



**HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2010  
OF THE CONDITION AND AFFAIRS OF THE**

**MENNONITE GENERAL HOSPITAL HEALTH PLAN P.O. BOX 1379 AIBONITO, P.R. 00705**

NAIC Group Code 0000 (Current Period),                      (Prior Period) NAIC Company Code 95730 Employer's ID Number 66-0219758

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [  ] Property/Casualty [  ] Dental Service Corporation [  ]  
 Vision Service Corporation [  ] Other [  ] Health Maintenance Organization [  ]  
 Hospital, Medical & Dental Service or Indemnity [  ] Is HMO, Federally Qualified? Yes [  ] No [  ]

Incorporated/Organized 01/01/1944 Commenced Business 11/01/1979

Statutory Home Office P O BOX 1379, AIBONITO, PR 00705-1379  
 (Street and Number) (City or Town, State and Zip Code)

Main Administrative Office P O BOX 1379  
AIBONITO, PR 00705-1379 787-735-4520  
 (City or Town, State and Zip Code) (Street and Number) (Area Code) (Telephone Number)

Mail Address PO BOX 1379, AIBONITO, PR 00705-0000  
 (Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records P O BOX 1379  
AIBONITO, PR 00705-1379 787-735-4520-5040  
 (City or Town, State and Zip Code) (Street and Number) (Area Code) (Telephone Number)

Internet Website Address PSHM@HOSPITALMENONITA.COM

Statutory Statement Contact FERNANDO L NORAT ROIG, 787-735-4520-5040  
f.norat@planmenonita.com (Name) (Area Code) (Telephone Number) (Extension)  
 (E-mail Address) 787-735-2961 (FAX Number)

**OFFICERS**

| Name   | Title  | Name                          | Title  |
|--|--|-------------------------------|--|
| <u>JOSE A VEGUILLA CARTAGENA</u><br><u>CPA</u> | <u>PRESIDENT BOARD OF</u><br><u>DIRECTORS PSHM</u> | <u>JOSE E RIVERA LUPIANEZ</u> | <u>SECRETARY BOARD OF</u><br><u>DIRECTORS PSHM</u> |

**OTHER OFFICERS**

**DIRECTORS OR TRUSTEES**

State of .....

**SS**

County of .....

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

JOSE A. VEGUILLA CARTAGENA, CPA  
PRESIDENT BOARD OF DIRECTORS

JOSE E. RIVERA LUPIANEZ  
SECRETARY BOARD OF DIRECTORS

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

- a. Is this an original filing? Yes [  ] No [  ]  
 b. If no,  
 1. State the amendment number \_\_\_\_\_  
 2. Date filed 03/31/2011  
 3. Number of pages attached \_\_\_\_\_

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**

**P.O. BOX 1379  
AIBONITO, P.R. 00705**

**ASSETS**

|  | Current Year |                         |   | Prior Year                  |
|--|--------------|-------------------------|---|-----------------------------|
|  | 1<br>Assets  | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets<br>(Cols. 1 - 2) | 4<br>Net Admitted<br>Assets |
| 1. Bonds (Schedule D).....   | .0           |                         | .0  | .0                          |
| 2. Stocks (Schedule D):  |              |                         |   |                             |
| 2.1 Preferred stocks .....   | .0           |                         | .0  | .0                          |
| 2.2 Common stocks .....  | .0           |                         | .0  | .0                          |
| 3. Mortgage loans on real estate (Schedule B):   |              |                         |   |                             |
| 3.1 First liens .....  |              |                         | .0  | .0                          |
| 3.2 Other than first liens .....   |              |                         | .0  | .0                          |
| 4. Real estate (Schedule A):   |              |                         |   |                             |
| 4.1 Properties occupied by the company (less<br>\$ ..... encumbrances).....  |              |                         | .0  | .0                          |
| 4.2 Properties held for the production of income<br>(less \$ ..... encumbrances) .....   |              |                         | .0  | .0                          |
| 4.3 Properties held for sale (less<br>\$ ..... encumbrances) .....   |              |                         | .0  | .0                          |
| 5. Cash (\$ .....41,509 , Schedule E - Part 1), cash equivalents<br>(\$ .....0 , Schedule E - Part 2) and short-term<br>investments (\$ .....0 , Schedule DA)..... | 41,509       | .0                      | 41,509                                    | 543,584                     |
| 6. Contract loans (including \$ .....premium notes).....   |              |                         | .0  | .0                          |
| 7. Derivatives .....   |              |                         | .0  | .0                          |
| 8. Other invested assets (Schedule BA) .....   | .0           |                         | .0  | .0                          |
| 9. Receivables for securities .....  |              |                         | .0  | .0                          |
| 10. Securities lending reinvested collateral assets.....   |              |                         | .0  | .0                          |
| 11. Aggregate write-ins for invested assets .....  | .0           | .0                      | .0  | .0                          |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....  | 41,509       | .0                      | 41,509                                    | 543,584                     |
| 13. Title plants less \$ .....charged off (for Title insurers<br>only).....  |              |                         | .0  | .0                          |
| 14. Investment income due and accrued .....  |              |                         | .0  | .0                          |
| 15. Premiums and considerations:   |              |                         |   |                             |
| 15.1 Uncollected premiums and agents' balances in the course of<br>collection .....  | 1,663,697    |                         | 1,663,697                                 | 1,736,369                   |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due (including \$ .....earned<br>but unbilled premium).....           |              |                         | .0  | .0                          |
| 15.3 Accrued retrospective premiums .....  |              |                         | .0  | .0                          |
| 16. Reinsurance:   |              |                         |   |                             |
| 16.1 Amounts recoverable from reinsurers .....   |              |                         | .0  | .0                          |
| 16.2 Funds held by or deposited with reinsured companies .....   |              |                         | .0  | .0                          |
| 16.3 Other amounts receivable under reinsurance contracts .....  |              |                         | .0  | .0                          |
| 17. Amounts receivable relating to uninsured plans .....   |              |                         | .0  | .0                          |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....   |              |                         | .0  | .0                          |
| 18.2 Net deferred tax asset.....   |              |                         | .0  | .0                          |
| 19. Guaranty funds receivable or on deposit .....  | 600,000      |                         | 600,000                                   | 600,000                     |
| 20. Electronic data processing equipment and software.....   | 28,028       |                         | 28,028                                    | 47,460                      |
| 21. Furniture and equipment, including health care delivery assets<br>(\$ ..... ) .....  |              |                         | .0  | .0                          |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....   |              |                         | .0  | .0                          |
| 23. Receivables from parent, subsidiaries and affiliates .....   |              |                         | .0  | .0                          |
| 24. Health care (\$ ..... ) and other amounts receivable.....  |              |                         | .0  | .0                          |
| 25. Aggregate write-ins for other than invested assets .....   | .0           | .0                      | .0  | .0                          |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 12 to 25).....   | 2,333,234    | .0                      | 2,333,234                                 | 2,927,413                   |
| 27. From Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts.....  |              |                         | .0  | .0                          |
| 28. Total (Lines 26 and 27)  | 2,333,234    | 0                       | 2,333,234                                 | 2,927,413                   |
| <b>DETAILS OF WRITE-INS</b>  |              |                         |   |                             |
| 1101. ....   |              |                         |   |                             |
| 1102. ....   |              |                         |   |                             |
| 1103. ....   |              |                         |   |                             |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....  | .0           | .0                      | .0  | .0                          |
| 1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)  | 0            | 0                       | 0   | 0                           |
| 2501. ....   |              |                         |   |                             |
| 2502. ....   |              |                         |   |                             |
| 2503. ....   |              |                         |   |                             |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  | .0           | .0                      | .0  | .0                          |
| 2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)  | 0            | 0                       | 0   | 0                           |

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
**P.O. BOX 1379**  
**AIBONITO, P.R. 00705**

**LIABILITIES, CAPITAL AND SURPLUS**

|  | Current Year |                |            | Prior Year |
|--|--------------|----------------|------------|------------|
|  | 1<br>Covered | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 1. Claims unpaid (less \$ ..... reinsurance ceded)   | 1,297,240    |                | 1,297,240  | 1,544,618  |
| 2. Accrued medical incentive pool and bonus amounts  |              |                | 0          | 0          |
| 3. Unpaid claims adjustment expenses   |              |                | 0          | 0          |
| 4. Aggregate health policy reserves  |              |                | 0          | 0          |
| 5. Aggregate life policy reserves  |              |                | 0          | 0          |
| 6. Property/casualty unearned premium reserves   |              |                | 0          | 0          |
| 7. Aggregate health claim reserves   | 33,745       |                | 33,745     | 0          |
| 8. Premiums received in advance  | 282,325      |                | 282,325    | 274,034    |
| 9. General expenses due or accrued   | 119,924      |                | 119,924    | 508,761    |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) |              |                | 0          | 0          |
| 10.2 Net deferred tax liability  |              |                | 0          | 0          |
| 11. Ceded reinsurance premiums payable   |              |                | 0          | 0          |
| 12. Amounts withheld or retained for the account of others   |              |                | 0          | 0          |
| 13. Remittance and items not allocated   |              |                | 0          | 0          |
| 14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)                       |              |                | 0          | 0          |
| 15. Amounts due to parent, subsidiaries and affiliates   |              |                | 0          | 0          |
| 16. Derivatives  |              |                | 0          | 0          |
| 17. Payable for securities   |              |                | 0          | 0          |
| 18. Payable for securities lending   |              |                | 0          | 0          |
| 19. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)             |              |                | 0          | 0          |
| 20. Reinsurance in unauthorized companies  |              |                | 0          | 0          |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates  |              |                | 0          | 0          |
| 22. Liability for amounts held under uninsured plans   |              |                | 0          | 0          |
| 23. Aggregate write-ins for other liabilities (including \$ ..... current)   | 0            | 0              | 0          | 0          |
| 24. Total liabilities (Lines 1 to 23)  | 1,733,234    | 0              | 1,733,234  | 2,327,413  |
| 25. Aggregate write-ins for special surplus funds  | XXX          | XXX            | 0          | 0          |
| 26. Common capital stock   | XXX          | XXX            |            | 0          |
| 27. Preferred capital stock  | XXX          | XXX            |            | 0          |
| 28. Gross paid in and contributed surplus  | XXX          | XXX            |            | 0          |
| 29. Surplus notes  | XXX          | XXX            |            | 0          |
| 30. Aggregate write-ins for other than special surplus funds   | XXX          | XXX            | 0          | 0          |
| 31. Unassigned funds (surplus)   | XXX          | XXX            | 600,000    | 600,000    |
| 32. Less treasury stock, at cost:  |              |                |            |            |
| 32.1 ..... shares common (value included in Line 26 \$ ..... )   | XXX          | XXX            |            | 0          |
| 32.2 ..... shares preferred (value included in Line 27 \$ ..... )  | XXX          | XXX            |            | 0          |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32)   | XXX          | XXX            | 600,000    | 600,000    |
| 34. Total liabilities, capital and surplus (Lines 24 and 33)   | XXX          | XXX            | 2,333,234  | 2,927,413  |
| <b>DETAILS OF WRITE-INS</b>  |              |                |            |            |
| 2301. ....   |              |                |            |            |
| 2302. ....   |              |                |            |            |
| 2303. ....   |              |                |            |            |
| 2398. Summary of remaining write-ins for Line 23 from overflow page  | 0            | 0              | 0          | 0          |
| 2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)   | 0            | 0              | 0          | 0          |
| 2501. ....   | XXX          | XXX            |            |            |
| 2502. ....   | XXX          | XXX            |            |            |
| 2503. ....   | XXX          | XXX            |            |            |
| 2598. Summary of remaining write-ins for Line 25 from overflow page  | XXX          | XXX            | 0          | 0          |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)   | XXX          | XXX            | 0          | 0          |
| 3001. ....   | XXX          | XXX            |            |            |
| 3002. ....   | XXX          | XXX            |            |            |
| 3003. ....   | XXX          | XXX            |            |            |
| 3098. Summary of remaining write-ins for Line 30 from overflow page  | XXX          | XXX            | 0          | 0          |
| 3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)   | XXX          | XXX            | 0          | 0          |

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**

**P.O. BOX 1379**

**AIBONITO, P.R. 00705**

**STATEMENT OF REVENUE AND EXPENSES**

|  | Current Year   |            | Prior Year |
|--|----------------|------------|------------|
|  | 1<br>Uncovered | 2<br>Total | 3<br>Total |
| 1. Member Months.....  | XXX            | 13,991     | 15,220     |
| 2. Net premium income (including \$ .....0 non-health premium income).....   | XXX            | 21,437,210 | 20,261,850 |
| 3. Change in unearned premium reserves and reserve for rate credits.....   | XXX            |            | 0          |
| 4. Fee-for-service (net of \$ ..... medical expenses).....   | XXX            |            | 0          |
| 5. Risk revenue.....   | XXX            |            | 0          |
| 6. Aggregate write-ins for other health care related revenues.....   | XXX            | 0          | 0          |
| 7. Aggregate write-ins for other non-health revenues.....  | XXX            | 0          | 0          |
| 8. Total revenues (Lines 2 to 7).....  | XXX            | 21,437,210 | 20,261,850 |
| <b>Hospital and Medical:</b>   |                |            |            |
| 9. Hospital/medical benefits.....  |                | 19,948,982 | 18,092,774 |
| 10. Other professional services.....   |                |            | 0          |
| 11. Outside referrals.....   |                |            | 0          |
| 12. Emergency room and out-of-area.....  |                |            | 0          |
| 13. Prescription drugs.....  |                |            | 0          |
| 14. Aggregate write-ins for other hospital and medical.....0   |                | 0          | 0          |
| 15. Incentive pool, withhold adjustments and bonus amounts.....  |                |            | 0          |
| 16. Subtotal (Lines 9 to 15).....  | 0              | 19,948,982 | 18,092,774 |
| <b>Less:</b>   |                |            |            |
| 17. Net reinsurance recoveries.....  |                |            | 0          |
| 18. Total hospital and medical (Lines 16 minus 17).....  | 0              | 19,948,982 | 18,092,774 |
| 19. Non-health claims (net).....   |                |            | 0          |
| 20. Claims adjustment expenses, including \$ .....0 cost containment expenses.....   |                | 0          | 0          |
| 21. General administrative expenses.....   |                | 1,488,228  | 2,169,076  |
| 22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....       |                | 0          | 0          |
| 23. Total underwriting deductions (Lines 18 through 22).....   | 0              | 21,437,210 | 20,261,850 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23).....  | XXX            | 0          | 0          |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....  |                | 0          | 0          |
| 26. Net realized capital gains (losses) less capital gains tax of \$.....  |                | 0          | 0          |
| 27. Net investment gains (losses) (Lines 25 plus 26).....  | 0              | 0          | 0          |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )]..... |                |            | 0          |
| 29. Aggregate write-ins for other income or expenses.....  | 0              | 0          | 0          |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....     | XXX            | 0          | 0          |
| 31. Federal and foreign income taxes incurred.....   | XXX            |            | 0          |
| 32. Net income (loss) (Lines 30 minus 31).....   | XXX            | 0          | 0          |
| <b>DETAILS OF WRITE-INS</b>  |                |            |            |
| 0601. ....   | XXX            |            |            |
| 0602. ....   | XXX            |            |            |
| 0603. ....   | XXX            |            |            |
| 0698. Summary of remaining write-ins for Line 6 from overflow page.....  | XXX            | 0          | 0          |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....   | XXX            | 0          | 0          |
| 0701. ....   | XXX            |            |            |
| 0702. ....   | XXX            |            |            |
| 0703. ....   | XXX            |            |            |
| 0798. Summary of remaining write-ins for Line 7 from overflow page.....  | XXX            | 0          | 0          |
| 0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....   | XXX            | 0          | 0          |
| 1401. ....   |                |            |            |
| 1402. ....   |                |            |            |
| 1403. ....   |                |            |            |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....   | 0              | 0          | 0          |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....  | 0              | 0          | 0          |
| 2901. ....   |                |            |            |
| 2902. ....   |                |            |            |
| 2903. ....   |                |            |            |
| 2998. Summary of remaining write-ins for Line 29 from overflow page.....   | 0              | 0          | 0          |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....  | 0              | 0          | 0          |

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN

P.O. BOX 1379

AIBONITO, P.R. 00705

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

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>CAPITAL AND SURPLUS ACCOUNT:</b>  |                   |                 |
| 33. Capital and surplus prior reporting year .....                                     | 600,000           | 600,000         |
| 34. Net income or (loss) from Line 32 .....  | 0                 | 0               |
| 35. Change in valuation basis of aggregate policy and claim reserves .....             |                   | 0               |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... |                   | 0               |
| 37. Change in net unrealized foreign exchange capital gain or (loss) .....             |                   | 0               |
| 38. Change in net deferred income tax .....  |                   | 0               |
| 39. Change in nonadmitted assets .....   | 0                 | 0               |
| 40. Change in unauthorized reinsurance .....   | 0                 | 0               |
| 41. Change in treasury stock .....   | 0                 | 0               |
| 42. Change in surplus notes .....  | 0                 | 0               |
| 43. Cumulative effect of changes in accounting principles .....                        |                   | 0               |
| 44. Capital Changes:   |                   |                 |
| 44.1 Paid in .....   | 0                 | 0               |
| 44.2 Transferred from surplus (Stock Dividend) .....                                   |                   | 0               |
| 44.3 Transferred to surplus .....  |                   | 0               |
| 45. Surplus adjustments:   |                   |                 |
| 45.1 Paid in .....   | 0                 | 0               |
| 45.2 Transferred to capital (Stock Dividend) .....                                     | 0                 | 0               |
| 45.3 Transferred from capital .....  |                   | 0               |
| 46. Dividends to stockholders .....  |                   | 0               |
| 47. Aggregate write-ins for gains or (losses) in surplus .....                         | 0                 | 0               |
| 48. Net change in capital and surplus (Lines 34 to 47) .....                           | 0                 | 0               |
| 49. Capital and surplus end of reporting year (Line 33 plus 48)                        | 600,000           | 600,000         |
| <b>DETAILS OF WRITE-INS</b>  |                   |                 |
| 4701. ....   |                   |                 |
| 4702. ....   |                   |                 |
| 4703. ....   |                   |                 |
| 4798. Summary of remaining write-ins for Line 47 from overflow page .....              | 0                 | 0               |
| 4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)                       | 0                 | 0               |

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
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**CASH FLOW**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>Cash from Operations</b>   |                   |                 |
| 1. Premiums collected net of reinsurance.....   | 21,437,210        | 19,890,763      |
| 2. Net investment income .....  | 0                 | 0               |
| 3. Miscellaneous income .....   | 0                 | 371,087         |
| 4. Total (Lines 1 through 3) .....  | 21,437,210        | 20,261,850      |
| 5. Benefit and loss related payments .....  | 20,451,057        | 17,954,166      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                     | 0                 | 0               |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....                                      | 1,488,228         | 1,902,082       |
| 8. Dividends paid to policyholders .....  | 0                 | 0               |
| 9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....         | 0                 | 0               |
| 10. Total (Lines 5 through 9) .....   | 21,939,285        | 19,856,248      |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | (502,075)         | 405,602         |
| <b>Cash from Investments</b>  |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:  |                   |                 |
| 12.1 Bonds .....  | 0                 | 0               |
| 12.2 Stocks .....   | 0                 | 0               |
| 12.3 Mortgage loans .....   | 0                 | 0               |
| 12.4 Real estate .....  | 0                 | 0               |
| 12.5 Other invested assets .....  | 0                 | 0               |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....                           | 0                 | 0               |
| 12.7 Miscellaneous proceeds .....   | 0                 | 0               |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) .....   | 0                 | 0               |
| 13. Cost of investments acquired (long-term only):  |                   |                 |
| 13.1 Bonds .....  | 0                 | 0               |
| 13.2 Stocks .....   | 0                 | 0               |
| 13.3 Mortgage loans .....   | 0                 | 0               |
| 13.4 Real estate .....  | 0                 | 0               |
| 13.5 Other invested assets .....  | 0                 | 0               |
| 13.6 Miscellaneous applications .....   | 0                 | 0               |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) .....  | 0                 | 0               |
| 14. Net increase (decrease) in contract loans and premium notes .....   | 0                 | 0               |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....                                   | 0                 | 0               |
| <b>Cash from Financing and Miscellaneous Sources</b>  |                   |                 |
| 16. Cash provided (applied):  |                   |                 |
| 16.1 Surplus notes, capital notes .....   | 0                 | 0               |
| 16.2 Capital and paid in surplus, less treasury stock.....  | 0                 | 0               |
| 16.3 Borrowed funds .....   | 0                 | 0               |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....                               | 0                 | 0               |
| 16.5 Dividends to stockholders .....  | 0                 | 0               |
| 16.6 Other cash provided (applied).....   | 0                 | 0               |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) ..... | 0                 | 0               |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                      |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....        | (502,075)         | 405,602         |
| 19. Cash, cash equivalents and short-term investments:  |                   |                 |
| 19.1 Beginning of year .....  | 543,584           | 137,982         |
| 19.2 End of year (Line 18 plus Line 19.1) .....   | 41,509            | 543,584         |

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
**P.O. BOX 1379**  
**AIBONITO, P.R. 00705**

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

|  | 1          | 2   | 3                      | 4              | 5              | 6  | 7                          | 8                        | 9            | 10                  |
|--|------------|---|------------------------|----------------|----------------|--|----------------------------|--------------------------|--------------|---------------------|
|  | Total      | Comprehensive<br>(Hospital<br>&<br>Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefit Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other Health | Other<br>Non-Health |
| 1. Net premium income.....   | 21,437,210 | 21,437,210                                  | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | 0                   |
| 2. Change in unearned premium reserves and reserve for rate credit.....          | 0          |   |                        |                |                |  |                            |                          |              |                     |
| 3. Fee-for-service (net of \$ ..... medical expenses).....                       | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 4. Risk revenue.....   | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 5. Aggregate write-ins for other health care related revenues.....               | 0          | 0   | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |
| 6. Aggregate write-ins for other non-health care related revenues.....           | 0          | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          | 0                   |
| 7. Total revenues (Lines 1 to 6).....  | 21,437,210 | 21,437,210                                  | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | 0                   |
| 8. Hospital/medical benefits.....  | 19,948,982 | 19,948,982                                  |                        |                |                |  |                            |                          |              | XXX                 |
| 9. Other professional services.....  | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 10. Outside referrals.....   | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 11. Emergency room and out-of-area.....  | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 12. Prescription drugs.....  | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 13. Aggregate write-ins for other hospital and medical.....                      | 0          | 0   | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |
| 14. Incentive pool, withhold adjustments and bonus amounts.....                  | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 15. Subtotal (Lines 8 to 14).....  | 19,948,982 | 19,948,982                                  | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |
| 16. Net reinsurance recoveries.....  | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 17. Total hospital and medical (Lines 15 minus 16).....                          | 19,948,982 | 19,948,982                                  | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |
| 18. Non-health claims (net).....   | 0          | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          | 0                   |
| 19. Claims adjustment expenses including \$ ..... cost containment expenses..... | 0          |   |                        |                |                |  |                            |                          |              |                     |
| 20. General administrative expenses.....   | 1,488,228  | 1,488,228                                   |                        |                |                |  |                            |                          |              |                     |
| 21. Increase in reserves for accident and health contracts.....                  | 0          |   |                        |                |                |  |                            |                          |              | XXX                 |
| 22. Increase in reserves for life contracts.....                                 | 0          | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          |                     |
| 23. Total underwriting deductions (Lines 17 to 22).....                          | 21,437,210 | 21,437,210                                  | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | 0                   |
| 24. Net underwriting gain or (loss) (Line 7 minus Line 23).....                  | 0          | 0   | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | 0                   |
| <b>DETAILS OF WRITE-INS</b>  |            |   |                        |                |                |  |                            |                          |              |                     |
| 0501. ....   |            |   |                        |                |                |  |                            |                          |              | XXX                 |
| 0502. ....   |            |   |                        |                |                |  |                            |                          |              | XXX                 |
| 0503. ....   |            |   |                        |                |                |  |                            |                          |              | XXX                 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....          | 0          | 0   | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....             | 0          | 0   | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |
| 0601. ....   |            | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          | XXX                 |
| 0602. ....   |            | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          | XXX                 |
| 0603. ....   |            | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          | XXX                 |
| 0698. Summary of remaining write-ins for Line 6 from overflow page.....          | 0          | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          | 0                   |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....             | 0          | XXX   | XXX                    | XXX            | XXX            | XXX  | XXX                        | XXX                      | XXX          | 0                   |
| 1301. ....   |            |   |                        |                |                |  |                            |                          |              | XXX                 |
| 1302. ....   |            |   |                        |                |                |  |                            |                          |              | XXX                 |
| 1303. ....   |            |   |                        |                |                |  |                            |                          |              | XXX                 |
| 1398. Summary of remaining write-ins for Line 13 from overflow page.....         | 0          | 0   | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |
| 1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above).....            | 0          | 0   | 0                      | 0              | 0              | 0  | 0                          | 0                        | 0            | XXX                 |

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN  
P.O. BOX 1379  
AIBONITO, P.R. 00705

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

| Line of Business                                | 1<br>Direct<br>Business | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Ceded | 4<br>Net Premium<br>Income<br>(Cols. 1+2-3) |
|---|-------------------------|-----------------------------|---------------------------|---|
| 1. Comprehensive (hospital and medical) .....   | 21,437,210              |                             |                           | 21,437,210                                  |
| 2. Medicare Supplement .....                    |                         |                             |                           | .0  |
| 3. Dental only.....                             |                         |                             |                           | .0  |
| 4. Vision only.....                             |                         |                             |                           | .0  |
| 5. Federal Employees Health Benefits Plan ..... |                         |                             |                           | .0  |
| 6. Title XVIII - Medicare .....                 |                         |                             |                           | .0  |
| 7. Title XIX - Medicaid.....                    |                         |                             |                           | .0  |
| 8. Other health.....                            |                         |                             |                           | .0  |
| 9. Health subtotal (Lines 1 through 8) .....    | 21,437,210              | .0                          | .0                        | 21,437,210                                  |
| 10. Life .....                                  |                         |                             |                           | .0  |
| 11. Property/casualty.....                      |                         |                             |                           | .0  |
| 12. Totals (Lines 9 to 11)                      | 21,437,210              | 0                           | 0                         | 21,437,210                                  |

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
**P.O. BOX 1379**  
**AIBONITO, P.R. 00705**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - CLAIMS INCURRED DURING THE YEAR**

|  | 1          | 2  | 3                      | 4              | 5              | 6   | 7                          | 8                        | 9            | 10                  |
|--|------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|--------------|---------------------|
|  | Total      | Comprehensive<br>(Hospital &<br>Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other Health | Other<br>Non-Health |
| 1. Payments during the year:   |            |  |                        |                |                |   |                            |                          |              |                     |
| 1.1 Direct .....   | 18,617,997 | 18,617,997                               |                        |                |                |   |                            |                          |              |                     |
| 1.2 Reinsurance assumed .....  | 0          | 0  |                        |                |                |   |                            |                          |              |                     |
| 1.3 Reinsurance ceded .....  | 0          | 0  |                        |                |                |   |                            |                          |              |                     |
| 1.4 Net .....  | 18,617,997 | 18,617,997                               | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 2. Paid medical incentive pools and bonuses .....                      | 0          |  |                        |                |                |   |                            |                          |              |                     |
| 3. Claim liability December 31, current year from Part 2A:             |            |  |                        |                |                |   |                            |                          |              |                     |
| 3.1 Direct .....   | 1,297,240  | 1,297,240                                | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 3.2 Reinsurance assumed .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 3.3 Reinsurance ceded .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 3.4 Net .....  | 1,297,240  | 1,297,240                                | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 4. Claim reserve December 31, current year from Part 2D:               |            |  |                        |                |                |   |                            |                          |              |                     |
| 4.1 Direct .....   | 33,745     | 33,745                                   |                        |                |                |   |                            |                          |              |                     |
| 4.2 Reinsurance assumed .....  | 0          |  |                        |                |                |   |                            |                          |              |                     |
| 4.3 Reinsurance ceded .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 4.4 Net .....  | 33,745     | 33,745                                   | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 5. Accrued medical incentive pools and bonuses, current year .....     | 0          |  |                        |                |                |   |                            |                          |              |                     |
| 6. Net healthcare receivables (a) .....                                | 0          |  |                        |                |                |   |                            |                          |              |                     |
| 7. Amounts recoverable from reinsurers December 31, current year ..... | 0          |  |                        |                |                |   |                            |                          |              |                     |
| 8. Claim liability December 31, prior year from Part 2A:               |            |  |                        |                |                |   |                            |                          |              |                     |
| 8.1 Direct .....   | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 8.2 Reinsurance assumed .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 8.3 Reinsurance ceded .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 8.4 Net .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 9. Claim reserve December 31, prior year from Part 2D:                 |            |  |                        |                |                |   |                            |                          |              |                     |
| 9.1 Direct .....   | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 9.2 Reinsurance assumed .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 9.3 Reinsurance ceded .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 9.4 Net .....  | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 10. Accrued medical incentive pools and bonuses, prior year .....      | 0          |  |                        |                |                |   |                            |                          |              |                     |
| 11. Amounts recoverable from reinsurers December 31, prior year .....  | 0          |  |                        |                |                |   |                            |                          |              |                     |
| 12. Incurred benefits:   |            |  |                        |                |                |   |                            |                          |              |                     |
| 12.1 Direct .....  | 19,948,982 | 19,948,982                               | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 12.2 Reinsurance assumed .....   | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 12.3 Reinsurance ceded .....   | 0          | 0  | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 12.4 Net .....   | 19,948,982 | 19,948,982                               | 0                      | 0              | 0              | 0   | 0                          | 0                        | 0            | 0                   |
| 13. Incurred medical incentive pools and bonuses .....                 | 0          |  |                        |                |                |   |                            |                          |              |                     |

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

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**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
**P.O. BOX 1379**  
**AIBONITO, P.R. 00705**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

|   | 1         | 2  | 3                      | 4              | 5              | 6  | 7                       | 8                     | 9               | 10                  |
|---|-----------|--|------------------------|----------------|----------------|--|-------------------------|-----------------------|-----------------|---------------------|
|   | Total     | Comprehensive<br>(Hospital &<br>Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan<br>Premium | Title XVIII<br>Medicare | Title XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| 1. Reported in Process of Adjustment:                 |           |  |                        |                |                |  |                         |                       |                 |                     |
| 1.1 Direct .....                                      | 1,297,240 | 1,297,240                                |                        |                |                |  |                         |                       |                 |                     |
| 1.2 Reinsurance assumed .....                         | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 1.3 Reinsurance ceded .....                           | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 1.4 Net .....   | 1,297,240 | 1,297,240                                | 0                      | 0              | 0              | 0  | 0                       | 0                     | 0               | 0                   |
| 2. Incurred but Unreported:                           |           |  |                        |                |                |  |                         |                       |                 |                     |
| 2.1 Direct .....                                      | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 2.2 Reinsurance assumed .....                         | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 2.3 Reinsurance ceded .....                           | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 2.4 Net .....   | 0         | 0  | 0                      | 0              | 0              | 0  | 0                       | 0                     | 0               | 0                   |
| 3. Amounts Withheld from Paid Claims and Capitations: |           |  |                        |                |                |  |                         |                       |                 |                     |
| 3.1 Direct .....                                      | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 3.2 Reinsurance assumed .....                         | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 3.3 Reinsurance ceded .....                           | 0         |  |                        |                |                |  |                         |                       |                 |                     |
| 3.4 Net .....   | 0         | 0  | 0                      | 0              | 0              | 0  | 0                       | 0                     | 0               | 0                   |
| 4. TOTALS:  |           |  |                        |                |                |  |                         |                       |                 |                     |
| 4.1 Direct .....                                      | 1,297,240 | 1,297,240                                | 0                      | 0              | 0              | 0  | 0                       | 0                     | 0               | 0                   |
| 4.2 Reinsurance assumed .....                         | 0         | 0  | 0                      | 0              | 0              | 0  | 0                       | 0                     | 0               | 0                   |
| 4.3 Reinsurance ceded .....                           | 0         | 0  | 0                      | 0              | 0              | 0  | 0                       | 0                     | 0               | 0                   |
| 4.4 Net .....   | 1,297,240 | 1,297,240                                | 0                      | 0              | 0              | 0  | 0                       | 0                     | 0               | 0                   |

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN  
P.O. BOX 1379  
AIBONITO, P.R. 00705

**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 Dec. 31 of Current Year |   | 5<br>Claims Incurred in Prior Years (Columns 1 + 3) | 6<br>Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
|---|--|---|---|---|---|--|
|   | 1<br>On Claims Incurred Prior to January 1 of Current Year | 2<br>On Claims Incurred During the Year | 3<br>On Claims Unpaid December 31 of Prior Year           | 4<br>On Claims Incurred During the Year |   |  |
| 1. Comprehensive (hospital and medical) .....       | 1,818,652  | 18,617,997                              | 0   | 1,330,985                               | 1,818,652   | 1,818,652  |
| 2. Medicare Supplement .....                        | 0  |   |   |   | 0   | 0  |
| 3. Dental Only.....                                 |  |   |   |   | 0   | 0  |
| 4. Vision Only.....                                 |  |   |   |   | 0   | 0  |
| 5. Federal Employees Health Benefits Plan .....     |  |   |   |   | 0   | 0  |
| 6. Title XVIII - Medicare .....                     |  |   |   |   | 0   | 0  |
| 7. Title XIX - Medicaid.....                        |  |   |   |   | 0   | 0  |
| 8. Other health .....                               |  |   |   |   | 0   | 0  |
| 9. Health subtotal (Lines 1 to 8).....              | 1,818,652  | 18,617,997                              | 0   | 1,330,985                               | 1,818,652   | 1,818,652  |
| 10. Healthcare receivables (a).....                 |  |   |   |   | 0   | 0  |
| 11. Other non-health.....                           |  |   |   |   | 0   | 0  |
| 12. Medical incentive pools and bonus amounts ..... |  |   |   |   | 0   | 0  |
| 13. Totals (Lines 9 - 10 + 11 + 12)                 | 1,818,652  | 18,617,997                              | 0   | 1,330,985                               | 1,818,652   | 1,818,652  |

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

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN  
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**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<br>2006                   | 2<br>2007 | 3<br>2008 | 4<br>2009 | 5<br>2010 |
| 1. Prior .....                     | .0                          | .0        | .0        | .0        | .0        |
| 2. 2006 .....                      | .0                          | .0        | .0        | .0        | .0        |
| 3. 2007 .....                      | XXX                         | .0        | .0        | .0        | .0        |
| 4. 2008 .....                      | XXX                         | XXX       | .0        | .0        | .0        |
| 5. 2009 .....                      | XXX                         | XXX       | XXX       | .0        | .0        |
| 6. 2010 .....                      | XXX                         | XXX       | XXX       | XXX       | 0         |

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

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability,<br>Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year |           |           |           |           |
|------------------------------------|---|-----------|-----------|-----------|-----------|
|                                    | 1<br>2006   | 2<br>2007 | 3<br>2008 | 4<br>2009 | 5<br>2010 |
| 1. Prior .....                     | .0  | .0        | .0        | .0        | .0        |
| 2. 2006 .....                      | .0  | .0        | .0        | .0        | .0        |
| 3. 2007 .....                      | XXX   | .0        | .0        | .0        | .0        |
| 4. 2008 .....                      | XXX   | XXX       | .0        | .0        | .0        |
| 5. 2009 .....                      | XXX   | XXX       | XXX       | .0        | .0        |
| 6. 2010 .....                      | XXX   | XXX       | XXX       | XXX       | 0         |

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

| Years in which<br>Premiums were Earned and Claims<br>were Incurred | 1<br>Premiums Earned | 2<br>Claims Payments | 3<br>Claim Adjustment<br>Expense<br>Payments | 4<br>Col. (3/2)<br>Percent | 5<br>Claim and Claim<br>Adjustment<br>Expense<br>Payments<br>(Col. 2+3) | 6<br>Col. (5/1)<br>Percent | 7<br>Claims Unpaid | 8<br>Unpaid Claims<br>Adjustment<br>Expenses | 9<br>Total Claims and<br>Claims<br>Adjustment<br>Expense Incurred<br>(Col. 5+7+8) | 10<br>Col. (9/1)<br>Percent |
|--|----------------------|----------------------|--|----------------------------|---|----------------------------|--------------------|--|---|-----------------------------|
| 1. 2006 .....  | .0                   | .0                   | .0   | .0                         | .0  | .0                         | .0                 | .0   | .0  | .0                          |
| 2. 2007 .....  | .0                   | .0                   | .0   | .0                         | .0  | .0                         | .0                 | .0   | .0  | .0                          |
| 3. 2008 .....  | .0                   | .0                   | .0   | .0                         | .0  | .0                         | .0                 | .0   | .0  | .0                          |
| 4. 2009 .....  | .0                   | .0                   | .0   | .0                         | .0  | .0                         | .0                 | .0   | .0  | .0                          |
| 5. 2010 .....  | 0                    | 0                    | 0  | 0.0                        | 0   | 0.0                        | 1,331              | 0  | 1,331   | 0.0                         |

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
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**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<br>(Hospital &<br>Medical) | Medicare<br>Supplement | Dental Only | Vision Only | Federal<br>Employees<br>Health Benefit<br>Plan | Title XVIII<br>Medicare | Title XIX<br>Medicaid | Other |
| 1. Unearned premium reserves .....   | .0     |  |                        |             |             |  |                         |                       |       |
| 2. Additional policy reserves (a) .....  | .0     | .0                                       |                        |             |             |  |                         |                       |       |
| 3. Reserve for future contingent benefits .....  | .0     |  |                        |             |             |  |                         |                       |       |
| 4. Reserve for rate credits or experience rating refunds (including<br>\$ ..... for investment income) ..... | .0     |  |                        |             |             |  |                         |                       |       |
| 5. Aggregate write-ins for other policy reserves .....   | .0     | .0                                       | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |
| 6. Totals (gross) .....  | .0     | .0                                       | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |
| 7. Reinsurance ceded .....   | .0     |  |                        |             |             |  |                         |                       |       |
| 8. Totals (Net) (Page 3, Line 4) .....   | .0     | .0                                       | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |
| 9. Present value of amounts not yet due on claims .....  | .0     |  |                        |             |             |  |                         |                       |       |
| 10. Reserve for future contingent benefits .....   | 33,745 | 33,745                                   |                        |             |             |  |                         |                       |       |
| 11. Aggregate write-ins for other claim reserves .....   | .0     | .0                                       | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |
| 12. Totals (gross) .....   | 33,745 | 33,745                                   | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |
| 13. Reinsurance ceded .....  | .0     |  |                        |             |             |  |                         |                       |       |
| 14. Totals (Net) (Page 3, Line 7) .....  | 33,745 | 33,745                                   | 0                      | 0           | 0           | 0  | 0                       | 0                     | 0     |
| <b>DETAILS OF WRITE-INS</b>  |        |  |                        |             |             |  |                         |                       |       |
| 0501. ....   |        |  |                        |             |             |  |                         |                       |       |
| 0502. ....   |        |  |                        |             |             |  |                         |                       |       |
| 0503. ....   |        |  |                        |             |             |  |                         |                       |       |
| 0598. Summary of remaining write-ins for Line 5 from overflow page .....                                     | .0     | .0                                       | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....  | 0      | 0  | 0                      | 0           | 0           | 0  | 0                       | 0                     | 0     |
| 1101. ....   |        |  |                        |             |             |  |                         |                       |       |
| 1102. ....   |        |  |                        |             |             |  |                         |                       |       |
| 1103. ....   |        |  |                        |             |             |  |                         |                       |       |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....                                    | .0     | .0                                       | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....                                       | .0     | .0                                       | .0                     | .0          | .0          | .0   | .0                      | .0                    | .0    |

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

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL  
HEALTH PLAN  
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**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

|  | Claim Adjustment Expenses            |  | 3<br>General<br>Administrative<br>Expenses | 4<br>Investment<br>Expenses | 5<br>Total        |
|--|--------------------------------------|--|--|-----------------------------|-------------------|
|  | 1<br>Cost<br>Containment<br>Expenses | 2<br>Other Claim<br>Adjustment<br>Expenses |  |                             |                   |
| 1. Rent (\$ ..... for occupancy of own building).....                    |                                      |  | 70,411                                     |                             | 70,411            |
| 2. Salaries, wages and other benefits.....                               |                                      |  | 606,335                                    |                             | 606,335           |
| 3. Commissions (less \$ ..... ceded plus<br>\$ ..... assumed.....)       |                                      |  | 136,736                                    |                             | 136,736           |
| 4. Legal fees and expenses.....  |                                      |  | 38,127                                     |                             | 38,127            |
| 5. Certifications and accreditation fees.....                            |                                      |  | 21,504                                     |                             | 21,504            |
| 6. Auditing, actuarial and other consulting services.....                |                                      |  | 52,577                                     |                             | 52,577            |
| 7. Traveling expenses.....   |                                      |  | 6,594                                      |                             | 6,594             |
| 8. Marketing and advertising.....  |                                      |  | 23,156                                     |                             | 23,156            |
| 9. Postage, express and telephone.....                                   |                                      |  | 55,615                                     |                             | 55,615            |
| 10. Printing and office supplies.....                                    |                                      |  | 23,020                                     |                             | 23,020            |
| 11. Occupancy, depreciation and amortization.....                        |                                      |  | 0  |                             | 0                 |
| 12. Equipment.....   |                                      |  | 13,504                                     |                             | 13,504            |
| 13. Cost or depreciation of EDP equipment and software.....              |                                      |  | 0  |                             | 0                 |
| 14. Outsourced services including EDP, claims, and other services.....   |                                      |  | 71,927                                     |                             | 71,927            |
| 15. Boards, bureaus and association fees.....                            |                                      |  |  |                             | 0                 |
| 16. Insurance, except on real estate.....                                |                                      |  | 19,371                                     |                             | 19,371            |
| 17. Collection and bank service charges.....                             |                                      |  |  |                             | 0                 |
| 18. Group service and administration fees.....                           |                                      |  |  |                             | 0                 |
| 19. Reimbursements by uninsured plans.....                               |                                      |  |  |                             | 0                 |
| 20. Reimbursements from fiscal intermediaries.....                       |                                      |  |  |                             | 0                 |
| 21. Real estate expenses.....  |                                      |  |  |                             | 0                 |
| 22. Real estate taxes.....   |                                      |  |  |                             | 0                 |
| 23. Taxes, licenses and fees:  |                                      |  |  |                             |                   |
| 23.1 State and local insurance taxes.....                                |                                      |  |  |                             | 0                 |
| 23.2 State premium taxes.....  |                                      |  |  |                             | 0                 |
| 23.3 Regulatory authority licenses and fees.....                         |                                      |  |  |                             | 0                 |
| 23.4 Payroll taxes.....  |                                      |  | 119,924                                    |                             | 119,924           |
| 23.5 Other (excluding federal income and real estate taxes).....         |                                      |  | 229,427                                    |                             | 229,427           |
| 24. Investment expenses not included elsewhere.....                      |                                      |  |  |                             | 0                 |
| 25. Aggregate write-ins for expenses.....                                | 0                                    | 0  | 0  | 0                           | 0                 |
| 26. Total expenses incurred (Lines 1 to 25).....                         | 0                                    | 0  | 1,488,228                                  | 0                           | (a).....1,488,228 |
| 27. Less expenses unpaid December 31, current year.....                  |                                      |  | 119,924                                    |                             | 119,924           |
| 28. Add expenses unpaid December 31, prior year.....                     | 0                                    | 0  | 119,924                                    | 0                           | 119,924           |
| 29. Amounts receivable relating to uninsured plans, prior year.....      | 0                                    | 0  | 0  | 0                           | 0                 |
| 30. Amounts receivable relating to uninsured plans, current year.....    |                                      |  |  |                             | 0                 |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)     | 0                                    | 0  | 1,488,228                                  | 0                           | 1,488,228         |
| <b>DETAIL OF WRITE-INS</b>   |                                      |  |  |                             |                   |
| 2501. ....   |                                      |  |  |                             |                   |
| 2502. ....   |                                      |  |  |                             |                   |
| 2503. ....   |                                      |  |  |                             |                   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0                                    | 0  | 0  | 0                           | 0                 |
| 2599. Totals (Line 2501 through 2503 + 2598)(Line 25 above)              | 0                                    | 0  | 0  | 0                           | 0                 |

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

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
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**EXHIBIT OF NET INVESTMENT INCOME**

|   | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds  | (a)                           |                            |
| 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)  |                               |                            |
| 2.21 Common stocks of affiliates  |                               |                            |
| 3. Mortgage loans   | (c)                           |                            |
| 4. Real estate  | (d)                           |                            |
| 5. Contract loans   |                               |                            |
| 6. Cash, cash equivalents and short-term investments                    | (e)                           |                            |
| 7. Derivative instruments   | (f)                           |                            |
| 8. Other invested assets  |                               |                            |
| 9. Aggregate write-ins for investment income                            | 0                             | 0                          |
| 10. Total gross investment income                                       | 0                             | 0                          |
| 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           |                               | 0                          |
| 16. Total deductions (Lines 11 through 15)                              |                               | 0                          |
| 17. Net investment income (Line 10 minus Line 16)                       |                               | 0                          |
| <b>DETAILS OF WRITE-INS</b>   |                               |                            |
| 0901.   |                               |                            |
| 0902.   |                               |                            |
| 0903.   |                               |                            |
| 0998. Summary of remaining write-ins for Line 9 from overflow page      | 0                             | 0                          |
| 0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)         | 0                             | 0                          |
| 1501.   |                               |                            |
| 1502.   |                               |                            |
| 1503.   |                               |                            |
| 1598. Summary of remaining write-ins for Line 15 from overflow page     |                               | 0                          |
| 1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)        |                               | 0                          |

- (a) Includes \$ ..... accrual of discount less \$ ..... 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<br>Realized<br>Gain (Loss)<br>On Sales or<br>Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized Capital<br>Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in Unrealized<br>Capital Gain (Loss) | 5.<br>Change in Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|--|---|---------------------------------------|---|--|---|
| 1. U.S. Government bonds   |   |                                       | 0   |  |   |
| 1.1 Bonds exempt from U.S. tax                                     |   |                                       | 0   |  |   |
| 1.2 Other bonds (unaffiliated)                                     |   |                                       | 0   |  |   |
| 1.3 Bonds of affiliates  | 0   | 0                                     | 0   | 0  | 0   |
| 2.1 Preferred stocks (unaffiliated)                                | 0   | 0                                     | 0   | 0  | 0   |
| 2.11 Preferred stocks of affiliates                                | 0   | 0                                     | 0   | 0  | 0   |
| 2.2 Common stocks (unaffiliated)                                   | 0   | 0                                     | 0   | 0  | 0   |
| 2.21 Common stocks of affiliates                                   | 0   | 0                                     | 0   | 0  | 0   |
| 3. Mortgage loans  | 0   | 0                                     | 0   | 0  | 0   |
| 4. Real estate   | 0   | 0                                     | 0   | 0  | 0   |
| 5. Contract loans  |   |                                       | 0   |  |   |
| 6. Cash, cash equivalents and short-term investments               |   |                                       | 0   | 0  | 0   |
| 7. Derivative instruments  |   |                                       | 0   |  |   |
| 8. Other invested assets   | 0   | 0                                     | 0   | 0  | 0   |
| 9. Aggregate write-ins for capital gains (losses)                  | 0   | 0                                     | 0   | 0  | 0   |
| 10. Total capital gains (losses)                                   | 0   | 0                                     | 0   | 0  | 0   |
| <b>DETAILS OF WRITE-INS</b>  |   |                                       |   |  |   |
| 0901.  |   |                                       |   |  |   |
| 0902.  |   |                                       |   |  |   |
| 0903.  |   |                                       |   |  |   |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0   | 0                                     | 0   | 0  | 0   |
| 0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)   | 0   | 0                                     | 0   | 0  | 0   |

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
**P.O. BOX 1379**  
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**EXHIBIT OF NONADMITTED ASSETS**

|  | 1  | 2                                | 3  |
|--|--|----------------------------------|--|
|  | Current Year Total<br>Nonadmitted Assets | Prior Year<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D).....   | 0  | 0                                | 0  |
| 2. Stocks (Schedule D):  |  |                                  |  |
| 2.1 Preferred stocks .....   | 0  | 0                                | 0  |
| 2.2 Common stocks .....  | 0  | 0                                | 0  |
| 3. Mortgage loans on real estate (Schedule B):   |  |                                  |  |
| 3.1 First liens .....  | 0  | 0                                | 0  |
| 3.2 Other than first liens .....   | 0  | 0                                | 0  |
| 4. Real estate (Schedule A):   |  |                                  |  |
| 4.1 Properties occupied by the company .....   | 0  | 0                                | 0  |
| 4.2 Properties held for the production of income.....  | 0  | 0                                | 0  |
| 4.3 Properties held for sale .....   | 0  | 0                                | 0  |
| 5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and<br>short-term investments (Schedule DA)..... | 0  | 0                                | 0  |
| 6. Contract loans .....  | 0  | 0                                | 0  |
| 7. Derivatives .....   | 0  | 0                                | 0  |
| 8. Other invested assets (Schedule BA) .....   | 0  | 0                                | 0  |
| 9. Receivables for securities .....  | 0  | 0                                | 0  |
| 10. Securities lending reinvested collateral assets .....  | 0  | 0                                | 0  |
| 11. Aggregate write-ins for invested assets .....  | 0  | 0                                | 0  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....  | 0  | 0                                | 0  |
| 13. Title plants (for Title insurers only).....  | 0  | 0                                | 0  |
| 14. Investment income due and accrued .....  | 0  | 0                                | 0  |
| 15. Premiums and considerations:   |  |                                  |  |
| 15.1 Uncollected premiums and agents' balances in the course of<br>collection .....                                    | 0  | 0                                | 0  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due.....                  | 0  | 0                                | 0  |
| 15.3 Accrued retrospective premiums.....   | 0  | 0                                | 0  |
| 16. Reinsurance:   |  |                                  |  |
| 16.1 Amounts recoverable from reinsurers .....   | 0  | 0                                | 0  |
| 16.2 Funds held by or deposited with reinsured companies .....   | 0  | 0                                | 0  |
| 16.3 Other amounts receivable under reinsurance contracts .....  | 0  | 0                                | 0  |
| 17. Amounts receivable relating to uninsured plans .....   | 0  | 0                                | 0  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....                                     | 0  | 0                                | 0  |
| 18.2 Net deferred tax asset.....   | 0  | 0                                | 0  |
| 19. Guaranty funds receivable or on deposit .....  | 0  | 0                                | 0  |
| 20. Electronic data processing equipment and software.....   | 0  | 0                                | 0  |
| 21. Furniture and equipment, including health care delivery assets.....  | 0  | 0                                | 0  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....                                       | 0  | 0                                | 0  |
| 23. Receivables from parent, subsidiaries and affiliates .....   | 0  | 0                                | 0  |
| 24. Health care and other amounts receivable.....  | 0  | 0                                | 0  |
| 25. Aggregate write-ins for other than invested assets .....   | 0  | 0                                | 0  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 12 to 25)..... | 0  | 0                                | 0  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                       | 0  | 0                                | 0  |
| 28. Total (Lines 26 and 27)  | 0  | 0                                | 0  |
| <b>DETAILS OF WRITE-INS</b>  |  |                                  |  |
| 1101. ....   |  |                                  |  |
| 1102. ....   |  |                                  |  |
| 1103. ....   |  |                                  |  |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....  | 0  | 0                                | 0  |
| 1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)  | 0  | 0                                | 0  |
| 2501. ....   |  |                                  |  |
| 2502. ....   |  |                                  |  |
| 2503. ....   |  |                                  |  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  | 0  | 0                                | 0  |
| 2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)  | 0  | 0                                | 0  |

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN  
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**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

| Source of Enrollment  | Total Members at End of |                    |                     |                    |                   | 6<br>Current Year<br>Member Months |
|---|-------------------------|--------------------|---------------------|--------------------|-------------------|------------------------------------|
|   | 1<br>Prior Year         | 2<br>First Quarter | 3<br>Second Quarter | 4<br>Third Quarter | 5<br>Current Year |                                    |
| 1. Health Maintenance Organizations.....                                | 15,907                  | 15,214             | 13,676              | 13,548             | 13,526            | 13,991                             |
| 2. Provider Service Organizations.....                                  | .0                      |                    |                     |                    |                   |                                    |
| 3. Preferred Provider Organizations.....                                | .0                      |                    |                     |                    |                   |                                    |
| 4. Point of Service.....  | .0                      |                    |                     |                    |                   |                                    |
| 5. Indemnity Only.....  | .0                      |                    |                     |                    |                   |                                    |
| 6. Aggregate write-ins for other lines of business                      | 0                       | 0                  | 0                   | 0                  | 0                 | 0                                  |
| 7. Total  | 15,907                  | 15,214             | 13,676              | 13,548             | 13,526            | 13,991                             |
| <b>DETAILS OF WRITE-INS</b>   |                         |                    |                     |                    |                   |                                    |
| 0601. ....  |                         |                    |                     |                    |                   |                                    |
| 0602. ....  |                         |                    |                     |                    |                   |                                    |
| 0603. ....  |                         |                    |                     |                    |                   |                                    |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | .0                      | .0                 | .0                  | .0                 | .0                | .0                                 |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)         | 0                       | 0                  | 0                   | 0                  | 0                 | 0                                  |

## NOTES TO FINANCIAL STATEMENTS

### THE MENNONITE GENERAL HOSPITAL, INC. HEALTH PLAN

NOTES TO STATUTORY-BASED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

#### NOTE-1 Organization

The Mennonite General Hospital, Inc Health Plan is a not-for-profit health maintenance organization (HMO), incorporated in December 2002, for the purpose of providing comprehensive health care services to subscribers on a prepaid basis and for the purpose of establishing and operating an organized health maintenance delivery system, principally through Mennonite General Hospital, Inc. The Plan, authorized by the Office of the Commissioner of Insurance of Puerto Rico, is administered by Mennonite General Hospital, Inc., a not-for-profit organization.

#### NOTE-2 Basis of presentation and summary of significant accounting policies

##### Basis of presentation

The accompanying statutory-basis financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of Puerto Rico, which vary in some respects from accounting principles generally accepted in the United States of America.

##### Health care service cost recognition

The Plan contracts with various health care providers for the provision of medical care to its members. The Plan compensates providers of services, mainly, by a prospectively determined per diem rate. The cost of other health care services provided or contracted for is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services for which no bill has yet been received. The estimates for such medical services are based primarily on past experience together with current factors and are adjusted, if necessary, as experience develops or new information becomes known. Such adjustments are included in current operations. Although considerable variability is inherent in such estimates, management believes these reserves are adequate.

##### Concentration of credit risk and financial instruments

Substantially all of the Plan's business activity and premiums receivable are derived from subscribers located in the central region of Puerto Rico and, as such, the Plan is subject to the risks of the Puerto Rico central region's economy. Financial instruments, which potentially subject the Plan to concentration of credit risk, consist principally of cash, interest bearing deposits held in escrow and premiums receivable. The Plan places its cash and interest bearing deposits held in escrow with financial institutions which are located in Puerto Rico and have strong credit ratings, and management believes that credit risk is minimal. The Plan does not require collateral to guarantee its premiums receivable.

##### Property and equipment

Depreciation and amortization are provided principally on the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the assets are 3 years.

##### Premiums revenue

Membership contracts are on a yearly basis subject to cancellation by the employer group, individual or the Plan, typically upon thirty days advanced written notice. Premiums are due monthly and are recognized as earned over the period covered.

##### Use of estimates

The preparation of the statutory-based financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

##### Income and other taxes

The Plan is a not-for-profit corporation and as such is exempt from the payment of income, property and municipal taxes.

#### NOTE-3 Interest bearing deposits held in escrow

The Plan is required, by Article 19.410 of the Insurance Code of the Commissioner of Puerto Rico, to maintain minimum deposits in escrow with the Secretary of Treasury, which amounted to \$600,000 at December 31, 2010. The Plan's net assets cannot be lower than \$300,000 at any reporting date.

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ ] No [ X ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [ ] No [ ] NA [ ]
- 1.3 State Regulating? .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....12/31/2010
- 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 [ ] NA [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] No [ ] NA [ ]
- 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 [ X ] No [ ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? ..... Yes [ ] No [ X ]
- 4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>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 [ X ] No [ ]
- 6.2 If yes, give full information LICENCE OF THE PUERTO RICO INSURANCE COMMISSIONER OFFICE .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control .....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
| .....            | .....               |
| .....            | .....               |
| .....            | .....               |
| .....            | .....               |

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN  
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AIBONITO, P.R. 00705**

**GENERAL INTERROGATORIES**

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

| 1<br>Affiliate Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---------------------|--------------------------------|----------|----------|----------|-----------|----------|
|                     |                                |          |          |          |           |          |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PKF , LLP SAN JUAN, P.R.
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ] NA [ ]
- 10.8 If the response to 10.7 is no or n/a, please explain
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company .....
- 12.12 Number of parcels involved.....
- 12.13 Total book/adjusted carrying value..... \$ .....
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and
- a. professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?..... Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

**BOARD OF DIRECTORS**

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

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN  
P.O. BOX 1379  
AIBONITO, P.R. 00705**

**GENERAL INTERROGATORIES  
FINANCIAL**

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

**INVESTMENT**

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3)..... Yes [ ] No [ X ]
- 23.2 If no, give full and complete information, relating thereto
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [ ] No [ ] NA [ X ]
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. .... \$.....
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. .... \$.....
- 23.7 Does the company's security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?..... Yes [ ] No [ ] NA [ X ]
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?..... Yes [ ] No [ ] NA [ ]
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?..... Yes [ ] No [ ] NA [ X ]
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) ..... Yes [ ] No [ X ]
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- 24.21 Subject to repurchase agreements ..... \$.....
- 24.22 Subject to reverse repurchase agreements..... \$.....
- 24.23 Subject to dollar repurchase agreements..... \$.....
- 24.24 Subject to reverse dollar repurchase agreements... \$.....
- 24.25 Pledged as collateral..... \$.....
- 24.26 Placed under option agreements..... \$.....
- 24.27 Letter stock or securities restricted as to sale..... \$.....
- 24.28 On deposit with state or other regulatory body..... \$.....
- 24.29 Other..... \$.....
- 24.3 For category (24.27) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
| .....                      | .....            | .....       |
| .....                      | .....            | .....       |
| .....                      | .....            | .....       |
| .....                      | .....            | .....       |

- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ ]  
If no, attach a description with this statement.
- 26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]
- 26.2 If yes, state the amount thereof at December 31 of the current year. .... \$.....

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN  
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**GENERAL INTERROGATORIES**

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

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---------------------------|--------------------------|
| .....                     | .....                    |
| .....                     | .....                    |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
| .....        | .....            | .....                        |
| .....        | .....            | .....                        |

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? ..... Yes [ ] No [ X ]

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |

27.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration Depository Number(s) | 2<br>Name | 3<br>Address |
|--|-----------|--------------|
| .....  | .....     | .....        |
| .....  | .....     | .....        |

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

28.2 If yes, complete the following schedule:

| 1<br>CUSIP #  | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| .....         | .....                    | .....                             |
| .....         | .....                    | .....                             |
| 28.2999 TOTAL |                          | 0                                 |

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

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

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**GENERAL INTERROGATORIES**

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

|                            | 1<br>Statement (Admitted)<br>Value | 2<br>Fair Value | 3<br>Excess of Statement<br>over Fair Value (-)<br>or Fair Value<br>over Statement (+) |
|----------------------------|------------------------------------|-----------------|--|
| 29.1 Bonds.....            | 0                                  |                 | 0  |
| 29.2 Preferred Stocks..... | 0                                  |                 | 0  |
| 29.3 Totals                | 0                                  | 0               | 0  |

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

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

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [ ] No [ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

31.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [ X ] No [ ]

31.2 If no, list exceptions:

**OTHER**

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     | .....            |
| .....     | .....            |

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

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

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     | .....            |
| .....     | .....            |

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

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

| 1<br>Name | 2<br>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. .... \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....0
- 1.31 Reason for excluding .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above ..... \$ .....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....0
- 1.62 Total incurred claims ..... \$ .....0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned ..... \$ .....0
- 1.65 Total incurred claims ..... \$ .....0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned ..... \$ .....0
- 1.72 Total incurred claims ..... \$ .....0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned ..... \$ .....0
- 1.75 Total incurred claims ..... \$ .....0
- 1.76 Number of covered lives ..... 0

2. Health Test:

|                             | 1               |    | 2          |
|-----------------------------|-----------------|----|------------|
|                             | Current Year    |    | Prior Year |
| 2.1 Premium Numerator       | \$ .....0       | \$ | .....0     |
| 2.2 Premium Denominator     | .....21,437,210 | \$ | .....0     |
| 2.3 Premium Ratio (2.1/2.2) | .....0.000      |    | .....0.000 |
| 2.4 Reserve Numerator       | \$ .....0       | \$ | .....0     |
| 2.5 Reserve Denominator     | .....1,330,985  | \$ | .....0     |
| 2.6 Reserve Ratio (2.4/2.5) | .....0.000      |    | .....0.000 |

- 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 [ ] No [ X ]
- 5.2 If no, explain:  
**STUDING OFFERS**
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical ..... \$ .....0
- 5.32 Medical Only ..... \$ .....0
- 5.33 Medicare Supplement ..... \$ .....0
- 5.34 Dental and Vision ..... \$ .....0
- 5.35 Other Limited Benefit Plan ..... \$ .....0
- 5.36 Other ..... \$ .....0
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 ..... 988
- 8.2 Number of providers at end of reporting year ..... 1,200
- 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 .....0
- 9.22 Business with rate guarantees over 36 months .....0

## GENERAL INTERROGATORIES

### PART 2 - HEALTH INTERROGATORIES

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

10.2 If yes:

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

11.1 Is the reporting entity organized as:

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

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes [ X ] No [ ]

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

PUERTO RICO

11.4 If yes, show the amount required. .... \$ ..... 600,000

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

11.6 If the amount is calculated, show the calculation

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

|                           |
|---------------------------|
| 1<br>Name of Service Area |
|                           |

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

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
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**FIVE-YEAR HISTORICAL DATA**

|   | 1<br>2010  | 2<br>2009  | 3<br>2008  | 4<br>2007  | 5<br>2006 |
|---|------------|------------|------------|------------|-----------|
| <b>Balance Sheet (Pages 2 and 3)</b>  |            |            |            |            |           |
| 1. Total admitted assets (Page 2, Line 28) .....  | 2,333,234  | 2,927,413  | 2,312,724  | 2,085,809  | 2,129,045 |
| 2. Total liabilities (Page 3, Line 24) .....  | 1,733,234  | 2,327,413  | 1,712,724  | 1,485,809  | 1,529,046 |
| 3. Statutory surplus .....  | 0          | 0          | 0          | 0          | 0         |
| 4. Total capital and surplus (Page 3, Line 33) .....  | 600,000    | 600,000    | 600,000    | 600,000    | 600,000   |
| <b>Income Statement (Page 4)</b>  |            |            |            |            |           |
| 5. Total revenues (Line 8) .....  | 21,437,210 | 20,261,850 | 14,664,212 | 15,998,962 | 0         |
| 6. Total medical and hospital expenses (Line 18) .....  | 19,948,982 | 18,092,774 | 12,843,445 | 14,054,209 | 0         |
| 7. Claims adjustment expenses (Line 20) .....   | 0          | 0          | 0          | 0          | 0         |
| 8. Total administrative expenses (Line 21) .....  | 1,488,228  | 2,169,076  | 1,820,767  | 1,944,753  | 0         |
| 9. Net underwriting gain (loss) (Line 24) .....   | 0          | 0          | 0          | 0          | 0         |
| 10. Net investment gain (loss) (Line 27) .....  | 0          | 0          | 0          | 0          | 0         |
| 11. Total other income (Lines 28 plus 29) .....   | 0          | 0          | 0          | 0          | 0         |
| 12. Net income or (loss) (Line 32) .....  | 0          | 0          | 0          | 0          | 0         |
| <b>Cash Flow (Page 6)</b>   |            |            |            |            |           |
| 13. Net cash from operations (Line 11) .....  | (502,075)  | 405,602    | 152,782    | 1,485,539  | 0         |
| <b>Risk - Based Capital Analysis</b>  |            |            |            |            |           |
| 14. Total adjusted capital .....  | 600,000    | 600,000    | 600,000    | 600,000    | 600,000   |
| 15. Authorized control level risk-based capital .....   | 1,697,467  | 1,529,491  | 39,650     | 35,504     | 35,880    |
| <b>Enrollment (Exhibit 1)</b>   |            |            |            |            |           |
| 16. Total members at end of period (Column 5, Line 7) .....   | 13,526     | 15,907     | 10,242     | 8,168      | 7,659     |
| 17. Total members months (Column 6, Line 7) .....   | 13,991     | 15,907     | 10,242     | 8,168      | 7,659     |
| <b>Operating Percentage (Page 4)</b>  |            |            |            |            |           |
| (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0   |            |            |            |            |           |
| 18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....                               | 100.0      | 100.0      | 100.0      | 100.0      | 100.0     |
| 19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....                    | 93.1       | 89.3       | 88.8       | 0.0        | 0.0       |
| 20. Cost containment expenses .....   | 0.0        | 0.0        | 0.0        | 0.0        | XXX       |
| 21. Other claims adjustment expenses .....  | 0.0        | 0.0        | 0.0        | 0.0        | 0.0       |
| 22. Total underwriting deductions (Line 23) .....   | 100.0      | 100.0      | 100.0      | 0.0        | 0.0       |
| 23. Total underwriting gain (loss) (Line 24) .....  | 0.0        | 0.0        | 0.0        | 0.0        | 0.0       |
| <b>Unpaid Claims Analysis</b>   |            |            |            |            |           |
| (U&I Exhibit, Part 2B)  |            |            |            |            |           |
| 24. Total claims incurred for prior years (Line 13, Col. 5) .....                                     | 1,818,652  | 1,406,010  | 0          | 0          | 0         |
| 25. Estimated liability of unpaid claims—[prior year (Line 13, Col. 6)] .....                         | 1,818,652  | 1,406,010  | 0          | 0          | 0         |
| <b>Investments In Parent, Subsidiaries and Affiliates</b>   |            |            |            |            |           |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....  | 0          | 0          | 0          | 0          | 0         |
| 27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....                               | 0          | 0          | 0          | 0          | 0         |
| 28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....                                  | 0          | 0          | 0          | 0          | 0         |
| 29. Affiliated short-term investments (subtotal included in Sch. DA Verification, C05, Line 10) ..... | 0          | 0          | 0          | 0          | 0         |
| 30. Affiliated mortgage loans on real estate .....  | 0          | 0          | 0          | 0          | 0         |
| 31. All other affiliated .....  | 0          | 0          | 0          | 0          | 0         |
| 32. Total of above Lines 26 to 31 .....   | 0          | 0          | 0          | 0          | 0         |

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

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE MENNONITE GENERAL HOSPITAL HEALTH PLAN**  
**P.O. BOX 1379**  
**AIBONITO, P.R. 00705**

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

| States, Etc.   | 1<br>Active Status | Direct Business Only            |                           |                         |  |   |                                 |                                | 9<br>Deposit-Type Contracts |   |
|--|--------------------|---------------------------------|---------------------------|-------------------------|--|---|---------------------------------|--------------------------------|-----------------------------|---|
|  |                    | 2<br>Accident & Health Premiums | 3<br>Medicare Title XVIII | 4<br>Medicaid Title XIX | 5<br>Federal Employees Health Benefit Program Premiums | 6<br>Life & Annuity Premiums & Other Considerations | 7<br>Property/Casualty Premiums | 8<br>Total Columns 2 Through 7 |                             |   |
| 1. Alabama   | AL                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 2. Alaska  | AK                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 3. Arizona   | AZ                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 4. Arkansas  | AR                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 5. California  | CA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 6. Colorado  | CO                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 7. Connecticut   | CT                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 8. Delaware  | DE                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 9. Dist. of Columbia   | DC                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 10. Florida  | FL                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 11. Georgia  | GA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 12. Hawaii   | HI                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 13. Idaho  | ID                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 14. Illinois   | IL                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 15. Indiana  | IN                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 16. Iowa   | IA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 17. Kansas   | KS                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 18. Kentucky   | KY                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 19. Louisiana  | LA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 20. Maine  | ME                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 21. Maryland   | MD                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 22. Massachusetts  | MA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 23. Michigan   | MI                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 24. Minnesota  | MN                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 25. Mississippi  | MS                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 26. Missouri   | MO                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 27. Montana  | MT                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 28. Nebraska   | NE                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 29. Nevada   | NV                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 30. New Hampshire  | NH                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 31. New Jersey   | NJ                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 32. New Mexico   | NM                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 33. New York   | NY                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 34. North Carolina   | NC                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 35. North Dakota   | ND                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 36. Ohio   | OH                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 37. Oklahoma   | OK                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 38. Oregon   | OR                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 39. Pennsylvania   | PA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 40. Rhode Island   | RI                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 41. South Carolina   | SC                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 42. South Dakota   | SD                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 43. Tennessee  | TN                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 44. Texas  | TX                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 45. Utah   | UT                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 46. Vermont  | VT                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 47. Virginia   | VA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 48. Washington   | WA                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 49. West Virginia  | WV                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 50. Wisconsin  | WI                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 51. Wyoming  | WY                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 52. American Samoa   | AS                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 53. Guam   | GU                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 54. Puerto Rico  | PR                 | L                               | 21,437,210                |                         |  |   |                                 |                                | 21,437,210                  | 0 |
| 55. U.S. Virgin Islands  | VI                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 56. Northern Mariana Islands   | MP                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 57. Canada   | CN                 |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 58. Aggregate other alien  | OT                 | XXX                             | 0                         | 0                       | 0  | 0   | 0                               | 0                              | 0                           | 0 |
| 59. Subtotal   | XXX                | 21,437,210                      | 0                         | 0                       | 0  | 0   | 0                               | 0                              | 21,437,210                  | 0 |
| 60. Reporting entity contributions for Employee Benefit Plans        | XXX                |                                 |                           |                         |  |   |                                 |                                | 0                           | 0 |
| 61. Total (Direct Business)  | (a) 1              | 21,437,210                      | 0                         | 0                       | 0  | 0   | 0                               | 0                              | 21,437,210                  | 0 |
| DETAILS OF WRITE-INS   |                    |                                 |                           |                         |  |   |                                 |                                |                             |   |
| 5801.  | XXX                |                                 |                           |                         |  |   |                                 |                                |                             |   |
| 5802.  | XXX                |                                 |                           |                         |  |   |                                 |                                |                             |   |
| 5803.  | XXX                |                                 |                           |                         |  |   |                                 |                                |                             |   |
| 5898. Summary of remaining write-ins for Line 58 from overflow page. | XXX                | 0                               | 0                         | 0                       | 0  | 0   | 0                               | 0                              | 0                           | 0 |
| 5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)     | XXX                | 0                               | 0                         | 0                       | 0  | 0   | 0                               | 0                              | 0                           | 0 |

(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.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

NAIC Compant code: 95730

EIN Number: 66-0219758

Company name: Mennonite General Hospital Inc. Health Plan

Company Address: PO Box 1379  
Aibonito, P.R 00705

State of Domicile: Puerto Rico

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