



# ANNUAL STATEMENT

For the Year Ended December 31, 2016  
of the Condition and Affairs of the

## Puerto Rico Medical Defense Insurance Company

NAIC Group Code..... 0, 0 (Current Period) (Prior Period)  
 Organized under the Laws of PR  
 Incorporated/Organized..... March 3, 2003  
 Statutory Home Office  
 Main Administrative Office  
 Mail Address  
 Primary Location of Books and Records  
 Internet Web Site Address  
 Statutory Statement Contact

NAIC Company Code..... 12332  
 State of Domicile or Port of Entry PR  
 Commenced Business..... September 1, 2005  
 VIG Tower 1225 Ponce de Leon Suite 1401..... San Juan ..... PR ..... 00907-3921  
 (Street and Number) (City or Town, State, Country and Zip Code)  
 VIG Tower 1225 Ponce de Leon Suite 1401..... San Juan ..... PR ..... 00907-3921787-999-7763  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
 VIG Tower 1225 Ponce de Leon Suite 1401..... San Juan ..... PR ..... 00907-3921  
 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)  
 VIG Tower 1225 Ponce de Leon Suite 1401..... San Juan ..... PR ..... 00907-3921787-999-7763  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
 www.prmDIC.com  
 Griselle M. Fernandez Mrs.  
 (Name)  
 gfernandez@prmdic.com  
 (E-Mail Address)  
 787-999-7763  
 (Area Code) (Telephone Number) (Extension)  
 787-993-7763  
 (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. Juan A. Terrassa Nolla	Chairman of the Board & CEO	2. Griselle M. Fernández	Secretary
3. Griselle M. Fernández	Assistant Treasurer	4. Dennis Hanftwurz	President
Francisco Uriarte Mr.	Treasurer	Griselle M. Fernández CPA	Senior Vice President and Chief Financial Officer
Noelia Emanuelli Esq.	Aux Vice President and Assistant Secretary		

### OTHER

### DIRECTORS OR TRUSTEES

Juan A. Terrassa Mr.	Dennis Hanftwurz Mr.	Charles Juarbe Dr.	Luis Oms Dr.
Vanessa Marcial Dra.	Eitel Gómez Mr.	José Anibal Collazo Dr.	

A# 134

State of.....  
 County of..... *San Juan, Puerto Rico*

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

(Signature)	(Signature)	(Signature)
Juan A. Terrassa Nolla	Griselle M. Fernández	Griselle M. Fernández
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chairman of the Board & CEO	Secretary	Assistant Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me *by Juan A. Terrassa Nolla and Griselle M. Fernández*  
 This 30 day of March 2017  
 a. Is this an original filing? Yes [X] No [ ]  
 b. If no  
 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_



## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	14,852,421		14,852,421	13,599,162
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....2,055,824, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	2,055,824		2,055,824	1,391,298
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	74,994	74,994	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	16,983,239	74,994	16,908,245	14,990,460
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	124,376		124,376	139,181
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	614,567	6,131	608,436	773,428
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	495,345		495,345	376,935
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	
18.2 Net deferred tax asset.....			.0	120,000
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	16,377		16,377	15,693
21. Furniture and equipment, including health care delivery assets (\$.....0).....	3,745	3,745	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	57,200		57,200	5,000
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other-than-invested assets.....	.0	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	18,294,849	84,870	18,209,979	16,420,697
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	18,294,849	84,870	18,209,979	16,420,697

### DETAILS OF WRITE-INS

1101. A/R Other.....	2,337	2,337	.0	
1102. Prepaid Insurance.....	45,878	45,878	.0	
1103. Prepaid Dues.....	26,779	26,779	.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	74,994	74,994	.0	.0
2501. ....			.0	
2502. ....			.0	
2503. ....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	.0	.0	.0	.0

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	7,157,876	7,118,807
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	2,225,560	807,228
4. Commissions payable, contingent commissions and other similar charges.....	2,417	652
5. Other expenses (excluding taxes, licenses and fees).....	141,631	148,887
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	50,146	17,227
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....5,177,000 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	2,075,822	3,403,596
10. Advance premium.....	24,237	4,758
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	2,775,209	1,688,336
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	2,964	2,847
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	(156,752)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	14,455,862	13,035,586
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	14,455,862	13,035,586
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	2,001,188	2,001,188
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....	1,000,000	1,000,000
34. Gross paid in and contributed surplus.....	467,062	467,062
35. Unassigned funds (surplus).....	285,867	(83,139)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	3,754,117	3,385,111
38. TOTAL (Page 2, Line 28, Col. 3).....	18,209,979	16,420,697

**DETAILS OF WRITE-INS**

2501. Transfer from Unearned Premiums pursuant to Art. 5.190 PR Insurance Code.....		(156,752)
2502. Unearned Guaranty Fund Assessment collections.....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	(156,752)
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201. Funds collected through assesment to members.....		
3202. Transfer from Unearned Premiums pursuant to Art. 5.190 PR Insurance Code.....		
3203. Transfer from assesment.....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	4,553,850	6,032,822
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	645,772	2,681,715
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	2,472,421	1,010,285
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,257,085	2,172,624
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,375,278	5,864,624
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	178,572	168,198
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	477,458	457,694
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	(509,833)	9,209
11. Net investment gain (loss) (Lines 9 + 10).....	(32,375)	466,903
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	146,197	635,101
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).....	146,197	635,101
19. Federal and foreign income taxes incurred.....	43,579	5,500
20. Net income (Line 18 minus Line 19) (to Line 22).....	102,618	629,601
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	3,385,111	2,951,964
22. Net income (from Line 20).....	102,618	629,601
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	566,121	(587,190)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(120,000)	
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(22,979)	20,577
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		500,000
30. Surplus (contributed to) withdrawn from Protected Cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	(156,754)	(129,841)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	369,006	433,147
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	3,754,117	3,385,111
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401. ....		
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0	0
3701. Transfer from unearned premiums pursuant to Art. 5.190 of the P.R. Insurance Code.....	(156,754)	(129,841)
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	(156,754)	(129,841)

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	4,491,289	5,865,895
2. Net investment income.....	502,286	412,891
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	4,993,575	6,278,786
5. Benefit and loss related payments.....	725,113	890,524
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	2,283,746	3,208,068
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	43,579	5,500
10. Total (Lines 5 through 9).....	3,052,438	4,104,092
11. Net cash from operations (Line 4 minus Line 10).....	1,941,137	2,174,694
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	3,163,333	1,779,651
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		20,577
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	3,163,333	1,800,228
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	4,370,327	5,790,619
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	16,848	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	4,387,175	5,790,619
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(1,223,842)	(3,990,391)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		500,000
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(52,769)	47,234
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(52,769)	547,234
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	664,526	(1,268,463)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	1,391,298	2,659,761
19.2 End of year (Line 18 plus Line 19.1).....	2,055,824	1,391,298

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

20.0001 .....		
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**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	0		0	0
2. Allied lines.....	0		0	0
3. Farmowners multiple peril.....	0		0	0
4. Homeowners multiple peril.....	0		0	0
5. Commercial multiple peril.....	0		0	0
6. Mortgage guaranty.....	0		0	0
8. Ocean marine.....	0		0	0
9. Inland marine.....	0		0	0
10. Financial guaranty.....	0		0	0
11.1 Medical professional liability - occurrence.....	63,600		0	63,600
11.2 Medical professional liability - claims-made.....	3,162,476	3,403,596	2,075,822	4,490,250
12. Earthquake.....	0		0	0
13. Group accident and health.....	0		0	0
14. Credit accident and health (group and individual).....	0		0	0
15. Other accident and health.....	0		0	0
16. Workers' compensation.....	0		0	0
17.1 Other liability - occurrence.....	0		0	0
17.2 Other liability - claims-made.....	0		0	0
17.3 Excess workers' compensation.....	0		0	0
18.1 Products liability - occurrence.....	0		0	0
18.2 Products liability - claims-made.....	0		0	0
19.1, 19.2 Private passenger auto liability.....	0		0	0
19.3, 19.4 Commercial auto liability.....	0		0	0
21. Auto physical damage.....	0		0	0
22. Aircraft (all perils).....	0		0	0
23. Fidelity.....	0		0	0
24. Surety.....	0		0	0
26. Burglary and theft.....	0		0	0
27. Boiler and machinery.....	0		0	0
28. Credit.....	0		0	0
29. International.....	0		0	0
30. Warranty.....	0		0	0
31. Reinsurance - nonproportional assumed property.....	0		0	0
32. Reinsurance - nonproportional assumed liability.....	0		0	0
33. Reinsurance - nonproportional assumed financial lines.....	0		0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	3,226,076	3,403,596	2,075,822	4,553,850

**DETAILS OF WRITE-INS**

3401. ....	0		0	0
3402. ....	0		0	0
3403. ....	0		0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....					0
2.	Allied lines.....					0
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....					0
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....	1,725,822	350,000			2,075,822
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....					0
17.2	Other liability - claims-made.....					0
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....					0
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....					0
19.3, 19.4	Commercial auto liability.....					0
21.	Auto physical damage.....					0
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....					0
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	1,725,822	350,000	0	0	2,075,822
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					2,075,822

**DETAILS OF WRITE-INS**

3401.	.....					0
3402.	.....					0
3403.	.....					0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....	254,401				190,801	63,600
11.2 Medical professional liability - claims-made.....	12,776,435		308,186		9,922,145	3,162,476
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....	1,754				1,754	.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX					.0
32. Reinsurance - nonproportional assumed liability.....	XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	13,032,590	.0	308,186	.0	10,114,700	3,226,076

#### DETAILS OF WRITE-INS

3401. ....						.0
3402. ....						.0
3403. ....						.0
3498. Summary of remaining write-ins for Line 34 from overflow page....	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0

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

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

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0	0	0	0.0	
2. Allied lines.....				0	0	0	0.0	
3. Farmowners multiple peril.....				0	0	0	0.0	
4. Homeowners multiple peril.....				0	0	0	0.0	
5. Commercial multiple peril.....				0	0	0	0.0	
6. Mortgage guaranty.....				0	0	0	0.0	
8. Ocean marine.....				0	0	0	0.0	
9. Inland marine.....				0	0	0	0.0	
10. Financial guaranty.....				0	0	0	0.0	
11.1 Medical professional liability - occurrence.....				0	88,000	58,000	47.2	
11.2 Medical professional liability - claims-made.....	1,249,500	16,000	658,797	606,703	7,069,876	7,060,807	13.7	
12. Earthquake.....				0	0	0	0.0	
13. Group accident and health.....				0	0	0	0.0	
14. Credit accident and health (group and individual).....				0	0	0	0.0	
15. Other accident and health.....				0	0	0	0.0	
16. Workers' compensation.....				0	0	0	0.0	
17.1 Other liability - occurrence.....				0	0	0	0.0	
17.2 Other liability - claims-made.....				0	0	0	0.0	
17.3 Excess workers' compensation.....				0	0	0	0.0	
18.1 Products liability - occurrence.....				0	0	0	0.0	
18.2 Products liability - claims-made.....				0	0	0	0.0	
19.1, 19.2 Private passenger auto liability.....				0	0	0	0.0	
19.3, 19.4 Commercial auto liability.....				0	0	0	0.0	
21. Auto physical damage.....				0	0	0	0.0	
22. Aircraft (all perils).....				0	0	0	0.0	
23. Fidelity.....				0	0	0	0.0	
24. Surety.....				0	0	0	0.0	
26. Burglary and theft.....				0	0	0	0.0	
27. Boiler and machinery.....				0	0	0	0.0	
28. Credit.....				0	0	0	0.0	
29. International.....				0	0	0	0.0	
30. Warranty.....				0	0	0	0.0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	0	0	0.0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	0	0	0.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	0	0	0.0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0.0	
35. TOTALS.....	1,249,500	16,000	658,797	606,703	7,157,876	7,118,807	14.2	

**DETAILS OF WRITE-INS**

3401. ....				0	0	0	0.0
3402. ....				0	0	0	0.0
3403. ....				0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0.0

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....				0				0	
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....	45,000		27,000	18,000	200,000		130,000	88,000	
11.2 Medical professional liability - claims-made.....	10,753,000	30,000	6,046,750	4,736,250	4,716,993	105,250	2,488,617	7,069,876	2,225,560
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....				0				0	
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	10,798,000	30,000	6,073,750	4,754,250	4,916,993	105,250	2,618,617	7,157,876	2,225,560
<b>DETAILS OF WRITE-INS</b>									
3401. ....				0				0	
3402. ....				0				0	
3403. ....				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

10

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

**Puerto Rico Medical Defense Insurance Company  
UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	5,157,268			5,157,268
1.2 Reinsurance assumed.....				.0
1.3 Reinsurance ceded.....	2,684,847			2,684,847
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	2,472,421	.0	.0	2,472,421
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		1,526,502		1,526,502
2.2 Reinsurance assumed, excluding contingent.....		37,439		37,439
2.3 Reinsurance ceded, excluding contingent.....		2,646,638		2,646,638
2.4 Contingent - direct.....				.0
2.5 Contingent - reinsurance assumed.....				.0
2.6 Contingent - reinsurance ceded.....				.0
2.7 Policy and membership fees.....				.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	.0	(1,082,697)	.0	(1,082,697)
3. Allowances to manager and agents.....				.0
4. Advertising.....		149,845		149,845
5. Boards, bureaus and associations.....		47,596		47,596
6. Surveys and underwriting reports.....				.0
7. Audit of assureds' records.....				.0
8. Salary and related items:				
8.1 Salaries.....		1,090,507		1,090,507
8.2 Payroll taxes.....		50,814		50,814
9. Employee relations and welfare.....				.0
10. Insurance.....		178,146		178,146
11. Directors' fees.....				.0
12. Travel and travel items.....		24,181		24,181
13. Rent and rent items.....		217,800		217,800
14. Equipment.....				.0
15. Cost or depreciation of EDP equipment and software.....		8,845		8,845
16. Printing and stationery.....		11,563		11,563
17. Postage, telephone and telegraph, exchange and express.....		55,386		55,386
18. Legal and auditing.....		125,734		125,734
19. Totals (Lines 3 to 18).....	.0	1,960,417	.0	1,960,417
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....				.0
20.2 Insurance department licenses and fees.....		31,576		31,576
20.3 Gross guaranty association assessments.....				.0
20.4 All other (excluding federal and foreign income and real estate).....				.0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	.0	31,576	.0	31,576
21. Real estate expenses.....				.0
22. Real estate taxes.....		2,450		2,450
23. Reimbursements by uninsured plans.....				.0
24. Aggregate write-ins for miscellaneous expenses.....	.0	345,339	.0	345,339
25. Total expenses incurred.....	2,472,421	1,257,085	.0	(a) 3,729,506
26. Less unpaid expenses - current year.....	2,225,560	287,428		2,512,988
27. Add unpaid expenses - prior year.....	807,228	166,114		973,342
28. Amounts receivable relating to uninsured plans, prior year.....				.0
29. Amounts receivable relating to uninsured plans, current year.....				.0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	1,054,089	1,135,771	.0	2,189,860

**DETAILS OF WRITE-INS**

2401. ....		345,339		345,339
2402. ....				.0
2403. ....				.0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	.0	.0	.0	.0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	.0	345,339	.0	345,339

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....	.....
1.1 Bonds exempt from U.S. tax.....	(a).....486,296	.....470,296
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).....	.....	.....
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).....7,162	.....7,162
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....493,458	.....477,458
11. Investment expenses.....	.....	(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....0
17. Net investment income (Line 10 minus Line 16).....	.....	.....477,458

**DETAILS OF WRITE-INS**

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

- (a) Includes \$.....68,560 accrual of discount less \$.....78,583 amortization of premium and less \$.....23,856 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....72,244	.....	.....72,244	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....	.....(582,077)	.....(582,077)	.....566,121	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....72,244	.....(582,077)	.....(509,833)	.....566,121	.....0

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	74,994	58,146	(16,848)
12. Subtotals, cash and invested assets (Lines 1 to 11).....	74,994	58,146	(16,848)
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	6,131		(6,131)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....	3,745	3,745	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	84,870	61,891	(22,979)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	84,870	61,891	(22,979)

**DETAILS OF WRITE-INS**

1101. Prepaid insurance & other.....	72,657	56,584	(16,073)
1102. other receivables.....	2,337	1,562	(775)
1103. ....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	74,994	58,146	(16,848)
2501. ....			0
2502. ....			0
2503. ....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	0

**NOTES TO FINANCIAL STATEMENTS****Note 1 – Summary of Significant Accounting Policies and Going Concern**

The accompanying financial statements of Puerto Rico Medical Defense Insurance Company of Puerto Rico (the “Company”) have been prepared on the basis of accounting practices prescribed by the Office of the Insurance Commissioner of Puerto Rico.

The Office of the Insurance Commissioner of Puerto Rico requires insurance companies domiciled in the Commonwealth of Puerto Rico to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the Puerto Rico Insurance Department.

The Company provides primary and a range of alternatives of excess medical professional liability, claims-made type policies for physicians, surgeons, dentists, clinical laboratories and other health care providers and the legal entities through which they manage their offices and deliver the services. The primary policy provides coverage limits of up to \$100,000 per medical incident and \$300,000 in the aggregate for an insured incident during the twelve month policy period, available since 2011. This coverage is an alternative for the medical professional to satisfy the mandatory coverage required by law in Puerto Rico. The excess policy provides various coverage limits that range from \$150,000 to \$1,000,000 per medical incident and \$200,000 to \$3,000,000 in the aggregate, for an insured incident during the twelve-month policy period. The excess limits apply only to claims in excess of the primary policy limits of \$100,000 per medical incident and \$300,000 in the aggregate.

Since the third quarter of 2015, the Company started to write Medical or X-Ray Laboratory Professional Liability clinical laboratory coverage offers first dollar claims-made type policies with various coverage limits that range from \$100,000 to \$1,000,000 per medical incident and \$300,000 to \$3,000,000 in the aggregate for an insured incident during the twelve-month policy period.

**A. Accounting Practices**

	SSAP #	F/S Page	F/S Line #	2016	2015
<b>NET INCOME</b>					
(1) Puerto Rico Medical Defense Insurance Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 102,618	\$ 629,601
(2) State Prescribed Practices that increase/decrease NAIC SAP					
(3) State Permitted Practices that increase/decrease NAIC SAP					
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 102,618	\$ 629,601
<b>SURPLUS</b>					
(5) Puerto Rico Medical Defense Insurance Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 3,754,117	\$ 3,385,111
(6) State Prescribed Practices that increase/decrease NAIC SAP					
(7) State Permitted Practices that increase/decrease NAIC SAP					
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 3,754,117	\$ 3,385,111

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

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

**C. Accounting Policy**

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Unearned Premium Reserve is recorded net of adjustment allowed by the Puerto Rico Insurance Code Section 5.19.

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

Premiums and commissions related to insurance ceded are accounted for as a reduction of premiums written and acquisition and commissions cost, respectively. Reinsurance recoveries are recorded as a reduction of losses and loss adjustment expenses incurred.

**Note 2 – Accounting Changes and Corrections of Errors**

Not applicable

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**NOTES TO FINANCIAL STATEMENTS**

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**Note 3 – Business Combinations and Goodwill**

Not Applicable

**Note 4 – Discontinued Operations**

Not Applicable

**Note 5 – Investments**

Basis of valuation of short-term investments - Short term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value. The Company does not hold short term non-investment grade securities.

Basis for valuation of bonds - Investment grade bonds are stated at amortized value.

Investment in debt securities designated as highest and high quality (NAIC designation 1 and 2) are generally stated at amortized cost and any premium or discounts are amortized to income using the interest method. Investments in debt securities designated as medium or low quality (NAIC 3 and lower) are recorded at lower of amortized cost or fair value. Investment transactions are recorded on the basis of trade date. Realized gains and losses on sales of investment are determined using the specific identification method.

The disclosures of estimated fair market values are based on NAIC Securities Valuation Office (SVO) published market prices when available. If quoted market prices are not available, management's best estimate of fair value shall be based on quoted market price of a financial instrument with similar characteristics, or on industry recognized valuation techniques.

Declines in the fair value of invested assets below cost are evaluated for other than temporary impairment losses. Impairment losses for declines in value of fixed-maturity and equity securities investments below cost attributable to issuer-specific events are based upon all relevant facts and circumstances for each investment and are recognized when appropriate in accordance with statutory accounting principles and related guidance. For fixed-maturity investments with unrealized losses due to market conditions or industry-related events where the Company has the positive intent and ability to hold the investment for a period of time sufficient to allow a market recovery or to maturity, declines in value below cost are assumed to be temporary.

PRMD maintains a balanced investment portfolio by investing mainly in US based debt instruments. The Company is required by the Office of the Commissioner of Insurance of Puerto Rico (OCI) to maintain at least \$1,000,000 in Puerto Rico deposits and/or securities. These securities are kept in a custodial account with Citibank for the benefit of the OCI. Due to current economic conditions, PRMD's portfolio was recently affected by the downgrading of Puerto Rico's public debt to non-investment grade.

As of December 31, 2016, PRMD owns investments in Puerto Rico Bonds with a face value of \$1,615,000, which represent 11% of total investments face value (3.5% of total admitted investment carrying value). For the year ended December 31, 2015, statutory surplus was reduced by unrealized loss on Puerto Rico Bonds of \$886,685. As of December 31, 2016, unrealized losses resulting from Puerto Rico Bonds amount to \$321,000. In addition, current year other than temporary impairment (OTTI) of \$582,077 was recognized for bonds issued by the Puerto Rico Government Development Bank.

Although there is a significant weakness in the economy, the government is working actively to strengthen the economic fiscal position and is working to refinance its debt to stabilize Puerto Rico's economy and improve its financial health. To that effect, new taxes have been imposed on business and individuals, in order to generate more income for the local treasury. In July 1, 2016, after the approval of PROMESA, Moody's Investors Service revised the outlook on the Commonwealth of Puerto Rico, as well as seven affiliated obligors, to Developing from Negative. Moody's indicates that the law will reduce the risk of protracted litigation, which would be the most likely outcome in the absence of a clear legal framework in which to restructure Puerto Rico's debt. While offsetting this risk appears positive for overall recovery prospects, the oversight board created by PROMESA has wide authority in shaping how an eventual debt restructuring plays out.

The following table summarizes other than temporary impairments (OTTI) for debt securities held at the end of the year where the present value of the projected cash flows was less than the amortized cost of the securities but greater than fair value:

**NOTES TO FINANCIAL STATEMENTS**

Description	CUSIP No.	Actual Cost Before OTTI	Cost After OTTI	Fair Value	Carrying Value
PR COMMONWEALTH GOVM DEV BK	745177FM2	141,400	52,339	31,500	31,500
PR COMMONWEALTH GOVM DEV BK	745177EX9	56,544	21,556	12,375	12,375
PR COMMONWEALTH GOVM DEV BK	745177EX9	549,942	219,144	117,000	117,000
PR COMMONWEALTH GOVM DEV BK	745177EX9	209,104	81,874	45,000	45,000
		\$ 956,990	\$ 374,913	\$ 205,875	\$ 205,875

Basis of valuation of common stocks, other than investments in stocks of subsidiaries and affiliates.

As required by Statutory Accounting, Mutual Funds are presented as Common Stocks recorded at market value for financial statements presentation. As of December 31, 2016, the Company has no common stocks or investments in subsidiary.

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

Not Applicable

**Note 7 – Investment Income**

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

**Accrued investment income**

The Company does not admit investment income due and accrued if amounts are over 90 days past due. No accrued investment income was excluded during the years 2016 and 2015.

Amounts non-admitted. None

**Note 8 – Derivative Instruments**

Not Applicable

**Note 9 – Income Taxes**

The Company provides for income tax using the applicable Puerto Rico income tax statutory rates. However, the effective income tax rate may be different than the applicable statutory rate due to certain items that are not deductible for tax purposes. As of December 31, 2015, the deferred tax asset amounting to approximately \$120,000 is composed of the unused net operating loss carry forward, it was offsetted against the 2016 taxable year.

**A. Deferred Tax Assets/(Liabilities)****1. Components of Net Deferred Tax Asset/(Liability)**

	2016			2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$	\$	\$	\$ 120,000	\$	\$ 120,000	\$ (120,000)	\$	\$ (120,000)
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)				120,000		120,000	(120,000)		(120,000)
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)				120,000		120,000	(120,000)		(120,000)
f. Deferred tax liabilities									
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$	\$	\$	\$ 120,000	\$	\$ 120,000	\$ (120,000)	\$	\$ (120,000)

**NOTES TO FINANCIAL STATEMENTS**

## 2. Admission Calculation Components

	2016			2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$	\$	\$	\$	\$	\$	\$	\$	\$
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:				120,000		120,000	(120,000)		(120,000)
Adjusted gross deferred tax assets expected to be realized following the balance sheet date									
Adjusted gross deferred tax assets allowed per limitation threshold									
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities									
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$	\$	\$	\$ 120,000	\$	\$ 120,000	\$ (120,000)	\$	\$ (120,000)

## 3. Other Admissibility Criteria

Not Applicable

## 4. Impact of Tax Planning Strategies

## (a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	12/31/2016		12/31/2015		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$	\$	\$ 120,000	\$	\$ (120,000)	\$
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$	\$	\$ 120,000	\$	\$ (120,000)	\$
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the	%	%	%	%	%	%

**NOTES TO FINANCIAL STATEMENTS**

impact of tax planning strategies					
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## B. Deferred Tax Liabilities Not Recognized

Not applicable

## C. Current and Deferred Income Taxes

## 1. Current Income Tax

	1 2016	2 2015	3 (Col 1-2) Change
a. Federal	\$	\$	\$
b. Foreign	43,579	5,500	38,079
c. Subtotal	\$ 43,579	\$ 5,500	\$ 38,079
d. Federal income tax on net capital gains			
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	\$ 43,579	\$ 5,500	\$ 38,079

## 2. Deferred Tax Assets

	1 2016	2 2015	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$	\$	\$
2. Unearned premium reserve			
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted			
11. Net operating loss carry-forward		120,000	(120,000)
12. Tax credit carry-forward			
13. Other (including items <5% of total ordinary tax assets)			
99. Subtotal	\$	\$ 120,000	\$ (120,000)
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$	\$ 120,000	\$ (120,000)
e. Capital:			
1. Investments	\$	\$	\$
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	\$	\$	\$
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$	\$ 120,000	\$ (120,000)

## 3. Deferred Tax Liabilities

	1 2016	2 2015	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	\$	\$	\$
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax liabilities)			
99. Subtotal	\$	\$	\$
b. Capital:			
1. Investments	\$	\$	\$
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal			
c. Deferred tax liabilities (3a99+3b99)	\$	\$	\$

4. Net Deferred Tax Assets (2i - 3c)	\$	\$ 120,000	\$ (120,000)
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**NOTES TO FINANCIAL STATEMENTS**

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

Not Applicable

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2016, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

F. Consolidated Federal Income Tax Return

Not Applicable

G. Federal or Foreign Federal Income Tax Loss Contingencies

Not Applicable

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties****A. Nature of Relationship**

Resolve Holding Corp., a company organized in the Commonwealth of Puerto Rico owns 88.32% of the outstanding shares of Puerto Rico Medical Defense Insurance Company. Resolve General Agency, LLC is a wholly owned subsidiary of Resolve Holding Corp and is authorized as a general agent of the Company by the Office of the Insurance Commissioner of Puerto Rico.

**B. Detail of Transactions Greater than ½% of Admitted Assets**

The Company entered into a management agreement with Resolve Holding Corp and Resolve General Agency, LLC in order to provide certain administrative services. Total amount reimbursed by related entities to the Company amounted to \$415,000 (2015-\$385,000). In addition, the Company entered into an agreement with Resolve Holding Corp to rent the premises, furniture and fixtures for an annual rent of \$216,000 (2014-\$207,000).

Resolve General Agency, LLC serves as general agent for the company. During the year ended December 31, 2016, the Company recorded approximately \$874,000 (2015-\$836,000) in commission expenses to the related party.

**C. Change in Terms of Intercompany Arrangements**

None

**D. Amounts Due to or from Related Parties**

The Company reported \$57,200 due from Resolve General Agency, LLC. in the current year (2015-\$5,000). This arrangement is subject to a written agreement. The Company's policy is to settle affiliates balances no later than ninety days from the statement date.

**E. Guarantees or Undertakings for Related Parties**

Not applicable

**F. Management, Service Contracts, Cost Sharing Arrangements**

The Company has agreed to provide certain management and data processing services to Resolve Holding Corp. and Resolve General Agency, LLC. Total costs reimbursed to the Company from related parties as part of this agreement amount to \$415,000 in 2016 (2015-\$385,000).

**G. Nature of Relationships that Could Affect Operations**

Not applicable.

Amount Deducted for Investment in Upstream

**H. Company**

Not applicable

Detail of Investments in Affiliates Greater than 10% of Admitted

**I. Assets**

Not applicable

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

Downstream Holding Company Valued Using Look-Through  
L. Method  
Not applicable

**Note 11 – Debt**

Not Applicable

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

Not Applicable

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

Puerto Rico Medical Defense Insurance Company (the Company) was organized under the laws of the Commonwealth of Puerto Rico as a mutual insurance company for the purpose of insuring healthcare providers against professional liability. During 2008, The Company was converted into a stock insurance company.

As of Statement Date, the Company complies with the minimum surplus requirement of \$2,000,000 for casualty insurers pursuant to 26 L.P.R.A § 309. The company complies with requirements by the local insurance code as to maintaining investments in Puerto Rico instrumentalities. Currently this amount is \$1,000,000 and is deposited as required for the benefit of policyholders. These securities are in a restricted account for the protection of the Company's policyholders and creditors pursuant to requirements of the Puerto Rico Insurance Code.

On September 27, 2014, the company entered into a Surplus Note agreement with Aspen (UK) Holdings Limited of \$500,000 due in October 1, 2017 pursuant to section 29.30 of the Insurance Code of Puerto Rico, 26 LPRA section 2910. All payments of interest and principal are subject to prior approval of the Puerto Rico Insurance Commissioner. During the year ended December 31, 2016, the Company paid interest related to this note in the amount of \$27,958.

On December 23, 2015, the company entered into another Surplus Note agreement with Aspen (UK) Holdings Limited of \$500,000 due in December 1, 2018 pursuant to section 29.30 of the Insurance Code of Puerto Rico, 26 LPRA sections 2910. All payments of interest and principal are subject to prior approval of the Puerto Rico Insurance Commissioner. During the year ended December 31, 2016, the Company paid interest related to this note in the amount of \$27,958.

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$

(11) The reporting entity issued the following surplus debentures or similar obligations:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
09/30/2014	0.055 %	\$ 500,000	\$ 500,000	\$ 27,958	\$ 55,688	\$	10/01/2017
12/31/2015	0.060	500,000	500,000	28,667	28,667		12/01/2018
Total	XXX	\$ 1,000,000	\$ 1,000,000	\$ 56,625	\$ 84,355	\$	XXX

\* Total should agree with Page 3, Line 33.

Outstanding shares. The authorized capital of the Company, consist of 266,825 shares of common stock with a par value of \$7.50 and a premium of \$2.50 for a total of \$10

Dividend restrictions. Chapter 29 of the Puerto Rico Insurance Code establishes that cash dividends may only be paid from funds generated by Unassigned Funds (surplus).

Changes in unassigned funds.

Unassigned funds (surplus) as of December 31, 2015 ended with a cumulative value of \$440,216 (2014- \$(83,139)). Changes in unassigned surplus are due to income generated during the year as well as to changes in non-admitted assets, unrealized losses in medium and low classification bonds, changes in deferred tax assets and adjustment of Unearned Premium Reserve allowed by the Puerto Rico Insurance Code Section 5.19. The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is \$902,641 (2015- \$886,065).

**Note 14 – Liabilities, Contingencies and Assessments**

Not Applicable

**Note 15 – Leases**

**NOTES TO FINANCIAL STATEMENTS**

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

**Note 20 – Fair Value Measurements**

Not Applicable

**Note 21 – Other Items**

Not Applicable

**Note 22 – Events Subsequent**

There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

**Note 23 – Reinsurance****A. Unsecured Reinsurance Recoverables**

As of December 31, 2016, the Company has an unsecured aggregate recoverable amount from unaffiliated authorized reinsurers for losses paid and unpaid including IBNR, loss adjustment expenses, and unearned premium that exceeds 3% of the Company's policyholders's surplus.

ID Number	Company Code	Name of Reinsurer	Current
<b>Authorized Other Non-U.S. Insurers</b>			
AA-1127200		Lloyd's Syndicate Number 1200	1
AA-1120337		Aspen Insurance Company	397
AA-1126006		Lloyd's Syndicate Number 4472 (Liberty Syndicate)	1
AA-1120075		ARK Syndicate Management No. 4020	
AA-1120084		Barbican Syndicate No. 1955	
AA-1126727		Lloyd's Syndicate Number 727 (S.A. Meacock Syndicate)	1
AA-3194161		Catlin Insurance Company Limited	31
AA-1127084		Lloyd's Syndicate Number 1084 (Chaucer Syndicates Limited)	62
AA3191315		XL RE LTD	2
1299999		Total Authorized - Other Non-U.S. Insurers	495

**B. Reinsurance Recoverables in Dispute**

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses.

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

The Company recorded unearned reinsurance ceded of approximately \$2,682,000 during the year ended December 31, 2016 (2015- \$2,682,000). For the year ended December 31, 2016, the reinsurance agreement in effect reflects sliding scale reinsurance commissions. Deposit reinsurance commission is 32.5%. The company does not use protected cells as an alternative to traditional reinsurance.

**D. Uncollectible Reinsurance**

**NOTES TO FINANCIAL STATEMENTS**

The Company does not have uncollectible reinsurance recoverables.

#### E. Commutation of Ceded Reinsurance

On December 17, 2014, the Company entered into a Commutation and Release Agreement with Aspen Insurance UK Limited (Aspen) for the primary coverage excess of loss reinsurance contract originally effective July 1, 2011 and expired January 1, 2013.

The Company recorded the Commutation pursuant to SSAP 62R which states that commuted balances are written off through the accounts in which they were originally recorded. Reserves Ceded and losses paid ceded to reinsurer under the commuted treaty were reversed during the year as the reinsurer was released from liability.

Premium received was recorded as a reduction to ceded premium written; thereby reducing ceding premium written and increasing premium earned for the year by \$963,741. Amounts received from the reinsurers for losses and loss adjustment expenses paid ceded under the reinsurance treaty were recorded as an increase to losses and loss adjustment expenses incurred for the year in the amount of \$239,156; respectively. The Company also increased its loss and loss adjustment expense reserves by \$724,585. The net increase in loss and loss adjustment expenses of \$963,741 recognizes the effect of releasing reinsurers from its obligation under the commuted treaty. The two year reserve development observed in 2014 is largely due to the accounting of the commutation of the reinsurance treaty.

#### F. Retroactive Reinsurance

Not applicable

#### G. Reinsurance Accounted for as Deposit

Not applicable

#### H. Run-off Agreements

Not applicable

#### I. Certified Reinsurance Downgraded or Status Subject to Revocation

Not applicable

#### Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable

#### Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Changes in Insured Losses and Loss Adjustment Expenses (000 Omitted)	2016	2015
Net Reserve for Unpaid Losses and LAE, Beginning	\$ 7,926	\$ 6,042
Total Incurred, Current Year	3,119	3,695
Total Incurred, Prior Year	-	(3)
Total Incurred, Net of Recoveries	3,119	3,692
Less Loss & LAE Paid from		
Current Year	239	212
Prior Year	1,423	1,596
Total Paid	1,662	1,808
Net Reserves for Unpaid Losses and LAE, End of Year	\$ 9,383	\$ 7,926

As explained in Note 23, the Company commuted a reinsurance treaty on December 17, 2014, resulting in an increase in losses incurred prior year of \$963,741. The three year reserve development observed in 2014 is largely due to the accounting of the commutation of the reinsurance treaty.

#### Note 26 – Intercompany Pooling Arrangements

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## NOTES TO FINANCIAL STATEMENTS

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Not Applicable

**Note 27 – Structured Settlements**

Not Applicable

Note 28 – Health Care Receivables

Not applicable

**Note 29 – Participating Policies**

Not Applicable

**Note 30 – Premium Deficiency Reserves**

Not Applicable

**Note 31 – High Deductibles**

Not Applicable

**Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Not Applicable

**Note 33 – Asbestos/Environmental Reserves**

Not Applicable

**Note 34 – Subscriber Savings Accounts**

Not Applicable

**Note 35 – Multiple Peril Crop Insurance**

Not Applicable

**Note 36 – Financial Guaranty Insurance**

Not Applicable



## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

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?  
DAVID M. SHEPPERD FCAS, MAAA MERLINOS & ASSOCIATES, INC.
- 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 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ X ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ X ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ X ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ X ] No [ ]

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers \$ 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$
- 21.22 Borrowed from others \$
- 21.23 Leased from others \$
- 21.24 Other \$
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [ X ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$
- 22.22 Amount paid as expenses \$
- 22.23 Other amounts paid \$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 57,200

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### INVESTMENT

24.01 Were all of stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes  No

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes  No  N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ \_\_\_\_\_

24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ \_\_\_\_\_

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

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

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

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ \_\_\_\_\_ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ \_\_\_\_\_ 0

24.103 Total payable for securities lending reported on the liability page: \$ \_\_\_\_\_ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes  No

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

25.21 Subject to repurchase agreements \$ \_\_\_\_\_ 0

25.22 Subject to reverse repurchase agreements \$ \_\_\_\_\_ 0

25.23 Subject to dollar repurchase agreements \$ \_\_\_\_\_ 0

25.24 Subject to reverse dollar repurchase agreements \$ \_\_\_\_\_ 0

25.25 Placed under option agreements \$ \_\_\_\_\_ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ \_\_\_\_\_ 0

25.27 FHLB Capital Stock \$ \_\_\_\_\_ 0

25.28 On deposit with states \$ \_\_\_\_\_ 0

25.29 On deposit with other regulatory bodies \$ \_\_\_\_\_ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ \_\_\_\_\_ 0

25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ \_\_\_\_\_ 0

25.32 Other \$ \_\_\_\_\_ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$ _____

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No

27.2 If yes, state the amount thereof at December 31 of the current year: \$ \_\_\_\_\_

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

28.01 For all 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

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes  No

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

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

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [ ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

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

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

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

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

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	14,852,421	14,662,856	(189,565)
30.2	Preferred Stocks	0	0	0
30.3	Totals	14,852,421	14,662,856	(189,565)

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [ X ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ X ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [ X ] No [ ]

32.2 If no, list exceptions:

#### OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 42,006

33.2 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
DEMOTECH, INC.	\$ 12,000
INSURANCE SERVICE OFFICE	30,006

34.1 Amount of payments for legal expenses, if any? \$ 54,124

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

1 Name	2 Amount Paid
LEGAL INSURANCE ADVOCATES, INC.	\$ 26,854

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

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

1 Name	2 Amount Paid
	\$

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes [ ]	No [ X ]
1.2	If yes, indicate premium earned on U.S. business only.		\$		0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?		\$		0
1.31	Reason for excluding:				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.		\$		0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.		\$		0
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned		\$		0
1.62	Total incurred claims		\$		0
1.63	Number of covered lives				0
	All years prior to most current three years:				
1.64	Total premium earned		\$		0
1.65	Total incurred claims		\$		0
1.66	Number of covered lives				0
1.7	Group policies:				
	Most current three years:				
1.71	Total premium earned		\$		0
1.72	Total incurred claims		\$		0
1.73	Number of covered lives				0
	All years prior to most current three years:				
1.74	Total premium earned		\$		0
1.75	Total incurred claims		\$		0
1.76	Number of covered lives				0
2.	Health Test:				
		1	2		
		Current Year	Prior Year		
2.1	Premium Numerator	\$	\$	0	0
2.2	Premium Denominator	\$	\$	4,553,850	6,032,822
2.3	Premium Ratio (2.1/2.2)				
2.4	Reserve Numerator	\$	\$	0	0
2.5	Reserve Denominator	\$	\$	11,459,258	11,329,631
2.6	Reserve Ratio (2.4/2.5)				
3.1	Does the reporting entity issue both participating and non-participating policies?			Yes [ ]	No [ X ]
3.2	If yes, state the amount of calendar year premiums written on:				
3.21	Participating policies		\$		0
3.22	Non-participating policies		\$		0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:				
4.1	Does the reporting entity issue assessable policies?			Yes [ ]	No [ X ]
4.2	Does the reporting entity issue non-assessable policies?			Yes [ ]	No [ X ]
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?				%
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.		\$		0
5.	FOR RECIPROCAL EXCHANGES ONLY:				
5.1	Does the exchange appoint local agents?			Yes [ ]	No [ ]
5.2	If yes, is the commission paid:				
5.21	Out of Attorney's-in-fact compensation			Yes [ ]	No [ ]
5.22	As a direct expense of the exchange			Yes [ ]	No [ ]
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?				
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?			Yes [ ]	No [ X ]
5.5	If yes, give full information:				
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?				
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:				
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?				
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?			Yes [ ]	No [ X ]
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:				
7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?			Yes [ ]	No [ X ]

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

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

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

facilities or facultative obligatory contracts) considered in the calculation of the amount.

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

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

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

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ X ] No [ ]

14.5 If the answer to 14.4 is no, please explain:

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

15.2 If yes, give full information

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

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

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$ 0	\$ 0	\$ 0	\$ 0	0
16.12 Products	\$ 0	\$ 0	\$ 0	\$ 0	0
16.13 Automobile	\$ 0	\$ 0	\$ 0	\$ 0	0
16.14 Other*	\$ 0	\$ 0	\$ 0	\$ 0	0

\* Disclose type of coverage:

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

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$ 0
17.12 Unfunded portion of Interrogatory 17.11	\$ 0
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ 0
17.14 Case reserves portion of Interrogatory 17.11	\$ 0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ 0
17.16 Unearned premium portion of Interrogatory 17.11	\$ 0
17.17 Contingent commission portion of Interrogatory 17.11	\$ 0

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

17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$ 0
17.19 Unfunded portion of Interrogatory 17.18	\$ 0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ 0
17.21 Case reserves portion of Interrogatory 17.18	\$ 0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ 0
17.23 Unearned premium portion of Interrogatory 17.18	\$ 0
17.24 Contingent commission portion of Interrogatory 17.18	\$ 0

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [ X ]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

**FIVE-YEAR HISTORICAL DATA**

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

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	13,340,776	12,789,265	11,591,540	9,181,928	5,827,072
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	13,340,776	12,789,265	11,591,540	9,181,928	5,827,072
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	3,226,076	6,396,620	6,595,902	4,308,588	4,319,803
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	3,226,076	6,396,620	6,595,902	4,308,588	4,319,803
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	178,572	168,198	(211,348)	117,442	(125,732)
14. Net investment gain (loss) (Line 11).....	(32,375)	466,903	343,222	251,864	162,575
15. Total other income (Line 15).....					
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	43,579	5,500	(1,480)	5,714	
18. Net income (Line 20).....	102,618	629,601	133,354	363,592	36,843
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	18,209,979	16,420,697	13,769,971	10,327,557	7,650,995
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	608,436	773,428	454,359	499,807	572,933
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	14,455,862	13,035,586	10,818,007	7,651,297	5,206,298
22. Losses (Page 3, Line 1).....	7,157,876	7,118,807	5,157,092	3,282,667	2,002,225
23. Loss adjustment expenses (Page 3, Line 3).....	2,225,560	807,228	884,946	399,196	193,104
24. Unearned premiums (Page 3, Line 9).....	2,075,822	3,403,596	3,039,797	2,372,995	2,434,800
25. Capital paid up (Page 3, Lines 30 & 31).....	2,001,188	2,001,188	2,001,188	2,001,188	2,001,188
26. Surplus as regards policyholders (Page 3, Line 37).....	3,754,117	3,385,111	2,951,964	2,676,260	2,444,697
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	1,941,137	2,174,694	3,220,806	2,670,960	3,003,493
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	3,754,117	3,385,111	2,951,964	2,676,260	2,444,697
29. Authorized control level risk-based capital.....	1,561,670	1,607,646	1,357,463	1,160,511	948,116
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	87.8	90.7	79.3	85.2	83.5
31. Stocks (Lines 2.1 & 2.2).....					0.2
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	12.2	9.3	20.7	14.6	15.3
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....					1.0
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....				0.2	
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1	2	3	4	5
	2016	2015	2014	2013	2012
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....	566,121	(587,190)	(299,495)		
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	369,006	433,147	275,704	231,563	291,960
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,265,500	1,239,000	1,223,234	1,115,000	
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	1,265,500	1,239,000	1,223,234	1,115,000	0
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	606,703	720,000	854,791	232,265	
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	606,703	720,000	854,791	232,265	0
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	14.2	44.5	46.0	34.6	32.2
68. Loss expenses incurred (Line 3).....	54.3	16.7	23.2	17.4	9.5
69. Other underwriting expenses incurred (Line 4).....	27.6	36.0	34.3	45.3	62.3
70. Net underwriting gain (loss) (Line 8).....	3.9	2.8	(3.6)	2.7	(4.1)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	39.0	34.0	30.8	46.0	44.8
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	68.5	61.2	69.2	52.0	41.7
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	85.9	189.0	223.4	161.0	176.7
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....		(3)	1,135	(62)	178
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....		(0.1)	42.4	(2.5)	8.3
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(3)	1,125	115	(254)	(93)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(0.1)	42.0	4.7	(11.8)	(4.3)

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

Yes [ ] No [ ]

If no, please explain:

---

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX								0	XXX
2. 2007.....	1,000	911	89			65	59				6	XXX
3. 2008.....	1,212	1,103	109	25	23	108	97				13	XXX
4. 2009.....	1,359	966	393	25	23	44	40				6	XXX
5. 2010.....	1,413	262	1,151			46	2				44	XXX
6. 2011.....	1,824	300	1,524	287	87	169					369	XXX
7. 2012.....	4,073	971	3,102	1,308	800	786	38				1,256	XXX
8. 2013.....	7,168	2,797	4,371	1,473	496	1,521	458				2,040	XXX
9. 2014.....	10,370	4,441	5,929	1,060	636	2,066	1,053				1,437	XXX
10. 2015.....	12,166	6,134	6,032	423	179	1,202	671				775	XXX
11. 2016.....	12,691	8,138	4,553	115	69	468	275				239	XXX
12. Totals.....	XXX	XXX	XXX	4,716	2,313	6,475	2,693	0	0	0	6,185	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....											0	XXX	
2. 2007.....											0	XXX	
3. 2008.....	250	228					41	36			27	XXX	
4. 2009.....											0	XXX	
5. 2010.....	10						4				14	XXX	
6. 2011.....	105		32		1		24				162	XXX	
7. 2012.....	410		68				107				585	XXX	
8. 2013.....	888	277	458	215	9	3	695	302			1,253	XXX	
9. 2014.....	2,455	1,353	371	178	28	14	409	177			1,541	XXX	
10. 2015.....	3,480	2,075	1,420	655	47	26	1,562	832			2,921	XXX	
11. 2016.....	3,230	2,141	2,673	1,570	50	33	1,494	823			2,880	XXX	
12. Totals.....	10,828	6,074	5,022	2,618	135	76	4,336	2,170	0	0	9,383	XXX	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 2007.....	65	59	6	6.5	6.5	6.7				0	0
3. 2008.....	424	384	40	35.0	34.8	36.7				22	5
4. 2009.....	69	63	6	5.1	6.5	1.5				0	0
5. 2010.....	60	2	58	4.2	0.8	5.0				10	4
6. 2011.....	618	87	531	33.9	29.0	34.8				137	25
7. 2012.....	2,679	838	1,841	65.8	86.3	59.3				478	107
8. 2013.....	5,044	1,751	3,293	70.4	62.6	75.3				854	399
9. 2014.....	6,389	3,411	2,978	61.6	76.8	50.2				1,295	246
10. 2015.....	8,134	4,438	3,696	66.9	72.4	61.3				2,170	751
11. 2016.....	8,030	4,911	3,119	63.3	60.3	68.5				2,192	688
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	7,158	2,225

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior.....		.....6	.....2	.....1	.....7	.....10	.....17	.....15	.....15	.....15	.....0	.....0
2. 2007.....	.....24	.....37	.....29	.....25	.....27	.....122	.....19	.....6	.....6	.....6	.....0	.....0
3. 2008.....	.....XXX	.....52	.....35	.....23	.....23	.....117	.....56	.....48	.....40	.....40	.....0	.....(8)
4. 2009.....	.....XXX	.....XXX	.....217	.....127	.....60	.....96	.....6	.....6	.....6	.....6	.....0	.....0
5. 2010.....	.....XXX	.....XXX	.....XXX	.....481	.....179	.....219	.....66	.....67	.....58	.....58	.....0	.....(9)
6. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....801	.....711	.....679	.....531	.....531	.....531	.....0	.....0
7. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,117	.....1,487	.....1,834	.....1,841	.....1,841	.....0	.....7
8. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,335	.....3,293	.....3,293	.....3,293	.....0	.....0
9. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,971	.....2,978	.....2,978	.....0	.....7
10. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,696	.....3,696	.....0	.....XXX
11. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,119	.....XXX	.....XXX
12. Totals.....											.....0	.....(3)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior.....	.....000		.....1	.....1	.....1	.....1	.....1	.....15	.....15	.....15	.....XXX	.....XXX
2. 2007.....	.....1	.....1	.....1	.....2	.....4	.....5	.....6	.....6	.....6	.....6	.....XXX	.....XXX
3. 2008.....	.....XXX	.....1	.....2	.....3	.....4	.....6	.....9	.....10	.....12	.....13	.....XXX	.....XXX
4. 2009.....	.....XXX	.....XXX	.....1	.....2	.....6	.....6	.....6	.....6	.....6	.....6	.....XXX	.....XXX
5. 2010.....	.....XXX	.....XXX	.....XXX	.....5	.....14	.....25	.....30	.....37	.....42	.....44	.....XXX	.....XXX
6. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....13	.....54	.....126	.....346	.....361	.....369	.....XXX	.....XXX
7. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....100	.....553	.....902	.....1,178	.....1,256	.....XXX	.....XXX
8. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....252	.....1,238	.....1,806	.....2,040	.....XXX	.....XXX
9. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....169	.....935	.....1,437	.....XXX	.....XXX
10. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....177	.....775	.....XXX	.....XXX
11. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....239	.....XXX	.....XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)											
	1	2	3	4	5	6	7	8	9	10		
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior.....		.....5	.....1		.....1	.....9	.....16					
2. 2007.....		.....13	.....4	.....1		.....95						
3. 2008.....	.....XXX	.....32	.....15	.....3	.....2	.....100	.....25	.....16		.....6	.....5	
4. 2009.....	.....XXX	.....XXX	.....217	.....121	.....54	.....90						
5. 2010.....	.....XXX	.....XXX	.....XXX	.....476	.....165	.....193	.....36	.....20	.....5	.....4		
6. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....788	.....271	.....90	.....55	.....40	.....56		
7. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....418	.....260	.....180	.....160	.....175		
8. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....963	.....628	.....339	.....636		
9. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,363	.....588	.....425		
10. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,211	.....1,495		
11. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,774		

**Puerto Rico Medical Defense Insurance Company**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	N								
2. Alaska.....AK	N								
3. Arizona.....AZ	N								
4. Arkansas.....AR	N								
5. California.....CA	N								
6. Colorado.....CO	N								
7. Connecticut.....CT	N								
8. Delaware.....DE	N								
9. District of Columbia.....DC	N								
10. Florida.....FL	N								
11. Georgia.....GA	N								
12. Hawaii.....HI	N								
13. Idaho.....ID	N								
14. Illinois.....IL	N								
15. Indiana.....IN	N								
16. Iowa.....IA	N								
17. Kansas.....KS	N								
18. Kentucky.....KY	N								
19. Louisiana.....LA	N								
20. Maine.....ME	N								
21. Maryland.....MD	N								
22. Massachusetts.....MA	N								
23. Michigan.....MI	N								
24. Minnesota.....MN	N								
25. Mississippi.....MS	N								
26. Missouri.....MO	N								
27. Montana.....MT	N								
28. Nebraska.....NE	N								
29. Nevada.....NV	N								
30. New Hampshire.....NH	N								
31. New Jersey.....NJ	N								
32. New Mexico.....NM	N								
33. New York.....NY	N								
34. North Carolina.....NC	N								
35. North Dakota.....ND	N								
36. Ohio.....OH	N								
37. Oklahoma.....OK	N								
38. Oregon.....OR	N								
39. Pennsylvania.....PA	N								
40. Rhode Island.....RI	N								
41. South Carolina.....SC	N								
42. South Dakota.....SD	N								
43. Tennessee.....TN	N								
44. Texas.....TX	N								
45. Utah.....UT	N								
46. Vermont.....VT	N								
47. Virginia.....VA	N								
48. Washington.....WA	N								
49. West Virginia.....WV	N								
50. Wisconsin.....WI	N								
51. Wyoming.....WY	N								
52. American Samoa.....AS	N								
53. Guam.....GU	N								
54. Puerto Rico.....PR	L	13,032,590	12,419,189		1,249,500	4,215,011	15,714,993		
55. US Virgin Islands.....VI	N								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....	(a).....1	13,032,590	12,419,189	0	1,249,500	4,215,011	15,714,993	0	0

**DETAILS OF WRITE-INS**

58001.....	XXX								
58002.....	XXX								
58003.....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

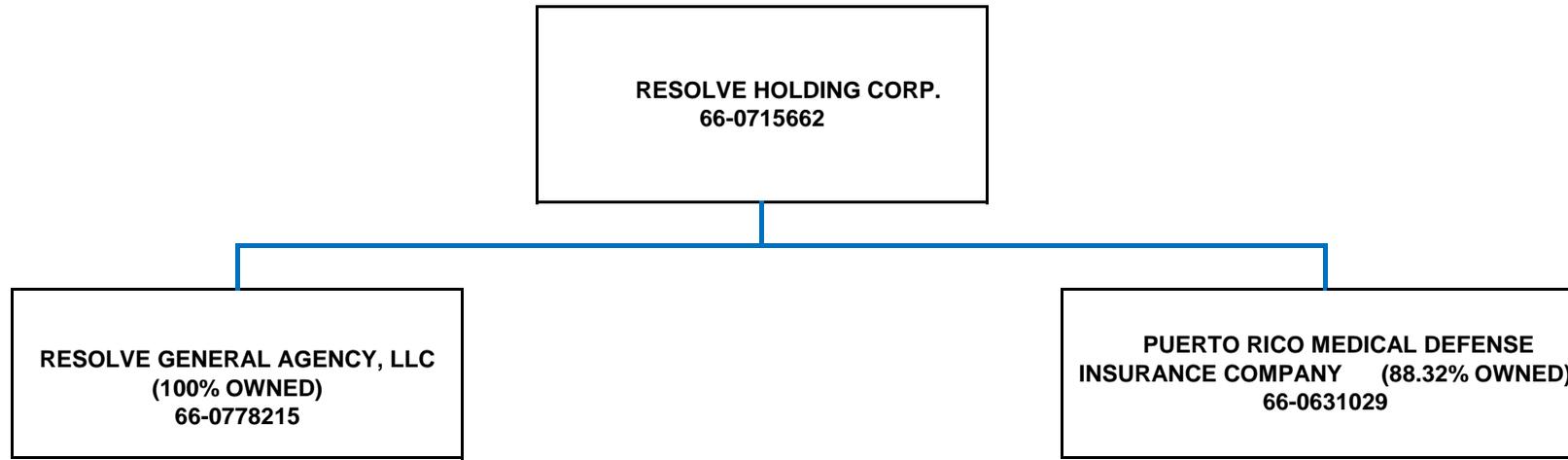
(a) Insert the number of "L" responses except for Canada and Other Alien.

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

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

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

PUERTO RICO



## 2016 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58
Cash Flow	5	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Exhibit of Net Investment Income	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2K-Fidelity, Surety	59
Five-Year Historical Data	17	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
General Interrogatories	15	Schedule P-Part 2M-International	59
Jurat Page	1	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	60
Notes To Financial Statements	14	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	60
Overflow Page For Write-ins	100	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Schedule A-Part 1	E01	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Schedule A-Part 2	E02	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 3	E03	Schedule P-Part 2T-Warranty	61
Schedule A-Verification Between Years	SI02	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule B-Part 1	E04	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule B-Part 2	E05	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 3	E06	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Verification Between Years	SI02	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 1-Medical Professional Liability-Occurrence	63
Schedule BA-Part 2	E08	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 3	E09	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule D-Part 1	E10	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 3	E13	Schedule P-Part 3M-International	64
Schedule D-Part 4	E14	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	65
Schedule D-Part 5	E15	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	65
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	65
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule DA-Part 1	E17	Schedule P-Part 3T-Warranty	66
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Verification	SI14	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DL-Part 1	E24	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DL-Part 2	E25	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule E-Part 1-Cash	E26	Schedule P-Part 4M-International	69
Schedule E-Part 2-Cash Equivalents	E27	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	70
Schedule E-Part 3-Special Deposits	E28	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule F-Part 1	20	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule F-Part 2	21	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 3	22	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 4	23	Schedule P-Part 4T-Warranty	71
Schedule F-Part 5	24	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 6-Section 1	25	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 6-Section 2	26	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 7	27	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule F-Part 8	28	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule F-Part 9	29	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1-Summary	33	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6M-International	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	87
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	87
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1M-International	49	Schedule P Interrogatories	93
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	50	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	51	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	52	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Statement of Income	4
Schedule P-Part 1T-Warranty	56	Summary Investment Schedule	SI01
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2A-Homeowners/Farmowners	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 3	11
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58		