
06/30/10	4,825	3,606	570	1,926	-	1,110	1,110	-
03/31/10	4,210	3,726	1,861	1,856	-	8	8	-
	$ 19,461	$ 14,290	$ 2,431	$ 3,782	$ -	$ 8,077	$ 8,077	$ -
12/31/09	$ 3,786	$ 4,249	$ (36)	$ 4,168	$ 74	$ 43	$ 43	$ -
09/30/09	4,973	3,992	2,031	1,961	-	0	0	-
06/30/09	5,116	4,779	2,390	2,390	-	0	0	-
03/31/09	4,037	4,832	3,864	975	-	(7)	(7)	-
	$ 17,912	$ 17,852	$ 8,249	$ 9,494	$ 74	$ 35	$ 35	$ -
12/31/08	$ 4,428	$ 4,647	$ 2,212	$ 2,249	$ 153	$ 33	$ 33	$ -
09/30/08	4,490	4,403	1,592	2,812	7	(7)	(7)	-
06/30/08	4,855	4,397	3,728	673	-	(4)	(4)	(0)
03/31/08	3,572	4,336	1,673	2,657	11	(4)	(4)	(0)
	$ 17,345	$ 17,782	$ 9,204	$ 8,391	$ 170	$ 17	$ 18	$ (0)
12/31/07	$ 3,173	$ 3,369	$ 1,129	$ 2,451	$ 140	$ (352)	$ (351)	$ -
09/30/07	3,322	3,137	196	2,591	452	(101)	(101)	-
06/30/07	3,541	3,240	171	2,056	912	101	101	-
03/31/07	2,610	3,582	1,756	1,091	358	378	379	(0)
	$ 12,646	$ 13,329	$ 3,252	$ 8,188	$ 1,862	$ 27	$ 27	$ (0)

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12/31/06	$ 2,921	$ 2,763	$ 641	$ 1,241	$ 881	$ 0	$ -	$ 0
09/30/06	2,496	2,611	-	965	1,646	(0)	-	(0)
06/30/06	1,669	2,288	224	-	2,064	(0)	-	(0)
03/30/06	1,563	1,959	556	1,404	(1)	0	-	0
	$ 8,649	$ 9,621	$ 1,421	$ 3,610	$ 4,591	$ (0)	$ -	$ (0)
12/31/05	$ 1,689	$ 1,686	$ 453	$ 889	$ 344	$ (0)	$ -	$ (0)
09/30/05	1,587	1,584	563	1,021	-	(0)	-	(0)
06/30/05	1,555	1,546	-	1,019	527	-	-	-
03/30/05	1,498	1,481	-	-	1,481	-	-	-
	$ 6,329	$ 6,297	$ 1,016	$ 2,929	$ 2,352	$ (0)	$ -	$ (0)
12/31/04	$ 1,468	$ 1,465	$ -	$ -	$ 1,465	$ 0	$ -	$ 0
09/30/04	1,353	1,287	-	-	1,287	-	-	-
06/30/04	1,309	1,306	-	-	1,306	-	-	-
03/30/04	1,397	1,396	-	-	1,396	-	-	-
	$ 5,527	$ 5,454	$ -	$ -	$ 5,454	$ 0	$ -	$ 0
12/31/03	$ 1,271	$ 1,283	$ -	$ -	$ 1,283	$ 0	$ -	$ 0
09/30/03	1,127	1,122	-	-	-	-	-	-
06/30/03	1,092	1,087	-	-	-	-	-	-
03/30/03	906	902	-	-	-	-	-	-
	$ 4,395	$ 4,394	$ -	$ -	$ 1,283	$ 0	$ -	$ 0
	$ 92,265	**$ 89,021**	**$ 25,573**	**$ 36,394**	**$ 15,786**	**$ 8,157**	**$ 8,157**	**$ (0)**

28. Participating Policies

Not Applicable

29. Premium Deficiency Reserves

No premiums deficiency reserve was deemed necessary at 12/31/10.

30. Anticipated Salvage and Subrogation

Not Applicable

31. Fair Value Measurements

Fair Value Hierarchy

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

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

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

- Level 1 inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

- Level 3 Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

- The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2010:

	2010			
		Fair Value Measurements at Reporting Date Using		
	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Stocks	$ 54,980,330	$ 45,065,525	$ 9,914,805	$ -

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2009:

	2009			
		Fair Value Measurements at Reporting Date Using		
	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Stocks	$ 53,477,322	$ 39,495,511	$ 13,981,811	$ -

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? ....

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)

2.2 If yes, date of change: ....

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1994

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

3.4 By what department or departments?
....

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

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

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

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

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

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

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

5.2 If yes, provide name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ( ) No (X)

6.2 If yes, give full information:
....
....

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

7.2 If yes,

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

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

GENERAL INTERROGATORIES

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 location (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?
Price Waterhouse Cooper

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 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 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 response to 10.7 is no, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
John P. Wagner
9658 E. Walkabout Lane Traverse City, MI 496684

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value $

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes ( ) No ( )

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

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

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

14.11 If the response to 14.1 is No, please explain:

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

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

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

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

GENERAL INTERROGATORIES

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	$ ....
19.12	To stockholders not officers	$ ....
19.13	Trustees, supreme or grand (Fraternal only)	$ ....

19.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

19.21	To directors or other officers	$ ....
19.22	To stockholders not officers	$ ....
19.23	Trustees, supreme or grand (Fraternal only)	$ ....

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

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

20.21	Rented from others	$ ....
20.22	Borrowed from others	$ ....
20.23	Leased from others	$ ....
20.24	Other	$ ....

21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ( ) No (X)

21.2 If answer is yes:

21.21	Amount paid as losses or risk adjustment	$ ....
21.22	Amount paid as expenses	$ ....
21.23	Other amounts paid	$ ....

22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes (X) No ( )

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 2,217,074

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 22.3) Yes (X) No ( )

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

....

....

23.3 For the security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 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 Risk-Based Capital Instructions? Yes ( ) No (X) N/A ( )

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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 ( ) No (X)

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

24.21	Subject to repurchase agreements	$..................
24.22	Subject to reverse repurchase agreements	$..................
24.23	Subject to dollar repurchase agreements	$..................
24.24	Subject to reverse dollar repurchase agreements	$..................
24.25	Pledged as collateral	$..................
24.26	Placed under option agreements	$..................
24.27	Letter stock or securities restricted as to sale	$..................
24.28	On deposit with state or other regulatory body	$..................
24.29	Other	$..................

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? If no, attach a description with this statement. Yes ( ) No ( ) N/A (X)

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 ( ) No (X)

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

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 26.01 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

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 (X) No ( )

28.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-.-		
-.-		
-.-		
Line 28.2998 from Overflow page		
Line 28.2999 TOTAL (9999999)		

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

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

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	$ 372,552,889	$	$ (372,552,889)
29.2 Preferred stocks	$	$	$
29.3 Totals	$ 372,552,889	$	$ (372,552,889)

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:

GENERAL INTERROGATORIES

OTHER

32.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? $ ....

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? $ ....

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.

NONE

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

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 - HEALTH INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only. $ 36,147,215

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. $ 34,204,410

1.6 Individual policies:

Most current three years:		
1.61	Total premium earned	$ 36,147,215
1.62	Total incurred claims	$ 34,204,410
1.63	Number of covered lives	 33,148
All years prior to most current three years:		
1.64	Total premium earned	$ ....
1.65	Total incurred claims	$ ....
1.66	Number of covered lives	....

1.7 Group polices:

Most current three years:		
1.71	Total premium earned	$ ....
1.72	Total incurred claims	$ ....
1.73	Number of covered lives	....
All years prior to most current three years:		
1.74	Total premium earned	$ ....
1.75	Total incurred claims	$ ....
1.76	Number of covered lives	....

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	$ 1,686,725,277	$ 1,665,492,445
2.2 Premium Denominator	$ 1,699,615,845	$ 1,678,288,691
2.3 Premium Ratio (2.1 / 2.2)	.... 0.992	.... 0.992
2.4 Reserve Numerator	$ 237,057,467	$ 244,126,119
2.5 Reserve Denominator	$ 237,352,553	$ 245,057,623
2.6 Reserve Ratio (2.4 / 2.5)	.... 0.999	.... 0.996

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

3.2 If yes, give particulars:

....

....

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

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

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

5.2 If no, explain:

....

....

5.3 Maximum retained risk (see instructions)

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

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

....

....

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

7.2 If no, give details:

....

....

8. Provide the following information regarding participating providers:

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

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

9.2 If yes, direct premium earned:

9.21	Business with rate guarantees between 15-36 months	 44,010,883
9.22	Business with rate guarantees over 36 months	....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

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

10.2 If yes:

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

11.1 Is the reporting entity organized as:

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

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes (X) No ( )

11.3 If yes, show the name of the state requiring such net worth. .... Puerto Rico

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

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

11.6 If the amount is calculated, show the calculation

....
....

12.1 List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Puerto Rico
Virgin Islands
....

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

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

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

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

FIVE - YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
BALANCE SHEET (Page 2 and Page 3)					
1. Total admitted assets (Page 2, Line 28)	695,992,004	661,752,219	593,781,304	702,131,414	557,146,129
2. Total liabilities (Page 3, Line 24)	394,364,194	404,493,427	386,692,266	484,356,861	365,726,166
3. Statutory surplus	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4. Total capital and surplus (Page 3, Line 33)	301,627,808	257,258,796	209,039,038	217,774,553	191,419,963
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	1,700,252,264	1,678,127,617	1,513,024,162	1,301,792,055	1,339,806,933
6. Total medical and hospital expenses (Line 18)	1,497,754,898	1,509,231,550	1,345,370,382	1,133,241,337	1,173,621,854
7. Claims adjustment expenses (Line 20)	28,155,434	22,341,277	23,289,986	24,888,807	25,894,299
8. Total administrative expenses (Line 21)	135,666,593	106,064,500	119,971,398	105,291,970	113,114,269
9. Net underwriting gain (loss) (Line 24)	38,675,339	40,490,290	24,392,396	38,369,941	27,176,511
10. Net investment gain (loss) (Line 27)	19,165,403	17,648,663	6,622,347	18,010,830	10,066,475
11. Total other income (Line 28 plus Line 29)	2,185,441	3,809,782	1,227,796	1,112,344	572,015
12. Net income or (loss) (Line 32)	46,111,911	42,597,525	21,838,004	41,742,896	24,723,110
CASH FLOW (Page 6)					
13. Net cash from operations (Line 11)	(6,952,933)	(125,567,365)	(22,356,148)	58,597,849	37,238,087
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	301,627,808	257,258,796	209,039,038	217,774,553	191,419,963
15. Authorized control level risk-based capital	43,398,924	47,035,991	41,347,540	34,199,849	36,844,665
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	788,893	1,347,096	1,195,450	977,190	976,156
17. Total members months (Column 6, Line 7)	14,592,522	1,505,252	12,321,575	11,727,958	14,069,201
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	88.1	89.9	88.9	87.1	87.6
20. Cost containment expenses	0.2	0.3	0.4	0.5	0.6
21. Other claims adjustment expenses	1.4	1.0	1.1	1.4	1.9
22. Total underwriting deductions (Line 23)	97.7	97.6	98.3	97.1	98.0
23. Total underwriting gain (loss) (Line 24)	2.3	2.4	1.6	2.9	2.0
UNPAID CLAIMS ANALYSIS (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	247,010,542	223,351,715	208,520,603	163,243,387	160,525,901
25. Estimated liability of unpaid claims of prior year (Line 13, Column 6)	244,126,120	206,260,139	196,794,041	180,134,905	175,837,393
INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Line 26 to Line 31					

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 (X)

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only Year to Date 2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Column 2 Through Column 7	9 Deposit-Type Contracts
1. Alabama AL	N								
2. Alaska AK	N								
3. Arizona AZ	N								
4. Arkansas AR	N								
5. California CA	N								
6. Colorado CO	N								
7. Connecticut CT	N								
8. Delaware DE	N								
9. District of Columbia DC	N								
10. Florida FL	N								
11. Georgia GA	N								
12. Hawaii HI	N								
13. Idaho ID	N								
14. Illinois IL	N								
15. Indiana IN	N								
16. Iowa IA	N								
17. Kansas KS	N								
18. Kentucky KY	N								
19. Louisiana LA	N								
20. Maine ME	N								
21. Maryland MD	N								
22. Massachusetts MA	N								
23. Michigan MI	N								
24. Minnesota MN	N								
25. Mississippi MS	N								
26. Missouri MO	N								
27. Montana MT	N								
28. Nebraska NE	N								
29. Nevada NV	N								
30. New Hampshire NH	N								
31. New Jersey NJ	N								
32. New Mexico NM	N								
33. New York NY	N								
34. North Carolina NC	N								
35. North Dakota ND	N								
36. Ohio OH	N								
37. Oklahoma OK	N								
38. Oregon OR	N								
39. Pennsylvania PA	N								
40. Rhode Island RI	N								
41. South Carolina SC	N								
42. South Dakota SD	N								
43. Tennessee TN	N								
44. Texas TX	N								
45. Utah UT	N								
46. Vermont VT	N								
47. Virginia VA	N								
48. Washington WA	N								
49. West Virginia WV	N								
50. Wisconsin WI	N								
51. Wyoming WY	N								
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N	834,677,584	459,495,033	285,083,790	128,634,452			1,707,890,859	
55. U.S. Virgin Islands VI	N				2,168,409			2,168,409	
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Alien OT	XXX								
59. Subtotal	XXX	834,677,584	459,495,033	285,083,790	130,802,861			1,710,059,268	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. Total (Direct Business)	(a)	834,677,584	459,495,033	285,083,790	130,802,861			1,710,059,268	
DETAILS OF WRITE-INS									
5801.									
5802.									
5803.									
5898. Summary of remaining write-ins for Line 58 from overflow page									
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)									

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

All premiums are written within the state of Puerto Rico, except the one for those participating in

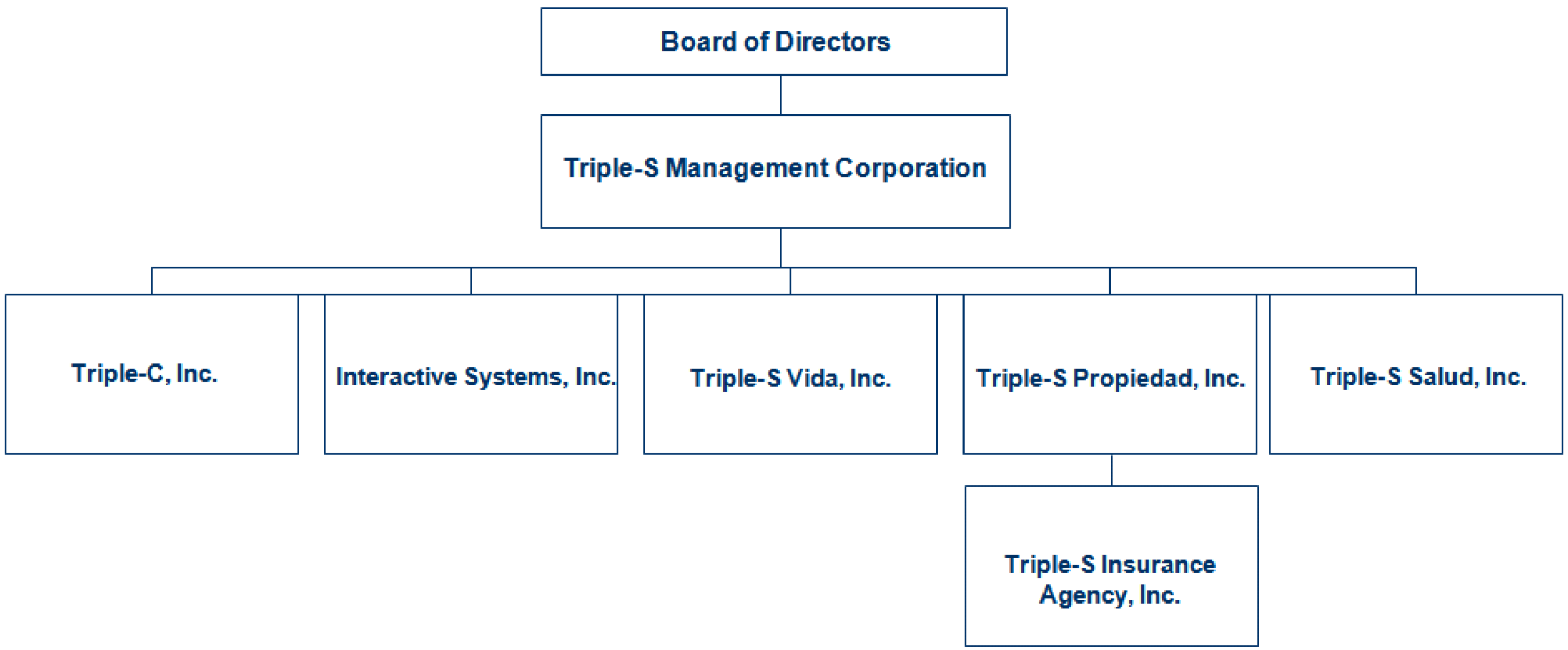
Federal Employees Health Benefit program in the US Virgin Islands.

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

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

PART 1 - ORGANIZATIONAL CHART

Triple-S Management Corporation
Corporate Structure



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