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ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

COOPERATIVA SEGUROS MULTIPLES PR

NAIC Group Code 3526 (Current Period), 3526 (Prior Period) NAIC Company Code 18163 Employer's ID Number 66-0257478

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

Country of Domicile US

Incorporated/Organized April 23, 1963 Commenced Business February 8, 1965

Statutory Home Office 38 NEVAREZ STREET, SAN JUAN, Puerto Rico 00927-4608
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 38 NEVAREZ STREET, SAN JUAN, Puerto Rico 00927-4608 (Street and Number, City or Town, State and Zip Code) 787-622-3575 X.2512 (Area Code) (Telephone Number)

Mail Address P O BOX 363846, SAN JUAN, Puerto Rico 0936-3846
(Street and Number or P.O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 38 NEVAREZ STREET, SAN JUAN, Puerto Rico 00927-4608
(Street and Number, City or Town, State and Zip Code)
787-622-3575 X.2512
(Area Code) (Telephone Number)

Internet Website Address www.segurosmultiples.com

Statutory Statement Contact LINDA O. VIERA ORENGO (Name) 787-622-3575 X.2512 (Area Code) (Telephone Number) (Extension)

lviera@segurosmultiples.com (E-Mail Address) 787-759-9961 (Fax Number)

OFFICERS

ESQ ROBERTO CASTRO HIRALDO (PRESIDENT)
ESQ RUTH E. GOMEZ ARIAS# (SECRETARY)
CPA LINDA O. VIERA ORENGO (FINANCE VICE PRESIDENT)

OTHER OFFICERS

ESQ LUIS J VILARO SUAREZ (ADMINISTRATION VP)
MANUEL SANCHEZ RODRIGUEZ (SYSTEMS VP)
ZULMA DELGADO POL (MARKETING VP)
ELVIN APONTE ACEVEDO (SERVICE UNITS VP)

DIRECTORS OR TRUSTEES

LUIS A. VELAZQUEZ VERA
ALTAGRACIA PENA SUAREZ
AGNES Y QUINONES FIGUEROA
FEDERICO RIVERA LLOPIZ
ING JOSE A MORALES BURGOS
BRENDA J VARELA GARCIA
ROBERTO DELGADO JIMENEZ
JUAN GONZALEZ FELICIANO
LCDO HECTOR L TORRES CATALAN
CARMEN E MUNOZ HERNANDEZ
NANCY BANREY APONTE
RAMON M VELASCO GONZALEZ
ING EDIL E. VILLARUBIA ROMAN

State of Puerto Rico
County of SAN JUAN } SS

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

ESQ LUIS J VILARO SUAREZ ACTING PRESIDENT	ESQ RUTH E. GOMEZ ARIAS# SECRETARY	CPA LINDA O. VIERA ORENGO FINANCE VICE PRESIDENT

Subscribed and sworn to before me this
day of March, 2010

a. Is this an original filing? Yes ( ) No (X)

b. If no:
1. State the amendment number 1
2. Date filed March 31, 2010
3. Number of pages attached 7

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)	226,957,409	118,493	226,838,916	212,126,232
2. Stocks (Schedule D):				
2.1 Preferred stocks	11,584,227		11,584,227	14,579,211
2.2 Common stocks	117,802,712	16,050	117,786,662	119,193,057
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)	11,358,086		11,358,086	11,576,920
4.2 Properties held for the production of income (less $ .... encumbrances)				
4.3 Properties held for sale (less $ .... encumbrances)				
5. Cash ($ ..... 39,693,178 , Schedule E - Part 1), cash equivalents ($ ...., Schedule E - Part 2) and short-term investments ($ ..... 28,012,942 ,Schedule DA)	67,706,120		67,706,120	78,662,696
6. Contract loans (including $ .... premium notes)				
7. Other invested assets (Schedule BA)	10,197,882		10,197,882	9,318,448
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 through Line 9)	445,606,436	134,543	445,471,893	445,456,564
11. Title plants less $ .... charged off (for Title insurers only)				
12. Investment income due and accrued	2,180,050		2,180,050	3,104,899
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	9,255,139	3,495,102	5,760,037	4,961,631
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	1,567,366		1,567,366	1,429,189
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	550,685	250,685	300,000	
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	1,053,248		1,053,248	2,502,297
19. Furniture and equipment, including health care delivery assets ($ ....)	9,888,566	9,888,566		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,477,246		1,477,246	503,118
22. Health care ($ ....) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	16,390,070	5,550,869	10,839,201	11,482,558
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	487,968,806	19,319,765	468,649,041	469,440,256
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Line 24 and Line 25)	487,968,806	19,319,765	468,649,041	469,440,256
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)				
2301. INTANGIBLE ASSETS	4,663,422	4,663,422		
2302. GOODWILL	8,718,894		8,718,894	10,933,185
2303. MISCELLANEOUS ACCOUNTS RECEIVABLE	3,007,754	887,447	2,120,307	549,373
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)	16,390,070	5,550,869	10,839,201	11,482,558

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	34,545,188	32,310,669
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Columnn 6)		1,072
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	8,132,940	6,820,484
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	5,164,726	5,331,758
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1	Current federal and foreign income taxes (including $ .... on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $ .... 683,317 and interest thereon $	683,317	
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ ...... 4,854,000 and including warranty reserves of $ ....)	91,544,567	97,755,031
10.	Advance premium	63,974,180	76,929,830
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	2,744,000	3,889,442
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	1,253,170	1,317,806
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	1,950	2,806
20.	Payable for securities		
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $ .... and interest thereon $		
23.	Aggregate write-ins for liabilities	46,551,574	32,050,143
24.	Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	254,595,612	256,409,041
25.	Protected cell liabilities		
26.	Total liabilities (Line 24 and Line 25)	254,595,612	256,409,041
27.	Aggregate write-ins for special surplus funds	127,422,836	127,214,009
28.	Common capital stock	31,097,101	29,839,478
29.	Preferred capital stock	218,324	222,878
30.	Aggregate write-ins for other than special surplus funds		
31.	Surplus notes		
32.	Gross paid in and contributed surplus		
33.	Unassigned funds (surplus)	55,315,168	55,754,850
34.	Less treasury stock, at cost:		
	34.1 .... shares common (value included in Line 28 $ ....)		
	34.2 .... shares preferred (value included in Line 29 $ ....)		
35.	Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 39)	214,053,429	213,031,215
36.	Totals (Page 2, Line 26, Column 3)	468,649,041	469,440,256

DETAILS OF WRITE-INS

2301.	UPR PORTION OF AMOUNT RECOVERED PERSUANT TO SECTION 38.160 OF THE INSURANCE CODE OF PUERTO RICO	125,827	177,791
2302.			
2303.	OTHER RESERVES (INCLUDING EDUCATIONAL AND SOCIAL AS PER PUERTO RICO INSURANCE CODE OF PUERTO RICO)	187,207	271,651
2398.	Summary of remaining write-ins for Line 23 from overflow page	46,238,540	31,600,701
2399.	Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	46,551,574	32,050,143
2701.	RESERVE FOR CATASTROPHE INSURANCE LOSSES PERSUANT TO CHAPTER 25 OF PUERTO RICO INSURANCE CODE	27,947,058	27,568,871
2702.	CONTINGENCIES FOR CATASTROPHE LOSSES AND OTHER OPERATING LOSSES	87,716,922	87,886,282
2703.	SPECIAL SURPLUS FUNDS	11,758,856	11,758,856
2798.	Summary of remaining write-ins for Line 27 from overflow page		
2799.	Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)	127,422,836	127,214,009
3001.			
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page		
3099.	Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4)	147,895,707	159,292,983
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	90,255,529	87,299,497
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	16,024,389	13,218,739
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	67,218,727	65,344,156
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	173,498,645	165,862,392
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(25,602,938)	(6,569,409)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	12,873,652	16,205,934
10. Net realized capital gains (losses) less capital gains tax of $ .... (Exhibit of Capital Gains (Losses))	(5,652,153)	(11,899,551)
11. Net investment gain (loss) (Line 9 plus Line 10)	7,221,499	4,306,383
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered $ ...., amount charged off $ ....)	8,819	35,587
13. Finance and service charges not included in premiums	102,582	90,151
14. Aggregate write-ins for miscellaneous income	2,465,453	2,466,875
15. Total other income (Line 12 through Line 14)	2,576,854	2,592,613
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	(15,804,585)	329,587
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(15,804,585)	329,587
19. Federal and foreign income taxes incurred	(550,685)	
20. Net income (Line 18 minus Line 19) (to Line 22)	(15,253,900)	329,587
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	213,031,215	244,117,481
22. Net income (from Line 20)	(15,253,900)	329,587
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $	17,861,872	(21,532,641)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Column 3)	1,960,879	3,368,905
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in	1,253,068	4,069,695
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital	(1,076,400)	(1,195,537)
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(1,173,049)	(1,546,351)
36. Change in treasury stock (Page 3, Line 34.1 and Line 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(2,550,256)	(14,579,924)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	1,022,214	(31,086,266)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	214,053,429	213,031,215
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)		
1401. MISCELLANEOUS INCOME (EXPENSES)	2,465,453	2,466,875
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)	2,465,453	2,466,875
3701. GOODWILL AMORTIZATIONPER NAIC REGULATION SECTION	(2,214,291)	(2,166,971)
3702. CHANGE IN ADDITIONAL MINIMUM LIABILITY PENSION PLAN	(335,965)	(12,412,953)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	(2,550,256)	(14,579,924)

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)	118,493		(118,493)
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	16,050	16,050	
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. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Line 1 to Line 9)	134,543	16,050	(118,493)
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	3,495,102	2,730,813	(764,289)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	250,685		(250,685)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets	9,888,566	10,243,060	354,494
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	5,550,869	8,290,721	2,739,852
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	19,319,765	21,280,644	1,960,879
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Line 24 and Line 25)	19,319,765	21,280,644	1,960,879
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)			
2301. INTANGIBLE ASSETS	4,663,422	5,056,839	393,417
2302.			
2303. MISCELLANEOUS ACCOUNT RECEIVABLE	887,447	3,233,882	2,346,435
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)	5,550,869	8,290,721	2,739,852

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The Cooperativa de Seguros Múltiples (Cooperative) financial statements are presented on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (Commissioner of Insurance).

The Commissioner of Insurance recognizes only statutory accounting practices prescribed or permitted by the Commonwealth of Puerto Rico for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Puerto Rico Insurance Law. The Commissioner of Insurance adopted the National Association of Insurance Commissioner's (NAIC) statutory accounting practices as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Puerto Rico Insurance Code of the Commonwealth of Puerto Rico or the Circular Letters issued by the Commissioner of Insurance. 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 Cooperative.

B. Use of Estimates

In conformity with Statutory Accounting Practices, the preparation of Cooperative's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are changed to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, Cooperative uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the interest method.
3. Common stocks at market except that investment in stocks of uncombined subsidiaries and affiliates in which the Cooperative has an interest of 20% or more are carried on the equity basis for insurance.
4. Preferred stocks are stated at cost when maturity is known, if not, they are stated at market value.
5. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
6. The Cooperative has not modified its capitalization policy from the prior period.

Note 2 – Accounting Changes and Corrections of Error

None

Note 3 – Business Combinations and Goodwill

Cooperative acquired one hundred percent of Real Legacy Assurance (RLA), on October 8, 2003. RLA is licensed in Puerto Rico and US Virgin Island to sells property and casualty insurance. The transaction was accounted for as a statutory purchase. The cost of acquisition was $66,372,208, including purchase price and direct expense, resulting in $21,331,712 as to goodwill.

Effective July 31st, 2008; Cooperative acquire 100% of the outstanding and issued stocks of Martingale National Insurance Company (Martingale). Martingale is a for-profit property and casualty domestic insurer domiciled in Illinois and authorized insurer in other six jurisdictions in the United States. However, Martingale has not written insurance since 2001. The cost of acquisition was $3,899,542, including purchase price and direct expense, resulting in $811,201 as to goodwill.

Goodwill is amortized over ten years. Goodwill amortization for the current year was $2,214,291.

Note 4 – Discontinued Operations

None

Note 5 – Investments

On December 22, 2007 Cooperative enter in agreement with Alianza Hipotecaria, Inc. a 100% wholly own second tier subsidiary of Cooperativa, to lend it $280,183. The loan has a nine month term (due on September 22nd, 2009) at a rate of 5.50%, and was colaterized with a pool of mortgages loans contracts. At December 31, 2009 this loan was fully paid and has no balance due.

Note 6 - Joints Ventures, Partnerships and Limited Liability Companies

None

Note 7 – Investment Income

The Cooperative doesn't have any investment income due and accrued excluded from its surplus.

Note 8 – Derivative Instruments

None

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes

The Cooperative is organized in accordance with Chapter 34 of the Insurance Code of the Commonwealth of Puerto Rico, and accordingly, is exempt from income and property taxes. The exemption on property tax is limited to the first $1,000,000 on the basis of the taxable assets. Effective March 9 of 2009, Law 7 was enacted imposing a special income tax for taxable years beginning after December 31, 2008 and before January 1, 2012. During each of those taxable years, cooperative insurers organized pursuant to Chapter 34 of the Insurance Code shall be subject to a special five (5) percent tax on the amount of their net income for the taxable year, but only to the extent that said income exceeds two hundred fifty thousand dollars ($250,000).

A. The components of the net deferred tax asset/ follows:

	12/31/09	12/31/08
1. Total deferred tax assets (admitted and nonadmitted)	$550,685	---
2. Non admitted deferred tax asset	(250,685)	---
3.Total of l deferred tax assets admitted	300,000	---

B. Income tax benefit arise from the net operating loss carryforward that are available to offset 2010 and 2011 Company's taxable income.

C. The main components of the statutory loss and the taxable loss follows:

Net Loss per books	$(15,804,585)
Tax exempt interests	2,746,375
Unrealized Losses	1,862,500
Meals and Entertainment	88,375
Others	93,635
Net Loss per income tax	11,013,700

At December 31, the Company had $15,804,585 of operating loss carryforwards, originating in 2009 which will expire at 2011.

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

The Cooperative owns one hundred percent interest in CSM Investor, Inc., Real Legacy Assurance Inc., and Martingale National Insurance Company. The Cooperative carries a non-insurance company CSM Investor, Inc at GAAP equity.

At December 31, 2009; the Cooperative investment amount in CSM Investors, Inc., Real Legacy Assurance Inc., and Martingale National Insurance Company, were $9,888,643, $61,709,786 and $2,993,720, respectively. The total assets and liabilities of CSM Investors, Inc. were $19,571,523 and $8,673,981 as of December 31, 2009. For Real Legacy Assurance Inc. the total assets and liabilities were $153,757,935 and $94,518,437, respectively. The total assets and liabilities of Martingale National Insurance Company were $3,056,942 and $310,637 as of December 31, 2009.

Cooperative reported the following due to /from affiliate:

	2009		2008	
Affiliate	Due From	Due To	Due From	Due To
CSM INVESTORS	$ 61,353	$ 91,906	$ 45,205	$ 2,806
REAL LEGACY ASSURANCE	1,105,256		329,267	
MNIC	310,637		128,646	

Note 11 – Debt

Borrow money consist of two loans secured by Cooperative's corporate vehicles. The first is from Cooperativa Ahorro y Credito de Rincon issued on November 1, 2009 for $526,587 with monthly interest and principal payments of $12,168. The second is from Baxter Credit Union issued on December 18, 2009 with monthly interest and principal payments of $3,838.

Note 12 – Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Cooperative has a contributory defined benefit pension plans for substantially all of its employees. Pension benefits begin to vest after the employee's first year of service. These benefits are based on years of service rendered and average salary, as defined. The funding policy is to contribute to the plan as necessary to meet the minimum funding requirements as set forth in the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Contributions made to the plan are intended to cover services rendered to date and those to be rendered in the future.

A summary of assets, obligations and assumptions of the Pension Plan are as follows at December 31, 2009 and 2008:

NOTES TO FINANCIAL STATEMENTS

	12/31/2009	12/31/2008
A. Components of net periodic pension cost ($):		
1. Services cost	2,706,711	2,585,662
2. Interest cost	4,190,509	3,909,424
3. Expected return on plan assets	(2,813,377)	(3,419,699)
4. Amortization of transition (asset)/obligation	504,582	504,582
5. Amortization of prior service cost	(111,165)	(11,165)
6. Amortization of net actuarial (gain) / loss	2,337,942	1,205,842
7. Net periodic pension cost	6,815,202	4,674,646
B. Change in vested projected benefit obligation ($):		
1. Vested projected benefit obligation at beginning of year	71,237,429	63,615,769
2. Service cost	2,706,711	2,585,662
3. Interest cost	4,190,509	3,909,424
4. Amendments	-	-
5. Net actuarial loss/(gain)	1,452,784	5,323,222
6. (Bennefits paid)	(4,571,336)	(4,405,095)
7. (Administrative expenses paid)	(388,557)	(454,740)
8. Employee contributions	636,450	663,187
9. Settlement	-	-
10. Vested projected benefits obligation at end of year	75,263,990	71,237,429
C. Non - vested projected benefit obligation at end of year ($):	580,234	755,654
D. Change in plan assets ($):		
1. Fair value of assets at beginning of plan year	35,456,917	42,583,228
2. Actual return on plan assets	4,650,288	(6,829,663)
3. Employer contributions	3,810,000	3,900,000
4. Employee contributions	636,450	663,187
5. (Benefits paid)	(4,571,336)	(4,405,095)
6. (Administrative expenses paid)	(388,557)	(454,740)
7. Settlement	-	-
8. Fair value of assets at end of year	39,593,762	35,456,917
E. Net amount recognized ($):		
1. Funded status	(35,670,228)	(35,780,512)
2. Unrecognized transition (asset)/obligation	5,550,407	6,054,939
3. Unrecognized prior service cost	(886,985)	(998,150)
4. Unrecognized net actuarial (gain)/loss	30,464,294	33,186,363
5.Prepaid (accrued) pension cost	(542,512)	2,462,690
6. Intangible asset	4,663,422	5,056,839
F. Change in Additional Minimum Liability Recognized ($):	15,257,504	14,921,539

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, less allowable intangible assets, net of tax benefit, is reported as income in the Income Statement. At December 31, 2009, the additional minimum liability amounts to $15.2 million compared to $19.9 million at December 31, 2008.

Assumptions used to determine the benefit at December 31, 2009 and 2008 were as follows:

	2009	2008
Discount Rate	6.00%	5.80%
Expected rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	5.50%	5.50%

The expected long-term rate of the plan assets amounts to 8.00%. For purposes of the selection the future long-term rate of return of the plan assets, Cooperativa believes that the expected average rate of the financial instruments invested will result in the necessary returns to the plan. Such assumption considers that the plan assets distribution and the estimated long-term rate of return will be generated during the plan duration.

(a) Plan Assets

The weighted average asset allocation of the Company's pension benefits at December 31, 2009 and 2008 were as follows:

	2009	2008
Asset category:		
Equity securities	31.24%	36.23%
Debt securities	50.10%	53.68%
Other	18.66%	10.09%
Total	100.00%	100.00%

The Cooperativa's investment policies and strategies for the pension benefits plan do not use target allocations for the individual asset categories. The Cooperativa's investment goals are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in common stocks, bonds and notes of the United States government and its agencies and interest-bearing deposits. These financial instruments are readily marketable and can be sold to fund benefit payment obligations as they become payable.

(b) Cash Flows

The Company expects to contribute $4 millions to its pension plan in 2010.

The benefits expected to be paid from the pension plans in the next five years and subsequent years are as follows:

Year ending December 31:		
2010	$	5,098,399
2011		5,481,015
2012		5,810,463
2013		5,984,673
2014		6,504,966
Later years, through 2019		34,293,926
Total benefits expected to be paid	$	63,173,442

The expected benefits are based on the same assumptions used to measure the Company's benefit obligation at December 31 and include estimated future employee service.

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

Cooperative is authorized to issue capital stock up to $50 millions. For 2008 and 2007, the member's contributions are as follows:

	2009	2008
Preferred Stock Class A - $1 par value, 3% - 5% cumulative annually income for three years and nonparticipating in liquidation	$ 33,456	$ 33,459
Preferred Stock Class B - $1 par value, 5% cumulative annually income for three years and preferred in liquidation	183,868	189,419
Preferred Stock Class C - $10 par value, 5% cumulative annually income for three years and preferred in liquidation	0	0
Common Stocks, $10 par value	$ 31,097,101	$ 29,839,478

There were no restrictions placed on the Cooperative surplus, including for whom the surplus in being held. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

- Unrealized gains and losses: $ (17,861,872)
- Non admitted asset values: $ 2,211,563
- Goodwill amortization: $ (2,214,291)
- Change in additional minimum liability $ (335,965)

Note 14 - Contingencies

A. <u>Contingent Commitments</u>

In accordance with Chapter No. 41 of the Insurance Code and Rule No. 56 of the Insurance Regulations of the Commonwealth of Puerto Rico, the Cooperative participates in the Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria and in the Sindicato de Aseguradores de Responsabilidad Profesional para Médicos. Both syndicates were organized to subscribe insurance coverage of medical and hospital malpractice risks. As a participant, the Cooperative shares the risk proportionately with other participants, based on a formula established by the Insurance Code. If the above-mentioned syndicates do not satisfy their obligations, their liabilities are distributed among the participants. During 2009 and 2008, no assessments were made to the Cooperative.

Additionally, pursuant to Article 12 of Rule LXIX of the Insurance Code of the Commonwealth of Puerto Rico, the Cooperative participates in the Compulsory Vehicle Liability Insurance Joint Underwriting Association (the Association). This Association was organized during 1997 to subscribe insurance coverage of motor vehicle property damage liability risks commencing on January 1, 1998. As a participant, the Cooperative shares the risk proportionately with other participants, based on a formula established by the Insurance Code. During 2009 and 2008, the Cooperative recovered assessments from the Association amounting to $2,154,544 and $1,977,723, respectively. In both years, these amounts were recorded as other income in the accompanying statutory statements of income.

The Cooperative is also a member of the Property and Casualty Guaranty Fund Association. As a member, the Cooperative is required to provide funds to pay losses and reimbursements of unearned premiums of insolvent insurers. During 2009 and 2008, no assessment was imposed or accrued.

Pursuant to Act #73 of August 12, 1994 and Chapter 25 of Puerto Rico Insurance Code, Cooperative creates and maintains a trust fund for catastrophe loss payments. The establishment of this trust fund will increase Cooperative's financial capacity in order to offer protection for those insurers exposed to catastrophe losses. This fund will be used solely and exclusively to pay catastrophe losses covered under policies written in Puerto Rico. Insurance regulation rquired Cooperativa to reclassified $1,076,400 from aggregate write-in and for liabilities. After the adjustment, the balance of the catastrophe reserve presented in the aggregate write-in for special surplus funds amounted to $30,218,995 at December 31, 2009.

B. <u>Assessments</u>

None

C. <u>Gain Contingencies</u>

None

D. <u>All other Contingencies</u>

NOTES TO FINANCIAL STATEMENTS

The Cooperative is subject to various legal claims arising during the ordinary course of business, including legal claims associated with insurance policies. While the final outcome of these claims is uncertain, management, with the advice of its legal counsel, believes that such claims will not have a significant effect over the financial position of the Cooperative.

Note 15 – Leases

The Cooperative leases branch offices spaces under various non-cancelable operating lease agreements. Rental expenses for 2009 and 2008 amounted to $ and $2,602,998; respectively. Certain rental commitments have renewal options and are subject to adjustments in future periods. At January 1, 2009, the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases	
1……..….2010	$	2,541,207
2……….2011	$	1,989,005
3……….2012	$	1,420,094
4……….2013	$	584,426
5……….2014	$	346,807
6……….Over 2015	$	829,742

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None

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

None

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

None

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

None

Note 20 – Other Items (Investment)

During 2009 and 2008, Cooperative recognized a capital loss in the amount of approximately $1.8 and $4.9 million,respectively, resulting from an Other Than Temporary Impairment (OTTI) adjustment in the cost of its investments.

Note 21 – Events Subsequent

None

Note 22 - Reinsurance

A. Unsecured Reinsurance Recoverable

The Cooperative does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsures, authorized or unauthorized, that exceeds 3% of the Cooperative's policyholder surplus.

B. Reinsurance Recoverable in dispute

None

C. Reinsurance Assumed and Ceded

A summary of significant assumed and ceded reinsurance are as follows:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$ -	$ -	$ -	$ -	$ -	$ -
b. All Other	260,956	-	4,853,915	-	(4,592,959)	-
c. Total	$ 260,956	$ -	$ 4,853,915	$ -	$ (4,592,959)	$ -
d. Direct Unearned Premium Reserve			$ 91,551,626			

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

None

F. Retroactive Reinsurance

NOTES TO FINANCIAL STATEMENTS

None

G. Reinsurance Accounted for as a Deposit

None

Note 23 - Retrospective Rated Contracts & Contracts Subject to Redetermination

None

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

None

Note 25 - Intercompany Pooling Arrangements

None

Note 26 - Structured Settlements

None

Note 27 - Health Care Receivables

None

Note 28 - Participating Policies

None

Note 20 - Premium Deficiency Reserve

None

Note 30 - High Deductible

None

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

None

Note 32 - Asbestos/Environmental Reserve

None

Note 33 - Subscriber Saving Accounts

None

Note 34 - Multiple Peril Crop Insurance

None

FIVE-YEAR HISTORICAL DATA

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

	1 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	40,710,646	41,336,781	42,517,465	45,001,509	47,209,832
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	92,059,147	101,957,980	113,661,942	125,453,656	131,404,442
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	28,587,173	27,342,283	27,680,309	25,080,158	23,135,549
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	9,338,853	10,810,230	11,475,921	11,537,686	12,278,696
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	170,695,819	181,447,274	195,335,637	207,073,009	214,028,519
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	39,140,543	39,563,288	40,813,424	43,373,815	46,026,307
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	83,874,942	93,175,704	104,652,128	117,198,209	123,641,545
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	13,189,758	11,247,341	12,292,492	11,182,968	9,480,135
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	5,480,000	7,163,748	8,081,477	8,195,836	9,253,374
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	141,685,243	151,150,081	165,839,521	179,950,828	188,401,361
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(25,602,938)	(6,569,409)	(11,574,211)	(13,798,494)	(21,173,798)
14. Net investment gain (loss) (Line 11)	7,221,499	4,306,383	22,008,281	21,803,592	24,490,150
15. Total other income (Line 15)	2,576,854	2,592,613	2,591,155	1,476,605	2,068,697
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	(550,685)				
18. Net income (Line 20)	(15,253,900)	329,587	13,025,225	9,481,703	5,385,049
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Column 3)	468,649,041	469,440,256	513,200,716	528,639,465	537,086,704
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 13.1)	5,760,037	4,961,631	5,986,203	6,288,469	5,882,227
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	254,595,612	255,309,148	269,083,235	306,479,724	328,569,514
22. Losses (Page 3, Line 1)	34,545,188	32,310,669	33,737,063	35,424,899	34,531,908
23. Loss adjustment expenses (Page 3, Line 3)	8,132,940	6,820,484	7,022,397	6,922,169	6,708,326
24. Unearned premiums (Page 3, Line 9)	91,544,567	97,755,031	105,897,933	112,607,313	115,513,091
25. Capital paid up (Page 3, Line 28 and Line 29)	31,315,425	30,062,356	25,992,664	20,100,692	18,605,327
26. Surplus as regards policyholders (Page 3, Line 35)	214,053,429	213,031,215	244,117,481	222,159,741	208,517,190
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(27,991,189)	(13,032,946)	(24,839,533)	2,623,273	521,254
Risk-Based Capital Analysis					
28. Total adjusted capital	214,053,429	213,031,215	244,117,481	222,159,741	208,517,190
29. Authorized control level risk-based capital	29,042,576	24,816,633	26,141,862	28,205,622	21,085,978
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 10, Column 3) x 100.0					
30. Bonds (Line 1)	50.9	47.6	53.3	54.7	55.4
31. Stocks (Line 2.1 and Line 2.2)	29.0	30.0	31.4	31.1	31.7
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)	2.5	2.6	2.5	2.6	2.6
34. Cash, cash equivalents and short-term investments (Line 5)	15.2	17.7	10.9	9.8	8.7
35. Contact loans (Line 6)					
36. Other invested assets (Line 7)	2.3	2.1	1.9	1.7	1.6
37. Receivables for securities (Line 8)					
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds (Schedule D, Summary, Line 12, Column 1)					
41. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
42. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1	70,528,031	72,374,919	63,059,227	59,039,972	58,239,743
43. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)	280,183		2,000,000		
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Line 40 through Line 45	70,808,214	72,374,919	65,059,227	59,039,972	58,239,743
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Column 1, Line 35 x 100.0)	33.1	33.8	26.7	26.6	27.9

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2009	2 2008	3 2007	4 2006	5 2005
	Capital and Surplus Accounts (Page 4)					
48.	Net unrealized capital gains (losses) (Line 24)	17,861,872	(21,532,641)	1,314,188	4,291,569	127,421
49.	Dividends to stockholders (Line 35)	(1,173,049)	(1,546,351)	(1,598,252)	(1,446,437)	(1,143,271)
50.	Change in surplus as regards policyholders for the year (Line 38)	1,022,214	(31,086,266)	21,957,740	13,642,551	1,057,185
	Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
51.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	23,775,597	21,179,652	23,731,091	27,122,569	27,180,093
52.	Property lines (Lines 1, 2, 9, 12, 21 and 26)	50,110,865	55,484,112	69,023,091	76,438,177	80,702,859
53.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	10,183,457	8,065,848	8,002,497	5,645,917	10,601,460
54.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	7,254,107	6,642,893	7,194,586	6,555,130	6,330,361
55.	Nonproportional reinsurance lines (Lines 31, 32, and 33)					
56.	Total (Line 35)	91,324,026	91,372,505	107,951,265	115,761,793	124,814,773
	Net Losses Paid (Page 9, Part 2, Column 4)					
57.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	23,286,317	21,177,562	23,727,461	27,122,569	27,180,093
58.	Property lines (Lines 1, 2, 9, 12, 21 and 26)	49,925,219	55,195,974	68,771,387	76,251,579	80,362,215
59.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	9,483,477	7,335,847	7,230,273	4,790,608	10,114,578
60.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	5,325,997	5,016,508	5,683,959	5,082,795	4,896,477
61.	Nonproportional reinsurance lines (Lines 31, 32, and 33)					
62.	Total (Line 35)	88,021,010	88,725,891	105,413,080	113,247,551	122,553,363
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64.	Losses incurred (Line 2)	61.0	54.8	60.1	62.4	64.4
65.	Loss expenses incurred (Line 3)	10.8	8.3	7.8	7.4	8.0
66.	Other underwriting expenses incurred (Line 4)	45.5	41.0	38.8	37.8	39.2
67.	Net underwriting gain (loss) (Line 8)	(17.3)	(4.1)	(6.7)	(7.5)	(11.5)
	Other Percentages					
68.	Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	45.6	41.5	38.8	37.5	37.1
69.	Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	71.9	63.1	67.9	69.8	72.3
70.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 35, Column 1 x 100.0)	66.2	70.6	67.9	81.0	90.4
	One Year Loss Development (000 omitted)					
71.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)	5,422	(1,059)	(2,118)	2,899	(178)
72.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Column 1 x 100.0)	2.5	(0.4)	(1.0)	1.4	(0.1)
	Two Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)	1,626	(1,677)	257	1,989	(6,572)
74.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Column 2 x 100.0)	0.7	(0.8)	0.1	1.0	(3.2)

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 (X) No ( )
If no, please explain:
-13032946