



ANNUAL STATEMENT

For the Year Ended December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

UNIVERSAL INSURANCE COMPANY

NAIC Group Code	0071 <small>(Current Period)</small>	0071 <small>(Prior Period)</small>	NAIC Company Code	31704	Employer's ID Number	66-0313825
Organized under the Laws of	Puerto Rico		State of Domicile or Port of Entry	Puerto Rico		
Country of Domicile	United States of America					
Incorporated/Organized	05/15/1971		Commenced Business	03/01/1972		
Statutory Home Office	Metro Office Park, Street 1, Lot 10 <small>(Street and Number)</small>			Guaynabo, PR 00968 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	Metro Office Park, Street 1, Lot 10 <small>(Street and Number)</small>					
	Guaynabo, PR 00968 <small>(City or Town, State and Zip Code)</small>			(787)706-7155 <small>(Area Code) (Telephone Number)</small>		
Mail Address	GPO Box 71338 <small>(Street and Number or P.O. Box)</small>			San Juan, PR 00936 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	Metro Office Park, Street 1, Lot 10 <small>(Street and Number)</small>					
	Guaynabo, PR 00968 <small>(City or Town, State and Zip Code)</small>			(787)282-1722 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.universalpr.com					
Statutory Statement Contact	Linda Viera Orengo <small>(Name)</small>			(787)282-1722 <small>(Area Code)(Telephone Number)(Extension)</small>		
	orodriguez@universalpr.com <small>(E-Mail Address)</small>			(787)620-4205 <small>(Fax Number)</small>		

OFFICERS

Name	Title
Monique Miranda Merle	President
Josely Vega	Secretary
Maritere Jimenez	Treasurer

OTHERS

Maria Vale, Vice President	Jorge Amadeo, Vice President
Linda Viera Orengo, Vice President #	

DIRECTORS OR TRUSTEES

Plinio Perez Marrero	Donald Kevane
Monique Miranda Merle	Luis Miranda Casanas
Jorge Amadeo	Rafael Rodriguez

State of _____
 County of _____ ss

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

_____ (Signature) Monique Miranda Merle _____ (Printed Name) 1. President _____ (Title)	_____ (Signature) Josely Vega _____ (Printed Name) 2. Secretary _____ (Title)	_____ (Signature) Maritere Jimenez _____ (Printed Name) 3. Treasurer _____ (Title)
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Subscribed and sworn to before me this _____ day of _____, 2012

- a. Is this an original filing? _____
 b. If no, 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

Yes[X] No[]

 (Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	529,616,880		529,616,880	548,020,608
2. Stocks (Schedule D)				
2.1 Preferred stocks	26,600		26,600	331,180
2.2 Common Stocks	15,618,243		15,618,243	12,221,788
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....16,500,000 encumbrances)	53,521,078	1,217,568	52,303,510	45,530,825
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)	4,155,760		4,155,760	9,082,752
5. Cash (\$.....38,547,682 Schedule E Part 1), cash equivalents (\$.....20,315,085 Schedule E Part 2) and short-term investments (\$.....3,328,341 Schedule DA)	62,191,108		62,191,108	17,022,012
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	7,204,468		7,204,468	
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	672,334,137	1,217,568	671,116,569	632,209,165
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	4,792,594		4,792,594	4,730,675
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	45,620,461	2,593,718	43,026,743	41,717,473
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)	12,662,929	208,830	12,454,099	14,538,541
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	6,307,785		6,307,785	4,563,180
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				87,878
18.2 Net deferred tax asset	369,438		369,438	150,213
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	3,467,530	2,282,734	1,184,796	1,504,783
21. Furniture and equipment, including health care delivery assets (\$.....0)	3,725,417	3,725,417		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	23,514,984		23,514,984	6,467,937
24. Health care (\$.....0) and other amounts receivable	9,541,493	2,644,056	6,897,437	2,891,667
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	782,336,768	12,672,323	769,664,445	708,861,512
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	782,336,768	12,672,323	769,664,445	708,861,512
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Other				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	53,383,423	57,698,156
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	14,786,384	15,564,937
4. Commissions payable, contingent commissions and other similar charges	989,618	703,691
5. Other expenses (excluding taxes, licenses and fees)	3,238,867	4,445,673
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	36,471	64,349
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses))	219,928	
7.2 Net deferred tax liability		
8. Borrowed money \$.....132,389,684 and interest thereon \$.....15,434	132,405,118	53,474,613
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....25,762,673 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)	125,567,575	133,035,147
10. Advance premiums	165,949,856	178,527,139
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	11,959,980	12,428,325
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	4,800,838	2,923,626
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	3,882,199	1,129,472
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$.....0 and interest thereon \$.....0		
25. Aggregate write-ins for liabilities	505,742	3,516,341
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25)	517,725,999	463,511,469
27. Protected cell liabilities		
28. TOTAL Liabilities (Lines 26 and 27)	517,725,999	463,511,469
29. Aggregate write-ins for special surplus funds	49,598,094	49,612,003
30. Common capital stock	2,800,000	2,800,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	40,107,836	40,107,836
35. Unassigned funds (surplus)	159,432,516	152,830,204
36. Less treasury stock, at cost:		
36.10 shares common (value included in Line 30 \$.....0)		
36.20 shares preferred (value included in Line 31 \$.....0)		
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39)	251,938,446	245,350,043
38. TOTALS (Page 2, Line 28, Column 3)	769,664,445	708,861,512
DETAILS OF WRITE-INS		
2501. Other liability	505,742	3,516,341
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	505,742	3,516,341
2901. Catastrophe Insurance pursuant to Chapter 25 of the Insurance Code of P.R.	49,598,094	49,612,003
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)	49,598,094	49,612,003
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	214,889,846	233,412,041
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	120,003,389	126,912,357
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	23,193,545	28,316,450
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	70,537,165	73,078,517
5. Aggregate write-ins for underwriting deductions		
6. TOTAL Underwriting Deductions (Lines 2 through 5)	213,734,099	228,307,324
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	1,155,747	5,104,717
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	21,717,734	21,389,694
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses))	6,048,882	4,402,651
11. Net investment gain or (loss) (Lines 9 + 10)	27,766,616	25,792,345
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)		
13. Finance and service charges not included in premiums	869,479	951,598
14. Aggregate write-ins for miscellaneous income	(359,303)	2,395,317
15. TOTAL Other Income (Lines 12 through 14)	510,176	3,346,915
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	29,432,539	34,243,978
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	29,432,539	34,243,978
19. Federal and foreign income taxes incurred	879,725	2,276,968
20. Net income (Line 18 minus Line 19) (to Line 22)	28,552,814	31,967,010
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	245,350,043	232,956,989
22. Net income (from Line 20)	28,552,814	31,967,010
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0	(589,289)	(736,387)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	163,585	(802,684)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	(478,880)	(693,749)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		4,000
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(20,000,000)	(20,000,000)
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(1,059,827)	2,654,864
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	6,588,403	12,393,054
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	251,938,446	245,350,043
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401. Other income (expense)	(359,303)	2,395,317
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(359,303)	2,395,317
3701. Portion of Catastrophe Reserve	(1,532,949)	2,654,864
3702. Other	473,122	
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)	(1,059,827)	2,654,864

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	193,344,304	199,420,979
2.	Net investment income	22,994,423	22,373,496
3.	Miscellaneous income	510,176	3,346,915
4.	Total (Lines 1 through 3)	216,848,903	225,141,390
5.	Benefit and loss related payments	126,062,727	132,001,903
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	95,458,020	103,024,824
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	627,559	1,376,993
10.	Total (Lines 5 through 9)	222,148,306	236,403,720
11.	Net cash from operations (Line 4 minus Line 10)	(5,299,403)	(11,262,330)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	333,304,832	353,937,987
12.2	Stocks	1,398,954	17,139,772
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	1,153,335	1,612,473
12.8	Total investment proceeds (Lines 12.1 to 12.7)	335,857,121	372,690,232
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	310,318,556	404,898,768
13.2	Stocks	4,205,643	8,845,196
13.3	Mortgage loans		
13.4	Real estate	3,589,025	5,684,672
13.5	Other invested assets	7,204,468	
13.6	Miscellaneous applications	83,789	
13.7	Total investments acquired (Lines 13.1 to 13.6)	325,401,481	419,428,636
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	10,455,640	(46,738,403)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds	78,930,505	53,474,613
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	20,000,000	20,000,000
16.6	Other cash provided (applied)	(18,917,646)	(62,498,723)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	40,012,859	(29,024,110)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	45,169,096	(87,024,843)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	17,022,012	104,046,855
19.2	End of year (Line 18 plus Line 19.1)	62,191,108	17,022,012

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire	512,335	422,476	495,219	439,592
2. Allied lines	1,363,172	1,488,547	1,492,231	1,359,488
3. Farmowners multiple peril				
4. Homeowners multiple peril	20,174,086	10,588,217	11,596,932	19,165,371
5. Commercial multiple peril	22,008,055	13,585,496	16,104,279	19,489,272
6. Mortgage guaranty				
8. Ocean marine	193,442	136,606	132,710	197,338
9. Inland marine	209,078	355,631	265,723	298,986
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	1,776,268	1,808,698	1,812,231	1,772,735
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	5,145,320	2,777,748	2,603,655	5,319,413
17.2 Other liability - claims-made				
17.3 Excess Workers' Compensation				
18.1 Products liability - occurrence	512,889	282,434	268,314	527,009
18.2 Products liability - claims-made				
19.1 19.2 Private passenger auto liability	15,492,881	9,343,406	8,464,923	16,371,364
19.3 19.4 Commercial auto liability	14,146,613	7,192,818	6,898,980	14,440,451
21. Auto physical damage	123,520,607	83,676,965	73,939,963	133,257,609
22. Aircraft (all perils)				
23. Fidelity	122	97	26	193
24. Surety	2,271,316	1,374,549	1,488,872	2,156,993
26. Burglary and theft				
27. Boiler and machinery	4,289	1,458	3,517	2,230
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability				
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business	91,801			91,801
35. TOTALS	207,422,274	133,035,147	125,567,575	214,889,846
DETAILS OF WRITE-INS				
3401. Title Insurance	91,801			91,801
3402. Mechanical Breakdown				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	91,801			91,801

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
Line of Business					
1. Fire	495,219				495,219
2. Allied lines	1,492,231				1,492,231
3. Farmowners multiple peril					
4. Homeowners multiple peril	11,596,932				11,596,932
5. Commercial multiple peril	16,104,279				16,104,279
6. Mortgage guaranty					
8. Ocean marine	132,710				132,710
9. Inland marine	265,723				265,723
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	1,812,231				1,812,231
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence	2,603,655				2,603,655
17.2 Other liability - claims-made					
17.3 Excess Workers' Compensation					
18.1 Products liability - occurrence	268,314				268,314
18.2 Products liability - claims-made					
19.1 19.2 Private passenger auto liability	8,464,923				8,464,923
19.3 19.4 Commercial auto liability	6,898,980				6,898,980
21. Auto physical damage	64,601,648	9,338,315			73,939,963
22. Aircraft (all perils)					
23. Fidelity	26				26
24. Surety	1,488,872				1,488,872
26. Burglary and theft					
27. Boiler and machinery	3,517				3,517
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	116,229,260	9,338,315			125,567,575
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Line 35 through Line 37)					125,567,575
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3+4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	2,069,843				1,557,508	512,335
2. Allied lines	10,038,674				8,675,502	1,363,172
3. Farmowners multiple peril						
4. Homeowners multiple peril	28,657,608				8,483,522	20,174,086
5. Commercial multiple peril	57,921,504				35,913,449	22,008,055
6. Mortgage guaranty						
8. Ocean marine	755,062				561,620	193,442
9. Inland marine	1,149,905				940,827	209,078
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	7,139,849				5,363,581	1,776,268
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	8,531,366				3,386,046	5,145,320
17.2 Other liability - claims-made						
17.3 Excess Workers' Compensation						
18.1 Products liability - occurrence	527,358				14,469	512,889
18.2 Products liability - claims-made						
19.1 19.2 Private passenger auto liability	16,056,865				563,984	15,492,881
19.3 19.4 Commercial auto liability	14,834,485				687,872	14,146,613
21. Auto physical damage	126,024,427				2,503,820	123,520,607
22. Aircraft (all perils)						
23. Fidelity	122					122
24. Surety	3,370,956				1,099,640	2,271,316
26. Burglary and theft						
27. Boiler and machinery	63,980				59,691	4,289
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business	91,801					91,801
35. TOTALS	277,233,805				69,811,531	207,422,274
DETAILS OF WRITE-INS						
3401. Title Insurance	91,801					91,801
3402. Mechanical Breakdown						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	91,801					91,801

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

If yes, (1) The amount of such installment premiums \$.....0.

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1.	Fire	506,635		254,009	252,626	88,986	84,786	256,826	58.42
2.	Allied lines	196,908		178,814	18,094	53,262	69,762	1,594	0.12
3.	Farmowners multiple peril								
4.	Homeowners multiple peril	11,436,793		1,411,010	10,025,783	3,348,832	3,713,188	9,661,427	50.41
5.	Commercial multiple peril	14,983,448		4,392,904	10,590,544	21,657,923	21,203,274	11,045,193	56.67
6.	Mortgage guaranty								
8.	Ocean marine	119,106		44,434	74,672	7,505	3,999	78,178	39.62
9.	Inland marine	368,362		180,477	187,885	194,493	231,909	150,469	50.33
10.	Financial guaranty								
11.1	Medical professional liability - occurrence								
11.2	Medical professional liability - claims-made								
12.	Earthquake	14,867		10,710	4,157	2,950	7,050	57	0.00
13.	Group accident and health								
14.	Credit accident and health (group and individual)								
15.	Other accident and health								
16.	Workers' compensation								
17.1	Other liability - occurrence	1,799,987		43,954	1,756,033	6,198,458	6,657,597	1,296,894	24.38
17.2	Other liability - claims-made								
17.3	Excess Workers' Compensation								
18.1	Products liability - occurrence								
18.2	Products liability - claims made								
19.1	19.2 Private passenger auto liability	10,847,741		400,412	10,447,329	7,206,466	6,689,906	10,963,889	66.97
19.3	19.4 Commercial auto liability	8,275,144		34,059	8,241,085	10,366,432	11,979,699	6,627,818	45.90
21.	Auto physical damage	82,867,664		1,202,795	81,664,869	4,636,199	7,437,831	78,863,237	59.18
22.	Aircraft (all perils)								
23.	Fidelity								
24.	Surety	2,384,011		1,328,966	1,055,045	(444,084)	(466,744)	1,077,705	49.96
26.	Burglary and theft					1		1	
27.	Boiler and machinery								
28.	Credit								
29.	International								
30.	Warranty								
31.	Reinsurance-Nonproportional Assumed Property	X X X							
32.	Reinsurance-Nonproportional Assumed Liability	X X X							
33.	Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34.	Aggregate write-ins for other lines of business					66,000	85,899	(19,899)	(21.68)
35.	TOTALS	133,800,666		9,482,544	124,318,122	53,383,423	57,698,156	120,003,389	55.84
DETAILS OF WRITE-INS									
3401.	Mechanical Breakdown						3,899	(3,899)	(4.25)
3402.	Title Insurance					66,000	82,000	(16,000)	
3403.								
3498.	Summary of remaining write-ins for Line 34 from overflow page								
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)					66,000	85,899	(19,899)	(21.68)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	44,101		22,040	22,061	130,861		63,936	88,986	46,704
2. Allied Lines	27,100		25,300	1,800	385,716		334,254	53,262	110,500
3. Farmowners multiple peril									
4. Homeowners multiple peril	2,322,724		160,875	2,161,849	1,639,260		452,277	3,348,832	1,059,088
5. Commercial multiple peril	17,975,904		1,459,010	16,516,894	7,045,367		1,904,338	21,657,923	3,707,489
6. Mortgage guaranty									
8. Ocean marine	2,616			2,616	5,097		208	7,505	1,297
9. Inland marine	87,500		44,582	42,918	342,650		191,075	194,493	109,598
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake	5,900		2,950	2,950				2,950	
13. Group accident & health								(a)	
14. Credit accident & health (group & individual)								(a)	
15. Other accident & health									
16. Workers' compensation									
17.1 Other liability - occurrence	8,677,964		4,420,724	4,257,240	2,704,788		763,570	6,198,458	1,264,353
17.2 Other liability - claims-made									
17.3 Excess Workers' Compensation									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1 19.2 Private passenger auto liability	4,468,164		293,737	4,174,427	3,408,747		376,708	7,206,466	1,758,019
19.3 19.4 Commercial auto liability	8,219,203		358,647	7,860,556	2,533,872		27,996	10,366,432	2,035,052
21. Auto physical damage	5,320,216		41,097	5,279,119	(748,678)		(105,758)	4,636,199	4,153,279
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	(3,529,636)		(2,478,081)	(1,051,555)	1,761,621		1,154,150	(444,084)	503,493
26. Burglary and theft	1			1				1	
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business					66,000			66,000	37,512
35. TOTALS	43,621,757		4,350,881	39,270,876	19,275,301		5,162,754	53,383,423	14,786,384
DETAILS OF WRITE-INS									
3401. Mechanical Breakdown									
3402. Title Insurance					66,000			66,000	37,512
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)					66,000			66,000	37,512

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	2,227,451			2,227,451
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	891,936			891,936
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,335,515			1,335,515
2. Commission and brokerage:				
2.1 Direct, excluding contingent		53,767,548		53,767,548
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		15,227,134		15,227,134
2.4 Contingent - direct		904,371		904,371
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded		2,826,092		2,826,092
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		36,618,693		36,618,693
3. Allowances to manager and agents				
4. Advertising	71,342	3,816,640	193	3,888,175
5. Boards, bureaus and associations	9,461	792,000		801,461
6. Surveys and underwriting reports		7,410		7,410
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	9,940,068	12,804,728	231,482	22,976,278
8.2 Payroll taxes	925,008	1,172,058	20,693	2,117,759
9. Employee relations and welfare	2,188,232	2,711,280	49,135	4,948,647
10. Insurance	185,137	475,031	7,750	667,918
11. Directors' fees	2,250	2,250		4,500
12. Travel and travel items	1,243,330	1,107,851	19,441	2,370,622
13. Rent and rent items	1,946,954	1,963,745	24,836	3,935,535
14. Equipment	904,909	1,146,988	22,252	2,074,149
15. Cost or depreciation of EDP equipment and software	866,839	556,733	2,220	1,425,792
16. Printing and stationery	1,129,951	1,215,878	5,952	2,351,781
17. Postage, telephone and telegraph, exchange and express	693,487	899,700	10,682	1,603,869
18. Legal and auditing	196,662	649,189	142,874	988,725
19. TOTALS (Lines 3 to 18)	20,303,630	29,321,481	537,510	50,162,621
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0				
20.2 Insurance department licenses and fees	39,644	304,014	3,403	347,061
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	39,644	304,014	3,403	347,061
21. Real estate expenses	412,886	178,456	958,286	1,549,628
22. Real estate taxes	423,061	281,398	2,313	706,772
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	678,809	3,833,123	966,780	5,478,712
25. TOTAL expenses incurred	23,193,545	70,537,165	2,468,292	(a) 96,199,002
26. Less unpaid expenses - current year	14,786,384	4,264,956		19,051,340
27. Add unpaid expenses - prior year	15,564,937	5,213,713		20,778,650
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	23,972,098	71,485,922	2,468,292	97,926,312
DETAILS OF WRITE-INS				
2401. Other	649,991	3,635,363	25,785	4,311,139
2402. Investment expense	28,818	197,760	940,995	1,167,573
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	678,809	3,833,123	966,780	5,478,712

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 12,427,061	12,345,711
1.1 Bonds exempt from U.S. tax	(a) 7,404,214	7,034,288
1.2 Other bonds (unaffiliated)	(a) 3,452,828	3,892,123
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 53	53
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	679,603	679,603
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) 161,176	234,248
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	24,124,934	24,186,026
11. Investment expenses		(g) 2,468,292
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		2,468,292
17. Net Investment income (Line 10 minus Line 16)		21,717,734

DETAILS OF WRITE-INS

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

- (a) Includes \$ 708,083 accrual of discount less \$ 2,083,367 amortization of premium and less \$ 670,947 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ (26,291) amortization of premium and less \$ 38,169 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	2,357,348	39,063	2,396,410		
1.1 Bonds exempt from U.S. tax	2,437,980		2,437,980		
1.2 Other bonds (unaffiliated)	1,284,943	(122,572)	1,162,371		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	(600)		(600)	(159,783)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	53,002	(281)	52,721	357,890	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments				(78,743)	
7. Derivative instruments				(708,653)	
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	6,132,672	(83,790)	6,048,882	(589,289)	

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	1,217,568	1,290,529	72,961
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,217,568	1,290,529	72,961
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,593,718	866,168	(1,727,550)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	208,830	128,866	(79,964)
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	2,282,734	2,897,251	614,517
21. Furniture and equipment, including health care delivery assets	3,725,417	4,513,713	788,296
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	2,644,056	2,496,916	(147,140)
25. Aggregate write-ins for other than invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	12,672,323	12,193,443	(478,880)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	12,672,323	12,193,443	(478,880)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

- A. The accompanying financial statements of Universal Insurance Company (the Company) have been prepared on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner).

The Commissioner recognizes only statutory accounting practices prescribed or permitted by the Commonwealth of Puerto Rico for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Puerto Rico Insurance Code. The National Association of Insurance Commissioners' latest Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the Commissioner. The Commissioner has adopted certain prescribed accounting practices which differ from those found in NAIC SAP, specifically, the deferred income tax arising from the temporary difference resulting from additions to the Catastrophe Loss Reserve which is deductible for tax purposes. The Commissioner authorized the Company to withdraw approximately \$1.5 million from the Catastrophe Loss Reserve (the Reserve) and an additional request for withdrawal amounting to approximately \$300,000 is still pending to be authorized at December 31, 2011. According to the dispositions of Circular Letter Num. E-06-1611-2011, the amount withdrawn from the Reserve should be exclude from losses paid and therefore net income, and recognized as a reduction of aggregate write-ins for other than special surplus funds.

A reconciliation of the Company's capital and surplus and net income between NAIC SAP and practices prescribed and permitted by the Commissioner are shown below.

	12/31/2011	12/31/2010
Statutory Surplus, PR Insurance Code	251,938,446	245,350,043
Effect of PR prescribed practices	12/31/2011	12/31/2010
Statutory Net Income, PR Insurance Code	28,521,014	29,671,881
Deferred tax provision resulting from additions to the catastrophe loss reserve which are deductible for tax purposes	(1,742,423)	(7,441,800)
Statutory Net Income, NAIC SAP basis	\$26,778,591	\$22,230,081
C. Accounting Policy		

1. Short term investments are stated at market.
2. Bonds are carried at amortized cost using the effective interest method.
3. Common stocks are carried at market value. Declines in value are accounted in accordance with SSAP No. 30.
4. Preferred stocks are stated at market.
5. Mortgage Loans – Not applicable
6. Prepayment assumptions for loan-backed securities were obtained from broker dealer survey values. The retrospective adjustment method is used to value all securities.
7. Investments in subsidiary and affiliated are stated at statutory equity - Not applicable.
8. Investments in joint ventures, partnerships and limited liability companies – Not applicable
9. All derivatives are stated at fair value.
10. The company use anticipated investment income as a factor in the premium deficiency test.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess or less than the amount provided. The methods for making such estimates and for establishing the resulting liability; are continually reviewed and any adjustments are reflected in the period determined.

Notes to Financial Statements

12. The company has not modified its capitalization policy from the prior period.
13. Pharmaceutical Rebate Receivables – Not applicable

2. Accounting changes and corrections of errors

- A. Not applicable

3. Business combinations and goodwill

- A. Statutory Purchase Method - Not applicable
- B. Statutory Merger - Not applicable
- C. Impairment Loss - Not applicable

4. Discontinued Operations – Not applicable

5. Investments

- A. Mortgage Loans - Not applicable
- B. Troubled Debt Restructuring for Creditors – Not applicable
- C. Reverse Mortgage – Not applicable
- D. Loan backed securities and structured securities -
 1. Prepayment assumptions for loan-backed securities were obtained from broker dealer survey values.
 2. No other-than-temporary impairments for loan-backed securities were recorded.
 3. The Company does not have any loan-backed and structured securities that were in a continuous unrealized loss position during the current period.
 4. All loan-backed and structured securities in an unrealized loss position, if any, were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity.
- E. Repurchase Agreement
For repurchase agreements, the Company is required a minimum of 105% to 107% of the fair value of securities lend as collateral. Cash collateral received under repurchase agreements is invested in short-term investments, affiliates short-term loans. As of December 31, 2011, the Company has \$148,889,684 in repurchase agreements less \$16,500,000, encumbrances and these are classified as secured borrowings. The collateral, mostly U.S. Governmental Bonds with carrying value of \$148,212,439 and fair value of \$158,309,058, are included in the Balance Sheet and their maturities are in January, February and March 2012.
- F. Real Estate - Not applicable
- G. Low-income housing tax credits - Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies - Not applicable

7. Investment Income

- A. Accrued Investment Income –
The investment income is accrued as earned. Gains or losses on sale of securities are determined under the specific method.
- B. Amounts Nonadmitted – Not applicable

8. Derivative Instruments

Deferred tax assets:

	2011	2010
Other than temporary differences	420,101	420,101
Loss on property held for sale	97,500	97,500
Unrealized loss on valuation of derivative financial instruments	737,028	646,428
	<u>1,185,052</u>	<u>1,164,029</u>

Deferred tax liabilities:

Unrealized net gain on valuation of common stock	98,959	35,802
Unrealized net gain on valuation of preferred stock	2,820	31,017
Difference in depreciation method	628,942	838,636
Ceding commission reserve	84,898	110,381
	<u>1,415,619</u>	<u>1,015,836</u>
Net deferred tax	\$369,433	\$158,213

Notes to Financial Statements

In December 2002 the Company entered into an interest rate swap agreement to manage its exposure to interest rate movements by converting a portion of its debt and certain financing arrangements from variable rates to fixed rates. Maturity dates of interest swap agreement generally match those of the underlying debt or financing arrangements. This agreement, which has a maturity of up to 20 years, involved the exchange of variable rate payments for fixed rate payments with a notional exchange of \$150,213 in the underlying principal amounts. Variable rates are based on three-month U.S. dollar libor and are reset on quarterly basis. The differential between variable and fixed rates to be paid or received is accrued as interest rates change in accordance with the agreement and recognized over the life of the agreement as an adjustment to interest expense. The notional principal amount of the interest rate swap outstanding was a loss of \$2,456,760 at December 31, 2011. The derivative instruments are recognized at fair market value and the resulted gains or losses are recorded as unrealized gain or losses. The company recognized a net unrealized loss of \$799,253 during the reporting period resulted from the repurchase agreement.

9. Income Tax

The Company's current income tax is determined on the basis of Statutory Annual Statements filed with the insurance regulatory authorities. Also, operations are subject to an alternative minimum tax, which is calculated based on a formula established by the existing tax laws in the Commonwealth of Puerto Rico.

A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DLTs)

1. Components of net deferred tax as of December 31, 2011

2. The Company has not elected to admit additional DTA's pursuant to SSAP 10R, paragraph 10(e).
3. Not applicable
4. Not applicable
5. Not applicable
6. Not applicable

B. Unrecognized Deferred Tax Liabilities that are not recognized – Please refer to note 1A for permitted practices by the Commissioner.

C. Current Tax and Change in Deferred Tax

1. The Company is only subject to Puerto Rico income taxes that are determined on the basis of statutory rates up to a maximum of 30%. Taxes for 2011 amounts to \$879,725 which consist of \$787,285 from capital gains at a rate of 15%, and \$92,440 from operations at a rate of 25%.

D. Reconciliation of Federal Income Rate to Actual Effective Rate - Not applicable

E. Operating Loss and Tax Credit Carry forwards and Protective Tax Deposits - Not applicable

F. Consolidated Federal Income tax return- Not applicable

10. Information concerning Parents, Subsidiaries, Affiliates and Other Related Parties

Notes to Financial Statements

- A. Nature of Relationship - The Company is a wholly owned subsidiary of Universal group, Inc. a Puerto Rico Corporation.
- B. Detail of transactions Greater than ½ of 1% of Admitted Assets - During December 2011, the Company acquired from Universal Finance, Inc. (UF) certain third parties loans amounting to approximately \$7,200,000. These loans receivable were made by UF to seven third parties borrowers and the Company recorded the loans at their outstanding balance plus accumulated interest at the date of the transfer. These loans have multiple due dates with an average duration of 2.6 years, variable interest structure and outstanding loan balance between \$172,000 to \$2,000,000. All loans receivables are collateralized, mostly with real estate, in excess of the outstanding balances. As part of the transactions, the Company paid UF a consideration of \$150,000 which is being amortized based on the average duration of the loans. On December 29, 2010, Universal acquired from Universal Finance, Inc. real estate property for approximately \$2,472,000. This real estate property was recorded at cost to Universal Finance, Inc., hence no gain or loss was recognized as a result of the transaction. Amount was paid in full at December 31, 2010.

On November 7, 2011, the Company entered into an intercompany loan with Universal Holding of North America (UHNA) amounting to \$7,000,000. The intercompany loan has a maturity date of November 1, 2014 and the interests are payable monthly computed annually on the anniversary date based on 90 days London Interbank Offered Rate (LIBOR), plus 400 basis points with a floor of 5.50%.

- C. Change in terms of Intercompany Arrangements - Not applicable
- D. Amounts due to or from related parties – the intercompany balances must be settled within 30 days. The amounts due from /to affiliates are as follows:

Amount due from affiliates	\$23,514,984
Amount due to affiliates	<u>3,882,199</u>
Net Receivable from affiliates	<u>\$ 19,632,785</u>

- E. Guarantees or contingencies for related parties - Not applicable
- F. Management, Service Contracts, Cost Sharing Arrangements
- The Parent has agreed to provide certain management services to all members of the holding company group.
- G. Nature of relationships that could affect operations - Not applicable
- H. Amount deducted for Investment in upstream company - Not applicable
- I. Detail of Investments in affiliates greater than 10% of admitted assets -Not applicable.
- J. Write downs for impairment - Not applicable
- K. Investment in a foreign insurance subsidiary - Not applicable
- L. Downstream Holding Company Valued Using Look-Through Method – Not applicable

11. Debt - Not applicable

12. Retirement plans, deferred compensation benefits and compensated absences and other postretirement benefit plans

- A. Defined Benefit Plans – Not applicable

Type of Stocks	# Shares	Par value	Amount
ANNUAL STATEMENT FOR THE YEAR 2011 OF THE UNIVERSAL INSURANCE COMPANY			
Common Class A	200,000	\$ 5	\$1,000,000
Common Class B	200,000	5	1,000,000
Common Class C	160,000	5	800,000

Notes to Financial Statements

The company has a qualified non-contributory profit sharing plan for the eligible employees. Pension cost allocated to the company amounted approximately \$949,726 for the period ended December 31, 2011.

The plan calls for a voluntary contribution of no less than 1% of the annual compensation as defined. The parent sponsors a defined contribution savings plan covering substantially all employees of the Company. Employees may contribute up to 6% of salary to the plan which is subject to 50% parent match. The company's share of the savings plan was approximately \$274,798.

- C. Multi employer plans - Not applicable
- D. Consolidated/Holding Company Plans - Not applicable
- E. Post Employment Benefits and Compensated Absences - Not applicable
- F. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable

13. Capital and Surplus, Dividends Restrictions and Quasi-Reorganizations

A. Outstanding Shares

The Company has a total authorized capital of 560,000 common shares at \$5 par value and 15,000 Preferred Shares at \$1,000. Universal Insurance Company has 200,000, 200,000 and 160,000 common shares of Class A, Class B and Class C issued and outstanding, respectively. No preferred stocks are outstanding. The types of common stocks are as follows:

- B. Dividend Rate of Preferred Stock - Not applicable.
- C. Dividend Restrictions and Amounts of Dividends Paid

Dividends in common stock are paid as declared by the Board of Directors of the Company. Under the insurance regulations of Puerto Rico, the maximum amount of dividends which the company may pay to shareholders without approval of the Commissioner of Insurance is restricted to statutory surplus limitations. Shareholders' dividends declared and paid were \$20,000,000 and \$20,000,000 for the periods ended December 31, 2011 and December 31, 2010, respectively.

D. Restriction on the unassigned funds

In accordance with Chapter 25 of the Insurance Code, as amended, the Company is required to record a catastrophe loss reserve. This catastrophe loss reserve is supported by a trust fund for the payment of catastrophe losses. The reserve increases by amounts determined by applying a contribution rate, not in excess of 5%, to catastrophe written premiums as instructed annually by the Commissioner of Insurance, unless the level of the reserve exceeds 8% of catastrophe exposure, as defined. The reserve also increases by an amount equal to the resulting return in the supporting trust fund and decreases by payments on catastrophe losses or authorized withdrawals from the trust fund. Additions to the catastrophe loss reserve are deductible for income tax purposes. This trust may invest its funds in securities authorized by the Insurance Code, but not in investments whose value may be affected by hazards covered by the catastrophic insurance losses. The interest earned on these investments and any realized gains (loss) on investment transactions are part of the trust fund and are recorded as income (expense) of the Company. An amount equal to the investment returns is recorded as an addition to the trust fund.

Notes to Financial Statements

Pursuant to the law, Universal has established a reserve in the amount of \$49,598,094 and \$49,612,003 as of December 31, 2011, and December 31, 2010 respectively. This reserve will be presented in the Annual Statement as "Aggregate write-ins for special funds". During the period ended December 31, 2011, the interest earned of the aforementioned reserve was \$1,519,040.

The Commissioner authorized the Company to withdraw approximately \$1.5 million from the Catastrophe Loss Reserve (the Reserve) and an additional request for withdrawal amounting to approximately \$300,000 is still pending to be authorized at December 31, 2011. The amount withdrawn from the Reserve was excluded from losses paid and recognized as a reduction of aggregate write-ins for other than special surplus funds.

- E. Mutual Surplus Advances - Not applicable
- F. Company Stock Held for Special Surplus - Not applicable
- G. Changes in Special Funds
- H. Change in Unassigned Funds
- I. Surplus Notes - Not applicable
- J. Quasi Reorganizations – Not applicable

14. Contingencies

A. Contingent Commitments

Pursuant to Chapter 41 of the Puerto Rico Insurance Code and Rule No. 56 of the insurance regulations of the Commonwealth of Puerto Rico, property and liability insurance companies are members of the "*Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Medico-Hospitalaria (SIMED)*" and the "*Sindicato de Aseguradores de Responsabilidad Profesional para Medicos*". Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member the Company shares risks with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations.

Also, pursuant to Chapter 37 of the Puerto Rico Insurance Code, property and liability companies who underwrite premiums directly related to fire and allied lines for commercial or residential properties are members of the "*Asociación de Suscripción Conjunta de Seguros de Incendio y Líneas Aliadas*". This association was created for the purpose of underwriting fire and allied lines insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations.

Additional, pursuant to Article 12 of Rule LXIX of the Puerto Rico Insurance Code, Universal, is a member of the Compulsory Vehicle Liability Insurance Joint Underwriting Association (the "Association"), which was organized during 1977 to underwrite insurance coverage motor vehicles property damage liability risks effective January 1, 1988. As a member of the Association the Company shares the risk proportionally with other members based on a formula established by the Puerto Rico Insurance Code.

B. Assessments

Property and Liability Insurance companies are also members of the Puerto Rico Property and Casualty Insurance Guaranty Association. Members are obligated to provide funds for the settlement of claims and reimbursements of

Notes to Financial Statements

unearned premiums of Insurance policies issued by insolvent insurance companies. During 2011 there has been no assessment.

Name and Address	C. Gain Contingencies – Not applicable			D. Extra Contractual Obligation and Back-Paid Losses – Not applicable		Direct Premiums Written
	FEI Number	Exclusive Contract	Type of Business	Type of Authority Granted	Losses – Not applicable	
Eastern America Insurance Agency PO Box 193900 San Juan, PR 00919	66-0388346					\$174,882,995
2012 Insurance						\$540,838
2013 Insurance						\$427,528
2014 Insurance	15.368,924		N	P/C	U	6,692,910
2015 Insurance						\$381,028
2016 Insurance						\$392,364
San Juan, PR 00936	66-0342973		N	P/C	U	6,692,910
San Juan, PR 00794	66-0343660		N	P/C	U	6,692,910
Selecta Insurance PO Box 2055 San Juan, PR 00960	66-0347961		N	P/C	U	3,689,908
Other						9,654,883
Direct business						7,493,030
Total	16.	Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk				

Not applicable

17. Sale, transfer and servicing of financial assets and financial and extinguishments of liabilities.

Not applicable

18. Gain or loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.

Not applicable

19. Direct Premium written/produced by managing general agents/third party administrators

The major general agents and direct premiums written for the Company were:

20. Fair Value Measurement

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurement by levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows.

Notes to Financial Statements

	Net Realized/Unrealized			Transfer in and/or out of Level 3	Purchases, Issuances and Settlements	Balance December 31, 2011	Unrealized Gains Still Held	For example as well as securities that as quoted that are not supported by assets or example (i) based on identical or comparable assets, (ii) debt securities with quoted prices that are traded less frequently than exchange-traded instruments and (iii) derivative contracts and financial liabilities.
	Balance January 1, 2011	Earnings/ Loss	Other Comprehensive Income					
Debt securities - bonds and notes:								
U.S. Governments	\$ 24,127,268	\$ 17,595	\$ (597,625)	\$ -	\$ (3,386,559)	\$ 20,160,679	\$ 1,077,365	
U.S. Special revenue and special assessment obligations and all non-guaranteed obligation of agencies and authorities of governments and their political subdivisions	2,002,336	-	82,305	-	(742,941)	1,341,701	138,714	
U.S. Industrial and Miscellaneous and Hybrid Securities	9,164,015	-	(385,630)	-	(1,450,110)	7,328,275	189,843	
Total debt securities	35,293,619	17,595	(900,949)	-	(5,579,610)	28,830,656	1,405,923	
Equity securities:								
Common Stocks	4,737,818	47,694	284,347	-	(1,155,072)	3,914,787	434,371	
Total equity securities	4,737,818	47,694	284,347	-	(1,155,072)	3,914,787	434,371	
Total assets reported at fair value	\$ 40,031,437	\$ 65,289	\$ (616,602)	\$ -	\$ (6,734,682)	\$ 32,745,442	\$ 1,840,294	

Level 3 — Unobservable inputs that are supported by little or no

	December 31, 2011				value of the assets or for example financial models, for which the management judgment or evaluates whether or changed that would levels 1 and 2. This policy value using significant December 31, 2011, is
	Level 1	Level 2	Level 3	Total	
Debt securities - bonds and notes:					
U.S. Governments	\$ -	\$ 294,657,373	\$ 20,160,679	\$ 314,818,052	
U.S. States, Territories and Possessions	-	197,064,173	-	197,064,173	
U.S. Special revenue and special assessment obligations and all non-guaranteed obligation of agencies and authorities of governments and their political subdivisions	-	34,806,686	1,341,701	36,148,387	
U.S. Industrial and Miscellaneous and Hybrid Securities	-	2,215,403	7,328,275	9,543,678	
Total debt securities	-	528,743,635	28,830,655	557,574,290	
Equity securities:					
Preferred Stocks	26,600	-	-	26,600	
Common Stocks	11,703,456	-	3,914,787	15,618,243	
Total equity securities	11,730,056	-	3,914,787	15,644,843	
Total assets reported at fair value	\$ 11,730,056	\$ 528,743,635	\$ 32,745,442	\$ 573,219,133	
Liabilities:					
Derivative liabilities	-	2,456,760	-	2,456,760	
Total liabilities reported at fair value	\$ -	\$ 2,456,760	\$ -	\$ 2,456,760	

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques used for level 2 and level 3 fair values

The following is a description of the valuation methodologies used for instruments measured at fair value:

Debt Securities — Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as discounted cash flow methodologies, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Level 1 investment securities include those identical securities traded in active markets, such as U.S. treasuries, U.S. agency mortgage backed securities (pass-through), and common and preferred stocks. Level 2 investment securities primarily include U.S. agencies, U.S. state and municipalities, Puerto Rico government and agencies, corporate debt, Puerto Rico open-ended funds, U.S. agency mortgage-backed securities. Level 3 securities include Puerto Rico closed-end funds, Puerto Rico agency mortgage backed securities, asset-backed securities and non-agency mortgage-backed securities. The estimated fair value of these instruments is mainly determined by using a

Notes to Financial Statements

third-party cash flow valuation model to calculate the present value of projected future cash flows.

Preferred and Common Stocks - equity securities that are traded in an active exchange market for which fair value categorized as Level 1. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Other Equity Securities - Level 3 assets would include financial instruments whose value is determined using pricing models, for which the determination of fair value requires significant management judgment or estimation.

5. Derivative Fair Values

The fair values of the interest rate swaps were obtained using an independent valuation model and based on inputs other than quoted prices that are observable for the underlying (e.g., index, interest rates).

B. Other Fair Value Disclosures - Not applicable

C. Reasons Not Practical to Estimate Fair Values - Not applicable

21. Other Items

A. Extraordinary Items – Not applicable

B. Trouble Debt Restructuring - Not applicable

C. Other Disclosures - Not applicable

D. Uncollectible Premiums Receivable - Not applicable

E. Business Interruption Insurance Recoveries - Not applicable

F. State Transferable Tax Credits – Not applicable

G. Subprime Mortgages Related Risk Exposure

1. The Company classifies investments as having subprime exposure if they meet any one of the following:

I. A. Bloomberg Collateral Label is RESB/C (Residential B and C Rated)

B. Average FICO scores below 670

C. Percentage of Collateral with FICO scores below 650 exceeds 25%

II. If average FICO scores are unknown or fall below 700 the Company considers the following loan characteristics in determining the subprime classification:

A. Greater than 50% I/O Loans

B. Average LTV above 85%

C. Low Doc Loans Below 50%

D. Negative Amortization Loans Exceed 10%

III. None of these factors taken alone would necessarily classify a holding as subprime, but could be indications of potential subprime exposure and would require the Company to make a specific judgment classifying the exposure as either subprime or not.

IV. Delinquencies and credit enhancement levels of all whole loan positions are monitored on a monthly basis regardless of classification.

Notes to Financial Statements

It is the Company's policy to invest in high grade securities which meet investment guidelines set forth by the NAIC SVO and that of any relevant state regulated department of insurance.

2. The Company does not have any direct exposure to subprime mortgage loans as the Company does not hold any subprime mortgage loans as defined above.
3. The Company does not have any direct exposure through other investments separated by the categories of residential mortgage backed securities; commercial mortgage backed securities; collateralized debt obligations; structured securities (including principal protected notes); equity investments in subsidiary, controlled, or affiliated entities with significant subprime mortgage-related risk exposure.
4. The Company does not write mortgage guaranty insurance, directors and officer's liability, errors and omissions liability, or any other insurance expected to be impacted by subprime related losses and therefore has no underwriting exposure expected to be impacted by subprime related losses.

The Company reflects or holds any security with direct exposure to subprime mortgage loans. Assessment of the possible exposure has been addressed consistently by management since September 2007.

22. Events subsequent

There were no events occurring subsequent to December 31 2011 through the date of the filing.

23. Reinsurance

A. Unsecured Reinsurance Recoverable

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premiums with any individual reinsurer, authorized or unauthorized, that exceeds 3% of policyholders.

B. Reinsurance Recoverable in Dispute

The Company does not have reinsurance recoverable for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus for an individual reinsurer or 10% of policyholders' surplus in aggregate.

Description	Direct	Assumed	Ceded	Net
A. Contingent Commissions				
3. Sliding scale adjustments				
C. Other profit commissions				
D. Totals				

1. The following table summarized ceded and assumed unearned premiums and the related commission equity at December 31, 2011

2. Certain agency agreements and ceded reinsurance contracts provide for additional or returned commission based on the actual loss experience of the produced or reinsurance business. Amounts accrued at December 31, 2011:

3. Uncollectible Reinsurance – Not applicable
4. Commutation of Ceded Reinsurance – Not applicable
5. Retroactive Reinsurance – Not applicable

Notes to Financial Statements

- 6. Reinsurance Accounted for as a Deposit – Not applicable
- 7. Run-off Agreements – Not applicable

24. Retrospectively rated contracts and contracts subject to redetermination

- A. Method used to estimate - Not applicable
- B. Method used to record - Not applicable
- C. Amount and Percent of net Retrospective Premium - Not applicable
- D. Calculation of Non-admitted Accrued Retrospective Premiums - Not applicable

25. Change in incurred losses and loss adjustment expenses

The decrease in incurred losses related to prior years, as noted in the above table, primarily resulted from a favorable loss development. Favorable loss reserve development emerged during the recent years in most of the insurance lines of business as claims have not materialized as originally estimated.

- 26. **Intercompany pooling arrangements** - Not applicable
- 27. **Structured Settlements** - Not applicable
- 28. **Health Care Receivables** - Not applicable
- 29. **Participating Policies** - Not applicable
- 30. **Premiums Deficiencies Reserves** - Not applicable
- 31. **High deductible** - Not applicable
- 32. **Discounting of liabilities for unpaid losses or unpaid loss adjustment expenses** - Not applicable
- 33. **Asbestos/Environmental Reserves** – Not applicable
- 34. **Subscriber Savings Account** - Not applicable
- 35. **Multiple Peril Crop Insurance** - Not applicable
- 36. **Financial Guaranty Insurance** – Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] 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 [] N/A[X]
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007.....
- 3.2 State the as of date 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. 12/31/2007.....
- 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). 10/05/2010.....
- 3.4 By what department or departments?
Insurance Commissioner of Puerto Rico
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No[X]
- 4.12 renewals? Yes [] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No[X]
- 4.22 renewals? Yes [] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No[X]
- 5.2 If yes, provide 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. Yes [] No[X]

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No[X]
- 7.2 If yes, 0.000%.....
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
.....

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	Yes [] No[X]				

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte LLP Torre Chardon , 350 Avenue, Suite 700, San Juan PR 00918-2140
- 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 response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No [] N/A []
- 10.6 If the answer to 10.5 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?
Thomas R. Bayley -Towers Watson -1500 Market Street, Centre Square East , Philadelphia, PA 19102-4790

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
 12.11 Name of real estate holding company
 12.12 Number of parcels involved 0
 12.13 Total book/adjusted carrying value \$ 0
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No N/A
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No N/A
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A
- 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 No
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes No
 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
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes No
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes No
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$ 0
 20.12 To stockholders not officers \$ 0
 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$ 0
 20.22 To stockholders not officers \$ 0
 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 0
 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 14,756,900

INVESTMENT

- 24.1 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 24.3) Yes No
 24.2 If no, give full and complete information, relating thereto:
 Security were held by custodians
 24.3 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)
 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$ 0
 24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$ 0
 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A

GENERAL INTERROGATORIES (Continued)

- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes[] No[] N/A[X]
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3). Yes[X] No[]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | |
|--|----------------|
| 25.21 Subject to repurchase agreements | \$ 148,889,684 |
| 25.22 Subject to reverse repurchase agreements | \$ 0 |
| 25.23 Subject to dollar repurchase agreements | \$ 0 |
| 25.24 Subject to reverse dollar repurchase agreements | \$ 0 |
| 25.25 Pledged as collateral | \$ 0 |
| 25.26 Placed under option agreements | \$ 0 |
| 25.27 Letter stock or securities restricted as to sale | \$ 0 |
| 25.28 On deposit with state or other regulatory body | \$ 0 |
| 25.29 Other | \$ 0 |

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

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

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

1 Name of Custodian(s)	2 Custodian's Address
Santander Securities	B-7 Calle Tabonuco STE 1800, Guaynabo, Puerto Rico 00968-3028
UBS Financial Services, Incorporated of PR	1 ST.1, Metro Office Park PH, Guaynabo PR 00968
Citibank, N.A. - Puerto Rico	G.P.O. Box 70301, San Juan, PR 00936
Popular Securities	209 Muñoz Rivera Ave., Popular Center - 12th Floor, SJ, PR 00918
BBVA Securities of Puerto Rico, Inc.	BBVA Tower Lobby Level, 254 Muñoz Rivera Ave., Hato Rey, PR 00918
Merril Lynch, Pierce, Fenner & Smith Incorporated	#15 Second Street, Suite 210, Guaynabo PR 00968
Oriental Trust	270 Muñoz Rivera Ave., San Juan PR 00918
Barclays Capital Inc	745 Seventh Avenue, New York, NY 10019

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[] No[X]
- 28.04 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

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

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

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

GENERAL INTERROGATORIES (Continued)

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	529,616,880	557,574,290	27,957,410
30.2	Preferred stocks	26,600	26,600	
30.3	Totals	529,643,480	557,600,890	27,957,410

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

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

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

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

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

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 678,960

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Service Office	526,461

34.1 Amount of payments for legal expenses, if any? \$ 339,433

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

1 Name	2 Amount Paid

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

35.2 List the name of 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes No
- 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 Current Year	2 Prior Year
2.1 Premium Numerator		
2.2 Premium Denominator	214,889,846	233,412,041
2.3 Premium Ratio (2.1 / 2.2)		
2.4 Reserve Numerator		
2.5 Reserve Denominator	193,737,382	206,298,240
2.6 Reserve Ratio (2.4 / 2.5)		

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes No
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies \$ 0
- 3.22 Non-participating policies \$ 0
4. For Mutual Reporting Entities and Reciprocal Exchange only:
- 4.1 Does the reporting entity issue assessable policies? Yes No N/A
- 4.2 Does the reporting entity issue non-assessable policies? Yes No N/A
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 0
5. For Reciprocal Exchanges Only:
- 5.1 Does the exchange appoint local agents? Yes No N/A
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation Yes No N/A
- 5.22 As a direct expense of the exchange Yes No N/A
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes No N/A
- 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
Not applicable
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
Computer software Link 11.0 from RMS for hurricane and earthquake risks.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss:
Catastrophe Reinsurance Program
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes No
- 6.5 If no, describe arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes No N/A
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes No
- 8.2 If yes, give full information.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

GENERAL INTERROGATORIES (Continued)

- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principals ("SAP") and as a deposit under generally accepted accounting principals ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [] No[X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No[X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [] No [] N/A[X]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A[X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From 0.000%
- 12.42 To 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ 0
- 12.62 Collateral and other funds \$ 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 500,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No[X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 0
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [] N/A[X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No [] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes [] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes [] No[X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption.
- 17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 \$ 0
- 17.12 Unfunded portion of Interrogatory 17.11 \$ 0

GENERAL INTERROGATORIES (Continued)

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$	0
17.14 Case reserves portion of Interrogatory 17.11	\$	0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$	0
17.16 Unearned premium portion of Interrogatory 17.11	\$	0
17.17 Contingent commission portion of Interrogatory 17.11	\$	0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.		
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	0
17.19 Unfunded portion of Interrogatory 17.18	\$	0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$	0
17.21 Case reserves portion of Interrogatory 17.18	\$	0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$	0
17.23 Unearned premium portion of Interrogatory 17.18	\$	0
17.24 Contingent commission portion of Interrogatory 17.18	\$	0
18.1 Do you act as a custodian for health savings accounts?	Yes[] No[X]	
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:	\$	0
18.3 Do you act as an administrator for health savings accounts?	Yes[] No[X]	
18.4 If yes, please provide the balance of the funds administered as of the reporting date:	\$	0

FIVE - YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4)	39,950,074	46,200,758	49,029,672	51,767,957	54,736,907
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26)	146,422,698	160,423,650	177,954,575	182,337,674	196,462,687
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	87,398,154	77,247,806	75,590,980	77,387,973	76,252,481
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,462,879	3,610,597	3,224,313	4,022,768	4,237,390
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33)					
6. TOTAL (Line 35)	277,233,805	287,482,811	305,799,540	315,516,372	331,689,465
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	35,297,703	36,626,725	40,455,413	41,932,414	45,300,832
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	127,381,460	139,506,217	150,914,168	157,629,670	169,783,937
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	42,379,872	38,791,960	36,608,474	36,540,494	35,212,571
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,363,239	2,588,908	1,700,252	2,184,649	3,174,758
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33)					
12. TOTAL (Line 35)	207,422,274	217,513,810	229,678,307	238,287,227	253,472,098
Statement of Income (Page 4)					
13. Net underwriting gain or (loss) (Line 8)	1,155,747	5,104,717	4,174,068	10,514,958	11,644,755
14. Net investment gain or (loss) (Line 11)	27,766,616	25,792,345	27,265,209	22,998,768	24,659,334
15. TOTAL other income (Line 15)	510,176	3,346,915	1,039,678	3,407,491	(1,552,888)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	879,725	2,276,968	1,375,027	4,017,317	(128,199)
18. Net income (Line 20)	28,552,814	31,967,010	31,103,928	32,903,900	34,879,400
Balance Sheet Lines (Pages 2 and 3)					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	769,664,445	708,861,512	742,919,062	733,284,166	728,827,737
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	43,026,743	41,717,473	36,075,115	40,018,778	46,338,099
20.2 Deferred and not yet due (Line 15.2)	12,454,099	14,538,541	16,019,754	16,370,652	16,014,019
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	517,725,999	463,511,469	509,962,073	519,691,801	520,983,619
22. Losses (Page 3, Line 1)	53,383,423	57,698,156	62,188,195	69,048,069	73,681,837
23. Loss adjustment expenses (Page 3, Line 3)	14,786,384	15,564,937	15,678,452	16,711,719	15,078,021
24. Unearned premiums (Page 3, Line 9)	125,567,575	133,035,147	148,933,378	158,104,588	175,931,686
25. Capital paid up (Page 3, Lines 30 & 31)	2,800,000	2,800,000	2,800,000	2,800,000	2,440,000
26. Surplus as regards policyholders (Page 3, Line 37)	251,938,446	245,350,043	232,956,989	213,592,365	207,844,120
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(5,299,403)	(11,262,330)	385,704	15,818,813	2,425,608
Risk-Based Capital Analysis					
28. TOTAL adjusted capital	251,938,446	245,350,043	232,956,989	213,592,364	207,844,118
29. Authorized control level risk-based capital	18,283,701	17,527,774	16,817,330	13,550,663	13,426,245
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)					
(Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	78.9	86.7	74.1	81.6	82.5
31. Stocks (Lines 2.1 & 2.2)	2.3	2.0	2.8	3.9	2.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	8.4	8.6	7.5	7.9	7.8
34. Cash, cash equivalents and short-term investments (Line 5)	9.3	2.7	15.5	6.7	5.8
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			X X X	X X X	X X X
37. Other invested assets (Line 8)	1.1				
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)			X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. TOTAL of above Lines 42 to 47					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)					

FIVE - YEAR HISTORICAL DATA (Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains or (Losses) (Line 24)	(589,289)	(736,387)	2,842,684	(2,581,626)	(1,566,833)
51. Dividends to stockholders (Line 35)	(20,000,000)	(20,000,000)	(15,000,000)	(11,435,000)	(9,554,722)
52. Change in surplus as regards policyholders for the year (Line 38)	6,588,403	12,393,054	19,364,624	5,748,245	24,406,957
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	20,922,872	24,720,617	24,893,183	27,562,091	26,753,558
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	83,954,436	90,472,661	99,609,756	98,241,745	105,967,314
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27)	26,539,347	25,932,576	25,457,679	24,512,339	20,044,394
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,384,011	2,230,891	1,561,674	(71,777)	1,174,101
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
58. TOTAL (Line 35)	133,800,666	143,356,745	151,522,292	150,244,398	153,939,367
Net Losses Paid (Page 9, Part 2, Column 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	20,444,447	23,521,151	23,046,614	25,851,026	25,241,178
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)	82,127,631	87,505,336	95,344,262	93,666,334	101,881,277
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27)	20,690,999	19,093,078	19,724,402	17,342,299	15,861,833
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34)	1,055,045	1,282,831	1,178,352	1,042,639	521,138
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
64. TOTAL (Line 35)	124,318,122	131,402,396	139,293,630	137,902,298	143,505,426
Operating Percentages (Page 4)					
(Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	55.8	54.4	55.4	52.0	53.2
67. Loss expenses incurred (Line 3)	10.8	12.1	11.7	11.7	11.2
68. Other underwriting expenses incurred (Line 4)	32.8	31.3	31.1	32.1	31.2
69. Net underwriting gain (loss) (Line 8)	0.5	2.2	1.7	4.1	4.4
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	33.8	32.1	31.9	33.1	33.0
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	66.6	66.5	67.2	63.8	64.4
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	82.3	88.7	98.6	111.6	122.0
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)	(5,442)	(11,074)	(10,917)	(12,436)	(10,266)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Column 1 x 100.0)	(2.2)	(4.8)	(5.1)	(6.0)	(5.6)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)	(12,394)	(13,963)	(17,833)	(15,843)	(6,299)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Column 2 x 100.0)	(5.3)	(6.5)	(8.6)	(8.7)	(3.8)

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[] N/A[X]

If no, please explain::

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P - PART 1 - SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	1,359	830			433	101	460	861	X X X
2. 2002	272,448	86,684	185,764	124,350	25,237	2,958	682	21,737	100	15,596	123,026	X X X
3. 2003	288,716	71,401	217,315	133,649	18,060	3,753	679	26,054	22	15,702	144,695	X X X
4. 2004	316,102	65,502	250,600	153,835	16,411	4,792	1,859	24,088	96	19,397	164,349	X X X
5. 2005	330,266	67,282	262,984	155,482	11,322	2,959	268	27,829	80	20,932	174,600	X X X
6. 2006	341,142	73,157	267,985	158,248	10,469	2,133	154	28,053	168	21,930	177,643	X X X
7. 2007	340,316	76,794	263,522	150,262	10,867	1,585	80	25,715	327	21,414	166,288	X X X
8. 2008	332,118	76,011	256,107	145,816	11,518	1,430	218	24,014	332	20,635	159,192	X X X
9. 2009	316,953	78,102	238,851	140,788	10,989	1,003	193	23,569	347	23,603	153,831	X X X
10. 2010	305,903	72,491	233,412	133,294	10,224	927	184	23,996	205	23,133	147,604	X X X
11. 2011	288,520	73,630	214,890	104,919	5,640	432	65	16,352	321	10,584	115,677	X X X
12. Totals	X X X	X X X	X X X	1,402,002	131,567	21,972	4,382	241,840	2,099	193,386	1,527,766	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	1,101	363							196		330	934	X X X
2. 2002	(1,132)	(1,374)	36	10				9	3	95	493	369	X X X
3. 2003	(39)	(109)	61	17				15	4	73	469	198	X X X
4. 2004	4,385	3,313	59	19				14	5	339		1,460	X X X
5. 2005	1,312	110	34	16				12	5	133	11	1,360	X X X
6. 2006	2,196	49	(21)	7				9	4	243	151	2,367	X X X
7. 2007	2,047	(28)	(26)	11				22	7	287	282	2,340	X X X
8. 2008	6,105	83	202	100				66	27	647	231	6,810	X X X
9. 2009	7,278	483	194	198				190	73	964	806	7,872	X X X
10. 2010	9,352	882	2,290	822				970	272	1,686	1,896	12,322	X X X
11. 2011	11,019	583	16,444	3,963				6,313	1,210	4,114	11,310	32,134	X X X
12. Totals	43,624	4,355	19,273	5,163				7,620	1,610	8,777	15,979	68,166	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	738	196
2. 2002	148,053	24,658	123,395	54.3	28.4	66.4				268	101
3. 2003	163,566	18,673	144,893	56.7	26.2	66.7				114	84
4. 2004	187,512	21,703	165,809	59.3	33.1	66.2				1,112	348
5. 2005	187,761	11,801	175,960	56.9	17.5	66.9				1,220	140
6. 2006	190,861	10,851	180,010	55.9	14.8	67.2				2,119	248
7. 2007	179,892	11,264	168,628	52.9	14.7	64.0				2,038	302
8. 2008	178,280	12,278	166,002	53.7	16.2	64.8				6,124	686
9. 2009	173,986	12,283	161,703	54.9	15.7	67.7				6,791	1,081
10. 2010	172,515	12,589	159,926	56.4	17.4	68.5				9,938	2,384
11. 2011	159,593	11,782	147,811	55.3	16.0	68.8				22,917	9,217
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	53,379	14,787

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior	25,336	28,113	23,888	24,086	24,325	23,172	23,119	22,604	22,313	22,367	54	(237)
2. 2002	112,841	103,159	103,985	103,304	102,623	102,202	101,730	101,677	101,498	101,663	165	(14)
3. 2003	X X X	127,554	122,783	120,036	120,381	120,701	119,470	118,969	118,892	118,788	(104)	(181)
4. 2004	X X X	X X X	150,349	143,249	144,329	143,336	142,323	142,304	141,416	141,478	62	(826)
5. 2005	X X X	X X X	X X X	156,988	152,517	151,952	149,471	148,283	148,044	148,078	34	(205)
6. 2006	X X X	X X X	X X X	X X X	161,491	154,037	153,710	152,398	151,744	151,882	138	(516)
7. 2007	X X X	X X X	X X X	X X X	X X X	152,664	145,806	143,996	143,792	142,953	(839)	(1,043)
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	148,110	142,592	142,077	141,673	(404)	(919)
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	145,970	137,943	137,517	(426)	(8,453)
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	138,571	134,449	(4,122)	X X X
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	127,666	X X X	X X X
12. TOTALS											(5,442)	(12,394)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior	000	9,416	14,335	16,305	19,055	19,131	20,429	20,886	21,100	21,629	X X X	X X X
2. 2002	71,325	90,192	95,722	99,113	100,424	101,019	101,212	101,285	101,350	101,389	X X X	X X X
3. 2003	X X X	84,013	106,092	110,907	113,323	114,634	117,123	118,422	118,578	118,663	X X X	X X X
4. 2004	X X X	X X X	104,277	126,513	131,558	135,450	138,116	139,838	140,225	140,357	X X X	X X X
5. 2005	X X X	X X X	X X X	113,538	137,696	141,256	143,577	144,978	146,167	146,851	X X X	X X X
6. 2006	X X X	X X X	X X X	X X X	120,258	141,013	145,069	147,845	149,051	149,758	X X X	X X X
7. 2007	X X X	X X X	X X X	X X X	X X X	115,204	133,497	137,200	140,309	140,900	X X X	X X X
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	108,283	129,091	133,896	135,510	X X X	X X X
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	109,646	127,444	130,609	X X X	X X X
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	104,496	123,813	X X X	X X X
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	99,646	X X X	X X X

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Prior	2,610	3,189	728	535	237	183	100	76	24	
2. 2002	32,147	3,787	1,264	886	630	440	282	201	67	32
3. 2003	X X X	24,211	4,322	963	975	1,263	559	226	64	55
4. 2004	X X X	X X X	38,317	3,536	1,740	1,460	1,137	1,151	314	49
5. 2005	X X X	X X X	X X X	34,869	4,487	2,308	1,231	525	119	25
6. 2006	X X X	X X X	X X X	X X X	36,214	4,847	3,104	812	192	(23)
7. 2007	X X X	X X X	X X X	X X X	X X X	34,061	5,634	1,340	249	(22)
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	33,432	4,174	428	141
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	31,152	2,286	113
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	22,180	2,166
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	17,584

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
		1. Alabama (AL)	N						
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	L	277,233,805	288,521,412		133,800,666	126,072,839	62,897,058		
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	X X X								
59. TOTALS	(a) 1	277,233,805	288,521,412		133,800,666	126,072,839	62,897,058		

DETAILS OF WRITE-INS

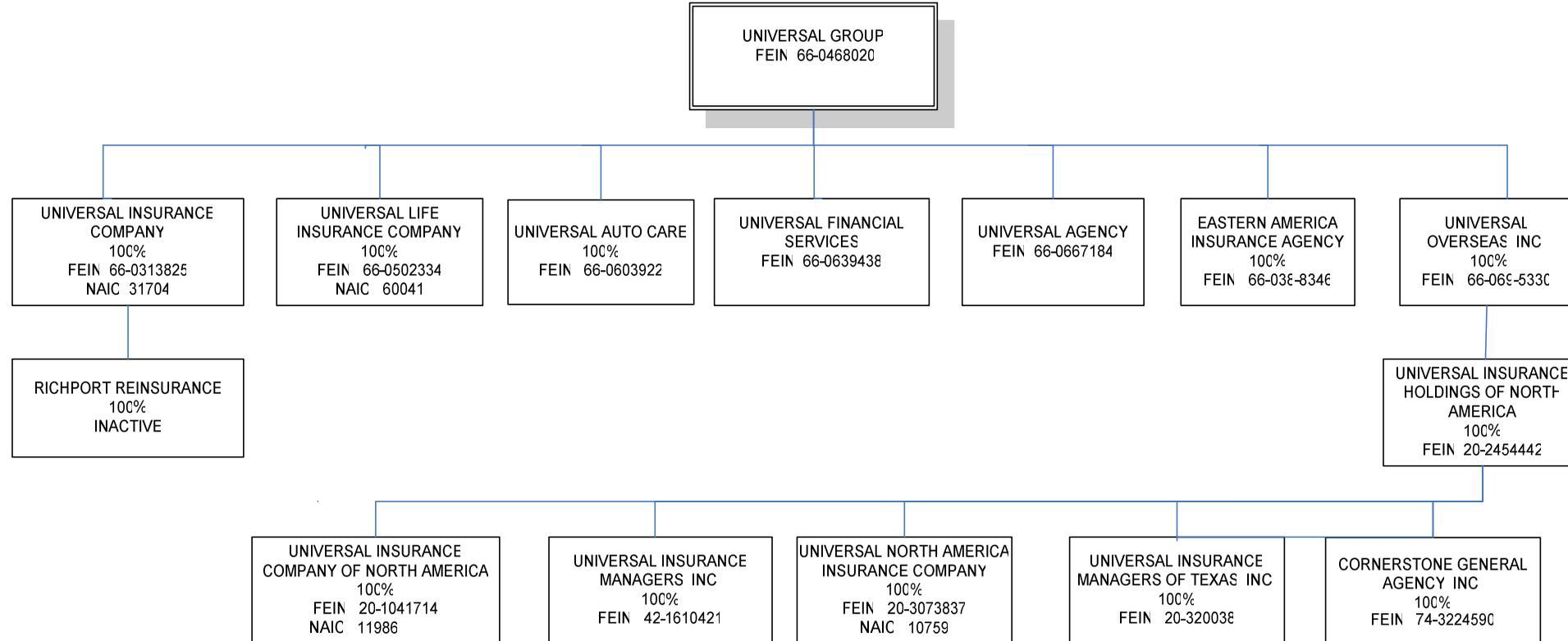
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(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.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: Location of property

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

UNIVERSAL GROUP ORGANIZATIONAL STRUCTURE 2011



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