



**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) .....	150,533,628		150,533,628	185,591,606
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	20,626,741		20,626,741	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 1,387,628 , Schedule E-Part 1) , cash equivalents (\$ ..... 12,624,786 , Schedule E-Part 2) and short-term investments (\$ ..... , Schedule DA) .....	14,012,414		14,012,414	30,170,019
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....	10,631		10,631	
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	185,183,414		185,183,414	215,761,625
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	903,607		903,607	979,538
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	32,755,503	3,010,458	29,745,045	25,640,582
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	620,160		620,160	245,115
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....	25,685,481		25,685,481	21,940,462
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	24,861,246	24,619,981	241,265	7,903,190
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	13,904,661	9,539	13,895,122	9,539
24. Health care (\$ ..... 7,151,123 ) and other amounts receivable .....	27,369,556	20,218,433	7,151,123	7,951,259
25. Aggregate write-ins for other-than-invested assets .....	2,645,894	280,662	2,365,232	261,577
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	313,929,522	48,139,073	265,790,449	280,692,887
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	313,929,522	48,139,073	265,790,449	280,692,887
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. PREPAID .....	2,429,511	66,667	2,362,844	254,987
2502. INTANGIBLE ASSETS .....	195,104	195,104		
2503. PLAN TO PLAN RECEIVABLE .....	21,279	18,891	2,388	6,590
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,645,894	280,662	2,365,232	261,577

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	112,468,838		112,468,838	122,960,125
2. Accrued medical incentive pool and bonus amounts .....	5,073,146		5,073,146	5,801,006
3. Unpaid claims adjustment expenses .....	980,237		980,237	1,115,759
4. Aggregate health policy reserves, including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act .....	12,350,999		12,350,999	9,234,365
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	192,440		192,440	
9. General expenses due or accrued .....	14,409,053		14,409,053	16,573,619
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) .....				
10.2 Net deferred tax liability .....	241,266		241,266	
11. Ceded reinsurance premiums payable .....	168,475		168,475	
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ (including \$ ..... current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	52,186,138		52,186,138	37,388,550
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ ..... unauthorized reinsurers and \$ ..... certified reinsurers) .....				
20. Reinsurance in unauthorized and certified (\$ ..... ) companies .....				
21. Net adjustments in assets and liabilities due to foreign exchange rates .....				
22. Liability for amounts held under uninsured plans .....				
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	600,000		600,000	600,000
24. Total liabilities (Lines 1 to 23) .....	198,670,592		198,670,592	193,673,424
25. Aggregate write-ins for special surplus funds .....	X X X	X X X		18,104,322
26. Common capital stock .....	X X X	X X X	18,750	18,750
27. Preferred capital stock .....	X X X	X X X		
28. Gross paid in and contributed surplus .....	X X X	X X X	26,856,250	26,856,250
29. Surplus notes .....	X X X	X X X	55,480,000	25,480,000
30. Aggregate write-ins for other-than-special surplus funds .....	X X X	X X X		
31. Unassigned funds (surplus) .....	X X X	X X X	(15,235,141)	16,560,141
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... ) .....	X X X	X X X		
32.2 ..... shares preferred (value included in Line 27 \$ ..... ) .....	X X X	X X X		
33. Total capital and surplus (Line 25 to 31 minus Line 32) .....	X X X	X X X	67,119,859	87,019,463
34. Total liabilities, capital and surplus (Lines 24 and 33) .....	X X X	X X X	265,790,451	280,692,887
<b>DETAILS OF WRITE-INS</b>				
2301. STATUTORY RESERVE .....	600,000		600,000	600,000
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	600,000		600,000	600,000
2501. HIP FEES SPECIAL SURPLUS .....	X X X	X X X		18,104,322
2502. ....	X X X	X X X		
2503. ....	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		18,104,322
3001. ....	X X X	X X X		
3002. ....	X X X	X X X		
3003. ....	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	1,394,272	1,447,420
2. Net premium income (including \$ non-health premium income)	X X X	1,023,903,457	1,097,231,635
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X	117,449	58,310
8. Total revenues (Lines 2 to 7)	X X X	1,024,020,906	1,097,289,945
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits		477,478,684	479,279,271
10. Other professional services		289,526,340	286,629,668
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		152,269,779	160,582,639
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts		6,059,712	1,386,216
16. Subtotal (Lines 9 to 15)		925,334,515	927,877,794
<b>Less:</b>			
17. Net reinsurance recoveries		1,900,165	(55,743)
18. Total hospital and medical (Lines 16 minus 17)		923,434,350	927,933,537
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 8,305,745 cost containment expenses		9,176,674	8,938,313
21. General administrative expenses		135,620,676	147,531,931
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		1,068,231,700	1,084,403,781
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(44,210,794)	12,886,164
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		3,968,833	2,892,739
26. Net realized capital gains (losses) less capital gains tax of \$		47,202	43,944
27. Net investment gains (losses) (Lines 25 plus 26)		4,016,035	2,936,683
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ (amount charged off \$ )]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(40,194,759)	15,822,847
31. Federal and foreign income taxes incurred	X X X	(21,926)	3,517,721
32. Net income (loss) (Lines 30 minus 31)	X X X	(40,172,833)	12,305,126
<b>DETAILS OF WRITE-INS</b>			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701. OTHER INCOME	X X X	117,449	58,310
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X	117,449	58,310
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

**STATEMENT OF REVENUE AND EXPENSES (continued)**

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year .....	87,019,463	45,445,084
34. Net income or (loss) from Line 32 .....	(40,172,833)	12,305,126
35. Change in valuation basis of aggregate policy and claims reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	1,036,141	
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	16,865,068	4,149,019
39. Change in nonadmitted assets .....	(27,543,065)	4,126,956
40. Change in unauthorized and certified reinsurance .....		
41. Change in treasury stock .....		
42. Change in surplus notes .....	30,000,000	
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....		25,450,000
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....	(84,915)	(4,456,722)
48. Net change in capital and surplus (Lines 34 to 47) .....	(19,899,604)	41,574,379
49. Capital and surplus end of reporting year (Line 33 plus 48) .....	67,119,859	87,019,463
<b>DETAILS OF WRITE-INS</b>		
4701. OTHER .....	(84,915)	(4,456,722)
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	(84,915)	(4,456,722)

## CASH FLOW

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	1,024,603,555	1,097,494,532
2. Net investment income	5,687,256	4,271,931
3. Miscellaneous income	117,449	58,310
4. Total (Line 1 through Line 3)	1,030,408,260	1,101,824,773
5. Benefit and loss related payments	935,028,542	915,878,088
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	150,842,457	162,636,333
7. Commissions, expenses paid and aggregate write-ins for deductions	(263,192)	(504,568)
8. Dividends paid to policyholders	(263,192)	(504,568)
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	(263,192)	(504,568)
10. Total (Line 5 through Line 9)	1,085,607,807	1,078,009,853
11. Net cash from operations (Line 4 minus Line 10)	(55,199,547)	23,814,920
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	184,972,405	42,187,711
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		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	184,972,405	42,187,711
13. Cost of investments acquired (long-term only):		
13.1 Bonds	151,509,716	108,301,663
13.2 Stocks	19,420,412	108,301,663
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	10,631	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	170,940,759	108,301,663
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	14,031,646	(66,113,952)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	30,000,000	
16.2 Capital and paid in surplus, less treasury stock		25,450,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(4,989,702)	32,171,147
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	25,010,298	57,621,147
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(16,157,603)	15,322,115
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	30,170,018	14,847,903
19.2 End of year (Line 18 plus Line 19.1)	14,012,415	30,170,018

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE TRIPLE-S ADVANTAGE, INC.

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,023,903,457						1,023,903,457			
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues	117,449	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	117,449
7. Total revenues (Lines 1 to 6)	1,024,020,906						1,023,903,457			117,449
8. Hospital/medical benefits	477,478,684						477,478,684			X X X
9. Other professional services	289,526,340						289,526,340			X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area										X X X
12. Prescription drugs	152,269,779						152,269,779			X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments, and bonus amounts	6,059,712						6,059,712			X X X
15. Subtotal (Lines 8 to 14)	925,334,515						925,334,515			X X X
16. Net reinsurance recoveries	1,900,165						1,900,165			X X X
17. Total hospital and medical (Lines 15 minus 16)	923,434,350						923,434,350			X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ cost containment expenses	9,176,674						9,176,674			
20. General administrative expenses	135,620,676						135,620,676			
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	1,068,231,700						1,068,231,700			
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(44,210,794)						(44,328,243)			117,449
<b>DETAILS OF WRITE-INS</b>										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. Total (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601. Other income	117,449	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	117,449
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Total (Lines 0601 through 0603 plus 0698) (Line 6 above)	117,449	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	117,449
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Total (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

**UNDERWRITING AND INVESTMENT EXHIBIT**

**Part 1 - Premiums**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				
2. Medicare Supplement .....				
3. Dental only .....				
4. Vision only .....				
5. Federal Employees Health Benefits Plan .....				
6. Title XVIII - Medicare .....	1,023,903,457			1,023,903,457
7. Title XIX - Medicaid .....				
8. Other health .....				
9. Health subtotal (Lines 1 through 8) .....	1,023,903,457			1,023,903,457
10. Life .....				
11. Property/casualty .....				
12. Totals (Lines 9 to 11) .....	1,023,903,457			1,023,903,457

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	929,766,090						929,766,090			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	1,525,120						1,525,120			
1.4 Net	928,240,970						928,240,970			
2. Paid medical incentive pools and bonuses	8,286,742						8,286,742			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	112,468,838						112,468,838			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	112,468,838						112,468,838			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	5,073,146						5,073,146			
6. Net health care receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	620,160						620,160			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	122,960,125						122,960,125			
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	122,960,125						122,960,125			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	5,801,006						5,801,006			
11. Amounts recoverable from reinsurers December 31, prior year	245,115						245,115			
12. Incurred benefits:										
12.1 Direct	919,274,803						919,274,803			
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	1,900,165						1,900,165			
12.4 Net	917,374,638						917,374,638			
13. Incurred medical incentive pools and bonuses	7,558,882						7,558,882			

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

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	13,487,778						13,487,778			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	13,487,778						13,487,778			
2. Incurred but Unreported:										
2.1 Direct .....	98,981,060						98,981,060			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	98,981,060						98,981,060			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS:										
4.1 Direct .....	112,468,838						112,468,838			
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	112,468,838						112,468,838			

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....						
2. Medicare Supplement .....						
3. Dental Only .....						
4. Vision Only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....	117,190,283	809,176,472	16,354,745	96,114,093	133,545,028	122,960,125
7. Title XIX - Medicaid .....						
8. Other health .....						
9. Health subtotal (Lines 1 to 8) .....	117,190,283	809,176,472	16,354,745	96,114,093	133,545,028	122,960,125
10. Healthcare receivables (a) .....						
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....	4,468,371	3,818,371	1,163,938	3,909,207	5,632,309	5,801,006
13. Totals (Lines 9-10+11+12) .....	121,658,654	812,994,843	17,518,683	100,023,300	139,177,337	128,761,131

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Title XVIII Medicare**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....					
2. 2012 .....					
3. 2013 .....	X X X				
4. 2014 .....	X X X	X X X	439,103	439,103	445,906
5. 2015 .....	X X X	X X X	X X X	805,589	920,444
6. 2016 .....	X X X	X X X	X X X	X X X	812,995

**Section B - Incurred Health Claims - Title XVIII Medicare**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....					
2. 2012 .....					
3. 2013 .....	X X X				
4. 2014 .....	X X X	X X X	458,790	579,476	587,259
5. 2015 .....	X X X	X X X	X X X	924,426	1,055,820
6. 2016 .....	X X X	X X X	X X X	X X X	913,018

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012 .....										
2. 2013 .....										
3. 2014 .....	539,750	445,906	3,404	0.763	449,310	83.244	980	8	450,298	83.427
4. 2015 .....	1,097,232	920,444	10,076	1.095	930,520	84.806	16,539	138	947,197	86.326
5. 2016 .....	1,023,903	812,995	8,100	0.996	821,095	80.193	100,023	834	921,952	90.043

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Grand Total**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....					
2. 2012 .....					
3. 2013 .....	X X X				
4. 2014 .....	X X X	X X X	439,103	439,103	445,906
5. 2015 .....	X X X	X X X	X X X	805,589	920,444
6. 2016 .....	X X X	X X X	X X X	X X X	812,995

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior .....					
2. 2012 .....					
3. 2013 .....	X X X				
4. 2014 .....	X X X	X X X	458,790	579,476	587,259
5. 2015 .....	X X X	X X X	X X X	924,426	1,055,820
6. 2016 .....	X X X	X X X	X X X	X X X	913,018

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

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012 .....										
2. 2013 .....										
3. 2014 .....	539,750	445,906	3,404	0.763	449,310	83.244	980	8	450,298	83.427
4. 2015 .....	1,097,232	920,444	10,076	1.095	930,520	84.806	16,539	138	947,197	86.326
5. 2016 .....	1,023,903	812,995	8,100	0.996	821,095	80.193	100,023	834	921,952	90.043

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	12,350,999						12,350,999		
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	12,350,999						12,350,999		
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	12,350,999						12,350,999		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									
<b>DETAILS OF WRITE-INS</b>									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$ premium deficiency reserve.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ ..... for occupancy of own building) .....			4,362,136		4,362,136
2. Salaries, wages and other benefits .....			31,623,331		31,623,331
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....			5,387,794		5,387,794
4. Legal fees and expenses .....			764,969		764,969
5. Certifications and accreditation fees .....					
6. Auditing, actuarial and other consulting services .....			51,573,716		51,573,716
7. Traveling expenses .....			158,082		158,082
8. Marketing and advertising .....			5,238,359		5,238,359
9. Postage, express, and telephone .....			3,058,669		3,058,669
10. Printing and office supplies .....			2,758,066		2,758,066
11. Occupancy, depreciation and amortization .....			1,534,986		1,534,986
12. Equipment .....			458,912		458,912
13. Cost or depreciation of EDP equipment and software .....					
14. Outsourced services including EDP, claims, and other services .....	8,305,745	870,929			9,176,674
15. Boards, bureaus and association fees .....			1,379,896		1,379,896
16. Insurance, except on real estate .....			1,150,770		1,150,770
17. Collection and bank service charges .....			325,602		325,602
18. Group service and administration fees .....					
19. Reimbursements by uninsured accident and health plans .....					
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....			115,505		115,505
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....			424,294		424,294
23.2 State premium taxes .....					
23.3 Regulator authority licenses and fees .....			18,954,536		18,954,536
23.4 Payroll taxes .....			2,728,213		2,728,213
23.5 Other (excluding federal income and real estate taxes) .....			1,488,159		1,488,159
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....			2,134,680		2,134,680
26. Total expenses incurred (Line 1 to Line 25) .....	8,305,745	870,929	135,620,675		(a) 144,797,349
27. Less expenses unpaid December 31, current year .....		980,237	14,409,053		15,389,290
28. Add expenses unpaid December 31, prior year .....		1,115,759	16,573,619		17,689,378
29. Amounts receivable relating to uninsured plans, prior year .....					
30. Amounts receivable relating to uninsured plans, current year .....					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30) .....	8,305,745	1,006,451	137,785,241		147,097,437
<b>DETAILS OF WRITE-INS</b>					
2501. Other expenses .....			2,134,680		2,134,680
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....			2,134,680		2,134,680

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 5,708,104	3,521,562
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		432,289
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	14,981
4. Real estate	(d)	
5. Contract loans	(d)	
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets	(f)	
9. Aggregate write-ins for investment income		
10. Total gross investment income	6,129,762	3,968,832
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)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		
17. Net investment income (Line 10 minus Line 16)		3,968,832

**DETAILS OF WRITE-INS**

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

1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 109,995 accrual of discount less \$ 1,739,923 amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	51,467		51,467		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)				1,036,141	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(4,266)		(4,266)		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	47,201		47,201	1,036,141	
<b>DETAILS OF WRITE-INS</b>					
0901. ....					
0902. ....					
0903. ....					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)					

## EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	3,010,458	4,337,470	1,327,012
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	24,619,981	92,988	(24,526,993)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	9,539	450,000	440,461
24. Health care and other amounts receivable	20,218,433	15,351,817	(4,866,616)
25. Aggregate write-ins for other-than-invested assets	280,662	363,733	83,071
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	48,139,073	20,596,008	(27,543,065)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	48,139,073	20,596,008	(27,543,065)
<b>DETAILS OF WRITE-INS</b>			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. PREPAID	66,667	57,333	(9,334)
2502. PLAN TO PLAN RECEIVABLE	18,891		(18,891)
2503. INTANGIBLE ASSETS-APL	195,104	306,400	111,296
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	280,662	363,733	83,071

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	123,888	119,224	116,215	113,950	110,297	1,394,272
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. Total .....	123,888	119,224	116,215	113,950	110,297	1,394,272
<b>DETAILS OF WRITE-INS</b>						
0601 .....						
0602 .....						
0603 .....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....						

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting practices

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

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

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Commissioner Insurance of Puerto Rico is shown below:

	Domicile	2016	2015
<b><u>NET INCOME</u></b>			
(1) Triple-S Salud, Inc. state basis	PR	\$ (40,172,833)	\$ 12,305,126
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	PR	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP	PR	-	-
(4) NAIC SAP		<u>\$ (40,172,833)</u>	<u>\$ 12,305,126</u>
<b><u>SURPLUS</u></b>			
(1) Triple-S Salud, Inc. state basis	PR	\$ 67,119,859	\$ 87,019,463
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	PR	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP	PR	-	-
(4) NAIC SAP		<u>\$ 67,119,859</u>	<u>\$ 87,019,463</u>

#### B. Use of Estimates

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

#### C. Accounting Policy

##### ***Nonadmitted Assets***

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

The nonadmitted assets charged to surplus during December 31, 2016 and 2015 are as follows:

**NOTES TO FINANCIAL STATEMENTS**

	2016	2015
Deferred tax assets	\$ 24,619,981	\$ 92,988
Accounts receivable	23,228,891	19,689,287
Intangible asset	195,104	306,400
Due from affiliates	9,539	450,000
Other	85,558	57,333
	<u>\$ 48,139,073</u>	<u>\$ 20,596,008</u>

**Cash Equivalents**

The Company considers all highly liquid instrument with original maturities of three months or less at date of acquisition to be cash equivalents. Cash equivalents at December 31, 2016 was approximately \$12,625,000. There were no cash equivalents at December 31, 2015.

**Short-Term investments**

Short-term investments which have maturities of less than one year are stated at cost. There are no short-term investments at December 31, 2016.

**Investments**

Debt and equity securities are valued in accordance with rules promulgated by the NAIC. Debt securities that are designated highest-quality and high-quality (NAIC designation 1 and 2) are reported at amortized cost, with all other debt securities reported at the lower of amortized cost or fair market value. Debt securities eligible for amortization under such rules are stated net of unamortized premiums or discounts. At December 31, 2016 and 2015 there are no debt securities reported at fair value on the Statements of Admitted Assets, Liabilities, and Capital and Surplus.

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

The Company regularly invests in mortgaged-backed securities and other securities subject to prepayment and call risk. Significant changes in prevailing interest rates may adversely affect the timing and amount of cash flows on such securities. In addition, the amortization of market premium and accretion of market discount for mortgaged-backed securities is based on historical experience and estimates of future payment speeds on the underlying mortgage loans. Actual prepayment speeds will differ from original estimates and may result in material adjustments to amortization or accretion recorded in future periods.

A decline in the fair value of any security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new net cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether evidence indicating that the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in the value subsequent to year-end, and forecasted performance of the investee. No impairment loss was recognized at December 31, 2016.

**Premiums earned**

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

The Company offers prescription drug coverage to Medicare eligible beneficiaries as part of its MA plans (MA-PD). Premiums are based on a bid contract with CMS that considers the estimate costs of providing prescription drug benefits to enrolled participants. MA-PD premiums are subject to adjustment, positive or negative, based upon the application of risk corridors that compare the estimate prescription drug costs included in the bids to CMS actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company or in the Company refunding CMS a portion of the premiums collected. The Company estimates and records adjustments to earned premiums related to estimated risk corridor payments based upon actual prescription drug costs for each reporting period. CMS pays the Company an estimated amount for the Part D Catastrophic Reinsurance Subsidy to fund the CMS obligation to pay approximately 80% of the costs incurred by individual members in the excess of the individual annual out-of-pocket maximum. The Company does not recognize premium revenue or claims expense for these CMS subsidies. Amounts are subject to future settlements which may differ from the original estimate. Any difference between the settlement and the estimated amount is recorded in the period in which they become known. The total Catastrophic receivable was \$19,058,290 and \$14,430,166 at December 31, 2016 and 2015, respectively, and the risk share payable balance was \$7,449,813 and \$3,655,569 at December 31, 2016 and 2015, respectively.

**Claims Liabilities**

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

~~Claim liabilities are necessarily based on estimates, and while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making~~

## NOTES TO FINANCIAL STATEMENTS

such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statutory statements of revenue and expenses in the period determined.

### **Reclassifications**

Certain amounts within the liabilities presented in the 2015 statement of liabilities, capital and surplus were reclassified to conform to the 2016 presentation.

### **Fair Value Measurements**

The Company follows the guidance in the provisions of SSAP No. 100 Fair Value Measurements for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the statutory financial statements on a recurring basis. SSAP No.100 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SSAP No.100 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

### **Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date. SSAP 101 provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. There are no deferred credits related to income tax credits at December 31, 2016 and 2015.

The Company records any interest and penalties related to unrecognized tax benefits within the operating expenses in the statement of revenues and expenses.

### **Reinsurance**

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

## **2. Accounting Changes and Corrections of Errors**

Not Applicable.

## **3. Business Combinations and Goodwill**

Not Applicable.

## **4. Discontinued Operations**

Not Applicable.

## **5. Investments**

### **A. Mortgage Loans**

Not Applicable

### **B. Debt Restructuring**

Not Applicable

### **C. Reverse Mortgages**

Not Applicable

### **D. Debt Securities**

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of debt securities at December 31, 2016 and 2015 are as follows:

## NOTES TO FINANCIAL STATEMENTS

	2016			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
US Treasury and obligations of US governmental instrumentalities	\$ 17,850,996	\$ 41,704	\$ -	\$ 17,892,700
Residential Mortgage Backed Securities	16,620,656	10,071	(117,867)	16,512,860
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	707,746	-	(2,979)	704,767
Municipal bonds	54,806,902	734,666	-	55,541,568
Industrial & Miscellaneous	60,547,328	49,598	(200,675)	60,396,251
	<u>\$ 150,533,628</u>	<u>\$ 836,039</u>	<u>\$ (321,521)</u>	<u>\$ 151,048,146</u>

	2015			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
US Treasury and obligations of US governmental instrumentalities	\$ 87,069,814	\$ 2,427	\$ (95,595)	\$ 86,976,646
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	2,321,796	4,588	(603)	2,325,781
Municipal bonds	81,986,472	1,000,256	(12,231)	82,974,497
Industrial & Miscellaneous	14,213,524	1,724	(40,588)	14,174,660
	<u>\$ 185,591,606</u>	<u>\$ 1,008,995</u>	<u>\$ (149,017)</u>	<u>\$ 186,451,584</u>

The above debt securities are presented in the statutory statements of admitted assets, liabilities, and capital and surplus as follows:

	2016	2015
Bonds and notes	\$ 133,205,225	\$ 183,269,810
Mortgage-backed securities	16,620,656	-
Zero coupons and certificates of accrual	707,747	2,321,796
	<u>\$ 150,533,628</u>	<u>\$ 185,591,606</u>

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2016 and December 31, 2015 are as follows:

	2016								
	Less Than 12 Months			12 Months or Longer			Total		
	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities
Residential Mortgage Obligation	\$ 11,706,820	\$ (117,867)	2	\$ -	\$ -	-	\$ 11,706,820	\$ (117,867)	2
Obligations of the Commonwealth of Puerto Rico	-	-	-	704,767	(2,979)	1	704,767	(2,979)	1
Industrial and Miscellaneous	35,973,300	(200,675)	8	-	-	-	35,973,300	(200,675)	8
	<u>\$ 47,680,120</u>	<u>\$ (318,542)</u>	<u>10</u>	<u>\$ 704,767</u>	<u>\$ (2,979)</u>	<u>1</u>	<u>\$ 48,384,887</u>	<u>\$ (321,521)</u>	<u>11</u>

## NOTES TO FINANCIAL STATEMENTS

	2015								
	Less Than 12 Months			12 Months or Longer			Total		
	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities
Municipal Securities	\$ 4,029,136	\$ (12,231)		\$ -	\$ -		\$ 4,029,136	\$ (12,231)	
Obligations of the Commonwealth of Puerto Rico	64,406,895	(95,595)		-	-		64,406,895	(95,595)	
Industrial and Miscellaneous	9,166,260	(40,588)		-	-		9,166,260	(40,588)	
Special Revenue & Assessment	686,918	(603)		-	-		686,918	(603)	
	<u>\$ 78,289,209</u>	<u>\$ (149,017)</u>		<u>\$ -</u>	<u>\$ -</u>		<u>\$ 78,289,209</u>	<u>\$ (149,017)</u>	

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company's intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and further requires consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its fair value solely due to changes in interest rates, impairment may not be appropriate. If after monitoring and analyzing, the Company determines that a decline in the estimated fair value is other than temporary, the carrying amount of the investment is reduced to its fair value. The impairment is charged to operations and a new cost basis for the investment is established. The fair value of the bond on the measurement date shall become the new cost basis of the bond and the new cost basis shall not be adjusted for subsequent recoveries in fair value. During the quarters ended December 31, 2016 and 2015 the company recognized no other-than-temporary impairment on such investments.

The unrealized losses on investments in fixed income securities were caused mainly by fluctuations in interest rates during 2016 and 2015. Because the Company has the ability and intent to hold these securities until maturity and the Company expects to collect all contractual cash flows, these investments are not considered other than temporarily impaired.

The amortized cost and estimated fair value of debt securities at December 31, 2016 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year or less	\$ 6,856,415	\$ 6,889,707
Due after 1 year through 5 years	119,178,966	119,714,326
Due after 5 years through 10 years	22,393,017	22,353,916
Due after 10 years	2,105,230	2,090,197
	<u>\$ 150,533,628</u>	<u>\$ 151,048,146</u>

Proceeds from sales and maturities of debt securities during the period ended December 31, 2016 and 2015 were \$107,449,260 and \$42,187,712, respectively. Gross gains and losses of \$394,063 and (\$35,193) in December 31, 2016, respectively, and \$84,991 and (\$40,567) in December 31, 2015, respectively, were realized on those sales.

No instruments were held in the trading portfolio as of December 31, 2016.

### E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

### F. Real Estate

Not Applicable

### G. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

### H. Restricted Assets

## NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease) {1 minus 2}	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	0%	0%
b. Collateral held under security lending agreements	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-
j. On deposit with states	-	-	-	-	-	-
k. On deposit with other regulatory bodies	600,000	600,000	-	600,000	16%	19%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-
o. Total restricted assets	-	-	-	-	-	-
p. Total Restricted Assets	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>16%</u>	<u>19%</u>

At December 31, 2016 and 2015, the Company has a deposit of \$600,000 with the Commissioner of Insurance to comply with the deposit requirements of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code).

**I. Working Capital Finance Investments**

Not Applicable

**J. Offsetting and Netting of Assets and Liabilities**

Not Applicable

**K. Structured Notes**

Not Applicable

**Equity Securities**

The cost, gross unrealized gains, gross unrealized losses, and estimated fair value of the equity securities at December 31, 2016 is as follows:

	2016			Estimated Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
<b>Equity securities</b>				
Common stocks	\$ 19,420,412	\$ 1,206,329	\$ -	\$ 20,626,741
	<u>\$ 19,420,412</u>	<u>\$ 1,206,329</u>	<u>\$ -</u>	<u>\$ 20,626,741</u>

There were no proceeds for the year ended December 31, 2016.

There were no equity securities at December 31, 2015.

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of its common stocks. For securities with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company's intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and requires further consideration of risks such as credit and interest rate risks. If, after monitoring and analyzing, the Company determines that a decline in the estimated fair value of any common and preferred stock security below cost is other than temporary, the carrying amount of the security is reduced to its fair value. The impairment is charged to operations, and a new cost basis for the security is established. No impairment loss was recognized at December 31, 2016 and 2015.

**6. Joint Ventures, Partnerships and Limited Liability Companies**

Not Applicable

**7. Investment Income**

Components of net investment income earned for the years ended December 31, 2016 and 2015 were as follows:

## NOTES TO FINANCIAL STATEMENTS

	2016	2015
<b>Debt securities</b>		
Bonds and notes	\$ 3,480,613	\$ 2,823,667
Zero coupons and certificates of accrual	40,950	69,072
Collateralized mortgage obligations	14,981	-
	<u>3,536,544</u>	<u>2,892,739</u>
<b>Equity securities</b>		
Common stocks	432,289	-
	<u>432,289</u>	<u>-</u>
	<u>\$ 3,968,833</u>	<u>\$ 2,892,739</u>
Less: Investment and interest expenses incurred	-	-
	<u>\$ 3,968,833</u>	<u>\$ 2,892,739</u>

**8. Derivative Instruments**

Not Applicable.

**9. Income Taxes**

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

The components of the net deferred tax asset/(liability) at December 31 are as follows:

**A. The components of the net deferred tax asset/(liability) at December 31 are as follows:***(in thousands)*

	December 31, 2016			December 31, 2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	
a. Gross deferred tax assets	24,861		24,861	7,996		7,996	16,865	-	16,865
b. Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
c. Adjusted gross deferred tax assets (1a-1b)	24,861	-	24,861	7,996	-	7,996	16,865	-	16,865
d. Deferred tax asset nonadmitted	(24,619)		(24,619)	(93)		(93)	(24,526)	-	(24,526)
e. Subtotal net admitted deferred tax assets (1c-1d)	<u>242</u>	<u>-</u>	<u>242</u>	<u>7,903</u>	<u>7,903</u>	<u>7,903</u>	<u>(7,661)</u>	<u>-</u>	<u>(7,661)</u>
f. Deferred tax liabilities	(242)	-	(242)	-	-	-	(242)	-	(242)
g. Net admitted deferred tax assets / (net deferred tax liability) (1e-1f)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,903</u>	<u>-</u>	<u>7,903</u>	<u>(7,903)</u>	<u>-</u>	<u>(7,903)</u>

**Admission Calculation Components SSAP No. 101***(in thousands)*

	December 31, 2016			December 31, 2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	
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)2 below									
1 Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2 Adjusted gross deferred tax assets allowed per limitation threshold	242		242	7,903		7,903	(7,661)		(7,661)
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	<u>(242)</u>	<u>-</u>	<u>(242)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242)</u>	<u>-</u>	<u>(242)</u>
d. Deferred tax assets admitted as the result of application of SSAP No. 101 total (2(a) + 2(b) + 2c)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,903</u>	<u>-</u>	<u>7,903</u>	<u>(7,903)</u>	<u>-</u>	<u>(7,903)</u>

	2016	2015
a. Ratio percentage used to determine recovery period and threshold limitation amount	156%	202%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	67,120	79,032

For both years ended December 31, 2016 and 2015, income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes mainly as a result of exempt interest income, changes in nonadmitted assets, and unrealized gains at preferential rates.

**NOTES TO FINANCIAL STATEMENTS**

Deferred income taxes reflect the tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The net deferred tax asset at December 31, 2016 and 2015 of the Company is composed of the following:

<i>(in thousands)</i>	<b>2016</b>	<b>2015</b>
<b>Deferred tax assets</b>		
Net operating loss	\$ 15,689	\$ -
Nonadmitted assets	9,172	7,996
Total gross deferred tax assets	<u>24,861</u>	<u>7,996</u>
Statutory Valuation allowance	-	-
Adjusted Gross DTA	24,861	7,996
Less: Nonadmitted deferred tax assets	<u>(24,619)</u>	<u>(93)</u>
	<u>242</u>	<u>7,903</u>
<b>Deferred tax liability</b>		
Unrealized gain on investment	<u>(242)</u>	-
Total deferred tax liabilities	<u>(242)</u>	-
Net deferred tax assets	<u>\$ -</u>	<u>\$ 7,903</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management believes that it is more likely than not that the Company will realize the benefits of these deductible differences

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

The Company accounts transactions with related parties in accordance with SSAP No. 25, Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties. Transactions between related parties must be in the form of a written agreement and the agreement must provide for a timely settlement of amounts owed with a specific due date. Amounts owed that are more than 90 days from the due date are nonadmitted. If the agreement does not contain a due date, the uncollected receivable amounts are nonadmitted. Intercompany receivables recorded as nonadmitted for December 31, 2016 and 2015 were \$9,539,000 and \$450,000, respectively.

The Company has the following net balances due from (to) the Parent Company and affiliates at December 31, 2016 and 2015, which are recorded as due from Parent Company and affiliates and other receivables or as other expenses due and accrued and other liabilities, as applicable, in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus:

	<b>2016</b>	<b>2015</b>
Triple-S Advantage Solutions, Inc.	\$ (36,135,086)	\$ (33,418,355)
Triple-S Salud, Inc.	13,895,122	(3,039,073)
Socios Mayores en Salud Holdings, Inc.	(931,122)	(931,122)
Triple-S Propiedad, Inc.,	9,539	9,539
	<u>\$ (23,161,547)</u>	<u>\$ (37,379,011)</u>

On January 1, 2008, the Company entered into a Management Agreement (*the Agreement*) with Triple-S Advantage Solutions, Inc. (TSAS, Parent Company) in which TSAS will provide management services for a period of 10 years to the Company. The services to be provided under the terms of this Agreement include claims processing and payments, participating provider services, management information system, member services, quality management services and marketing services, among other services, as defined in the Agreement. In compensation for these services, the Company will pay TSAS a monthly fee as defined in the Agreement. As of December 31, 2016 and

2015, the management fee charged by TSAS to the Company for the above services amounted to \$112,629,380 and \$120,695,480, respectively, which are included in operating expenses in the accompanying statutory statements of revenues and expenses.

**11. Debt**

Not applicable.

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

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

### 13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

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

The Company is authorized to issue 500 shares of class A common stock with no par value. At December 31, 2016 and December 31, 2015 none of these shares are issued and outstanding. The Company has class B common stock with a par value of \$10 per share; 2,000 shares authorized of which 1,875 shares are issued and outstanding at December 31, 2016 and December 31, 2015.

The accumulated earnings of the Company are restricted as to the payment of dividends by statutory limitations applicable to domestic insurance companies. Such limitations restrict the payment of dividends by insurance companies generally to unrestricted unassigned surplus reported for statutory purposes. No dividends were paid as of December 31, 2016.

The Company has entered into several unsecured notes agreements with Affiliated companies. Proceeds from surplus note issued on June 2006 were used to create a voluntary reserve to guarantee payments to providers under the Medicaid and Medicare Advantage plans. Proceeds from surplus notes issued during 2012 and 2016 were used to improve the capital and surplus of the Company and the risk-based capital metrics. The Company obtained approval from the Commissioner as defined by the Insurance Code. Under the Insurance Code, surplus notes and related accrued interest cannot be paid without prior approval by the Commissioner.

A summary of the surplus notes entered by the Company as of December 31, 2016 is as follows:

Note Holder	Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
SMS	6/28/2006	3.00%	\$ 480,000	\$ 627,600	\$ -	\$ -	\$ 147,600	None
TSM	6/29/2012	4.70%	10,000,000	12,206,212	-	-	2,206,212	12/31/2020
TSM	12/30/2012	4.70%	15,000,000	17,894,224	-	-	2,894,224	12/31/2020
SSS	12/29/2016	4.70%	30,000,000	30,000,000	-	-	-	12/29/2021
			<u>\$55,480,000</u>	<u>\$60,728,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,248,036</u>	

### 14. Contingencies

#### 15. Leases

Not Applicable.

#### 16. Information about Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

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

#### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable.

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

##### A. ASO Plans

Not Applicable.

##### B. ASC Plans

Not Applicable.

##### C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

Revenue from the Company's Medicare contract (or similarly structured cost based reimbursement contract) for the year 2016, consisted of \$1,023,903,457. As of December 31, 2016, the Company has recorded receivables from CMS of \$25,685,481 whose account balance is greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000. In connection with the Company's Medicare contract (or similarly structured cost based reimbursement contract) the Company has not recorded allowances or reserves for adjustment of recorded revenues. The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

## NOTES TO FINANCIAL STATEMENTS

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not Applicable.

### 20. Fair Value Measurements

#### *Fair Value Hierarchy*

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

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

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Company at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable input are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The fair value of investment securities is estimated based on quoted market prices for those or similar investments.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2016 and December 31, 2015:

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2016	2016 Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
<b>Bonds</b>				
US Government	\$ 34,471,652	\$ 17,892,700	\$ 16,512,860	\$ -
Treasuries	-	-	-	-
State Territories and Possessions	54,806,901	-	55,541,566	-
Special Revenue and Assessment	707,746	-	704,768	-
Industrial & Miscellaneous	60,547,328	-	60,396,251	-
Total Bonds	<u>150,533,627</u>	<u>17,892,700</u>	<u>133,155,445</u>	<u>-</u>
<b>Stocks</b>				
Mutual Funds	20,626,741	7,841,060	10,405,627	2,380,054
Total Stocks	<u>20,626,741</u>	<u>7,841,060</u>	<u>10,405,627</u>	<u>2,380,054</u>
Assets at fair Value	<u>\$ 171,160,368</u>	<u>\$ 25,733,760</u>	<u>\$ 143,561,072</u>	<u>\$ 2,380,054</u>

## NOTES TO FINANCIAL STATEMENTS

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2015	2015 Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Bonds				
US Government	\$ 87,069,814	\$ 45,418,296	\$ 41,558,350	
State Territories and Possessions	81,986,472	-	82,974,497	
Special Revenue and Assessment	2,321,796	-	2,325,781	
Industrial & Miscellaneous	14,213,524	-	14,174,660	
Total Bonds	<u>185,591,606</u>	<u>45,418,296</u>	<u>141,033,288</u>	<u>-</u>
Assets at fair Value	<u>\$ 185,591,606</u>	<u>\$ 45,418,296</u>	<u>\$ 141,033,288</u>	<u>\$ -</u>

### 21. Other Items

Not Applicable.

### 22. Events Subsequent

On January 1, 2016, the Company was subject to an annual fee under section 9010 of the federal Affordable Care Act (ACA). This annual fee was allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. During 2016, the Consolidated Appropriations Act of 2016 suspended the collection of the health insurance provider fee for the 2017 calendar year. Therefore there is no special surplus as of December 31, 2016.

	<i>Current Year</i>	<i>Prior Year</i>
A. ACA fee assessment payable for the upcoming year:	\$ -	\$ 18,104,322
B. ACA fee assessment paid:	\$ 18,954,536	\$ 18,788,469
C. Premiums written subject to ACA 9010 assessment:	\$ -	\$ 1,097,231,635
D. Total Adjusted Capital before surplus adjustment:	\$ 67,119,859	\$ 87,027,901
E. Authorized Control Level before surplus adjustment:	\$ 40,134,992	\$ 42,586,411
F. Total Adjusted Capital after surplus adjustment:	\$ 67,119,859	\$ 68,923,579
G. Authorized Control Level after surplus adjustment:	\$ 40,134,992	\$ 42,586,411
H. Would reporting the ACA assessment as of Dec. 31, 2015 triggered an RBC action level (YES/NO)? <b>NO</b>		

### 23. Reinsurance

#### Section 1 – General Interrogatories

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

Yes ( )            No (X)

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

**NOTES TO FINANCIAL STATEMENTS**

Yes ( ) No (X)

**Section 2 – Ceded Reinsurance Report – Part A**

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

Yes ( ) No (X)

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

Yes ( ) No (X)

**Section 3 – Ceded Reinsurance Report – Part B**

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

(2) Have any agreements been executed or existing agreements amended, since January of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

**24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not Applicable.

**25. Change in Incurred Claims and Claim Adjustment Expenses**

The activity in medical claims liability during December 31, 2016 and December 31, 2015 is as follows:

<i>(in thousands)</i>	<b>2016</b>	<b>2015</b>
<b>Claim liabilities at beginning of year</b>	\$ 128,761,131	\$ 117,178,284
Incurred claims		
Current period insured events	918,956,349	929,978,537
Prior periods insured events	4,478,000	(2,045,000)
Total incurred	<u>923,434,349</u>	<u>927,933,537</u>
Payment for claims		
Current period insured events	812,994,843	805,589,088
Prior periods insured events	121,658,654	110,761,602
Total paid	<u>934,653,497</u>	<u>916,350,690</u>
<b>Claim liabilities at end of year</b>	<u>\$ 117,541,983</u>	<u>\$ 128,761,131</u>

As a result of differences between actual amounts and estimates of insured events in prior years, the amounts included as incurred claims for prior periods insured events differ from anticipated claims incurred.

**26. Intercompany Pooling Arrangements**

Not Applicable.

**27. Structured Settlements**

Not Applicable.

**28. Health Care Receivables**

Pharmaceutical rebates arrangements are administered by the Company's Pharmacy Benefit Manager (PBM). The PBM contracts directly with the pharmaceutical companies the terms and conditions applicable for rebatable drugs. Billings of rebates is then performed by the PBM on a<sup>26</sup> quarterly basis. Once collected from the pharmaceutical

**NOTES TO FINANCIAL STATEMENTS**

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

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

	2016				
	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
<i>(in thousands)</i>					
<b>Quarter Ended</b>					
December 31, 2015	\$ 7,151,124	\$ 7,544,286	\$ -	\$ -	\$ -
September 30, 2015	7,511,865	7,465,401	-	-	-
June 30, 2015	8,555,279	10,420,885	-	-	-
March 31, 2015	8,709,379	8,709,379	-	-	5,779,318
	<u>\$ 31,927,647</u>	<u>\$ 34,139,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,779,318</u>

	2015				
	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
<i>(in thousands)</i>					
<b>Quarter Ended</b>					
December 31, 2015	\$ 7,951,259	\$ 7,951,259	\$ -	\$ -	\$ 933,060
September 30, 2015	7,057,475	7,057,475	-	-	2,611,909
June 30, 2015	5,790,950	5,790,950	-	-	13,332,881
March 31, 2015	5,781,672	5,755,286	-	-	7,183,894
	<u>\$ 26,581,356</u>	<u>\$ 26,554,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,061,744</u>

	2014				
	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
<i>(in thousands)</i>					
<b>Quarter Ended</b>					
December 31, 2014	\$ 4,767,263	\$ 4,892,396	\$ -	\$ 660,153	\$ 4,237,474
September 30, 2014	4,399,185	4,785,435	-	1,760,605	2,983,094
June 30, 2014	3,454,043	4,718,093	-	161,163	4,519,017
March 31, 2014	3,844,561	3,950,875	-	1,641,230	2,265,160
	<u>\$ 16,465,052</u>	<u>\$ 18,346,799</u>	<u>\$ -</u>	<u>\$ 4,223,151</u>	<u>\$ 14,004,745</u>

**29. Participating Policies**

Not Applicable.

**30. Premium Deficiency Reserves**

Not Applicable.

**31. Anticipated Salvage and Subrogation**

Not Applicable.

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ( )  
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No ( ) N/A ( )
- 1.3 State Regulating? .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .....
- 3.4 By what department or departments? .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes (X) No ( ) N/A ( )
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No ( ) N/A ( )
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes ( ) No (X)  
 4.12 renewals? Yes ( ) No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes ( ) No (X)  
 4.22 renewals? Yes ( ) No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 5.2 If yes, provide the name of entity, the NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ( ) No ( )
- 6.2 If yes, give full information: .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No ( )
- 7.2 If yes,
- 7.21 State the percentage of foreign control ..... %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
------------------	---------------------

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No ( )
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. .....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No ( )
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
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9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? .....
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes ( ) No (X)
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: .....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes ( ) No (X)
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: .....
- 10.5 Has the reporting entity established an Audit Committee in compliance with domiciliary state insurance laws? Yes (X) No ( ) N/A ( )
- 10.6 If the response to 10.5 is no or n/a, please explain: .....

**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?  
.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)  
12.11 Name of real estate holding company  
.....  
12.12 Number of parcels involved  
.....  
12.13 Total book/adjusted carrying value \$ .....
- 12.2 If yes, provide explanation  
.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes ( ) No (X)
- 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?  
(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. Yes (X) No ( )
- 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 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
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**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 subordinate 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 \$ .....  
20.12 To stockholders not officers \$ .....  
20.13 Trustees, supreme or grand (Fraternal only) \$ .....
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
20.21 To directors or other officers \$ .....  
20.22 To stockholders not officers \$ .....  
20.23 Trustees, supreme or grand (Fraternal only) \$ .....
- 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 reported 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 ( ) No (X)
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ .....

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes (X) No ( )
- 24.02 If no, give full and complete information relating thereto:  
 .....
- 24.03 For the security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 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 Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)
- 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 (X)
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ( ) No ( ) N/A (X)
- 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 (X)
- 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 reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 24.103 Total payable for securities lending reported on the liability page \$ .....
- 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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes (X) No ( )

- 25.2 If yes, state the amount thereof at December 31 of the current year:
- |  |   |                  |
|--|---|------------------|
|  | 25.21 Subject to repurchase agreements  | \$ .....         |
|  | 25.22 Subject to reverse repurchase agreements  | \$ .....         |
|  | 25.23 Subject to dollar repurchase agreements   | \$ .....         |
|  | 25.24 Subject to reverse dollar repurchase agreements                                 | \$ .....         |
|  | 25.25 Placed under option agreements  | \$ .....         |
|  | 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock | \$ .....         |
|  | 25.27 FHLB Capital Stock  | \$ .....         |
|  | 25.28 On deposit with states  | \$ .....         |
|  | 25.29 On deposit with other regulatory bodies   | \$ ..... 600,000 |
|  | 25.30 Pledged as collateral - excluding collateral pledged to an FHLB                 | \$ .....         |
|  | 25.31 Pledged as collateral to FHLB - including assets backing funding agreements     | \$ .....         |
|  | 25.32 Other   | \$ .....         |

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

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

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

29.2 If yes, complete the following schedule:

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

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

1	2	3	4
Name of Mutual Fund (from question 29.2)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	\$ 150,533,628	\$ .....	\$ (150,533,628)
30.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
30.3 Totals .....	\$ 150,533,628	\$ .....	\$ (150,533,628)

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 ( )

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? \$ .....

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	2
Name	Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

34.1 Amount of payments for legal expenses, if any?

\$ ..... 2,915,158

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
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

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

\$ .....

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 - HEALTH INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)
- 1.2 If yes, indicate premium earned on U.S. business only. \$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....
- 1.31 Reason for excluding:  
 .....  
 .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ .....
- 1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned \$ .....
- 1.62 Total incurred claims \$ .....
- 1.63 Number of covered lives .....
- All years prior to most current three years:  
 1.64 Total premium earned \$ .....
- 1.65 Total incurred claims \$ .....
- 1.66 Number of covered lives .....
- 1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned \$ .....
- 1.72 Total incurred claims \$ .....
- 1.73 Number of covered lives .....
- All years prior to most current three years:  
 1.74 Total premium earned \$ .....
- 1.75 Total incurred claims \$ .....
- 1.76 Number of covered lives .....
2. Health Test:
- |                               | 1                      | 2                      |
|-------------------------------|------------------------|------------------------|
|                               | Current Year           | Prior Year             |
| 2.1 Premium Numerator         | \$ ..... 1,023,903,457 | \$ ..... 1,097,231,635 |
| 2.2 Premium Denominator       | \$ ..... 1,023,903,457 | \$ ..... 1,097,231,635 |
| 2.3 Premium Ratio (2.1 / 2.2) | ..... 1.000            | ..... 1.000            |
| 2.4 Reserve Numerator         | \$ ..... 129,892,984   | \$ ..... 137,995,496   |
| 2.5 Reserve Denominator       | \$ ..... 129,892,984   | \$ ..... 137,995,496   |
| 2.6 Reserve Ratio (2.4 / 2.5) | ..... 1.000            | ..... 1.000            |
- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes ( ) No (X)
- 3.2 If yes, give particulars:  
 .....  
 .....
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes (X) No ( )
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes ( ) No (X)
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes (X) No ( )
- 5.2 If no, explain:  
 .....  
 .....
- 5.3 Maximum retained risk (see instructions)
- |                                 |          |
|---------------------------------|----------|
| 5.31 Comprehensive Medical      | \$ ..... |
| 5.32 Medical Only               | \$ ..... |
| 5.33 Medicare Supplement        | \$ ..... |
| 5.34 Dental & Vision            | \$ ..... |
| 5.35 Other Limited Benefit Plan | \$ ..... |
| 5.36 Other                      | \$ ..... |
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
 .....  
 .....
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes (X) No ( )
- 7.2 If no, give details:  
 .....  
 .....
8. Provide the following information regarding participating providers:
- |  |       |
|--|-------|
| 8.1 Number of providers at start of reporting year | ..... |
| 8.2 Number of providers at end of reporting year   | ..... |
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes ( ) No (X)
- 9.2 If yes, direct premium earned:
- |   |       |
|---|-------|
| 9.21 Business with rate guarantees between 15-36 months | ..... |
| 9.22 Business with rate guarantees over 36 months       | ..... |
- 10.1 Does the reporting entity have Incentive Pool, Withhold, or Bonus Arrangements in its provider contracts? Yes (X) No ( )
- 10.2 If yes:
- |   |          |
|---|----------|
| 10.21 Maximum amount payable bonuses          | \$ ..... |
| 10.22 Amount actually paid for year bonuses   | \$ ..... |
| 10.23 Maximum amount payable withholds        | \$ ..... |
| 10.24 Amount actually paid for year withholds | \$ ..... |

**GENERAL INTERROGATORIES**

**PART 2 - HEALTH INTERROGATORIES**

- 11.1 Is the reporting entity organized as:
- |  |  |                |
|--|--|----------------|
|  | 11.12 A Medical Group / Staff Model,               | Yes ( ) No (X) |
|  | 11.13 An Individual Practice Association (IPA), or | Yes ( ) No (X) |
|  | 11.14 A Mixed Model (combination of above)?        | Yes ( ) No (X) |

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes ( ) No (X)

11.3 If yes, show the name of the state requiring such minimum capital and surplus. ....

11.4 If yes, show the amount required. \$ .....

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

11.6 If the amount is calculated, show the calculation  
 .....

12. List the service areas in which reporting entity is licensed to operate:

1 Name of Service Area
---------------------------

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

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

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

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

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes ( ) No ( ) N/A ( )

14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

15.1 Direct Premiums Written	\$ .....
15.2 Total Incurred Claims	\$ .....
15.3 Number of Covered Lives	.....

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

**FIVE - YEAR HISTORICAL DATA**

	1	2	3	4	5
	2016	2015	2014	2013	2012
<b>BALANCE SHEET (Page 2 and Page 3)</b>					
1. Total admitted assets (Page 2, Line 28)	265,790,449	286,801,325	227,661,059	152,200,304	121,287,088
2. Total liabilities (Page 3, Line 24)	198,670,592	199,773,424	182,215,973	99,412,743	90,550,124
3. Statutory minimum capital and surplus requirement				600,000	600,000
4. Total capital and surplus (Page 3, Line 33)	67,119,859	87,027,901	45,445,086	52,787,561	30,736,964
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8)	1,024,020,906	1,097,289,945	539,772,911	519,925,902	539,325,075
6. Total medical and hospital expenses (Line 18)	923,434,350	927,933,537	458,018,077	429,035,039	488,291,114
7. Claims adjustment expenses (Line 20)	9,176,674	8,938,313	4,019,595	5,381,558	4,316,464
8. Total administrative expenses (Line 21)	135,620,676	147,531,931	72,212,367	58,935,430	59,998,968
9. Net underwriting gain (loss) (Line 24)	(44,210,794)	12,886,164	5,522,872	26,573,875	(13,281,471)
10. Net investment gain (loss) (Line 27)	4,016,035	2,936,683	3,086,403	2,848,846	2,302,259
11. Total other income (Line 28 plus Line 29)					
12. Net income or (loss) (Line 32)	(40,172,833)	12,305,126	6,699,888	22,311,583	(11,807,558)
<b>CASH FLOW (Page 6)</b>					
13. Net cash from operations (Line 11)	(55,199,547)	19,665,902	4,751,857	33,449,219	(7,877,637)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital	67,119,859	87,027,901	45,445,086	55,192,131	30,736,964
15. Authorized control level risk-based capital	40,134,992	42,586,411	17,436,939	19,051,703	18,822,852
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)	110,297	123,888	50,771	43,346	50,883
17. Total members months (Column 6, Line 7)	1,394,272	1,447,420	612,537	532,642	610,095
<b>OPERATING PERCENTAGE (Page 4)</b> (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	90.2	84.6	84.9	82.5	90.5
20. Cost containment expenses	0.8	0.8	0.7	1.0	0.8
21. Other claims adjustment expenses	0.1			0.1	
22. Total underwriting deductions (Line 23)	104.3	98.8	99.0	94.9	102.5
23. Total underwriting gain (loss) (Line 24)	(4.3)	1.2	1.0	5.1	(2.5)
<b>UNPAID CLAIMS ANALYSIS</b> (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	139,177,337	120,685,954	62,054,094	54,275,782	54,526,910
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	128,761,131	117,178,284	62,826,028	53,865,357	50,940,892
<b>INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES</b>					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Line 26 to Line 31					
33. Total investment in parent included in Line 26 to Line 31 above					

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

Yes ( ) No ( )

If no, please explain:

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1		Direct Business Only Year to Date							
	Active Status		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Column 2 Through Column 7	9 Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	L		1,023,903,457				1,023,903,457		
55. U. S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate Other Alien	OT	X X X								
59. Subtotal		X X X		1,023,903,457				1,023,903,457		
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Total (Direct Business)	(a)	1		1,023,903,457				1,023,903,457		
<b>DETAILS OF WRITE-INS</b>										
58001.										
58002.										
58003.										
58998.	Summary of remaining write-ins for Line 58 from overflow page									
58999.	Total (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)									

(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 by states, premiums by state, etc.

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE TRIPLE-S ADVANTAGE, INC.  
 SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
 PART 1 - ORGANIZATIONAL CHART

**Triple-S Management Corporation**  
 ---A publicly-traded company--- Holding company of TSS  
 EIN - 66-0555678  
**NAIC GROUP CODE - 4802**

**Triple-S Propiedad, Inc.**  
 (“TSP”)<sup>1</sup>  
 A property  
 and casualty insurance  
 company  
 EIN - 66-0437064

**Clínica Las Américas  
 Guaynabo**  
 Subsidiary of TSM  
 (90.8% ownership)  
 EIN - 66-0559600  
 NAIC CODE - N/A

**Triple-S Salud, Inc.**  
 (“TSS”)<sup>1</sup>  
 Holding company of SMSH  
 EIN - 66-0555677  
 NAIC CODE - 55816

**Triple-S Vida, Inc.**  
 (“TSV”)<sup>1</sup>  
 A life insurance company  
 EIN - 66-0258488  
 NAIC CODE - 73814

**Interactive Systems, Inc.**  
 A technology service  
 company  
 EIN - 66-0482092  
 NAIC CODE - N/A

**TSM International, LLC.**  
 An  
 international banking  
 entity  
 EIN - 66-0749178

**Fundación para el  
 Desarrollo Profesional e  
 Investigaciones en Puerto  
 Rico, Inc.**  
 A non-profit organization  
 NAIC CODE - N/A

**Triple-C, Inc.**  
 Currently inactive  
 EIN - 66-0508158  
 NAIC CODE - N/A

**NeoDeck Holding Corp.**  
 (“NDHC”)  
 Not a subsidiary  
 TSM owns 49% ownership  
 EIN - 66-0749383  
 NAIC CODE - N/A  
 DOMICILED - RI

**Triple-S Insurance  
 Agency, Inc.**  
 Wholly-owned subsidiary  
 of TSP  
 EIN - 66-0286587  
 NAIC CODE - N/A

**Socios Mayores en Salud  
 Holdings, Inc.**  
 (“SMSH”)\* Wholly-owned  
 subsidiary of TSS  
 EIN - 26-0133931  
 NAIC CODE - N/A

**PR Life Services, Corp.**  
 Wholly-owned  
 subsidiary of TSV  
 EIN - 66-0526558  
 NAIC CODE - N/A  
 DOMICILED - PR

**Triple-S Blue, Inc.**  
 Wholly-owned subsidiary  
 of TSV  
 EIN - 66-0175224  
 NAIC CODE - 61158  
 DOMICILED - PR

**Triple-S Advantage  
 Solutions, Inc. (“TSAS”)**  
 Wholly-owned  
 subsidiary of SMSI  
 EIN - 66-0650587

**Triple-S Advantage, Inc.  
 (TSA)**  
 Provider of MA services  
 Wholly-owned subsidiary  
 of TSA  
 EIN - 66-0593034  
 NAIC CODE - 11152

Notes:  
 \*All companies are Puerto Rico companies, except for Socios Mayores en Salud Holdings, Inc., which is a Delaware company.  
<sup>1</sup>The Code of Insurance of Puerto Rico requires that directors of insurance companies be shareholders. Each director of TSP, TSV and TSS, respectively, acquires one (1) share of stock of the insurer during his or her tenure (each, a “Qualifying Share”). Qualifying Shares is returned by the director at the end of his or her tenure.

# Health

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