





## ASSETS

|   | Current Year |                            |  | Prior Year                  |
|---|--------------|----------------------------|--|-----------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....  | 62,360,171   |                            | 62,360,171                                   | 63,870,387                  |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks.....   |              |                            | .0   |                             |
| 2.2 Common stocks.....  | 1,353,344    |                            | 1,353,344                                    | 1,240,075                   |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens.....  |              |                            | .0   |                             |
| 3.2 Other than first liens.....   |              |                            | .0   |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances).....  |              |                            | .0   |                             |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances).....  |              |                            | .0   |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  |              |                            | .0   |                             |
| 5. Cash (\$.....1,859,196, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....1,349, Schedule DA)..... | 1,860,545    |                            | 1,860,545                                    | 2,092,578                   |
| 6. Contract loans (including \$.....0 premium notes).....   |              |                            | .0   |                             |
| 7. Derivatives (Schedule DB).....   |              |                            | .0   |                             |
| 8. Other invested assets (Schedule BA).....   |              |                            | .0   |                             |
| 9. Receivables for securities.....  |              |                            | .0   |                             |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  |              |                            | .0   |                             |
| 11. Aggregate write-ins for invested assets.....  | .0           | .0                         | .0   | .0                          |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | 65,574,060   | .0                         | 65,574,060                                   | 67,203,040                  |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |              |                            | .0   |                             |
| 14. Investment income due and accrued.....  | 544,515      |                            | 544,515                                      | 521,381                     |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   | 1,967,579    | 191,024                    | 1,776,555                                    | 1,367,663                   |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....      | 736,810      |                            | 736,810                                      | 976,507                     |
| 15.3 Accrued retrospective premiums.....  |              |                            | .0   |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers.....   | 1,199,099    |                            | 1,199,099                                    | 1,225,271                   |
| 16.2 Funds held by or deposited with reinsured companies.....   |              |                            | .0   |                             |
| 16.3 Other amounts receivable under reinsurance contracts.....  |              |                            | .0   |                             |
| 17. Amounts receivable relating to uninsured plans.....   |              |                            | .0   |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   | 537,112      |                            | 537,112                                      | 518,159                     |
| 18.2 Net deferred tax asset.....  | 107,990      |                            | 107,990                                      | 88,768                      |
| 19. Guaranty funds receivable or on deposit.....  |              |                            | .0   |                             |
| 20. Electronic data processing equipment and software.....  |              |                            | .0   |                             |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  |              |                            | .0   |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |              |                            | .0   |                             |
| 23. Receivables from parent, subsidiaries and affiliates.....   | 62,951       |                            | 62,951                                       | 1,009,554                   |
| 24. Health care (\$.....0) and other amounts receivable.....  |              |                            | .0   |                             |
| 25. Aggregate write-ins for other than invested assets.....   | 246,773      | 246,773                    | .0   | .0                          |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....                                       | 70,976,889   | 437,797                    | 70,539,092                                   | 72,910,343                  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |              |                            | .0   |                             |
| 28. TOTALS (Lines 26 and 27).....   | 70,976,889   | 437,797                    | 70,539,092                                   | 72,910,343                  |

### DETAILS OF WRITE-INS

|  |         |         |    |    |
|--|---------|---------|----|----|
| 1101.....  |         |         | .0 |    |
| 1102.....  |         |         | .0 |    |
| 1103.....  |         |         | .0 |    |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0      | .0      | .0 | .0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | .0      | .0      | .0 | .0 |
| 2501. Other assets.....  | 246,773 | 246,773 | .0 |    |
| 2502.....  |         |         | .0 |    |
| 2503.....  |         |         | .0 |    |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0      | .0      | .0 | .0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 246,773 | 246,773 | .0 | .0 |

## LIABILITIES, SURPLUS AND OTHER FUNDS

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8).....  | 1,383,628         | 1,187,304       |
| 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).....  | 253,897           | 302,441         |
| 4. Commissions payable, contingent commissions and other similar charges.....  | 1,550,009         | 1,409,598       |
| 5. Other expenses (excluding taxes, licenses and fees).....  | 166,309           | 186,250         |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....  |                   |                 |
| 7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....  |                   |                 |
| 7.2 Net deferred tax liability.....  |                   |                 |
| 8. Borrowed money \$.....0 and interest thereon \$.....0.....  |                   |                 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....11,003,066 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)..... | 4,377,613         | 4,505,696       |
| 10. Advance premium.....   | 35,727,527        | 40,900,604      |
| 11. Dividends declared and unpaid:   |                   |                 |
| 11.1 Stockholders.....   |                   |                 |
| 11.2 Policyholders.....  |                   |                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....  | 1,555,043         | 1,667,289       |
| 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.....   | 18,340            | 7,000           |
| 15. Remittances and items not allocated.....   |                   |                 |
| 16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....   |                   | 367             |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....   |                   |                 |
| 18. Drafts outstanding.....  |                   |                 |
| 19. Payable to parent, subsidiaries and affiliates.....  | 507,494           | 9,608           |
| 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.....   | 1,041,149         | 972,842         |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....   | 46,581,009        | 51,148,999      |
| 27. Protected cell liabilities.....  |                   |                 |
| 28. Total liabilities (Lines 26 and 27).....   | 46,581,009        | 51,148,999      |
| 29. Aggregate write-ins for special surplus funds.....   | 1,090,530         | 1,016,332       |
| 30. Common capital stock.....  | 3,000,000         | 3,000,000       |
| 31. Preferred capital stock.....   |                   |                 |
| 32. Aggregate write-ins for other than special surplus funds.....  | 0                 | 0               |
| 33. Surplus notes.....   |                   |                 |
| 34. Gross paid in and contributed surplus.....   | 7,025,000         | 7,025,000       |
| 35. Unassigned funds (surplus).....  | 12,842,553        | 10,720,012      |
| 36. Less treasury stock, at cost:  |                   |                 |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....  |                   |                 |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....   |                   |                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....  | 23,958,083        | 21,761,344      |
| 38. TOTALS (Page 2, Line 28, Col. 3).....  | 70,539,092        | 72,910,343      |

### DETAILS OF WRITE-INS

|   |           |           |
|---|-----------|-----------|
| 2501. Reserve for Catastrophe Insurance Losses Minimum Required Retention.....                              |           |           |
| 2502. Unclaimed Funds.....  | 905,046   | 863,863   |
| 2503. Other Liabilities.....  | 136,103   | 108,979   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page.....                                    | 0         | 0         |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....  | 1,041,149 | 972,842   |
| 2901. Reserve for Catastrophe Insurance Losses pursuant to Ch. 25 of the Insurance Code of Puerto Rico..... | 1,090,530 | 1,016,332 |
| 2902. ....  |           |           |
| 2903. ....  |           |           |
| 2998. Summary of remaining write-ins for Line 29 from overflow page.....                                    | 0         | 0         |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....  | 1,090,530 | 1,016,332 |
| 3201. ....  |           |           |
| 3202. ....  |           |           |
| 3203. ....  |           |           |
| 3298. Summary of remaining write-ins for Line 32 from overflow page.....                                    | 0         | 0         |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....  | 0         | 0         |

**STATEMENT OF INCOME**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>UNDERWRITING INCOME</b>   |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4).....  | 8,347,667         | 8,863,356       |
| DEDUCTIONS   |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7).....  | 5,766,619         | 5,648,608       |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....  | 918,653           | 1,023,633       |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....   | 3,146,143         | 2,950,019       |
| 5. Aggregate write-ins for underwriting deductions.....  | 0                 | 0               |
| 6. Total underwriting deductions (Lines 2 through 5).....  | 9,831,415         | 9,622,260       |
| 7. Net income of protected cells.....  |                   |                 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....   | (1,483,748)       | (758,904)       |
| <b>INVESTMENT INCOME</b>   |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....   | 2,374,040         | 2,620,590       |
| 10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....  | 951,972           | 1,197,280       |
| 11. Net investment gain (loss) (Lines 9 + 10).....   | 3,326,012         | 3,817,870       |
| <b>OTHER INCOME</b>  |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....13,326).....                           | (13,326)          | (29,704)        |
| 13. Finance and service charges not included in premiums.....  | 16,694            | 20,603          |
| 14. Aggregate write-ins for miscellaneous income.....  | 288,664           | (93,282)        |
| 15. Total other income (Lines 12 through 14).....  | 292,032           | (102,383)       |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....     | 2,134,296         | 2,956,583       |
| 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)..... | 2,134,296         | 2,956,583       |
| 19. Federal and foreign income taxes incurred.....   | (6,718)           | 78,534          |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....   | 2,141,014         | 2,878,049       |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>   |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....  | 21,761,344        | 23,766,823      |
| 22. Net income (from Line 20).....   | 2,141,014         | 2,878,049       |
| 23. Net transfers (to) from Protected Cell accounts.....   |                   |                 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....26,706.....  | 151,332           | (31,517)        |
| 25. Change in net unrealized foreign exchange capital gain (loss).....   |                   |                 |
| 26. Change in net deferred income tax.....   | 42,570            | (160,079)       |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....   | (138,544)         | 308,435         |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....  | 367               | (367)           |
| 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.....   |                   | (5,000,000)     |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....   |                   |                 |
| 37. Aggregate write-ins for gains and losses in surplus.....   | 0                 | 0               |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....   | 2,196,739         | (2,005,479)     |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....   | 23,958,083        | 21,761,344      |
| <b>DETAILS OF WRITE-INS</b>  |                   |                 |
| 0501. ....   |                   |                 |
| 0502. ....   |                   |                 |
| 0503. ....   |                   |                 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....  | 0                 | 0               |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....  | 0                 | 0               |
| 1401. OTHER INCOME OR (EXPENSE).....   | 288,664           | (93,282)        |
| 1402. ....   |                   |                 |
| 1403. ....   |                   |                 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....   | 0                 | 0               |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....   | 288,664           | (93,282)        |
| 3701. Establishment of Catastrophe Insurance Losses Minimum Retention Reserve.....   |                   |                 |
| 3702. ....   |                   |                 |
| 3703. ....   |                   |                 |
| 3798. Summary of remaining write-ins for Line 37 from overflow page.....   | 0                 | 0               |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....   | 0                 | 0               |

**CASH FLOW**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>  |                   |                 |
| 1. Premiums collected net of reinsurance.....  | 2,744,661         | 3,385,667       |
| 2. Net investment income.....  | 2,631,628         | 2,999,077       |
| 3. Miscellaneous income.....   | 292,032           | (102,383)       |
| 4. Total (Lines 1 through 3).....  | 5,668,321         | 6,282,361       |
| 5. Benefit and loss related payments.....  | 5,544,123         | 3,281,190       |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 3,991,987         | 3,790,818       |
| 8. Dividends paid to policyholders.....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....        | 12,235            | 14,016          |
| 10. Total (Lines 5 through 9).....   | 9,548,345         | 7,086,024       |
| 11. Net cash from operations (Line 4 minus Line 10).....   | (3,880,024)       | (803,663)       |
| <b>CASH FROM INVESTMENTS</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  | 8,974,945         | 13,291,257      |
| 12.2 Stocks.....   |                   |                 |
| 12.3 Mortgage loans.....   |                   |                 |
| 12.4 Real estate.....  |                   |                 |
| 12.5 Other invested assets.....  |                   |                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                           |                   |                 |
| 12.7 Miscellaneous proceeds.....   |                   |                 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 8,974,945         | 13,291,257      |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 6,729,593         | 8,401,107       |
| 13.2 Stocks.....   |                   |                 |
| 13.3 Mortgage loans.....   |                   |                 |
| 13.4 Real estate.....  |                   |                 |
| 13.5 Other invested assets.....  |                   |                 |
| 13.6 Miscellaneous applications.....   |                   |                 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 6,729,593         | 8,401,107       |
| 14. Net increase (decrease) in contract loans and premium notes.....   |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                  | 2,245,352         | 4,890,150       |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>   |                   |                 |
| 16. Cash provided (applied):   |                   |                 |
| 16.1 Surplus notes, capital notes.....   |                   |                 |
| 16.2 Capital and paid in surplus, less treasury stock.....   |                   |                 |
| 16.3 Borrowed funds.....   |                   |                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               |                   |                 |
| 16.5 Dividends to stockholders.....  |                   | 5,000,000       |
| 16.6 Other cash provided (applied).....  | 1,402,639         | (895,220)       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 1,402,639         | (5,895,220)     |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                     |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....   | (232,033)         | (1,808,733)     |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 2,092,578         | 3,901,311       |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 1,860,545         | 2,092,578       |

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

|               |  |  |
|---------------|--|--|
| 20.0001 ..... |  |  |
|---------------|--|--|

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

|  | 1   | 2  | 3   | 4  |
|--|---|--|---|--|
| Line of Business   | Net<br>Premiums<br>Written per<br>Column 6, Part 1B | Unearned Premiums<br>December 31<br>Prior Year-<br>per Col. 3,<br>Last Year's Part 1 | Unearned Premiums<br>December 31<br>Current Year-<br>per Col. 5,<br>Part 1A | Premiums<br>Earned<br>During Year<br>(Cols. 1 + 2 - 3) |
| 1. Fire.....   |   |  |   | .0   |
| 2. Allied lines.....   |   |  |   | .0   |
| 3. Farmowners multiple peril.....                              |   |  |   | .0   |
| 4. Homeowners multiple peril.....                              | 189,160   |  | 97,298  | 91,862   |
| 5. Commercial multiple peril.....                              |   |  |   | .0   |
| 6. Mortgage guaranty.....                                      |   |  |   | .0   |
| 8. Ocean marine.....   |   |  |   | .0   |
| 9. Inland marine.....  |   |  |   | .0   |
| 10. Financial guaranty.....                                    |   |  |   | .0   |
| 11.1 Medical professional liability - occurrence.....          |   |  |   | .0   |
| 11.2 Medical professional liability - claims-made.....         |   |  |   | .0   |
| 12. Earthquake.....  |   |  |   | .0   |
| 13. Group accident and health.....                             |   |  |   | .0   |
| 14. Credit accident and health (group and individual).....     |   |  |   | .0   |
| 15. Other accident and health.....                             |   |  |   | .0   |
| 16. Workers' compensation.....                                 |   |  |   | .0   |
| 17.1 Other liability - occurrence.....                         |   |  |   | .0   |
| 17.2 Other liability - claims-made.....                        |   |  |   | .0   |
| 17.3 Excess workers' compensation.....                         |   |  |   | .0   |
| 18.1 Products liability - occurrence.....                      |   |  |   | .0   |
| 18.2 Products liability - claims-made.....                     |   |  |   | .0   |
| 19.1, 19.2 Private passenger auto liability.....               | 879,848   | 482,844  | 523,847   | 838,845  |
| 19.3, 19.4 Commercial auto liability.....                      |   |  |   | .0   |
| 21. Auto physical damage.....                                  | 7,053,643   | 3,948,652  | 3,669,313   | 7,332,982  |
| 22. Aircraft (all perils).....                                 |   |  |   | .0   |
| 23. Fidelity.....  |   |  |   | .0   |
| 24. Surety.....  | 171   |  | 187   | (16)   |
| 26. Burglary and theft.....                                    |   |  |   | .0   |
| 27. Boiler and machinery.....                                  |   |  |   | .0   |
| 28. Credit.....  |   |  |   | .0   |
| 29. International.....   |   |  |   | .0   |
| 30. Warranty.....  |   |  |   | .0   |
| 31. Reinsurance - nonproportional assumed property.....        |   |  |   | .0   |
| 32. Reinsurance - nonproportional assumed liability.....       |   |  |   | .0   |
| 33. Reinsurance - nonproportional assumed financial lines..... |   |  |   | .0   |
| 34. Aggregate write-ins for other lines of business.....       | 96,761  | 74,200   | 86,968  | 83,993   |
| 35. TOTALS.....  | 8,219,584   | 4,505,696  | 4,377,613   | 8,347,667  |

#### DETAILS OF WRITE-INS

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 3401. TRAVEL ASSISTANCE.....   | 96,761 | 74,200 | 86,968 | 83,993 |
| 3402. ....   |        |        |        | .0     |
| 3403. ....   |        |        |        | .0     |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | .0     | .0     | .0     | .0     |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 96,761 | 74,200 | 86,968 | 83,993 |

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

|  | 1   | 2   | 3                              | 4  | 5  |
|--|---|---|--------------------------------|--|--|
| Line of Business   | Amount Unearned<br>(Running One Year<br>or Less from Date<br>of Policy) (a) | Amount Unearned<br>(Running More Than<br>One Year from<br>Date of Policy) (a) | Earned But<br>Unbilled Premium | Reserve for<br>Rate Credits<br>and Retrospective<br>Adjustments Based<br>on Experience | Total Reserve<br>for Unearned<br>Premiums<br>Cols. 1 + 2 + 3 + 4 |
| 1. Fire.....   |   |   |                                |  | .0   |
| 2. Allied lines.....   |   |   |                                |  | .0   |
| 3. Farmowners multiple peril.....                              |   |   |                                |  | .0   |
| 4. Homeowners multiple peril.....                              | 97,298  |   |                                |  | 97,298   |
| 5. Commercial multiple peril.....                              |   |   |                                |  | .0   |
| 6. Mortgage guaranty.....                                      |   |   |                                |  | .0   |
| 8. Ocean marine.....   |   |   |                                |  | .0   |
| 9. Inland marine.....  |   |   |                                |  | .0   |
| 10. Financial guaranty.....                                    |   |   |                                |  | .0   |
| 11.1 Medical professional liability - occurrence.....          |   |   |                                |  | .0   |
| 11.2 Medical professional liability - claims-made.....         |   |   |                                |  | .0   |
| 12. Earthquake.....  |   |   |                                |  | .0   |
| 13. Group accident and health.....                             |   |   |                                |  | .0   |
| 14. Credit accident and health (group and individual).....     |   |   |                                |  | .0   |
| 15. Other accident and health.....                             |   |   |                                |  | .0   |
| 16. Workers' compensation.....                                 |   |   |                                |  | .0   |
| 17.1 Other liability - occurrence.....                         |   |   |                                |  | .0   |
| 17.2 Other liability - claims-made.....                        |   |   |                                |  | .0   |
| 17.3 Excess workers' compensation.....                         |   |   |                                |  | .0   |
| 18.1 Products liability - occurrence.....                      |   |   |                                |  | .0   |
| 18.2 Products liability - claims-made.....                     |   |   |                                |  | .0   |
| 19.1, 19.2 Private passenger auto liability.....               | 523,847   |   |                                |  | 523,847  |
| 19.3, 19.4 Commercial auto liability.....                      |   |   |                                |  | .0   |
| 21. Auto physical damage.....                                  | 3,669,313   |   |                                |  | 3,669,313  |
| 22. Aircraft (all perils).....                                 |   |   |                                |  | .0   |
| 23. Fidelity.....  |   |   |                                |  | .0   |
| 24. Surety.....  | 187   |   |                                |  | 187  |
| 26. Burglary and theft.....                                    |   |   |                                |  | .0   |
| 27. Boiler and machinery.....                                  |   |   |                                |  | .0   |
| 28. Credit.....  |   |   |                                |  | .0   |
| 29. International.....   |   |   |                                |  | .0   |
| 30. Warranty.....  |   |   |                                |  | .0   |
| 31. Reinsurance - nonproportional assumed property.....        |   |   |                                |  | .0   |
| 32. Reinsurance - nonproportional assumed liability.....       |   |   |                                |  | .0   |
| 33. Reinsurance - nonproportional assumed financial lines..... |   |   |                                |  | .0   |
| 34. Aggregate write-ins for other lines of business.....       | 86,968  | .0  | .0                             | .0   | 86,968   |
| 35. TOTALS.....  | 4,377,613   | .0  | .0                             | .0   | 4,377,613  |
| 36. Accrued retrospective premiums based on experience.....    |   |   |                                |  | .0   |
| 37. Earned but unbilled premiums.....                          |   |   |                                |  | .0   |
| 38. Balance (sum of Lines 35 through 37).....                  |   |   |                                |  | 4,377,613  |

#### DETAILS OF WRITE-INS

|   |        |    |    |    |        |
|---|--------|----|----|----|--------|
| 3401. Travel Assistance.....  | 86,968 |    |    |    | 86,968 |
| 3402. ....  |        |    |    |    | .0     |
| 3403. ....  |        |    |    |    | .0     |
| 3498. Summary of remaining write-ins for Line 34 from overflow page.... | .0     | .0 | .0 | .0 | .0     |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....      | 86,968 | .0 | .0 | .0 | 86,968 |

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



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

| Line of Business   | 1                         | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written<br>(Cols. 1 + 2 + 3<br>- 4 - 5) |
|--|---------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--|
|  | Direct<br>Business<br>(a) | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |  |
| 1. Fire.....   |                           |                         |                             |                       |                           | .0   |
| 2. Allied lines.....   |                           |                         |                             |                       |                           | .0   |
| 3. Farmowners multiple peril.....                              |                           |                         |                             |                       |                           | .0   |
| 4. Homeowners multiple peril.....                              | 603,099                   |                         |                             | 413,939               |                           | 189,160  |
| 5. Commercial multiple peril.....                              |                           |                         |                             |                       |                           | .0   |
| 6. Mortgage guaranty.....                                      |                           |                         |                             |                       |                           | .0   |
| 8. Ocean marine.....   |                           |                         |                             |                       |                           | .0   |
| 9. Inland marine.....  |                           |                         |                             |                       |                           | .0   |
| 10. Financial guaranty.....                                    |                           |                         |                             |                       |                           | .0   |
| 11.1 Medical professional liability - occurrence.....          |                           |                         |                             |                       |                           | .0   |
| 11.2 Medical professional liability - claims-made.....         |                           |                         |                             |                       |                           | .0   |
| 12. Earthquake.....  |                           |                         |                             |                       |                           | .0   |
| 13. Group accident and health.....                             |                           |                         |                             |                       |                           | .0   |
| 14. Credit accident and health (group and individual).....     |                           |                         |                             |                       |                           | .0   |
| 15. Other accident and health.....                             |                           |                         |                             |                       |                           | .0   |
| 16. Workers' compensation.....                                 |                           |                         |                             |                       |                           | .0   |
| 17.1 Other liability - occurrence.....                         |                           |                         |                             |                       |                           | .0   |
| 17.2 Other liability - claims-made.....                        |                           |                         |                             |                       |                           | .0   |
| 17.3 Excess workers' compensation.....                         |                           |                         |                             |                       |                           | .0   |
| 18.1 Products liability - occurrence.....                      |                           |                         |                             |                       |                           | .0   |
| 18.2 Products liability - claims-made.....                     |                           |                         |                             |                       |                           | .0   |
| 19.1, 19.2 Private passenger auto liability.....               | 3,331,934                 |                         |                             | 2,452,086             |                           | 879,848  |
| 19.3, 19.4 Commercial auto liability.....                      |                           |                         |                             |                       |                           | .0   |
| 21. Auto physical damage.....                                  | 25,221,564                |                         |                             | 18,167,921            |                           | 7,053,643  |
| 22. Aircraft (all perils).....                                 |                           |                         |                             |                       |                           | .0   |
| 23. Fidelity.....  |                           |                         |                             |                       |                           | .0   |
| 24. Surety.....  | 343                       |                         |                             | 172                   |                           | 171  |
| 26. Burglary and theft.....                                    |                           |                         |                             |                       |                           | .0   |
| 27. Boiler and machinery.....                                  |                           |                         |                             |                       |                           | .0   |
| 28. Credit.....  |                           |                         |                             |                       |                           | .0   |
| 29. International.....   |                           |                         |                             |                       |                           | .0   |
| 30. Warranty.....  |                           |                         |                             |                       |                           | .0   |
| 31. Reinsurance - nonproportional assumed property.....        | .XXX                      |                         |                             |                       |                           | .0   |
| 32. Reinsurance - nonproportional assumed liability.....       | .XXX                      |                         |                             |                       |                           | .0   |
| 33. Reinsurance - nonproportional assumed financial lines..... | .XXX                      |                         |                             |                       |                           | .0   |
| 34. Aggregate write-ins for other lines of business.....       | 522,283                   | .0                      | .0                          | 425,522               | .0                        | 96,761   |
| 35. TOTALS.....  | 29,679,223                | .0                      | .0                          | 21,459,639            | .0                        | 8,219,584  |

#### DETAILS OF WRITE-INS

|   |         |    |    |         |    |        |
|---|---------|----|----|---------|----|--------|
| 3401. TRAVEL ASSISTANCE.....  | 522,283 |    |    | 425,522 |    | 96,761 |
| 3402. ....  |         |    |    |         |    | .0     |
| 3403. ....  |         |    |    |         |    | .0     |
| 3498. Summary of remaining write-ins for Line 34 from overflow page.. | .0      | .0 | .0 | .0      | .0 | .0     |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....    | 522,283 | .0 | .0 | 425,522 | .0 | 96,761 |

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

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

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

| Line of Business   | Losses Paid Less Salvage |                          |                            |                                     | 5<br>Net Losses Unpaid Current Year (Part 2A, Col. 8) | 6<br>Net Losses Unpaid Prior Year | 7<br>Losses Incurred Current Year (Cols. 4 + 5 - 6) | 8<br>Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1) |
|--|--------------------------|--------------------------|----------------------------|-------------------------------------|---|-----------------------------------|---|---|
|  | 1<br>Direct Business     | 2<br>Reinsurance Assumed | 3<br>Reinsurance Recovered | 4<br>Net Payments (Cols. 1 + 2 - 3) |   |                                   |   |   |
| 1. Fire.....   |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 2. Allied lines.....   |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 3. Farmowners multiple peril.....                              |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 4. Homeowners multiple peril.....                              | 6,344                    |                          | 4,614                      | 1,730                               | 40,755  |                                   | 42,485  | 46.2  |
| 5. Commercial multiple peril.....                              |                          |                          |                            | 0                                   | 50,000  | 98,750                            | (48,750)  |   |
| 6. Mortgage guaranty.....                                      |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 8. Ocean marine.....   |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 9. Inland marine.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 10. Financial guaranty.....                                    |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 11.1 Medical professional liability - occurrence.....          |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 11.2 Medical professional liability - claims-made.....         |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 12. Earthquake.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 13. Group accident and health.....                             |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 14. Credit accident and health (group and individual).....     |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 15. Other accident and health.....                             |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 16. Workers' compensation.....                                 |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 17.1 Other liability - occurrence.....                         |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 17.2 Other liability - claims-made.....                        |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 17.3 Excess workers' compensation.....                         |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 18.1 Products liability - occurrence.....                      |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 18.2 Products liability - claims-made.....                     |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 19.1, 19.2 Private passenger auto liability.....               | 2,178,165                |                          | 1,553,693                  | 624,472                             | 668,120   | 507,217                           | 785,375   | 93.6  |
| 19.3, 19.4 Commercial auto liability.....                      |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 21. Auto physical damage.....                                  | 17,112,729               |                          | 12,293,876                 | 4,818,853                           | 618,588   | 581,023                           | 4,856,418   | 66.2  |
| 22. Aircraft (all perils).....                                 |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 23. Fidelity.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 24. Surety.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 26. Burglary and theft.....                                    |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 27. Boiler and machinery.....                                  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 28. Credit.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 29. International.....   |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 30. Warranty.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 31. Reinsurance - nonproportional assumed property.....        | XXX                      |                          |                            | 0                                   |   |                                   | 0   |   |
| 32. Reinsurance - nonproportional assumed liability.....       | XXX                      |                          |                            | 0                                   |   |                                   | 0   |   |
| 33. Reinsurance - nonproportional assumed financial lines..... | XXX                      |                          |                            | 0                                   |   |                                   | 0   |   |
| 34. Aggregate write-ins for other lines of business.....       | 210,242                  | 0                        | 85,002                     | 125,240                             | 6,165   | 314                               | 131,091   | 156.1   |
| 35. TOTALS.....  | 19,507,480               | 0                        | 13,937,185                 | 5,570,295                           | 1,383,628   | 1,187,304                         | 5,766,619   | 69.1  |

**DETAILS OF WRITE-INS**

|  |         |   |        |         |       |     |         |       |
|--|---------|---|--------|---------|-------|-----|---------|-------|
| 3401. Travel Assist.....   | 210,242 |   | 85,002 | 125,240 | 6,165 | 314 | 131,091 | 156.1 |
| 3402. ....   |         |   |        | 0       |       |     | 0       |       |
| 3403. ....   |         |   |        | 0       |       |     | 0       |       |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | 0       | 0 | 0      | 0       | 0     | 0   | 0       | XXX   |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 210,242 | 0 | 85,002 | 125,240 | 6,165 | 314 | 131,091 | 156.1 |

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

| Line of Business   | Reported Losses |                          |  |   | Incurred But Not Reported |                          |                        | 8<br>Net Losses Unpaid<br>(Cols. 4 + 5 + 6 - 7) | 9<br>Net Unpaid Loss Adjustment Expenses |
|--|-----------------|--------------------------|--|---|---------------------------|--------------------------|------------------------|---|--|
|  | 1<br>Direct     | 2<br>Reinsurance Assumed | 3<br>Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | 4<br>Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | 5<br>Direct               | 6<br>Reinsurance Assumed | 7<br>Reinsurance Ceded |   |  |
| 1. Fire.....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 2. Allied lines.....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 3. Farmowners multiple peril.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 4. Homeowners multiple peril.....  | 143,455         |                          | 102,700  | 40,755  |                           |                          |                        | 40,755  | 24,098                                   |
| 5. Commercial multiple peril.....  | 200,000         |                          | 150,000  | 50,000  |                           |                          |                        | 50,000  | 5,820                                    |
| 6. Mortgage guaranty.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 8. Ocean marine.....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 9. Inland marine.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 10. Financial guaranty.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 11.1 Medical professional liability - occurrence.....                    |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 11.2 Medical professional liability - claims-made.....                   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 12. Earthquake.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 13. Group accident and health.....                                       |                 |                          |  | .0  |                           |                          |                        | (a) .0  |  |
| 14. Credit accident and health (group and individual).....               |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 15. Other accident and health.....                                       |                 |                          |  | .0  |                           |                          |                        | (a) .0  |  |
| 16. Workers' compensation.....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 17.1 Other liability - occurrence.....                                   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 17.2 Other liability - claims-made.....                                  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 17.3 Excess workers' compensation.....                                   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 18.1 Products liability - occurrence.....                                |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 18.2 Products liability - claims-made.....                               |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 19.1, 19.2 Private passenger auto liability.....                         | 2,036,341       |                          | 1,455,161  | 581,180   | 305,087                   |                          | 218,147                | 668,120   | 112,307                                  |
| 19.3, 19.4 Commercial auto liability.....                                |                 |                          |  | .0  |                           |                          |                        | .0  | 2,522                                    |
| 21. Auto physical damage.....  | 1,775,134       |                          | 1,270,653  | 504,481   | 387,781                   |                          | 273,674                | 618,588   | 106,723                                  |
| 22. Aircraft (all perils).....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 23. Fidelity.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 24. Surety.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 26. Burglary and theft.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 27. Boiler and machinery.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 28. Credit.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 29. International.....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 30. Warranty.....  |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 31. Reinsurance - nonproportional assumed property.....                  | XXX             |                          |  | .0  | XXX                       |                          |                        | .0  |  |
| 32. Reinsurance - nonproportional assumed liability.....                 | XXX             |                          |  | .0  | XXX                       |                          |                        | .0  |  |
| 33. Reinsurance - nonproportional assumed financial lines.....           | XXX             |                          |  | .0  | XXX                       |                          |                        | .0  |  |
| 34. Aggregate write-ins for other lines of business.....                 | 124             | .0                       | 139  | (15)  | 21,584                    | .0                       | 15,404                 | 6,165   | 2,427                                    |
| 35. TOTALS.....  | 4,155,054       | .0                       | 2,978,653  | 1,176,401   | 714,452                   | .0                       | 507,225                | 1,383,628                                       | 253,897                                  |
| <b>DETAILS OF WRITE-INS</b>  |                 |                          |  |   |                           |                          |                        |   |  |
| 3401. Travel Assist.....   | 124             |                          | 139  | (15)  | 21,584                    |                          | 15,404                 | 6,165   | 2,427                                    |
| 3402. ....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 3403. ....   |                 |                          |  | .0  |                           |                          |                        | .0  |  |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | .0              | .0                       | .0   | .0  | .0                        | .0                       | .0                     | .0  | .0                                       |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 124             | .0                       | 139  | (15)  | 21,584                    | .0                       | 15,404                 | 6,165   | 2,427                                    |

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

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - EXPENSES**

|  | 1                        | 2                           | 3                   | 4             |
|--|--------------------------|-----------------------------|---------------------|---------------|
|  | Loss Adjustment Expenses | Other Underwriting Expenses | Investment Expenses | Total         |
| 1. Claim adjustment services:  |                          |                             |                     |               |
| 1.1 Direct.....  | 103,999                  |                             |                     | 103,999       |
| 1.2 Reinsurance assumed.....   |                          |                             |                     | 0             |
| 1.3 Reinsurance ceded.....   | 110,002                  |                             |                     | 110,002       |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....                                     | (6,003)                  | 0                           | 0                   | (6,003)       |
| 2. Commission and brokerage:   |                          |                             |                     |               |
| 2.1 Direct, excluding contingent.....  |                          | 4,304,596                   |                     | 4,304,596     |
| 2.2 Reinsurance assumed, excluding contingent.....   |                          |                             |                     | 0             |
| 2.3 Reinsurance ceded, excluding contingent.....   |                          | 3,052,526                   |                     | 3,052,526     |
| 2.4 Contingent - direct.....   |                          |                             |                     | 0             |
| 2.5 Contingent - reinsurance assumed.....  |                          |                             |                     | 0             |
| 2.6 Contingent - reinsurance ceded.....  |                          |                             |                     | 0             |
| 2.7 Policy and membership fees.....  |                          |                             |                     | 0             |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....              | 0                        | 1,252,070                   | 0                   | 1,252,070     |
| 3. Allowances to manager and agents.....   |                          | 8,206                       |                     | 8,206         |
| 4. Advertising.....  |                          | 36,845                      |                     | 36,845        |
| 5. Boards, bureaus and associations.....   |                          | 70,014                      |                     | 70,014        |
| 6. Surveys and underwriting reports.....   |                          |                             |                     | 0             |
| 7. Audit of assureds' records.....   |                          |                             |                     | 0             |
| 8. Salary and related items:   |                          |                             |                     |               |
| 8.1 Salaries.....  | 445,525                  | 913,957                     |                     | 1,359,482     |
| 8.2 Payroll taxes.....   | 34,911                   | 71,617                      |                     | 106,528       |
| 9. Employee relations and welfare.....   | 72,719                   | 150,131                     | 31                  | 222,881       |
| 10. Insurance.....   | 9,492                    | 26,570                      | 229                 | 36,291        |
| 11. Directors' fees.....   |                          | 325                         |                     | 325           |
| 12. Travel and travel items.....   | 40,489                   | 83,060                      |                     | 123,549       |
| 13. Rent and rent items.....   | 82,099                   | 168,419                     |                     | 250,518       |
| 14. Equipment.....   | 123,964                  | 257,808                     | 113                 | 381,885       |
| 15. Cost or depreciation of EDP equipment and software.....                                  |                          |                             |                     | 0             |
| 16. Printing and stationery.....   | 8,394                    | 18,107                      | 29                  | 26,530        |
| 17. Postage, telephone and telegraph, exchange and express.....                              | 24,349                   | 49,951                      |                     | 74,300        |
| 18. Legal and auditing.....  | 5,323                    | 69,453                      | 58,534              | 133,310       |
| 19. Totals (Lines 3 to 18).....  | 847,265                  | 1,924,463                   | 58,936              | 2,830,664     |
| 20. Taxes, licenses and fees:  |                          |                             |                     |               |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$.....0..... |                          | (32,325)                    |                     | (32,325)      |
| 20.2 Insurance department licenses and fees.....   | 2,488                    | 28,595                      | 966                 | 32,049        |
| 20.3 Gross guaranty association assessments.....   |                          |                             |                     | 0             |
| 20.4 All other (excluding federal and foreign income and real estate).....                   | 10,425                   | (210,538)                   | 80                  | (200,033)     |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....                         | 12,913                   | (214,268)                   | 1,046               | (200,309)     |
| 21. Real estate expenses.....  |                          |                             |                     | 0             |
| 22. Real estate taxes.....   |                          |                             |                     | 0             |
| 23. Reimbursements by uninsured plans.....   |                          |                             |                     | 0             |
| 24. Aggregate write-ins for miscellaneous expenses.....                                      | 64,478                   | 183,878                     | 101,039             | 349,395       |
| 25. Total expenses incurred.....   | 918,653                  | 3,146,143                   | 161,021             | (a) 4,225,817 |
| 26. Less unpaid expenses - current year.....   | 253,897                  | 509,036                     | 51,124              | 814,057       |
| 27. Add unpaid expenses - prior year.....  | 302,441                  | 670,056                     | 52,007              | 1,024,504     |
| 28. Amounts receivable relating to uninsured plans, prior year.....                          |                          |                             |                     | 0             |
| 29. Amounts receivable relating to uninsured plans, current year.....                        |                          |                             |                     | 0             |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....                                  | 967,197                  | 3,307,163                   | 161,904             | 4,436,264     |

**DETAILS OF WRITE-INS**

|  |        |         |         |         |
|--|--------|---------|---------|---------|
| 2401. Smith Barney.....  |        |         | 41,033  | 41,033  |
| 2402. Donations.....   |        | 57      |         | 57      |
| 2403. Consultant fees.....   | 60,373 | 175,401 | 1,664   | 237,438 |
| 2498. Summary of remaining write-ins for Line 24 from overflow page..... | 4,105  | 8,420   | 58,342  | 70,867  |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....       | 64,478 | 183,878 | 101,039 | 349,395 |

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

**EXHIBIT OF NET INVESTMENT INCOME**

|  | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds.....  | (a).....1,825,751             | .....1,862,010             |
| 1.1 Bonds exempt from U.S. tax.....  | (a).....463,354               | .....455,062               |
| 1.2 Other bonds (unaffiliated).....  | (a).....132,154               | .....130,394               |
| 1.3 Bonds of affiliates.....   | (a).....                      | .....                      |
| 2.1 Preferred stocks (unaffiliated).....                                     | (b).....                      | .....                      |
| 2.11 Preferred stocks of affiliates.....                                     | (b).....                      | .....                      |
| 2.2 Common stocks (unaffiliated).....  | .....47,499                   | .....47,499                |
| 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).....43,166                | .....40,096                |
| 7. Derivative instruments.....   | (f).....                      | .....                      |
| 8. Other invested assets.....  | .....                         | .....                      |
| 9. Aggregate write-ins for investment income.....                            | .....0                        | .....0                     |
| 10. Total gross investment income.....                                       | .....2,511,924                | .....2,535,061             |
| 11. Investment expenses.....   | .....                         | (g).....159,975            |
| 12. Investment taxes, licenses and fees, excluding federal income taxes..... | .....                         | (g).....1,046              |
| 13. Interest expense.....  | .....                         | (h).....                   |
| 14. Depreciation on real estate and other invested assets.....               | .....                         | (i).....0                  |
| 15. Aggregate write-ins for deductions from investment income.....           | .....                         | .....0                     |
| 16. Total deductions (Lines 11 through 15).....                              | .....                         | .....161,021               |
| 17. Net investment income (Line 10 minus Line 16).....                       | .....                         | .....2,374,040             |

**DETAILS OF WRITE-INS**

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

- (a) Includes \$.....41,058 accrual of discount less \$.....322,663 amortization of premium and less \$.....62,117 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

|   | 1<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds.....                             | .....951,972  | .....                                 | .....951,972  | .....   | .....   |
| 1.1 Bonds exempt from U.S. tax.....                       | .....   | .....                                 | .....0  | .....64,770   | .....   |
| 1.2 Other bonds (unaffiliated).....                       | .....   | .....                                 | .....0  | .....   | .....   |
| 1.3 Bonds of affiliates.....                              | .....   | .....                                 | .....0  | .....   | .....   |
| 2.1 Preferred stocks (unaffiliated).....                  | .....   | .....                                 | .....0  | .....   | .....   |
| 2.11 Preferred stocks of affiliates.....                  | .....   | .....                                 | .....0  | .....   | .....   |
| 2.2 Common stocks (unaffiliated).....                     | .....   | .....                                 | .....0  | .....113,268  | .....   |
| 2.21 Common stocks of affiliates.....                     | .....   | .....                                 | .....0  | .....   | .....   |
| 3. Mortgage loans.....                                    | .....   | .....                                 | .....0  | .....   | .....   |
| 4. Real estate.....                                       | .....   | .....                                 | .....0  | .....   | .....   |
| 5. Contract loans.....                                    | .....   | .....                                 | .....0  | .....   | .....   |
| 6. Cash, cash equivalents and short-term investments..... | .....   | .....                                 | .....0  | .....   | .....   |
| 7. Derivative instruments.....                            | .....   | .....                                 | .....0  | .....   | .....   |
| 8. Other invested assets.....                             | .....   | .....                                 | .....0  | .....   | .....   |
| 9. Aggregate write-ins for capital gains (losses).....    | .....0  | .....0                                | .....0  | .....0  | .....0  |
| 10. Total capital gains (losses).....                     | .....951,972  | .....0                                | .....951,972  | .....178,038  | .....0  |

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

|   | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---|--|--|---|
| 1. Bonds (Schedule D).....  |  |  | .0  |
| 2. Stocks (Schedule D):   |  |  |   |
| 2.1 Preferred stocks.....   |  |  | .0  |
| 2.2 Common stocks.....  |  |  | .0  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |   |
| 3.1 First liens.....  |  |  | .0  |
| 3.2 Other than first liens.....   |  |  | .0  |
| 4. Real estate (Schedule A):  |  |  |   |
| 4.1 Properties occupied by the company.....   |  |  | .0  |
| 4.2 Properties held for the production of income.....   |  |  | .0  |
| 4.3 Properties held for sale.....   |  |  | .0  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2)<br>and short-term investments (Schedule DA).....          |  |  | .0  |
| 6. Contract loans.....  |  |  | .0  |
| 7. Derivatives (Schedule DB).....   |  |  | .0  |
| 8. Other invested assets (Schedule BA).....   |  |  | .0  |
| 9. Receivables for securities.....  |  |  | .0  |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  |  |  | .0  |
| 11. Aggregate write-ins for invested assets.....  | .0   | .0   | .0  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | .0   | .0   | .0  |
| 13. Title plants (for Title insurers only).....   |  |  | .0  |
| 14. Investment income due and accrued.....  |  |  | .0  |
| 15. Premiums and considerations:  |  |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   | 191,024  | 170,619  | (20,405)  |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due.....                       |  |  | .0  |
| 15.3 Accrued retrospective premiums.....  |  |  | .0  |
| 16. Reinsurance:  |  |  |   |
| 16.1 Amounts recoverable from reinsurers.....   |  |  | .0  |
| 16.2 Funds held by or deposited with reinsured companies.....   |  |  | .0  |
| 16.3 Other amounts receivable under reinsurance contracts.....  |  |  | .0  |
| 17. Amounts receivable relating to uninsured plans.....   |  |  | .0  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |  |  | .0  |
| 18.2 Net deferred tax asset.....  |  | 3,358  | 3,358   |
| 19. Guaranty funds receivable or on deposit.....  |  |  | .0  |
| 20. Electronic data processing equipment and software.....  |  |  | .0  |
| 21. Furniture and equipment, including health care delivery assets.....   |  |  | .0  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |  |  | .0  |
| 23. Receivables from parent, subsidiaries and affiliates.....   |  |  | .0  |
| 24. Health care and other amounts receivable.....   |  |  | .0  |
| 25. Aggregate write-ins for other than invested assets.....   | 246,773  | 125,276  | (121,497)   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 through 25)..... | 437,797  | 299,253  | (138,544)   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |  |  | .0  |
| 28. TOTALS (Lines 26 and 27).....   | 437,797  | 299,253  | (138,544)   |

**DETAILS OF WRITE-INS**

|  |         |         |           |
|--|---------|---------|-----------|
| 1101.....  |         |         | .0        |
| 1102.....  |         |         | .0        |
| 1103.....  |         |         | .0        |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0      | .0      | .0        |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | .0      | .0      | .0        |
| 2501. Other assets.....  | 246,773 | 125,276 | (121,497) |
| 2502.....  |         |         | .0        |
| 2503.....  |         |         | .0        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0      | .0      | .0        |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 246,773 | 125,276 | (121,497) |

**NOTES TO FINANCIAL STATEMENTS****Note 1- Summary of Significant Accounting Policies****A. Accounting Practices**

MAPFRE Preferred Risk Insurance Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner of Insurance). The Commissioner of Insurance requires insurance companies domiciled in the Commonwealth of Puerto Rico to prepare their statutory basis (SAP) financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices include a variety of publications of the NAIC including its codification initiative contained in its *Accounting Practices and Procedures Manual*, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. One such difference relates to the treatment of certain deferred tax items. The Commissioner of Insurance prescribed the recognition of the deferred tax liability resulting from the contributions made over the years to the catastrophic reserve fund that would otherwise have resulted under NAIC SAP.

The monetary effect on statutory net income and on statutory capital and surplus of using accounting practices prescribed or permitted by the Commissioner of Insurance is as follows:

|  | <u>2012</u>        | <u>2011</u>        |
|--|--------------------|--------------------|
| Net Income as per statutory financial statements of income           | \$2,141,014        | \$2,878,049        |
| Effect of the Commissioner of Insurance prescribe practices          | -                  | -                  |
| Net Income in accordance with the NAIC statutory accounting practice | <u>\$2,141,014</u> | <u>\$2,878,049</u> |

|   | <u>2012</u>          | <u>2011</u>         |
|---|----------------------|---------------------|
| Statutory capital and surplus per statutory financial statements  | \$ 23,958,083        | \$21,761,344        |
| Effect of the Commissioner of Insurance prescribed practice to not recognize deferred tax liability for catastrophe loss reserve trust fund contributions | -                    | -                   |
| Statutory capital and surplus in accordance with the NAIC statutory accounting practices  | <u>\$ 23,958,083</u> | <u>\$21,761,344</u> |

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in these statutory financial statements and notes. Actual results could differ from those estimates.

**C. Accounting Policies**

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods for direct and ceded business and based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Other significant accounting principles are as follows:

- (1) Short-term investments are stated at amortized cost.
- (2) Common and preferred stocks are stated at estimated fair value.
- (3) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (4) Description of the valuation basis of the mortgage loans.  
Not applicable
- (5) For loan-backed securities the Company uses the acquisition date for applying the retrospective adjustment method.

---

## NOTES TO FINANCIAL STATEMENTS

---

- (6) The accounting policies of the reporting entity with respect to the investments in subsidiaries, controlled and affiliated entities.

Not applicable

- (7) The accounting policies of the reporting entity with respect to the investments in joint ventures, partnerships and limited liability companies.

Not applicable

- (8) A description of the accounting policy for derivatives.

Not applicable

- (9) Whether or not the reporting entity utilizes anticipated investment income as a factor in the premium deficiency reserves calculation.

Not applicable

- (10) The capitalization policy for prepaid expenses and the resultant predefined thresholds have not changed from those of prior year.

- (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 of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

- (12) The method used to estimate pharmaceutical rebate receivables.

Not applicable since the Company does not write major medical insurance with prescription drug coverage.

### **Note 2- Accounting Changes and Correction of Errors**

- A. Accounting Changes Other than Codification and Correction of Errors

Not applicable

- B. Accounting Changes as a Result of the Initial Implementation of Codification January 1, 2001

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Commissioner of Insurance. The Commonwealth of Puerto Rico requires insurance companies domiciled in Puerto Rico to prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Commissioner of Insurance.

Accounting changes adopted effective January 1, 2001 to conform with the provisions of the revised NAIC *Accounting Practices and Procedures Manual* were reported as changes in accounting principles. The cumulative effect of changes in accounting principles was reported as an adjustment in unassigned funds (surplus) in the period of the change. The cumulative effect was the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at the date if the new accounting principles had been applied retroactively for all prior periods.

### **Note 3- Business Combinations and Goodwill**

Not applicable

### **Note 4- Discontinued Operations**

Not applicable

### **Note 5- Investments**

- A. Mortgage Loans

Not applicable

- B. Troubled Debt Restructuring for Creditors

Not applicable



---

## **NOTES TO FINANCIAL STATEMENTS**

---

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

- (1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.
- (2) No other-than-temporary impairment for loan-backed securities recorded during the year.
- (3) The Company had no negative yield situations requiring a change from the retrospective to prospective method.
- (4) and (5) Not applicable as the Company does not have any loan backed securities in unrealized loss position year-end.

E. Repurchase Agreements

Not applicable

F. Write-downs for impairments of Real Estate and Retail Land Sales

Not applicable

G. Low Income Housing Tax Credits

Not applicable

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

Not applicable

**Note 7- Investment Income**

A. Accrued Investment Income

The Company includes all of its investment income due and accrued in the financial statements.

B. Amounts Non-Admitted

Not applicable

**Note 8- Derivative Instruments**

Not applicable

**NOTES TO FINANCIAL STATEMENTS****Note 9- Income taxes**

## A. Components of Net Deferred Tax Asset

**1 The Components of Net Deferred Tax Asset / (Liability) are as follows:**

|  | 2012          |              |                         | 2011          |              |                         | Change                     |                           |                         |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
|  | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Gross deferred tax assets   | \$ 131,338    | -            | 131,338                 | 88,768        | 9,716        | 98,484                  | 42,570                     | (9,716)                   | 32,854                  |
| b. Statutory valuation allowance adjustment                              | -             | -            | -                       | -             | -            | -                       | -                          | -                         | -                       |
| c. Adjusted gross deferred tax assets (1a-1b)                            | 131,338       | -            | 131,338                 | 88,768        | 9,716        | 98,484                  | 42,570                     | (9,716)                   | 32,854                  |
| d. Deferred tax assets nonadmitted                                       | -             | -            | -                       | -             | 3,358        | 3,358                   | -                          | (3,358)                   | (3,358)                 |
| e. Subtotal net admitted deferred tax asset (1c-1d)                      | 131,338       | -            | 131,338                 | 88,768        | 6,358        | 95,126                  | 42,570                     | (6,358)                   | 36,212                  |
| f. Deferred tax liabilities  | -             | 23,348       | 23,348                  | -             | 6,358        | 6,358                   | -                          | 16,990                    | 16,990                  |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | 131,338       | (23,348)     | 107,990                 | 88,768        | -            | 88,768                  | 42,570                     | (23,348)                  | 19,222                  |

**2. Admission Calculation Component**

|  | 2012          |              |                         | 2011          |              |                         | Change        |              |                         |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|---------------|--------------|-------------------------|
|  | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks  | -             | -            | -                       | -             | -            | -                       | -             | -            | -                       |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below: | \$ 131,338    | -            | 131,338                 | 88,768        | 6,358        | 95,126                  | 42,570        | (6,358)      | 36,212                  |
| 1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date   | 131,338       | -            | 131,338                 | 88,768        | 6,358        | 95,126                  | 42,570        | (6,358)      | 36,212                  |
| 2. Adjusted gross deferred tax assets allowed per limitation threshold   | XXX           | XXX          | 3,577,514               | XXX           | XXX          | 3,123,086               | XXX           | XXX          | 454,428                 |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities  | -             | -            | -                       | -             | -            | -                       | -             | -            | -                       |
| d. Deferred tax assets admitted as the result of application of SSAP 101.<br>Total 2(a)+2(b)+2 ( c )   | \$ 131,338    | -            | 131,338                 | 88,768        | -            | 95,126                  | 42,570        | -            | 36,212                  |

**Other Admissibility Criteria**

|  | 2012          | 2011       |
|--|---------------|------------|
| a. Ratio percentage used to determine recovery period and threshold limitation amount                                | 2869%         | 3205%      |
| b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) 2 above | \$ 23,850,093 | 20,820,575 |

## B. Unrecognized Deferred Tax Liabilities

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

## C. Current Tax

|   | 1          | 2      | 3        |
|---|------------|--------|----------|
|   | 2012       | 2011   | Change   |
| a. Federal                                    | \$ (6,718) | 78,534 | (85,252) |
| b. Foreign                                    | -          | -      | -        |
| c. Subtotal                                   | (6,718)    | 78,534 | (85,252) |
| d. Federal income tax on net capital gains    | -          | -      | -        |
| e. Utilization of capital loss carry-forwards | -          | -      | -        |
| f. Other                                      | -          | -      | -        |
| g. Federal and Foreign income taxes incurred  | \$ (6,718) | 78,534 | (82,252) |

## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The difference between income taxes at the statutory rate of 30% and the income tax provision in the accompanying statements of income is mainly due to exempt investment income.

## E. Operating Loss and Tax Credit Carryforwards

At December 31, 2012 and 2011, the Company did not have any unused operating loss carryforward available to offset against future taxable income.

## F. Consolidated Federal Income Tax Return

Not applicable

## G. Federal or Foreign federal income tax loss contingencies.

Not applicable

**Note 10- Information Concerning Parent, Subsidiaries and Affiliates**

- A. 100% of outstanding shares of the Company are owned by MAPFRE PRAICO Insurance Company (MAPFRE PRAICO), domiciled in San Juan, Puerto Rico.
- B. No dividends were paid in 2012. During 2011 the Company paid dividends amounting to \$5,000,000. No stocks were issued during 2012 or 2011.
- C. Except for as stated in Note # 10 (D) in this annual statement, the Company does not hold any assets of its Parent and Affiliates.
- D. As of December 31, 2012 and December 31, 2011, the Company reports a net intercompany payable of \$444,543 and a net intercompany receivable of \$999,946 to its parent and affiliates, respectively. The terms of the intercompany agreement require that intercompany balances be settled on a quarterly basis.
- E. No guarantees or undertakings for related parties.
- F. The Company, as part of a cost-sharing agreement, has agreed to repay to its parent company, MAPFRE PRAICO, part of the Underwriting and Investment Expenses. The costs to be distributed will only be the indirect costs incurred by MAPFRE PRAICO on behalf of the Company.
- G. The Company does not own non-insurance companies.
- 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. Writedowns for Impairment of Investments in Affiliates
- Not applicable
- K. Foreign Insurance Subsidiary Valued Using CARVM
- Not applicable

---

## **NOTES TO FINANCIAL STATEMENTS**

---

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable

**Note 11- Debt**

Not applicable

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

A. Defined Benefit Plan

Not applicable

B. (1) Defined Contribution Plan

The Company participates in a defined contribution pension plan sponsored by MAPFRE PRAICO Corporation. Costs are shared with MAPFRE PRAICO based on a cost-sharing agreement. The portion allocated to the Company for 2012 and 2011 was approximately \$78,000 and \$87,000 respectively.

(2) The health plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory for the first \$10,000. In excess of the \$10,000, employees contribute 100%.

C. Multi-employer Plans

The Plan described above covers substantially all of the employees of MAPFRE PRAICO Corporation and its subsidiaries (the Group) except those who are compensated exclusively on a commission or fee basis, and/or those who are employed outside of Puerto Rico who are not Puerto Rico residents. The Plan is intended to qualify under the provisions of Section 1081.01 (d) of the Puerto Rico Internal Revenue Code of 2011, formerly Section 1165 (e) of the Puerto Rico Internal Revenue Code of 1994, as amended, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

D. Consolidated/Holding company Plans

Not applicable

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment, but before their retirement, other than for compensation related to earned vacation pay. The liability for earned but untaken vacation pay has been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable

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

As of December 31, 2012 and December 31, 2011 surplus was restricted in the amount of \$1,090,530 and \$1,016,332, respectively, for the payment of Catastrophic Losses. Any future dividends are limited to the available funds that are derived from any realized net profit of the business.

**Note 14- Contingencies**

Not applicable

**Note 15- Leases -**

A. Lessee Leasing Arrangements

(1) The Company shared rental expense with MAPFRE PRAICO based on a cost-sharing agreement. MAPFRE PRAICO leases equipment under operating leases that expires in various dates through May 30, 2015. Rental expense charged under this agreement for the quarter ended December 31, 2012 and 2011 amounted to \$250,518 and \$270,254, respectively.

(2) The Company has not future minimum rental payments.

---

## **NOTES TO FINANCIAL STATEMENTS**

---

B. Lessor Leasing Arrangements.

Not applicable

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

Not applicable

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

Not applicable

**Note 18- Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable

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

Not applicable

**Note 20- Fair Value**

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

1. The Company has categorized its assets that are reported on the balance sheet at fair value into the 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:

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

**NOTES TO FINANCIAL STATEMENTS**

The following tables present the placement in the fair value hierarchy of admitted assets that are measured at fair value on a recurring basis as of December 31, 2012.

|   | December 31, 2012  |   |                                       |                  |
|---|--|---|---------------------------------------|------------------|
|   | Fair Value Measurement at Reporting Date Using             |   |                                       |                  |
|   | Quoted Prices in<br>Active Markets for<br>Identical Assets | Significant<br>other<br>Observable Inputs | Significant<br>Unobservable<br>Inputs |                  |
|   | <i>(Level 1)</i>   | <i>(Level 2)</i>                          | <i>(Level 3)</i>                      | Total            |
| Admitted assets:  |  |   |                                       |                  |
| Common stocks   |  |   |                                       |                  |
| Telecommunications Industry   | \$ 117,985   | -   | -                                     | 117,985          |
| Retail Industry   | 83,162   | -   | -                                     | 83,162           |
| Pharmaceutical, Consumer and<br>Medical Devices & Diagnosis<br>Industry | 75,708   | -   | -                                     | 75,708           |
| Pipelines Industry  | 133,249  | -   | -                                     | 133,249          |
| Technology Industry   | 93,218   | -   | -                                     | 93,218           |
| Personal Products Industry  | 33,945   | -   | -                                     | 33,945           |
| Total Common stocks   | 537,267  | -   | -                                     | 537,267          |
| Exchange traded funds   |  |   |                                       |                  |
| Other industries  | 816,077  | -   | -                                     | 816,077          |
| Total Exchange traded funds   | 816,077  | -   | -                                     | 816,077          |
| <b>Total</b>  | <b>\$ 1,353,344</b>  | <b>-</b>                                  | <b>-</b>                              | <b>1,353,344</b> |

As of December 31, 2012 the Company did not have any nonfinancial asset or liability recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

2. The Company has no assets or liabilities measured at fair value in the Level 3 category.
3. The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of level 1, level 2 or level 3 for the year ended December 31, 2012.

**B. Other Fair Value Disclosures**

Not applicable

- C. The table below reflects the fair values and admitted values of all admitted assets that are financial instruments excluding those accounted for under the equity method. The fair values are also categorized into the three-level fair value hierarchy as described in the table above.

| Type of Financial Instrument                      | Fair value          | Admitted Value    | Level 1          | Level 2           | Level 3  | Not practicable (carrying Value) |
|---|---------------------|-------------------|------------------|-------------------|----------|----------------------------------|
| Financial Instruments - assets                    |                     |                   |                  |                   |          |                                  |
| Bonds   | \$69,750,154        | 62,360,171        | -                | 69,750,154        | -        | -                                |
| Common Stocks and Exchange traded Funds           | 1,353,344           | 1,353,344         | 1,353,344        | -                 | -        | -                                |
| Cash, cash equivalents and short-term investments | 1,860,545           | 1,860,545         | -                | -                 | -        | -                                |
| <b>Total assets</b>                               | <b>\$72,964,043</b> | <b>65,574,060</b> | <b>1,353,344</b> | <b>69,750,154</b> | <b>-</b> | <b>-</b>                         |

**D. Financial Instruments for which is not Practicable to Estimate Fair Values**

Not applicable

**Note 21- Other Items****A. Extraordinary Items**

In accordance with Chapter 25 of the Insurance Code, as amended, the Company is required to establish and maintain a reserve supported by a trust fund for the payments of catastrophe losses. The establishment of this trust fund increases the financial capacity in order to offer protection for those insurers exposed to catastrophe losses. This trust may invest its funds

**NOTES TO FINANCIAL STATEMENTS**

in securities authorized by the Insurance Code, but not in investments whose value may be affected by hazards covered by the catastrophe insurance losses. The interest earned on these investments and any realized gain (loss) on investment transactions becomes part of the reserve for catastrophe insurance losses and are recorded as income (expense) of the Company. The assets in this fund will be used solely and exclusively to pay catastrophe insurance losses covered under policies written in Puerto Rico, upon approval by the Commissioner. The Company established a trust with a bank to deposit the funds.

The Company is required to make deposits to the trust fund, if any, on or before January 30 of the following year. Contributions to be deposited in the trust fund are determined by applying a contribution rate, not in excess of 5%, to catastrophe written premiums as instructed annually by the Commissioner, unless the balance of the reserve exceeds 8% of the catastrophe exposure, as defined by Chapter 25. Since the balance of the Company's trust fund as of December 31, 2012 exceeds the balance required by the Commissioner, no deposits were required to be made in January 2013 corresponding to the contributions for writings in 2012. The amounts deposited in the trust fund are deductible for income tax purposes.

As of December 31, 2012 and December 31, 2011, \$1,090,530 and \$1,016,332, respectively, of the catastrophe loss reserve was presented in the accompanying Statements of Admitted Assets, Liabilities and Capital and Surplus as restricted surplus.

The amount deposited in the trust fund may be reimbursed in the case that the Company ceases to underwrite property risks, subject to catastrophe losses, upon approval by the Commissioner. Also, authorized withdrawals are allowed when the catastrophe loss reserve exceeds 8% of the catastrophe exposure, as defined by Chapter 25.

**B. Troubled Debt Restructuring for Debtors**

Not applicable

**C. Other Disclosures**

Not applicable

**D. Uncollectible Premiums Receivable**

Not applicable

**E. Business Interruption Insurance Recoveries**

Not applicable

**F. State Transferable and Non-transferable Tax Credits**

Not applicable

**G. Subprime Mortgage Related Risk Exposure**

Not applicable

**Note 22- Events Subsequent**

There were no events occurring subsequent to December 31, 2012 through the date of this filing meriting disclosure.

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

Individual reinsurers having an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium in excess of 3% of the Company's policyholders' surplus at December 31, 2012 are the following:

| NAIC Code | Federal ID # | Name of Reinsurer               | Amount        |
|-----------|--------------|---------------------------------|---------------|
| 43052     | 66-0470284   | MAPFRE PRAICO Insurance Company | \$ 14,280,633 |

**B. Reinsurance Recoverable in Dispute**

Not applicable

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

- (1) Effective May 1, 2004, the Company entered into a 71.50% Quota Share Reinsurance Agreement with MAPFRE PRAICO covering all business written and retained by the Company.

**NOTES TO FINANCIAL STATEMENTS**

The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end the current year.

|               | <b>Unearned<br/>Premiums</b> | <b>Commission<br/>Equity</b> | <b>Unearned<br/>Premiums</b> | <b>Commission<br/>Equity</b> | <b>Unearned<br/>Premiums</b> | <b>Commission<br/>Equity</b> |
|---------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| a. Affiliates | \$ -                         | -                            | 11,003,066                   | 3,347,652                    | (11,003,066)                 | (3,347,652)                  |
| b. All other  | -                            | -                            | -                            | -                            | -                            | -                            |
| c. Totals     | \$ -                         | -                            | 11,003,066                   | 3,347,652                    | (11,003,066)                 | (3,347,652)                  |

(2) There is no additional or return commission, predicated on loss experience or any other form of profit-sharing arrangement in this statement as a result of existing contractual arrangements.

(3) The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as Deposit

Not applicable

H. Run-off Agreements

Not applicable

I. Certified Reinsurance Downgraded or Status Subject to Revocation

Not applicable

**Note 24- Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not applicable

**Note 25- Changes in Incurred Losses and Losses Adjustment Expenses**

There are no events attributable to prior years that may significantly affect neither the incurred loss nor the loss adjustment expenses.

**Note 26- Intercompany Pooling Arrangements**

Not applicable

**Note 27- Structured Settlements**

A. Reserves Released due to Purchase of Annuities

Not applicable

B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

Not applicable

**Note 28- Health Care Receivables**

Not applicable



---

## **NOTES TO FINANCIAL STATEMENTS**

---

**Note 29 - Participating Policies**

Not applicable.

**Note 30- Premium Deficiency Reserves**

Not applicable

**Note 31- High Deductibles**

Not applicable

**Note 32- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**

Not applicable

**Note 33- Asbestos/Environmental Reserves**

Not applicable

**Note 34- Subscriber Savings Accounts**

Not applicable

**Note 35- Multiple Peril Crop Insurance**

Not applicable

**Note 36 - Financial Guaranty Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 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 [ X ] N/A [ ]

1.3 State regulating? Puerto Rico

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 of the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1998

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 of 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). 11/01/2000

3.4 By what department or departments?  
Office of the Insurance Commissioner of the Commonwealth 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.

| 1<br>Name of Entity | 2<br>NAIC Co. Code | 3<br>State of Domicile |
|---------------------|--------------------|------------------------|
|                     |                    |                        |

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] 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 [ X ] No [ ]

7.2 If yes,

7.21 State the percentage of foreign control .....100.000 %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
| <u>Spain</u>     | <u>Corporation</u>  |

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company. \_\_\_\_\_

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst and Young Puerto Rico, LLC Scotiabank Plaza 273 Ponce De León Ave. Hato Rey, PR

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]

10.2 If the response to 10.1 is yes, provide information related to this exemption: \_\_\_\_\_

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]

10.4 If the response to 10.3 is yes, provide information related to this exemption: \_\_\_\_\_

10.5 Has the reporting entity established an Audit Committee in compliance with 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?  
Scott P. Weinstein, FCAS, MAAA, KPMG, LLP, Atlanta, Georgia

## GENERAL INTERROGATORIES

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [ X ]

12.11 Name of real estate holding company

---

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

---

12.2 If yes, provide explanation.

---

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

---

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] 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 [ X ] No [ ]

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

---

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

---

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

---

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ X ] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [ X ] No [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ X ] No [ ]

### PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.....0

20.12 To stockholders not officers \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ X ]

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

21.21 Rented from others .....

21.22 Borrowed from others .....

21.23 Leased from others .....

21.24 Other .....

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [ X ]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment .....

22.22 Amount paid as expenses .....

22.23 Other amounts paid .....

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

### PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

---

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).  
NOT APPLICABLE

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

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

24.06 If answer to 24.04 is no, report amount of collateral for other programs. ....

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. ....

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. ....

24.103 Total payable for securities lending reported on the liability page. ....

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

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

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

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

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

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

25.25 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 \$.....3,291,037

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

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

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

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

| 1<br>Name of Custodian(s)                       | 2<br>Custodian's Address                                 |
|---|--|
| The Bank of New York Mellon / Custody           | One Mellon Bank Center Room 1035 Pittsburg, PA 15258-001 |
| Banco Popular de Puerto Rico / Trust Department | 209 Muñoz Rivera Ave, Hato Rey PR 00918                  |

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<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |

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

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

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<br>CUSIP #   | 2<br>Name of Mutual Fund | 3<br>Book/Adj. Carrying Value |
|----------------|--------------------------|-------------------------------|
|                |                          |                               |
| 29.2999. TOTAL |                          | 0                             |

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

| 1<br>Name of Mutual Fund (from the above table) | 2<br>Name of Significant Holding of the Mutual Fund | 3<br>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding | 4<br>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<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|----------------------------|---------------------------------|-----------------|--|
| 30.1 Bonds.....            | 62,361,520                      | 69,751,500      | 7,389,980  |
| 30.2 Preferred stocks..... |                                 |                 | 0  |
| 30.3 Totals.....           | 62,361,520                      | 69,751,500      | 7,389,980  |

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

The Bank of New York Mellon / SVO

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

- 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 [ X ] No [ ]
- 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 [ X ] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.
- 
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]
- 32.2 If no, list exceptions:
- 

**PART 1 - COMMON INTERROGATORIES - OTHER**

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....69,414
- 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<br>Name                 | 2<br>Amount Paid |
|---------------------------|------------------|
| Insurance Services Office | 69,414           |

- 34.1 Amount of payments for legal expenses, if any? \$.....0
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

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

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

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

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. .....
- 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....
- 1.31 Reason for excluding: .....

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned .....
- 1.62 Total incurred claims .....
- 1.63 Number of covered lives .....
- All years prior to most current three years:
- 1.64 Total premium earned .....
- 1.65 Total incurred claims .....
- 1.66 Number of covered lives .....
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned .....
- 1.72 Total incurred claims .....
- 1.73 Number of covered lives .....
- All years prior to most current three years:
- 1.74 Total premium earned .....
- 1.75 Total incurred claims .....
- 1.76 Number of covered lives .....

2. Health test:

|                                  | 1<br>Current Year | 2<br>Prior Year  |
|----------------------------------|-------------------|------------------|
| 2.1 Premium Numerator.....       | \$.....0          | \$.....0         |
| 2.2 Premium Denominator.....     | \$.....8,347,667  | \$.....8,863,356 |
| 2.3 Premium Ratio (2.1/2.2)..... | .....0.0          | .....0.0         |
| 2.4 Reserve Numerator.....       | \$.....0          | \$.....0         |
| 2.5 Reserve Denominator.....     | \$.....6,015,138  | \$.....5,995,441 |
| 2.6 Reserve Ratio (2.4/2.5)..... | .....0.0          | .....0.0         |

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies .....
- 3.22 Non-participating policies .....
4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]
- 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. .....
5. FOR RECIPROCAL EXCHANGES ONLY:
- 5.1 Does the exchange appoint local agents? Yes [ ] No [ ]
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]
- 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact? .....

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [X]
- 5.5 If yes, give full information: .....

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
The entity has a very limited workers compensation exposure. By law the State Insurance Fund insures all employers in Puerto Rico.
- 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:  
The entity runs a detail catastrophe analysis on each major line of business. This analysis includes among others, policy limits, location, construction and deductible. We utilized the latest version of RMS modeling software for both perils of earthquake and windstorm.
- 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?  
The entity buys a comprehensive property reinsurance program including the following coverage: Comm. Property Multi Peril Pro Rata, Personal/Residential Condominium Catastrophe XL, Commercial Catastrophe XL, Automobile Physical Damage XL, Inland Marine & Marine XL, and Umbrella Catastrophe XL. The programs provide limits for Hurricane and Earthquake of \$915,000,000 and \$1,040,000,000, respectively.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss: .....

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [X] 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 [X] No [ ]

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes  No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
XL Contracts: The recording of the reinsurance among the companies is allocated using a proportional rate based on premiums written.  
QUOTA SHARE OR SURPLUS: The recording of the reinsurance among the companies is allocated to the specific policy issuer.
- 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
- 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
- 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
- 15.2 If yes, give full information:  
 \_\_\_\_\_  
 \_\_\_\_\_

- 16.1 Does the reporting entity write any warranty business? Yes  No   
 If yes, disclose the following information for each of the following types of warranty coverage:

|                       | 1<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>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   
 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 .....
- 17.12 Unfunded portion of Interrogatory 17.11 .....
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 .....
- 17.14 Case reserves portion of Interrogatory 17.11 .....
- 17.15 Incurred but not reported portion of Interrogatory 17.11 .....
- 17.16 Unearned premium portion of Interrogatory 17.11 .....
- 17.17 Contingent commission portion of Interrogatory 17.11 .....

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 .....
- 17.19 Unfunded portion of Interrogatory 17.18 .....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 .....
- 17.21 Case reserves portion of Interrogatory 17.18 .....
- 17.22 Incurred but not reported portion of Interrogatory 17.18 .....
- 17.23 Unearned premium portion of Interrogatory 17.18 .....
- 17.24 Contingent commission portion of Interrogatory 17.18 .....

- 18.1 Do you act as a custodian for health savings account? Yes  No
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. .....
- 18.3 Do you act as an administrator for health savings accounts? Yes  No
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. .....



**FIVE-YEAR HISTORICAL DATA**

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

|   | 1<br>2012   | 2<br>2011  | 3<br>2010  | 4<br>2009   | 5<br>2008  |
|---|-------------|------------|------------|-------------|------------|
| <b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>   |             |            |            |             |            |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....   | 3,331,934   | 3,028,705  | 3,945,090  | 4,013,024   | 4,240,894  |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....   | 25,221,564  | 26,658,633 | 29,464,110 | 29,645,435  | 30,916,680 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....   | 603,099     |            |            | (7,628)     | (898)      |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....  | 522,626     | 491,587    | 487,026    | 482,566     | 423,077    |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....   |             |            |            |             |            |
| 6. Total (Line 35).....   | 29,679,223  | 30,178,925 | 33,896,226 | 34,133,397  | 35,579,753 |
| <b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>   |             |            |            |             |            |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....   | 879,848     | 819,381    | 1,003,805  | 1,154,619   | 1,083,581  |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....   | 7,053,643   | 7,457,436  | 8,296,082  | 8,327,348   | 8,861,587  |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....   | 189,160     |            |            | (7,070)     | (898)      |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 96,932      | 124,995    | 122,229    | 133,396     | 113,862    |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |             |            |            |             |            |
| 12. Total (Line 35).....  | 8,219,584   | 8,401,812  | 9,422,116  | 9,608,293   | 10,058,132 |
| <b>Statement of Income (Page 4)</b>   |             |            |            |             |            |
| 13. Net underwriting gain (loss) (Line 8).....  | (1,483,748) | (758,904)  | 391,172    | (212,574)   | 2,406,996  |
| 14. Net investment gain (loss) (Line 11).....   | 3,326,012   | 3,817,870  | 3,062,859  | 4,054,498   | 3,879,091  |
| 15. Total other income (Line 15).....   | 292,032     | (102,383)  | (574,619)  | (18,320)    | 39,042     |
| 16. Dividends to policyholders (Line 17).....   |             |            |            |             |            |
| 17. Federal and foreign income taxes incurred (Line 19).....  | (6,718)     | 78,534     | 20,053     | (157,123)   | 1,269,035  |
| 18. Net income (Line 20).....   | 2,141,014   | 2,878,049  | 2,859,359  | 3,980,727   | 5,056,094  |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>  |             |            |            |             |            |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....  | 70,539,092  | 72,910,343 | 80,511,534 | 86,688,360  | 95,054,437 |
| 20. Premiums and considerations (Page 2, Col. 3):   |             |            |            |             |            |
| 20.1 In course of collection (Line 15.1).....   | 1,776,555   | 1,367,663  | 983,503    | 1,343,821   | 1,081,308  |
| 20.2 Deferred and not yet due (Line 15.2).....  | 736,810     | 976,507    | 1,382,036  | 1,433,850   | 1,484,721  |
| 20.3 Accrued retrospective premiums (Line 15.3).....  |             |            |            |             |            |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26).....  | 46,581,009  | 51,148,999 | 56,744,711 | 58,061,626  | 62,499,217 |
| 22. Losses (Page 3, Line 1).....  | 1,383,628   | 1,187,304  | 1,133,768  | 1,298,213   | 1,735,079  |
| 23. Loss adjustment expenses (Page 3, Line 3).....  | 253,897     | 302,441    | 220,279    | 256,934     | 320,692    |
| 24. Unearned premiums (Page 3, Line 9).....   | 4,377,613   | 4,505,696  | 4,967,240  | 5,071,623   | 5,182,997  |
| 25. Capital paid up (Page 3, Lines 30 & 31).....  | 3,000,000   | 3,000,000  | 3,000,000  | 2,800,000   | 2,800,000  |
| 26. Surplus as regards policyholders (Page 3, Line 37).....   | 23,958,083  | 21,761,344 | 23,766,823 | 28,626,734  | 32,555,220 |
| <b>Cash Flow (Page 5)</b>   |             |            |            |             |            |
| 27. Net cash from operations (Line 11).....   | (3,880,024) | (803,663)  | 2,783,058  | (2,308,821) | 4,069,848  |
| <b>Risk-Based Capital Analysis</b>  |             |            |            |             |            |
| 28. Total adjusted capital.....   | 23,958,083  | 21,761,344 | 23,766,823 | 28,626,734  | 32,555,220 |
| 29. Authorized control level risk-based capital.....  | 831,160     | 679,068    | 791,051    | 857,701     | 320,095    |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b><br>(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0                          |             |            |            |             |            |
| 30. Bonds (Line 1).....   | 95.1        | 95.0       | 93.0       | 88.3        | 94.6       |
| 31. Stocks (Lines 2.1 & 2.2).....   | 2.1         | 1.8        | 1.7        | 1.2         | 0.4        |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2).....  |             |            |            |             |            |
| 33. Real estate (Lines 4.1, 4.2 & 4.3).....   |             |            |            |             |            |
| 34. Cash, cash equivalents and short-term investments (Line 5).....   | 2.8         | 3.1        | 5.3        | 10.5        | 5.0        |
| 35. Contract loans (Line 6).....  |             |            |            |             |            |
| 36. Derivatives (Line 7).....   |             |            |            | XXX         | XXX        |
| 37. Other invested assets (Line 8).....   |             |            |            |             |            |
| 38. Receivable for securities (Line 9).....   |             |            |            |             |            |
| 39. Securities lending reinvested collateral assets (Line 10).....  |             |            |            | XXX         | XXX        |
| 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      |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |             |            |            |             |            |
| 42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....  |             |            |            |             |            |
| 43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....   |             |            |            |             |            |
| 44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....  |             |            |            |             |            |
| 45. Affiliated short-term investments<br>(subtotals included in Schedule DA, Verification, Column 5, Line 10).....  |             |            |            |             |            |
| 46. Affiliated mortgage loans on real estate.....   |             |            |            |             |            |
| 47. All other affiliated.....   |             |            |            |             |            |
| 48. Total of above lines 42 to 47.....  | 0           | 0          | 0          | 0           | 0          |
| 49. Total investment in parent included in Lines 42 to 47 above.....  |             |            |            |             |            |
| 50. Percentage of investments in parent, subsidiaries and affiliates to surplus<br>as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)..... | 0.0         |            |            |             |            |

Annual Statement for the year 2012 of the **MAPFRE Preferred Risk Insurance Company**  
**FIVE-YEAR HISTORICAL DATA**  
(Continued)

|   | 1          | 2           | 3           | 4           | 5            |
|---|------------|-------------|-------------|-------------|--------------|
|   | 2012       | 2011        | 2010        | 2009        | 2008         |
| <b>Capital and Surplus Accounts (Page 4)</b>  |            |             |             |             |              |
| 51. Net unrealized capital gains (losses) (Line 24).....  | 151,332    | (31,517)    | 121,687     | 47,044      | (156,238)    |
| 52. Dividends to stockholders (Line 35).....  |            | (5,000,000) | (8,000,000) | (7,875,000) | (11,000,000) |
| 53. Change in surplus as regards policyholders for the year (Line 38).....  | 2,196,739  | (2,002,121) | (4,859,911) | (3,928,486) | (6,124,252)  |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>  |            |             |             |             |              |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....  | 2,178,165  | 2,380,028   | 2,280,146   | 2,820,019   | 2,061,987    |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 17,112,729 | 17,154,546  | 16,298,618  | 17,055,938  | 15,876,790   |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  | 6,344      | 42,000      | 53,243      | 294,802     | 82,976       |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 210,242    | 187,914     | 200,477     | 150,132     | 19,421       |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |            |             |             |             |              |
| 59. Total (Line 35).....  | 19,507,480 | 19,764,488  | 18,832,484  | 20,320,891  | 18,041,174   |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>   |            |             |             |             |              |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....  | 624,472    | 673,696     | 544,535     | 907,868     | 578,455      |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 4,818,853  | 4,809,088   | 4,624,239   | 4,850,005   | 4,500,455    |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  | 1,730      | 10,500      | 12,462      | 61,570      | (413,941)    |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 125,240    | 101,788     | 106,490     | 79,818      | (20,380)     |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |            |             |             |             |              |
| 65. Total (Line 35).....  | 5,570,295  | 5,595,072   | 5,287,726   | 5,899,261   | 4,644,589    |
| <b>Operating Percentages</b><br>(Page 4) (Item divided by Page 4, Line 1) x 100.0   |            |             |             |             |              |
| 66. Premiums earned (Line 1).....   | 100.0      | 100.0       | 100.0       | 100.0       | 100.0        |
| 67. Losses incurred (Line 2).....   | 69.1       | 63.7        | 53.8        | 56.2        | 45.3         |
| 68. Loss expenses incurred (Line 3).....  | 11.0       | 11.5        | 8.4         | 8.1         | 7.2          |
| 69. Other underwriting expenses incurred (Line 4).....  | 37.7       | 33.3        | 33.7        | 37.8        | 23.9         |
| 70. Net underwriting gain (loss) (Line 8).....  | (17.8)     | (8.6)       | 4.1         | (2.2)       | 23.7         |
| <b>Other Percentages</b>  |            |             |             |             |              |
| 71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....   | 34.7       | 36.3        | 40.2        | 38.5        | 23.8         |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....   | 80.1       | 75.3        | 62.2        | 64.3        | 52.5         |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....  | 34.3       | 38.6        | 39.6        | 33.6        | 30.9         |
| <b>One Year Loss Development (000 omitted)</b>  |            |             |             |             |              |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....  | (274)      | (332)       | (491)       | (242)       | (340)        |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....                   | (1.3)      | (1.4)       | (1.7)       | (0.7)       | (0.9)        |
| <b>Two Year Loss Development (000 omitted)</b>  |            |             |             |             |              |
| 76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....                           | (350)      | (714)       | (606)       | (743)       | (1,016)      |
| 77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)..... | (1.5)      | (2.5)       | (1.9)       | (1.9)       | (3.0)        |

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

Yes [ ] No [ ]

If no, please explain:

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

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned         |            |                        | Loss and Loss Expense Payments |            |                                       |            |                              |            |  | 12<br>Number of Claims Reported-Direct and Assumed |  |
|--|-------------------------|------------|------------------------|--------------------------------|------------|---------------------------------------|------------|------------------------------|------------|--|--|--|
|  | 1<br>Direct and Assumed | 2<br>Ceded | 3<br>Net (Cols. 1 - 2) | Loss Payments                  |            | Defense and Cost Containment Payments |            | Adjusting and Other Payments |            | 10<br>Salvage and Subrogation Received |  | 11<br>Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) |
|  |                         |            |                        | 4<br>Direct and Assumed        | 5<br>Ceded | 6<br>Direct and Assumed               | 7<br>Ceded | 8<br>Direct and Assumed      | 9<br>Ceded |  |  |  |
| 1. Prior.....  | XXX                     | XXX        | XXX                    | (0)                            | (0)        | 11                                    | 4          | 0                            | 0          | 0                                      | 6  | XXX  |
| 2. 2003.....   | 33,232                  | 11,115     | 22,117                 | 12,979                         | 1,345      | 396                                   | 226        | 1,574                        | 1,079      | 13,377                                 | XXX  |  |
| 3. 2004.....   | 21,022                  | 3,266      | 17,756                 | 9,316                          | 2,481      | 114                                   | 59         | 1,598                        | 1,546      | 8,487                                  | XXX  |  |
| 4. 2005.....   | 28,025                  | 19,676     | 8,349                  | 15,628                         | 10,381     | 131                                   | 81         | 446                          | 2,389      | 5,743                                  | XXX  |  |
| 5. 2006.....   | 33,877                  | 24,459     | 9,418                  | 18,179                         | 13,030     | 195                                   | 122        | 456                          | 2,856      | 5,679                                  | XXX  |  |
| 6. 2007.....   | 35,499                  | 25,560     | 9,939                  | 19,419                         | 13,427     | 247                                   | 183        | 585                          | 3,124      | 6,642                                  | XXX  |  |
| 7. 2008.....   | 35,979                  | 25,807     | 10,172                 | 18,575                         | 13,752     | 185                                   | 144        | 721                          | 3,209      | 5,585                                  | XXX  |  |
| 8. 2009.....   | 34,540                  | 24,820     | 9,720                  | 19,235                         | 13,716     | 157                                   | 117        | 770                          | 3,001      | 6,329                                  | XXX  |  |
| 9. 2010.....   | 34,235                  | 24,708     | 9,527                  | 18,814                         | 13,405     | 121                                   | 98         | 890                          | 3,917      | 6,322                                  | XXX  |  |
| 10. 2011.....  | 31,797                  | 22,933     | 8,863                  | 19,565                         | 14,024     | 82                                    | 73         | 966                          | 4,201      | 6,516                                  | XXX  |  |
| 11. 2012.....  | 30,124                  | 21,777     | 8,348                  | 17,504                         | 12,505     | 46                                    | 40         | 831                          | 2,605      | 5,836                                  | XXX  |  |
| 12. Totals.....  | XXX                     | XXX        | XXX                    | 169,214                        | 108,066    | 1,684                                 | 1,149      | 8,838                        | 0          | 27,928                                 | 70,521   | XXX  |

|                 | Losses Unpaid            |             |                          |             | Defense and Cost Containment Unpaid |             |                          |             | Adjusting and Other Unpaid |             | 23<br>Salvage and Subrogation Anticipated | 24<br>Total Net Losses and Expenses Unpaid | 25<br>Number of Claims Outstanding-Direct and Assumed |
|-----------------|--------------------------|-------------|--------------------------|-------------|-------------------------------------|-------------|--------------------------|-------------|----------------------------|-------------|---|--|---|
|                 | Case Basis               |             | Bulk + IBNR              |             | Case Basis                          |             | Bulk + IBNR              |             | 21<br>Direct and Assumed   | 22<br>Ceded |   |  |   |
|                 | 13<br>Direct and Assumed | 14<br>Ceded | 15<br>Direct and Assumed | 16<br>Ceded | 17<br>Direct and Assumed            | 18<br>Ceded | 19<br>Direct and Assumed | 20<br>Ceded |                            |             |   |  |   |
| 1. Prior.....   | 200                      | 150         |                          |             | 19                                  | 14          |                          |             | 1                          |             |   | 56   | XXX   |
| 2. 2003.....    | 0                        |             |                          |             |                                     |             |                          |             |                            |             |   | 0  | XXX   |
| 3. 2004.....    |                          |             |                          |             |                                     |             |                          |             |                            |             |   | 0  | XXX   |
| 4. 2005.....    |                          |             |                          |             |                                     |             |                          |             |                            |             |   | 0  | XXX   |
| 5. 2006.....    |                          |             | 1                        | 0           |                                     |             | 0                        | 0           |                            |             |   | 0  | XXX   |
| 6. 2007.....    |                          |             | 1                        | 1           |                                     |             | 0                        | 0           |                            |             |   | 0  | XXX   |
| 7. 2008.....    | 98                       | 70          | 3                        | 2           | 9                                   | 7           | 0                        | 0           | 0                          |             | 2   | 32   | XXX   |
| 8. 2009.....    | 93                       | 67          | 20                       | 15          | 9                                   | 6           | 3                        | 2           | 0                          |             | 4   | 36   | XXX   |
| 9. 2010.....    | 500                      | 358         | 23                       | 17          | 46                                  | 33          | 3                        | 2           | 0                          |             | 2   | 164  | XXX   |
| 10. 2011.....   | 414                      | 296         | 146                      | 105         | 38                                  | 27          | 25                       | 18          | 16                         |             | 2   | 194  | XXX   |
| 11. 2012.....   | 2,850                    | 2,038       | 520                      | 368         | 270                                 | 189         | 36                       | 24          | 100                        |             | 198                                       | 1,156                                      | XXX   |
| 12. Totals..... | 4,155                    | 2,979       | 714                      | 507         | 391                                 | 275         | 67                       | 47          | 117                        | 0           | 208                                       | 1,638                                      | XXX   |

|            | Total Losses and Loss Expenses Incurred |             |           | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |             |           | Nontabular Discount |                    | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves after Discount |                            |
|------------|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|
|            | 26<br>Direct and Assumed                | 27<br>Ceded | 28<br>Net | 29<br>Direct and Assumed                                    | 30<br>Ceded | 31<br>Net | 32<br>Loss          | 33<br>Loss Expense |  | 35<br>Losses Unpaid                       | 36<br>Loss Expenses Unpaid |
| 1. Prior.. | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       |                     |                    | XXX  | 50  | 6                          |
| 2. 2003.   | 14,949                                  | 1,572       | 13,377    | 45.0  | 14.1        | 60.5      |                     |                    |  | 0   | 0                          |
| 3. 2004.   | 11,027                                  | 2,540       | 8,487     | 52.5  | 77.8        | 47.8      |                     |                    |  | 0   | 0                          |
| 4. 2005.   | 16,205                                  | 10,462      | 5,743     | 57.8  | 53.2        | 68.8      |                     |                    |  | 0   | 0                          |
| 5. 2006.   | 18,831                                  | 13,153      | 5,679     | 55.6  | 53.8        | 60.3      |                     |                    |  | 0   | 0                          |
| 6. 2007.   | 20,253                                  | 13,611      | 6,642     | 57.1  | 53.3        | 66.8      |                     |                    |  | 0   | 0                          |
| 7. 2008.   | 19,592                                  | 13,975      | 5,616     | 54.5  | 54.2        | 55.2      |                     |                    |  | 29  | 3                          |
| 8. 2009.   | 20,287                                  | 13,922      | 6,365     | 58.7  | 56.1        | 65.5      |                     |                    |  | 32  | 4                          |
| 9. 2010.   | 20,399                                  | 13,913      | 6,486     | 59.6  | 56.3        | 68.1      |                     |                    |  | 148                                       | 15                         |
| 10. 2011.  | 21,252                                  | 14,543      | 6,709     | 66.8  | 63.4        | 75.7      |                     |                    |  | 160                                       | 34                         |
| 11. 2012.  | 22,157                                  | 15,164      | 6,993     | 73.6  | 69.6        | 83.8      |                     |                    |  | 964                                       | 192                        |
| 12. Totals | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       | 0                   | 0                  | XXX  | 1,384                                     | 254                        |

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       |
|                                     | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | One Year    | Two Year |
| 1. Prior.....                       | 4,180  | 1,662  | 3,383  | 3,983  | 4,041  | 4,018  | 3,872  | 3,568  | 3,510  | 3,471  | (39)        | (97)     |
| 2. 2003.....                        | 13,692   | 12,001 | 12,380 | 12,388 | 12,131 | 11,803 | 11,805 | 11,813 | 11,803 | 11,803 | (0)         | (11)     |
| 3. 2004.....                        | XXX  | 10,355 | 7,260  | 6,980  | 6,979  | 6,899  | 6,892  | 6,897  | 6,894  | 6,889  | (5)         | (8)      |
| 4. 2005.....                        | XXX  | XXX    | 5,725  | 5,455  | 5,320  | 5,328  | 5,313  | 5,300  | 5,298  | 5,297  | (0)         | (3)      |
| 5. 2006.....                        | XXX  | XXX    | XXX    | 5,604  | 5,290  | 5,350  | 5,239  | 5,228  | 5,223  | 5,223  | (0)         | (5)      |
| 6. 2007.....                        | XXX  | XXX    | XXX    | XXX    | 6,211  | 6,235  | 6,137  | 6,076  | 6,064  | 6,057  | (7)         | (19)     |
| 7. 2008.....                        | XXX  | XXX    | XXX    | XXX    | XXX    | 4,822  | 4,983  | 4,968  | 4,921  | 4,895  | (26)        | (73)     |
| 8. 2009.....                        | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | 5,818  | 5,719  | 5,632  | 5,594  | (37)        | (125)    |
| 9. 2010.....                        | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 5,605  | 5,497  | 5,595  | 98          | (10)     |
| 10. 2011.....                       | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 5,984  | 5,728  | (256)       | XXX      |
| 11. 2012.....                       | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 6,061  | XXX         | XXX      |
| 12. Totals.....                     |  |        |        |        |        |        |        |        |        |        | (274)       | (350)    |

### 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 |
|                                     | 2003  | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   |   |  |
| 1. Prior.....                       | .000  | 1,895  | 2,424  | 3,399  | 3,420  | 3,339  | 3,636  | 3,437  | 3,410  | 3,416  | XXX                                       | XXX  |
| 2. 2003.....                        | 7,267   | 11,200 | 11,751 | 12,243 | 12,063 | 11,741 | 11,751 | 11,813 | 11,803 | 11,803 | XXX                                       | XXX  |
| 3. 2004.....                        | XXX   | 6,587  | 6,868  | 6,980  | 6,967  | 6,893  | 6,891  | 6,895  | 6,894  | 6,889  | XXX                                       | XXX  |
| 4. 2005.....                        | XXX   | XXX    | 4,636  | 5,252  | 5,285  | 5,313  | 5,307  | 5,298  | 5,297  | 5,297  | XXX                                       | XXX  |
| 5. 2006.....                        | XXX   | XXX    | XXX    | 4,590  | 5,207  | 5,192  | 5,235  | 5,223  | 5,223  | 5,223  | XXX                                       | XXX  |
| 6. 2007.....                        | XXX   | XXX    | XXX    | XXX    | 5,054  | 6,025  | 6,056  | 6,040  | 6,045  | 6,056  | XXX                                       | XXX  |
| 7. 2008.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | 4,162  | 4,727  | 4,795  | 4,814  | 4,863  | XXX                                       | XXX  |
| 8. 2009.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 5,015  | 5,450  | 5,533  | 5,558  | XXX                                       | XXX  |
| 9. 2010.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 4,982  | 5,417  | 5,432  | XXX                                       | XXX  |
| 10. 2011.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 5,093  | 5,550  | XXX                                       | XXX  |
| 11. 2012.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 5,005  | XXX                                       | XXX  |

### SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted) |         |      |      |      |      |      |      |      |      |
|-------------------------------------|---|---------|------|------|------|------|------|------|------|------|
|                                     | 1   | 2       | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   |
|                                     | 2003  | 2004    | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| 1. Prior.....                       | 628   | (1,336) | 163  | 38   | 42   | 24   | 4    | 1    |      |      |
| 2. 2003.....                        | 4,501   | 35      | 74   | 14   | 10   | 1    |      |      |      |      |
| 3. 2004.....                        | XXX   | 3,120   | 486  | (40) | (7)  | 4    | 1    | 2    |      |      |
| 4. 2005.....                        | XXX   | XXX     | 621  | 154  | (9)  | 7    | 4    | 2    | 0    |      |
| 5. 2006.....                        | XXX   | XXX     | XXX  | 539  | 19   | 50   | 3    | 5    | 0    | 0    |
| 6. 2007.....                        | XXX   | XXX     | XXX  | XXX  | 617  | 95   | 26   | 26   | 1    | 0    |
| 7. 2008.....                        | XXX   | XXX     | XXX  | XXX  | XXX  | 321  | 70   | 56   | 15   | 1    |
| 8. 2009.....                        | XXX   | XXX     | XXX  | XXX  | XXX  | XXX  | 169  | 125  | 31   | 7    |
| 9. 2010.....                        | XXX   | XXX     | XXX  | XXX  | XXX  | XXX  | XXX  | 93   | 54   | 8    |
| 10. 2011.....                       | XXX   | XXX     | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | 28   | 49   |
| 11. 2012.....                       | XXX   | XXX     | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | 163  |

**MAPFRE Preferred Risk Insurance Company**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

| States, Etc.                        | 1<br>Active Status | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken |                             | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges not Included in Premiums | 9<br>Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|-------------------------------------|--------------------|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|
|                                     |                    | 2<br>Direct Premiums Written   | 3<br>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                  | 29,679,223   | 30,124,446                  |   | 19,514,086                                  | 20,163,006                  | 4,869,506                 | 16,694  |  |
| 55. US Virgin Islands.....VI        | N                  |  |                             |   |   |                             |                           |   |  |
| 56. Northern Mariana Islands.....MP | N                  |  |                             |   |   |                             |                           |   |  |
| 57. Canada.....CAN                  | N                  |  |                             |   |   |                             |                           |   |  |
| 58. Aggregate Other Alien.....OT    | XXX                | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 59. Totals.....(a).....1            |                    | 29,679,223   | 30,124,446                  | 0   | 19,514,086                                  | 20,163,006                  | 4,869,506                 | 16,694  | 0  |

**DETAILS OF WRITE-INS**

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

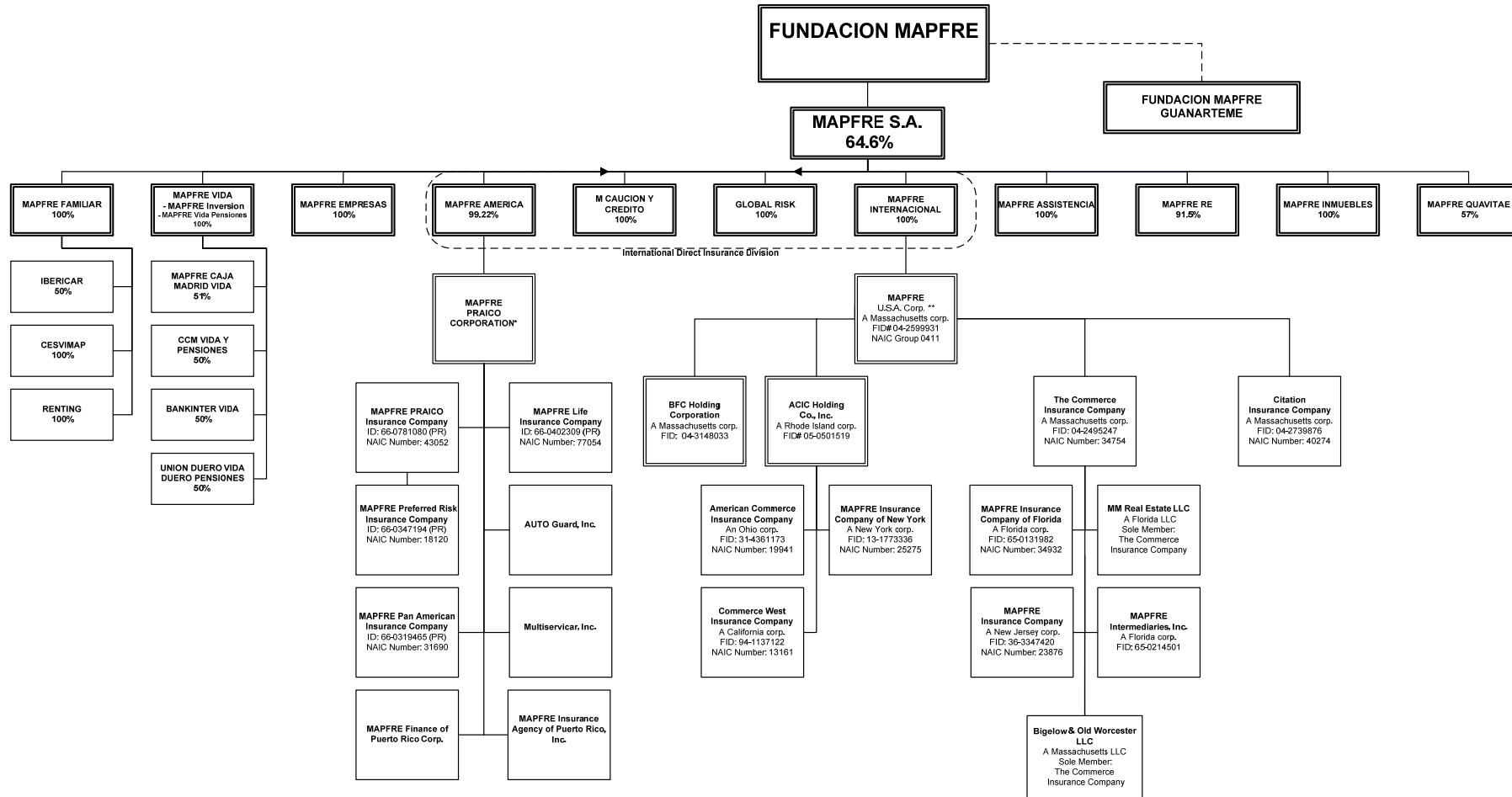
(a) Insert the number of "L" responses except for Canada and Other Alien.

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



\* All subsidiaries of MAPFRE PRAICO Corporation are 100% owned by their parent companies, except MAPFRE Preferred Risk Insurance Company which is 100% owned by MAPFRE PRAICO Insurance Company.

\*\* All subsidiaries of MAPFRE U.S.A. Corp. are 100% owned by their parent companies, except ACIC Holding Co., Inc. which is 5% owned by AAA Southern New England and 0.05% owned by AAA Ohio Auto Club and AAA Oregon / Idaho each.

## 2012 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

|  |      |  |      |
|--|------|--|------|
| Assets   | 2    | Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)   | 59   |
| Cash Flow  | 5    | Schedule P-Part 2H-Section 1-Other Liability-Occurrence  | 59   |
| Exhibit of Capital Gains (Losses)  | 12   | Schedule P-Part 2H-Section 2-Other Liability-Claims-Made   | 59   |
| Exhibit of Net Investment Income   | 12   | Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)  | 60   |
| Exhibit of Nonadmitted Assets  | 13   | Schedule P-Part 2J-Auto Physical Damage  | 60   |
| Exhibit of Premiums and Losses (State Page)  | 19   | Schedule P-Part 2K-Fidelity, Surety  | 60   |
| Five-Year Historical Data  | 17   | Schedule P-Part 2L-Other (Including Credit, Accident and Health)                                 | 60   |
| General Interrogatories  | 15   | Schedule P-Part 2M-International   | 60   |
| Jurat Page   | 1    | Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property                                | 61   |
| Liabilities, Surplus and Other Funds   | 3    | Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability                               | 61   |
| Notes To Financial Statements  | 14   | Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines                         | 61   |
| Overflow Page For Write-ins  | 101  | Schedule P-Part 2R-Section 1-Products Liability-Occurrence                                       | 62   |
| Schedule A-Part 1  | E01  | Schedule P-Part 2R-Section 2-Products Liability-Claims-Made                                      | 62   |
| Schedule A-Part 2  | E02  | Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty  | 62   |
| Schedule A-Part 3  | E03  | Schedule P-Part 2T-Warranty  | 62   |
| Schedule A-Verification Between Years  | SI02 | Schedule P-Part 3A-Homeowners/Farmowners   | 63   |
| Schedule B-Part 1  | E04  | Schedule P-Part 3B-Private Passenger Auto Liability/Medical                                      | 63   |
| Schedule B-Part 2  | E05  | Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical                                       | 63   |
| Schedule B-Part 3  | E06  | Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)                 | 63   |
| Schedule B-Verification Between Years  | SI02 | Schedule P-Part 3E-Commercial Multiple Peril   | 63   |
| Schedule BA-Part 1   | E07  | Schedule P-Part 3F-Section 1-Medical Professional Liability-Occurrence                           | 64   |
| Schedule BA-Part 2   | E08  | Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made                          | 64   |
| Schedule BA-Part 3   | E09  | Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)   | 64   |
| Schedule BA-Verification Between Years   | SI03 | Schedule P-Part 3H-Section 1-Other Liability-Occurrence  | 64   |
| Schedule D-Part 1  | E10  | Schedule P-Part 3H-Section 2-Other Liability-Claims-Made   | 64   |
| Schedule D-Part 1A-Section 1   | SI05 | Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)  | 65   |
| Schedule D-Part 1A-Section 2   | SI08 | Schedule P-Part 3J-Auto Physical Damage  | 65   |
| Schedule D-Part 2-Section 1  | E11  | Schedule P-Part 3K-Fidelity/Surety   | 65   |
| Schedule D-Part 2-Section 2  | E12  | Schedule P-Part 3L-Other (Including Credit, Accident and Health)                                 | 65   |
| Schedule D-Part 3  | E13  | Schedule P-Part 3M-International   | 65   |
| Schedule D-Part 4  | E14  | Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property                                | 66   |
| Schedule D-Part 5  | E15  | Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability                               | 66   |
| Schedule D-Part 6-Section 1  | E16  | Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines                         | 66   |
| Schedule D-Part 6-Section 2  | E16  | Schedule P-Part 3R-Section 1-Products Liability-Occurrence                                       | 67   |
| Schedule D-Summary By Country  | SI04 | Schedule P-Part 3R-Section 2-Products Liability-Claims-Made                                      | 67   |
| Schedule D-Verification Between Years  | SI03 | Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty  | 67   |
| Schedule DA-Part 1   | E17  | Schedule P-Part 3T-Warranty  | 67   |
| Schedule DA-Verification Between Years   | SI10 | Schedule P-Part 4A-Homeowners/Farmowners   | 68   |
| Schedule DB-Part A-Section 1   | E18  | Schedule P-Part 4B-Private Passenger Auto Liability/Medical                                      | 68   |
| Schedule DB-Part A-Section 2   | E19  | Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical                                       | 68   |
| Schedule DB-Part A-Verification Between Years  | SI11 | Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)                 | 68   |
| Schedule DB-Part B-Section 1   | E20  | Schedule P-Part 4E-Commercial Multiple Peril   | 68   |
| Schedule DB-Part B-Section 2   | E21  | Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence                           | 69   |
| Schedule DB-Part B-Verification Between Years  | SI11 | Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made                          | 69   |
| Schedule DB-Part C-Section 1   | SI12 | Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)   | 69   |
| Schedule DB-Part C-Section 2   | SI13 | Schedule P-Part 4H-Section 1-Other Liability-Occurrence  | 69   |
| Schedule DB-Part D   | E22  | Schedule P-Part 4H-Section 2-Other Liability-Claims-Made   | 69   |
| Schedule DB-Verification   | SI14 | Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) | 70   |
| Schedule DL-Part 1   | E23  | Schedule P-Part 4J-Auto Physical Damage  | 70   |
| Schedule DL-Part 2   | E24  | Schedule P-Part 4K-Fidelity/Surety   | 70   |
| Schedule E-Part 1-Cash   | E25  | Schedule P-Part 4L-Other (Including Credit, Accident and Health)                                 | 70   |
| Schedule E-Part 2-Cash Equivalents   | E26  | Schedule P-Part 4M-International   | 70   |
| Schedule E-Part 3-Special Deposits   | E27  | Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property                                | 71   |
| Schedule E-Verification Between Years  | SI15 | Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability                               | 71   |
| Schedule F-Part 1  | 20   | Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines                         | 71   |
| Schedule F-Part 2  | 21   | Schedule P-Part 4R-Section 1-Products Liability-Occurrence                                       | 72   |
| Schedule F-Part 3  | 22   | Schedule P-Part 4R-Section 2-Products Liability-Claims-Made                                      | 72   |
| Schedule F-Part 4  | 23   | Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty  | 72   |
| Schedule F-Part 5  | 24   | Schedule P-Part 4T-Warranty  | 72   |
| Schedule F-Part 6-Section 1  | 25   | Schedule P-Part 5A-Homeowners/Farmowners   | 73   |
| Schedule F-Part 6-Section 2  | 27   | Schedule P-Part 5B-Private Passenger Auto Liability/Medical                                      | 74   |
| Schedule F-Part 7  | 28   | Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical                                       | 75   |
| Schedule F-Part 8  | 29   | Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)                 | 76   |
| Schedule F-Part 9  | 30   | Schedule P-Part 5E-Commercial Multiple Peril   | 77   |
| Schedule H-Accident and Health Exhibit-Part 1  | 31   | Schedule P-Part 5F-Medical Professional Liability-Claims-Made                                    | 79   |
| Schedule H-Part 2, Part 3 and Part 4   | 32   | Schedule P-Part 5F-Medical Professional Liability-Occurrence                                     | 78   |
| Schedule H-Part 5-Health Claims  | 33   | Schedule P-Part 5H-Other Liability-Claims-Made   | 81   |
| Schedule P-Part 1-Summary  | 34   | Schedule P-Part 5H-Other Liability-Occurrence  | 80   |
| Schedule P-Part 1A-Homeowners/Farmowners   | 36   | Schedule P-Part 5R-Products Liability-Claims-Made  | 83   |
| Schedule P-Part 1B-Private Passenger Auto Liability/Medical                                      | 37   | Schedule P-Part 5R-Products Liability-Occurrence   | 82   |
| Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical                                       | 38   | Schedule P-Part 5T-Warranty  | 84   |
| Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)                 | 39   | Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical                                       | 85   |
| Schedule P-Part 1E-Commercial Multiple Peril   | 40   | Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)                 | 85   |
| Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence                           | 41   | Schedule P-Part 6E-Commercial Multiple Peril   | 86   |
| Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made                          | 42   | Schedule P-Part 6H-Other Liability-Claims-Made   | 87   |
| Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)  | 43   | Schedule P-Part 6H-Other Liability-Occurrence  | 86   |
| Schedule P-Part 1H-Section 1-Other Liability-Occurrence  | 44   | Schedule P-Part 6M-International   | 87   |
| Schedule P-Part 1H-Section 2-Other Liability-Claims-Made   | 45   | Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property                                | 88   |
| Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) | 46   | Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability                               | 88   |
| Schedule P-Part 1J-Auto Physical Damage  | 47   | Schedule P-Part 6R-Products Liability-Claims-Made  | 89   |
| Schedule P-Part 1K-Fidelity/Surety   | 48   | Schedule P-Part 6R-Products Liability-Occurrence   | 89   |
| Schedule P-Part 1L-Other (Including Credit, Accident and Health)                                 | 49   | Schedule P-Part 7A-Primary Loss Sensitive Contracts  | 90   |
| Schedule P-Part 1M-International   | 50   | Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts  | 92   |
| Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property                                | 51   | Schedule P Interrogatories   | 94   |
| Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability                               | 52   | Schedule T-Exhibit of Premiums Written   | 95   |
| Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines                         | 53   | Schedule T-Part 2-Interstate Compact   | 96   |
| Schedule P-Part 1R-Section 1-Products Liability-Occurrence                                       | 54   | Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group       | 97   |
| Schedule P-Part 1R-Section 2-Products Liability-Claims-Made                                      | 55   | Schedule Y-Detail of Insurance Holding Company System  | 98   |
| Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty  | 56   | Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates                          | 99   |
| Schedule P-Part 1T-Warranty  | 57   | Statement of Income  | 4    |
| Schedule P-Part 2, Part 3 and Part 4 - Summary   | 35   | Summary Investment Schedule  | SI01 |
| Schedule P-Part 2A-Homeowners/Farmowners   | 58   | Supplemental Exhibits and Schedules Interrogatories  | 100  |
| Schedule P-Part 2B-Private Passenger Auto Liability/Medical                                      | 58   | Underwriting and Investment Exhibit Part 1   | 6    |
| Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical                                       | 58   | Underwriting and Investment Exhibit Part 1A  | 7    |
| Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)                 | 58   | Underwriting and Investment Exhibit Part 1B  | 8    |
| Schedule P-Part 2E-Commercial Multiple Peril   | 58   | Underwriting and Investment Exhibit Part 2   | 9    |
| Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence                           | 59   | Underwriting and Investment Exhibit Part 2A  | 10   |
| Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made                          | 59   | Underwriting and Investment Exhibit Part 3   | 11   |