



ANNUAL STATEMENT
For the Year Ended December 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
UNITED SURETY AND INDEMNITY COMPANY

NAIC Group Code 3593, 3593; NAIC Company Code 44423; Employer's ID Number 66-0457223; Organized under the Laws of Puerto Rico; State of Domicile or Port of Entry Puerto Rico; Country of Domicile United States of America; Incorporated/Organized 01/29/1990; Commenced Business 08/31/1990; Statutory Home Office Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1201, Guaynabo, PR, 00968-3003; Main Administrative Office Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1201, Guaynabo, PR, 00968-3003; Mail Address PO Box 2111, San Juan, PR, 00922-2111; Primary Location of Books and Records Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1201, Guaynabo, PR, 00968-3003; Internet Website Address www.usicgroup.com; Statutory Statement Contact Carlos Ramón Irizarry, carlos.irizarry@usicgroup.com

OFFICERS

Table with 2 columns: Name, Title. Officers include Frederick Millán (President), Rafael Blanes (Secretary), Carlos Ramón Irizarry (Treasurer), Duhamel Iglesias (Vice-President), Javier Santiago (Assistant Vice-President), and Gretchen Manzanet (Assistant Comptroller).

OTHERS

DIRECTORS OR TRUSTEES

- Maria De Lourdes González Inclán, Rafael Antonio Blanes González, Maria De Lourdes Blanes González, Carlos González Inclán, Duhamel Iglesias, Carlos Ramón Irizarry, Frederick Millán

State of Puerto Rico
County of USA ss

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

(Signature)
Frederick Millán
(Printed Name)
1.
President
(Title)

(Signature)
Rafael A Blanes
(Printed Name)
2.
Assistant Vice- President
(Title)

(Signature)
Carlos Ramón Irizarry
(Printed Name)
3.
Treasurer
(Title)

Subscribed and sworn to before me this
day of , 2014

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

Yes[X] No[ ]

(Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	87,074,310		87,074,310	83,197,522
2. Stocks (Schedule D)				
2.1 Preferred stocks	2,057,994		2,057,994	2,398,394
2.2 Common Stocks	6,183,926		6,183,926	6,716,960
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)	56,272	56,272		
5. Cash (\$.....5,536,868, Schedule E Part 1), cash equivalents (\$.....2,299,966, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	7,836,834		7,836,834	8,733,007
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	1,250,000		1,250,000	
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	104,459,336	56,272	104,403,064	101,045,883
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	791,148		791,148	715,384
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,843,339	178,976	1,664,363	1,331,079
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,846,039		1,846,039	2,144,371
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				815,365
18.2 Net deferred tax asset	1,179,034	1,144,017	35,017	19,405
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	74,303		74,303	92,825
21. Furniture and equipment, including health care delivery assets (\$.....0)	269,371	269,371		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	113,246		113,246	
24. Health care (\$.....0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	33,096		33,096	3,583
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	110,608,912	1,648,636	108,960,276	106,167,895
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	110,608,912	1,648,636	108,960,276	106,167,895
<b>DETAILS OF WRITE-INS</b>				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Other Account Receivable	3,583		3,583	3,583
2502. Other Account Receivable Suspense	29,513		29,513	
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	33,096		33,096	3,583

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	14,376,310	14,919,132
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) .....	3,287,473	3,167,491
4. Commissions payable, contingent commissions and other similar charges .....	2,854,491	2,594,013
5. Other expenses (excluding taxes, licenses and fees) .....	689,858	505,247
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	20,000	9,000
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....	349,254	
7.2 Net deferred tax liability .....		
8. Borrowed money \$.....0 and interest thereon \$.....0 .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....5,196,993 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) .....	13,119,808	13,729,202
10. Advance premiums .....	336,708	297,330
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	1,295,425	1,832,534
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 .....	12,300,743	6,311,681
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 8) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....		
20. Derivatives .....		
21. Payable for securities .....		
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$.....0 and interest thereon \$.....0 .....		
25. Aggregate write-ins for liabilities .....		
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	48,630,070	43,365,630
27. Protected cell liabilities .....		
28. TOTAL Liabilities (Lines 26 and 27) .....	48,630,070	43,365,630
29. Aggregate write-ins for special surplus funds .....	15,671,223	15,296,402
30. Common capital stock .....	2,800,000	2,800,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	500,000	500,000
35. Unassigned funds (surplus) .....	41,358,983	44,205,863
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$.....0) .....		
36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....		
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	60,330,206	62,802,265
38. TOTALS (Page 2, Line 28, Column 3) .....	108,960,276	106,167,895
<b>DETAILS OF WRITE-INS</b>		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....		
2901. Puerto Rico Castastrophe Fund .....	15,671,223	15,296,402
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	15,671,223	15,296,402
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....		

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	23,013,198	20,326,346
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7) .....	3,042,219	2,830,346
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	1,284,646	1,052,879
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	13,906,286	13,187,473
5. Aggregate write-ins for underwriting deductions .....		
6. TOTAL Underwriting Deductions (Lines 2 through 5) .....	18,233,151	17,070,698
7. Net income of protected cells .....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....	4,780,047	3,255,648
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	3,863,664	3,858,858
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)) .....	1,535,486	1,878,059
11. Net investment gain or (loss) (Lines 9 + 10) .....	5,399,150	5,736,917
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0) .....	36,444	140
13. Finance and service charges not included in premiums .....		
14. Aggregate write-ins for miscellaneous income .....	(45,643)	(3,889)
15. TOTAL Other Income (Lines 12 through 14) .....	(9,199)	(3,749)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	10,169,998	8,988,816
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) .....	10,169,998	8,988,816
19. Federal and foreign income taxes incurred .....	1,805,708	127,696
20. Net income (Line 18 minus Line 19) (to Line 22) .....	8,364,290	8,861,120
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	62,802,265	64,328,213
22. Net income (from Line 20) .....	8,364,290	8,861,120
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(112,098) .....	(1,771,738)	(403,083)
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....	162,583	88,226
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3) .....	(366,194)	(72,211)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
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 .....	(8,861,000)	(10,000,000)
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	(2,472,059)	(1,525,948)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	60,330,206	62,802,265
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....		
1401. Other Income (Expenses) .....	(45,643)	(3,889)
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	(45,643)	(3,889)
3701. Puerto Rico CAT Fund Reclass to Liability .....		
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....		
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above) .....		

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	21,540,981	21,156,223
2. Net investment income .....	4,058,225	4,057,522
3. Miscellaneous income .....	(9,199)	(3,749)
4. Total (Lines 1 through 3) .....	25,590,007	25,209,996
5. Benefit and loss related payments .....	3,286,709	3,462,252
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	14,614,861	14,054,192
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	641,089	2,508,854
10. Total (Lines 5 through 9) .....	18,542,659	20,025,298
11. Net cash from operations (Line 4 minus Line 10) .....	7,047,348	5,184,698
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	12,034,233	20,052,046
12.2 Stocks .....	5,981,380	13,643,978
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 .....	126	
12.7 Miscellaneous proceeds .....		
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	18,015,739	33,696,024
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	17,480,952	21,149,089
13.2 Stocks .....	4,156,816	2,215,415
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....	1,250,000	
13.6 Miscellaneous applications .....		
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	22,887,768	23,364,504
14. Net increase (decrease) in contract loans and premium notes .....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(4,872,029)	10,331,520
<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 .....	8,861,000	10,000,000
16.6 Other cash provided (applied) .....	5,789,508	756,596
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(3,071,492)	(9,243,404)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(896,173)	6,272,814
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	8,733,007	2,460,193
19.2 End of year (Line 18 plus Line 19.1) .....	7,836,834	8,733,007

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

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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....	664,055	418,667	406,521	676,201
2. Allied lines .....	6,516,794	3,896,268	3,947,843	6,465,219
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....				
5. Commercial multiple peril .....				
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....	207,447	81,017	76,436	212,028
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....	7,278,102	4,524,055	4,455,507	7,346,650
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....				
17.1 Other liability - occurrence .....				
17.2 Other liability - claims-made .....				
17.3 Excess Workers' Compensation .....				
18.1 Products liability - occurrence .....				
18.2 Products liability - claims-made .....				
19.1 19.2 Private passenger auto liability .....				
19.3 19.4 Commercial auto liability .....				
21. Auto physical damage .....				
22. Aircraft (all perils) .....				
23. Fidelity .....	561,815	330,551	345,940	546,426
24. Surety .....	7,175,591	4,478,644	3,887,561	7,766,674
26. Burglary and theft .....				
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance-Nonproportional Assumed Property .....				
32. Reinsurance-Nonproportional Assumed Liability .....				
33. Reinsurance-Nonproportional Assumed Financial Lines .....				
34. Aggregate write-ins for other lines of business .....				
35. TOTALS .....	22,403,804	13,729,202	13,119,808	23,013,198
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....				

## UNDERWRITING AND INVESTMENT EXHIBIT PART 1A - RECAPITULATION OF ALL PREMIUMS

	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3  Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
Line of Business					
1. Fire .....	406,521				406,521
2. Allied lines .....	3,947,843				3,947,843
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....					
5. Commercial multiple peril .....					
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....	76,436				76,436
10. Financial guaranty .....					
11.1 Medical professional liability - occurrence .....					
11.2 Medical professional liability - claims-made .....					
12. Earthquake .....	4,455,507				4,455,507
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....					
17.1 Other liability - occurrence .....					
17.2 Other liability - claims-made .....					
17.3 Excess Workers' Compensation .....					
18.1 Products liability - occurrence .....					
18.2 Products liability - claims-made .....					
19.1 19.2 Private passenger auto liability .....					
19.3 19.4 Commercial auto liability .....					
21. Auto physical damage .....					
22. Aircraft (all perils) .....					
23. Fidelity .....	345,940				345,940
24. Surety .....	3,887,561				3,887,561
26. Burglary and theft .....					
27. Boiler and machinery .....					
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance-Nonproportional Assumed Property .....					
32. Reinsurance-Nonproportional Assumed Liability .....					
33. Reinsurance-Nonproportional Assumed Financial Lines .....					
34. Aggregate write-ins for other lines of business .....					
35. TOTALS .....	13,119,808				13,119,808
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Sum of Lines 35 through 37) .....					13,119,808
<b>DETAILS OF WRITE-INS</b>					
3401. ....					
3402. ....					
3403. ....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....					

(a) State here basis of computation used in each case: Monthly pro - rata

## UNDERWRITING AND INVESTMENT EXHIBIT PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3+4+5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	794,330				130,275	664,055
2. Allied lines .....	11,046,812				4,530,018	6,516,794
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....						
5. Commercial multiple peril .....						
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....	495,893				288,446	207,447
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	8,705,926				1,427,824	7,278,102
13. Group accident and health .....	938,165			938,165		
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....						
17.1 Other liability - occurrence .....						
17.2 Other liability - claims-made .....						
17.3 Excess Workers' Compensation .....						
18.1 Products liability - occurrence .....						
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....						
19.3 19.4 Commercial auto liability .....						
21. Auto physical damage .....						
22. Aircraft (all perils) .....						
23. Fidelity .....	624,239				62,424	561,815
24. Surety .....	13,319,729				6,144,138	7,175,591
26. Burglary and theft .....						
27. Boiler and machinery .....						
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance-Nonproportional Assumed Property .....	X X X					
32. Reinsurance-Nonproportional Assumed Liability .....	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X					
34. Aggregate write-ins for other lines of business .....						
35. TOTALS .....	35,925,094			938,165	12,583,125	22,403,804
<b>DETAILS OF WRITE-INS</b>						
3401. ....						
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]  
 If yes, (1) The amount of such installment premiums \$.....0.  
 (2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire	373,273			373,273	30,000	6,000	397,273	58.75
2. Allied lines	418,737		402,388	16,349	3,980	2,480	17,849	0.28
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake	6,005			6,005	4,688	4,500	6,193	0.08
13. Group accident and health	502,645		502,645					
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims-made								
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence								
18.2 Products liability - claims made								
19.1 19.2 Private passenger auto liability								
19.3 19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity					25,000	25,000		
24. Surety	11,404,305		8,214,891	3,189,414	14,312,642	14,881,152	2,620,904	33.75
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	12,704,965		9,119,924	3,585,041	14,376,310	14,919,132	3,042,219	13.22
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)								

## UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....	30,000			30,000				30,000	4,500
2. Allied Lines .....	3,980			3,980				3,980	597
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....									
5. Commercial multiple peril .....									
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....									
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....	4,688			4,688				4,688	703
13. Group accident & health .....	87,732		87,732		152,141		152,141	(a)	
14. Credit accident & health (group & individual) .....								(a)	
15. Other accident & health .....									
16. Workers' compensation .....									
17.1 Other liability - occurrence .....									
17.2 Other liability - claims-made .....									
17.3 Excess Workers' Compensation .....									
18.1 Products liability - occurrence .....									
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....									
19.3 19.4 Commercial auto liability .....									
21. Auto physical damage .....									
22. Aircraft (all perils) .....									
23. Fidelity .....	25,000			25,000				25,000	3,750
24. Surety .....	6,166,150		2,948,508	3,217,642	25,914,000		14,819,000	14,312,642	3,277,923
26. Burglary and theft .....									
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
34. Aggregate write-ins for other lines of business .....									
35. TOTALS .....	6,317,550		3,036,240	3,281,310	26,066,141		14,971,141	14,376,310	3,287,473
<b>DETAILS OF WRITE-INS</b>									
3401. ....									
3402. ....									
3403. ....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....									

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	2,644,752			2,644,752
1.2 Reinsurance assumed .....				
1.3 Reinsurance ceded .....	1,360,106			1,360,106
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	1,284,646			1,284,646
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		8,648,948		8,648,948
2.2 Reinsurance assumed, excluding contingent .....				
2.3 Reinsurance ceded, excluding contingent .....		3,441,533		3,441,533
2.4 Contingent - direct .....		2,140,748		2,140,748
2.5 Contingent - reinsurance assumed .....				
2.6 Contingent - reinsurance ceded .....				
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		7,348,163		7,348,163
3. Allowances to manager and agents .....				
4. Advertising .....		69,158		69,158
5. Boards, bureaus and associations .....		120,051		120,051
6. Surveys and underwriting reports .....		86,472		86,472
7. Audit of assureds' records .....				
8. Salary and related items:				
8.1 Salaries .....		3,176,393		3,176,393
8.2 Payroll taxes .....		241,064		241,064
9. Employee relations and welfare .....		(233,014)		(233,014)
10. Insurance .....		56,744		56,744
11. Directors' fees .....		48,274		48,274
12. Travel and travel items .....		687,604		687,604
13. Rent and rent items .....		662,564		662,564
14. Equipment .....		10,833		10,833
15. Cost or depreciation of EDP equipment and software .....		557,258		557,258
16. Printing and stationery .....		103,014		103,014
17. Postage, telephone and telegraph, exchange and express .....		278,377	84,516	362,893
18. Legal and auditing .....		409,948	112,394	522,342
19. TOTALS (Lines 3 to 18) .....		6,274,740	196,910	6,471,650
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....		118,568		118,568
20.2 Insurance department licenses and fees .....		48,413		48,413
20.3 Gross guaranty association assessments .....		41,367		41,367
20.4 All other (excluding federal and foreign income and real estate) .....		13,306		13,306
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....		221,654		221,654
21. Real estate expenses .....				
22. Real estate taxes .....		18,528		18,528
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....		43,201		43,201
25. TOTAL expenses incurred .....	1,284,646	13,906,286	196,910	(a) 15,387,842
26. Less unpaid expenses - current year .....	3,287,473	3,533,286	31,062	6,851,821
27. Add unpaid expenses - prior year .....	3,167,491	3,000,260	108,000	6,275,751
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	1,164,664	13,373,260	273,848	14,811,772
<b>DETAILS OF WRITE-INS</b>				
2401. Donations .....		35,297		35,297
2402. Miscellaneous Expense .....		7,904		7,904
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....		43,201		43,201

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

**EXHIBIT OF NET INVESTMENT INCOME**

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 446,713	456,814
1.1	Bonds exempt from U.S. tax	(a) 1,153,376	1,148,883
1.2	Other bonds (unaffiliated)	(a) 1,938,172	2,010,206
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 243,556	243,556
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	179,804	178,542
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) 23,189	22,573
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	3,984,810	4,060,574
11.	Investment expenses		(g) 196,910
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		196,910
17.	Net Investment income (Line 10 minus Line 16)		3,863,664

**DETAILS OF WRITE-INS**

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

- (a) Includes \$ 272,429 accrual of discount less \$ (542,784) amortization of premium and less \$ 66,851 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 \$ (44) amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	18,593		18,593		
1.1	Bonds exempt from U.S. tax	131,926		131,926	(974,286)	
1.2	Other bonds (unaffiliated)	26,317		26,317	(502,159)	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	908,634		908,634	(52,400)	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	449,889		449,889	(354,991)	
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments	127		127		
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	1,535,486		1,535,486	(1,883,836)	

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....	56,272	56,272	
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	56,272	56,272	
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	178,976	147,168	(31,808)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....	1,144,017	884,948	(259,069)
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....	269,371	194,054	(75,317)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....			
25. Aggregate write-ins for other than invested assets .....			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,648,636	1,282,442	(366,194)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	1,648,636	1,282,442	(366,194)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. Other Account Receivable .....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies.

#### A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Commissioner, which vary in certain respects from accounting principles generally accepted in the United States of America (GAAP). Prescribed statutory accounting practices include National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP) that do not conflict with the Puerto Rico Insurance Code and administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

The Commissioner requires that insurance companies domiciled in Puerto Rico prepare their statutory-basis financial statements in accordance with the NAIC SAP subject to any deviations prescribed or permitted by the Commissioner.

A reconciliation of the Company's surplus as reported in the accompanying statutory-basis financial statements and NAIC SAP is shown below. There are no differences between the Company's net income as reported in the accompanying statutory-basis financial statements and NAIC SAP.

#### Note 1A. Summary of Significant Accounting Policies

Total surplus — as reported	\$ 60,330,206
Adjustment to conform to NAIC SAP — Effect of PR prescribed practices of not record deferred tax liability on catastrophe reserve special surplus fund under accounting by the Commissioner	<u>(2,350,683)</u>
Statutory surplus in conformity with NAIC SAP	<u>\$ 57,979,523</u>

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

The preparation of statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Commissioner requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### C. Accounting Policy

**a.) Investments** - Bonds not backed by other loans and designated as highest quality or high quality (NAIC designations 1 and 2) are generally stated at amortized cost and any premium or discount is amortized or accreted to income using the interest method. All other debt securities (NAIC designations 3 to 6) are reported at the lower of amortized cost or fair value.

Common stocks are carried at fair value under NAIC guidelines. The change in the fair value is recorded as a change in net unrealized capital gains (losses), a component of unassigned funds-surplus. Preferred stocks are stated at cost, at the lower of cost or amortized cost, or at market values under NAIC guidelines, depending on the assigned credit rating and whether the preferred stock has mandatory sinking fund provisions. Short-term investments include all investments whose maturities, at the time of acquisition, are one year or less and are stated at amortized cost, which approximates fair value.

Investment income consists primarily of interest and dividends. Interest is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Accrual of income is suspended for bonds that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined under the specific identification basis and are recorded in earnings.

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

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

## Notes to Financial Statements

reduced for ceding allowances received or receivable.

**c.) Unpaid Losses and Loss Adjustment Expenses** - Unpaid losses and loss adjustment expenses include an amount determined from loss reports and individual case estimates and an amount, based on past experience and industry data, for losses incurred but not reported. Such liabilities are based on assumptions and estimates and while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the period determined.

**d.) Reinsurance** - The Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with reinsurers. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured policy. All reinsurance contracts in place transfer underwriting risks to the reinsurers.

**e.) Fair Values of Financial Instruments** - The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and Short-Term Investments - The carrying amounts of these instruments approximate their fair values due to their short-term nature.

Premiums and Agents' Balances Due - The carrying amounts of these instruments approximate their fair values due to their short-term nature.

Bonds, Unaffiliated Common Stock, and Preferred Stock - The fair value of investment securities available for sale is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as discounted cash flow methodologies, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions.

### 2. Accounting Changes and Correction of Errors.

Not applicable.

### 3. Business Combinations and Goodwill.

Not applicable.

### 4. Discontinued Operations.

Not applicable.

### 5. Investments.

- a. The Company invests its funds in accordance with Chapter 6 of the Puerto Rico Insurance Code
- b. Other - than- temporary Impairments:

**1.) Debt Securities** - The Company recognizes other-than-temporary impairments on debt securities when it is either probable that the Company will not collect all amounts due according to the contractual terms of the debt security in effect at the date of acquisition or when the Company has made a decision to sell the debt security prior to its maturity at an amount below its amortized cost. When an other-than-temporary impairment is recognized, the debt security is written down to fair value as the new cost basis, and the amount of the write-down is recorded as a realized loss. The Company does not consider these investments to be other-than-temporarily impaired at December 31, 2013 and 2012.

**2.) Equity Securities** - The Company recognizes other-than-temporary impairments on equity securities when, in management's judgment, the decline in value is not temporary or when the Company has made a decision to sell the stock at an amount below its carrying value. When an other-than-temporary impairment is recognized, the equity security is written down to fair value as the new cost basis, and the amount of the write-down is recorded as a realized loss. The Company doesn't have a other-than-temporary on equities securities. The Company does not consider these investments to be other-than-temporarily impaired at December 31, 2013 and 2012.

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

Not applicable.

### 7. Investment Income.

Investment Income was derived from the following sources:

## Notes to Financial Statements

U.S Government Bonds	\$ 456,814
Bonds exempt from US Tax	1,148,883
Other Unaffiliated Bonds	2,010,206
Preferred Stocks	243,556
Common Stocks	178,542
Cash on Hand and Short Term Investment	22,572
<b>Total</b>	<b>\$ 4,060,574</b>

### 8. Derivative Instruments.

Not applicable.

### 9. Puerto Rico and Federal Income Tax Allocation.

The Company is subject to Puerto Rico income taxes at statutory rates that range from 20% to 39%. Net income for the year was reduced by non taxable investment income of approximately \$4,204,001; with a deductible contribution to the Puerto Rico Catastrophe Fund of approximately \$ 365,168.

### 10. Information Concerning Parent, Subsidiaries and Affiliates.

The Company is a wholly owned subsidiary of USIC Group, Inc (the Parent), incorporated under the laws of the Commonwealth of Puerto Rico.

### 11. Debt.

Not applicable.

### 12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

The Company has established a 401K plan for employees and contributes 100% of employees contributions up to 6% of basic salary.

### 13. Capital and Surplus, Dividend Restrictions and Quasi Reorganizations.

- A. The Company has 1,000,000 of \$10 par value common stock authorized 280,000 shares issued and outstanding.
- B. The Company had no preferred stock authorized, issued and outstanding.
- C. The maximum amount of dividends which can be paid in the Commonwealth of Puerto Rico is limited to accumulated earnings. At December 31, 2013 there were accumulated earnings of \$41,358,983 and \$8,861,000 in dividends were declared and paid during 2013.
- D. Not applicable
- E. Not applicable
- F. Mutual Surplus Advances - Not applicable
- G. Company Stock Held for Special Purposes - Not applicable
  
- H. There is a restriction placed on unassigned surplus, which requires all domestic insurers that underwrite catastrophe insurance in Puerto Rico to establish a fund for the payment of losses arising from catastrophes. On August 12, 1994, the Governor of Puerto Rico approved law number 73, which requires all domestic insurers that underwrite catastrophe insurance in Puerto Rico to establish a fund for the payment of losses arising from catastrophes. Contributions to this fund are deductible for Puerto Rico income tax purposes. No amount was required to be deposited for the years ended December 31, 2013 and 2012. The assets in the trust earned \$ 374,821 in 2013 and \$458,787 in 2012. The balance in the trust at December 31, 2013 and 2012, was \$15,671,223 and \$15,296,402, respectively. This fund is restricted for the payment of catastrophe losses occurring in Puerto Rico.
  
- I. The portion of unassigned funds (surplus) represented by unrealized losses of \$1,771,738, net of deferred tax asset as of December 31, 2013.
  
- J. Surplus Note- Not Applicable
- K and L. Quasi Reorganizations- Not Applicable

### 14. Contingencies.

#### A. Contingents Commitments:

Pursuant to Chapter 41 of the PR Insurance Code and Rule No. 56 of the insurance regulations of the Commonwealth of

## Notes to Financial Statements

Puerto Rico, property and liability insurance companies are members of the Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria (SIMED) and of the Sindicato de Aseguradores de Responsabilidad Profesional para Médicos. Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations. There were no assessments during 2013 and 2012.

Also, pursuant to Chapter 37 of the PR Insurance Code, property and liability insurance companies who underwrite premiums directly related to fire and allied lines for commercial or residential properties are members of the Joint Underwriting Association for Fire and Allied Lines. This association was created for the purpose of underwriting fire and allied lines insurance. Every insurer, member of this Association, shall participate in the underwritings, expenses, profits, losses and liabilities in the proportion that the net direct premium of each member (excluding portion of premiums that shall correspond to the operations of the Associations), written during the preceding year, bears to the total direct net premiums written in Puerto Rico by all the members of the Association in the said year, for the hazards of fire and allied lines. There were no assessments during 2013 and for 2012.

### B. Guaranty Funds and Other Assessments

Property and liability insurance companies are also members of the Puerto Rico Property and Casualty Insurance Guaranty Association (the "PR Guaranty Association"). Members are obligated to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies. For the years ended December 31, 2013 and 2012, there were an assessments issued by the PR Guaranty Association for the amounts of \$77,003; and no amount was paid on 2012.

### C. Gain on Contingencies- Not Applicable

### D. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. As of December 31, 2013, the Company does not have any accrual on the financial statements.

### 15. Lease.

The Company leases its facilities with an operating lease, minimum annual lease payments are \$341,000. The lease agreement expires on August 15, 2014.

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

Not applicable.

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

Not applicable.

### 18. Gain or Loss to the Insurer from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

Not applicable.

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

Not applicable.

### 20. Other Items.

- A. Extraordinary Items- Not applicable
- B. Troubled Debt Restructuring- Not applicable.
- C. Assets Held by Government Authorities or Pledged as Collateral

Assets in the carrying value of \$1,402,733 and \$1,402,394 at the end of the current and prior year, respectively were on deposit with the Office of the Insurance Commissioner of Puerto Rico as required by law.

### D. Uncollectible Premiums Receivable

At December 31, 2013 and prior year the Company had admitted assets of \$3,510,402 and \$3,475,449, respectively in premiums receivable due from policyholders, agent and ceding insurers. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, any uncollectible premiums receivable as of the end of the current year are not expected to exceed the non admitted amounts totaling \$178,976 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed

## Notes to Financial Statements

to be material to the Company's financial position.

E. Noncash Transactions- Not applicable

21. **Events Subsequent.**

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

22. **Reinsurance.**

The maximum return commission that would have been due to the reinsurers if all of the Company's reinsurance had been cancelled as of December 31, 2013 was \$1,818,948.

23. **Retrospectively Rated Contracts & Contracts Subject to Redetermination.**

Not applicable.

24. **Change in Incurred Losses and Loss Adjustment Expenses.**

Not applicable.

25. **Intercompany Pooling Arrangements.**

Not applicable.

26. **Structured Settlements.**

Not applicable.

27. **Health Care Receivables.**

Not applicable.

28. **Participating Policies.**

Not applicable.

29. **Premium Deficiency Reserves.**

Not applicable.

30. **High Deductibles.**

Not applicable.

31. **Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses.**

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?  
If yes, complete Schedule Y, Parts 1, 1A and 2. 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. 12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1997
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/30/2000
- 3.4 By what department or departments?  
Office of the Commissioner of Insurance 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[X] No[ ] N/A[ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of 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 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

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

1 Nationality	2 Type of Entity
.....	.....

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
BDO Puerto Rico PO Box 363436 San Juan PR 00936-3436
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
- 10.6 If the response 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?  
Charles C. Pearl Jr FCAS,MAAA, Milliman USA
- 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

## GENERAL INTERROGATORIES (Continued)

- 12.12 Number of parcels involved 0  
 12.13 Total book/adjusted carrying value \$ 0  
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[ ] No[ ] N/A[X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.

- 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes[ ] No[X]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### BOARD OF DIRECTORS

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

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes[ ] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers \$ ..... 0  
 20.12 To stockholders not officers \$ ..... 0  
 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0  
 20.2 Total amount of loans outstanding at 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 \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[ ] No[X]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ ..... 0  
 22.22 Amount paid as expenses \$ ..... 0  
 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No[ ]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 113,246

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes[X] No[ ]  
 24.02 If no, give full and complete information, relating thereto  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[ ] No[ ] N/A[X]  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0  
 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:

## GENERAL INTERROGATORIES (Continued)

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$ ..... 0
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$ ..... 0
24.103 Total payable for securities lending reported on the liability page.	\$ ..... 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is 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	\$ ..... 1,402,733
25.29 Other	\$ ..... 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
UBS Financial .....	San Juan, Puerto Rico .....
Oriental Trust .....	San Juan, Puerto Rico .....

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
	UBS Financial .....	San Juan, Puerto Rico .....
	Eagle Assets Management .....	St. Petersburg, Florida .....
	Oriental Financial Services .....	San Juan, Puerto Rico .....

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

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

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

## GENERAL INTERROGATORIES (Continued)

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

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

	1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	87,074,310	76,787,459	(10,286,851)
30.2 Preferred stocks .....	2,057,994	2,450,100	392,106
30.3 Totals .....	89,132,304	79,237,559	(9,894,745)

30.4 Describe the sources or methods utilized in determining the fair values  
Based on quoted market prices

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

### OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 120,051
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Services Offices .....	90,880

- 34.1 Amount of payments for legal expenses, if any? \$ ..... 42,343
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Saldana, Saldana- Egozcue .....	37,688

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

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES (Continued)

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes  No
- 1.2 If yes, indicate premium earned on U.S. business only. \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
- 1.6 Individual policies
- Most current three years:
- 1.61 Total premium earned \$ ..... 0
- 1.62 Total incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 0
- 1.65 Total incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies
- Most current three years:
- 1.71 Total premium earned \$ ..... 0
- 1.72 Total incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ ..... 0
- 1.75 Total incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	.....	.....
2.2 Premium Denominator .....	..... 23,013,198	..... 20,326,346
2.3 Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4 Reserve Numerator .....	.....	.....
2.5 Reserve Denominator .....	..... 30,783,591	..... 31,815,825
2.6 Reserve Ratio (2.4 / 2.5) .....	.....	.....

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

## GENERAL INTERROGATORIES (Continued)

- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's 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 reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A[X]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ ..... 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A[X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... 0.000%
- 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ ..... 0
- 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 1,850,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No[X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 5
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ] N/A[X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes [ ] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage:

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

## GENERAL INTERROGATORIES (Continued)

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

## FIVE - YEAR HISTORICAL DATA

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

	1 2013	2 2012	3 2011	4 2010	5 2009
<b>Gross Premiums Written (Page 8, Part 1B, Columns 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) .....				39,640	213,380
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....	21,042,961	19,815,765	18,870,277	23,348,192	22,917,024
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....					
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	14,882,133	17,253,309	16,707,633	15,314,567	14,055,982
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....					
6. TOTAL (Line 35) .....	35,925,094	37,069,074	35,577,910	38,702,399	37,186,386
<b>Net Premiums Written (Page 8, Part 1B, Column 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) .....				39,640	213,380
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....	14,666,398	12,434,318	12,334,215	15,125,108	15,056,079
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....					
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	7,737,406	8,562,261	8,226,334	7,630,040	7,303,269
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....					
12. TOTAL (Line 35) .....	22,403,804	20,996,579	20,560,549	22,794,788	22,572,728
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8) .....	4,780,047	3,255,648	9,460,209	5,243,784	5,209,534
14. Net investment gain or (loss) (Line 11) .....	5,399,150	5,736,917	6,152,878	6,437,087	810,103
15. TOTAL other income (Line 15) .....	(9,199)	(3,749)	204	(27,521)	
16. Dividends to policyholders (Line 17) .....					
17. Federal and foreign income taxes incurred (Line 19) .....	1,805,708	127,696	3,371,334	1,849,166	1,698,869
18. Net income (Line 20) .....	8,364,290	8,861,120	12,241,957	9,804,184	4,320,768
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....	108,960,276	106,167,895	108,774,246	115,100,150	110,802,966
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1) .....	1,664,363	1,331,079	1,119,375	1,473,000	1,367,882
20.2 Deferred and not yet due (Line 15.2) .....					
20.3 Accrued retrospective premiums (Line 15.3) .....					
21. TOTAL liabilities excluding protected cell business (Page 3, Line 26) .....	48,630,070	43,365,630	44,446,033	52,970,298	55,679,136
22. Losses (Page 3, Line 1) .....	14,376,310	14,919,132	16,071,642	21,379,581	20,490,283
23. Loss adjustment expenses (Page 3, Line 3) .....	3,287,473	3,167,491	3,487,461	3,241,115	3,128,328
24. Unearned premiums (Page 3, Line 9) .....	13,119,808	13,729,202	13,058,969	15,306,232	15,562,308
25. Capital paid up (Page 3, Lines 30 & 31) .....	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
26. Surplus as regards policyholders (Page 3, Line 37) .....	60,330,206	62,802,265	64,328,213	62,129,852	55,123,830
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	7,047,348	5,184,698	3,997,234	11,932,653	3,329,312
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital .....	60,330,206	62,802,265	64,328,213	62,129,852	55,123,830
29. Authorized control level risk-based capital .....	3,469,582	3,426,494	4,031,033	4,868,566	5,015,699
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
(Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1) .....	83.4	82.3	78.7	72.9	68.4
31. Stocks (Lines 2.1 & 2.2) .....	7.9	9.0	18.9	22.6	26.5
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....					
33. Real estate (Lines 4.1, 4.2 & 4.3) .....					
34. Cash, cash equivalents and short-term investments (Line 5) .....	7.5	8.6	2.4	4.4	5.1
35. Contract loans (Line 6) .....					
36. Derivatives (Line 7) .....					X X X
37. Other invested assets (Line 8) .....	1.2				
38. Receivables for securities (Line 9) .....					
39. Securities lending reinvested collateral assets (Line 10) .....					X X X
40. Aggregate write-ins for invested assets (Line 11) .....					
41. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1) .....					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10) .....					
46. Affiliated mortgage loans on real estate .....					
47. All other affiliated .....					
48. TOTAL of above Lines 42 to 47 .....					
49. TOTAL investment in parent included in Lines 42 to 47 above .....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0) .....					

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2013	2 2012	3 2011	4 2010	5 2009
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....	(1,771,738)	(403,083)	(377,876)	314,746	4,386,977
52. Dividends to stockholders (Line 35) .....	(8,861,000)	(10,000,000)	(10,825,000)	(3,800,000)	(3,800,000)
53. Change in surplus as regards policyholders for the year (Line 38) .....	(2,472,059)	(1,525,948)	2,198,361	7,006,022	4,245,216
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 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) .....				5,925	
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	798,015	670,639	895,469	1,220,722	1,350,592
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	11,906,950	13,718,237	9,104,143	5,966,761	16,617,116
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
59. TOTAL (Line 35) .....	12,704,965	14,388,876	9,999,612	7,193,408	17,967,708
<b>Net Losses Paid (Page 9, Part 2, Column 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) .....				5,925	
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	395,627	490,105	750,280	533,355	757,899
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....	3,189,414	3,492,751	3,347,319	2,022,453	3,862,206
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
65. TOTAL (Line 35) .....	3,585,041	3,982,856	4,097,599	2,561,733	4,620,105
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	13.2	13.9	(5.3)	15.0	20.1
68. Loss expenses incurred (Line 3) .....	5.6	5.2	8.1	5.8	4.1
69. Other underwriting expenses incurred (Line 4) .....	60.4	64.9	55.7	56.5	54.3
70. Net underwriting gain (loss) (Line 8) .....	20.8	16.0	41.5	22.7	21.5
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	62.1	62.8	61.8	57.3	58.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	18.8	19.1	2.8	20.7	24.2
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	37.1	33.4	32.0	36.7	40.9
<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, Column 11) .....	(2,833)	2,388	(6,986)	(2,593)	(4,368)
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, Column 1 x 100.0) .....	(4.5)	3.7	(11.2)	(4.7)	(8.6)
<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, Column 12) .....	(5,143)	(5,255)	(9,708)	(2,808)	(5,185)
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, Column 2 x 100.0) .....	(8.0)	(8.5)	(17.6)	(5.5)	(10.2)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

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

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	X X X	X X X	X X X	(883)	5	69					899	(819)	X X X
2. 2004	35,745	13,635	22,110	4,855	3,026	1,264	273				675	2,820	X X X
3. 2005	38,497	14,438	24,059	4,169	2,043	1,010	369				336	2,767	X X X
4. 2006	38,872	16,361	22,511	16,711	12,040	2,774	1,082				1,115	6,363	X X X
5. 2007	39,792	16,240	23,552	8,641	5,475	1,709	613				1,033	4,262	X X X
6. 2008	41,598	16,387	25,211	6,421	3,719	1,627	733				1,032	3,596	X X X
7. 2009	40,271	16,102	24,169	7,401	4,704	1,355	592				1,112	3,460	X X X
8. 2010	38,121	15,245	22,876	9,014	5,407	1,270	506				960	4,371	X X X
9. 2011	37,639	14,836	22,803	11,367	7,758	2,090	993				1,692	4,706	X X X
10. 2012	36,867	16,541	20,326	4,608	2,607	472	220				271	2,253	X X X
11. 2013	36,824	13,811	23,013	4,166	2,924	341	238				9	1,345	X X X
12. Totals	X X X	X X X	X X X	76,470	49,708	13,981	5,619				9,134	35,124	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	1,312	12	180		198		37				31	1,715	X X X
2. 2004	90	72	14	9	14		1				17	38	X X X
3. 2005	594	472	25	18	90		2				15	221	X X X
4. 2006	378	288	236	180	57		12				86	215	X X X
5. 2007	779	301	258	177	117		18				135	694	X X X
6. 2008	141	82	399	253	21		32				240	258	X X X
7. 2009	289	171	555	403	44		34				448	348	X X X
8. 2010	597	335	1,422	766	91		147				824	1,156	X X X
9. 2011	1,282	876	6,642	4,463	193		486				2,175	3,264	X X X
10. 2012	653	348	6,925	4,030	93		646				1,782	3,939	X X X
11. 2013	202	79	9,410	4,672	22		933				1,632	5,816	X X X
12. Totals	6,317	3,036	26,066	14,971	940		2,348				7,385	17,664	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,480	235
2. 2004	6,238	3,380	2,858	17.5	24.8	12.9				23	15
3. 2005	5,890	2,902	2,988	15.3	20.1	12.4				129	92
4. 2006	20,168	13,590	6,578	51.9	83.1	29.2				146	69
5. 2007	11,522	6,566	4,956	29.0	40.4	21.0				559	135
6. 2008	8,641	4,787	3,854	20.8	29.2	15.3				205	53
7. 2009	9,678	5,870	3,808	24.0	36.5	15.8				270	78
8. 2010	12,541	7,014	5,527	32.9	46.0	24.2				918	238
9. 2011	22,060	14,090	7,970	58.6	95.0	35.0				2,585	679
10. 2012	13,397	7,205	6,192	36.3	43.6	30.5				3,200	739
11. 2013	15,074	7,913	7,161	40.9	57.3	31.1				4,861	955
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	14,376	3,288

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
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	11,246	13,634	17,662	17,430	15,433	13,678	13,964	12,806	12,187	10,270	(1,917)	(2,536)
2. 2004	4,840	3,779	3,313	3,584	2,841	2,777	2,994	2,968	2,953	2,858	(95)	(110)
3. 2005	XXX	5,103	4,669	4,108	2,820	2,829	2,951	3,039	3,066	2,988	(78)	(51)
4. 2006	XXX	XXX	5,450	5,920	7,478	7,044	8,028	7,065	7,416	6,578	(838)	(487)
5. 2007	XXX	XXX	XXX	6,702	6,063	6,231	6,032	4,933	5,096	4,956	(140)	23
6. 2008	XXX	XXX	XXX	XXX	8,613	6,321	6,471	3,866	4,201	3,854	(347)	(12)
7. 2009	XXX	XXX	XXX	XXX	XXX	9,643	5,512	4,160	5,011	3,808	(1,203)	(352)
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	7,335	7,499	8,143	5,527	(2,616)	(1,972)
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,616	8,273	7,970	(303)	354
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,488	6,192	4,704	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,161	XXX	XXX
12. TOTALS											(2,833)	(5,143)

**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
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	3,546	6,739	7,946	9,241	9,266	9,438	9,621	9,374	8,555	XXX	XXX
2. 2004	603	1,149	1,854	2,530	2,381	2,471	2,832	2,895	2,848	2,820	XXX	XXX
3. 2005	XXX	782	1,750	2,154	2,195	2,362	2,452	2,540	2,730	2,767	XXX	XXX
4. 2006	XXX	XXX	965	2,486	3,354	5,263	5,795	5,890	6,317	6,363	XXX	XXX
5. 2007	XXX	XXX	XXX	928	1,834	3,014	3,716	4,172	4,302	4,262	XXX	XXX
6. 2008	XXX	XXX	XXX	XXX	708	1,478	1,823	3,002	3,468	3,596	XXX	XXX
7. 2009	XXX	XXX	XXX	XXX	XXX	1,072	1,803	2,526	3,329	3,460	XXX	XXX
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	838	2,217	4,011	4,371	XXX	XXX
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,528	2,774	4,706	XXX	XXX
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	594	2,253	XXX	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,345	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
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Prior	3,968	3,526	3,485	2,330	1,812	1,049	1,225	383	273	217
2. 2004	3,731	1,840	776	418	244	92	107	40	77	6
3. 2005	XXX	3,708	2,279	1,573	342	62	119	61	107	9
4. 2006	XXX	XXX	4,056	2,947	1,788	798	1,299	386	819	68
5. 2007	XXX	XXX	XXX	5,508	3,690	2,218	1,787	349	604	99
6. 2008	XXX	XXX	XXX	XXX	7,665	4,229	3,951	508	557	178
7. 2009	XXX	XXX	XXX	XXX	XXX	8,048	3,224	1,192	1,351	186
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	6,164	4,283	3,553	803
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,886	5,074	2,665
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	853	3,541
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,671

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

	States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
			2 Direct Premiums Written	3 Direct Premiums Earned						
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	L	35,925,094	36,824,244		12,704,965	12,428,845	32,383,691		
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	TOTALS	(a) 1	35,925,094	36,824,244		12,704,965	12,428,845	32,383,691		

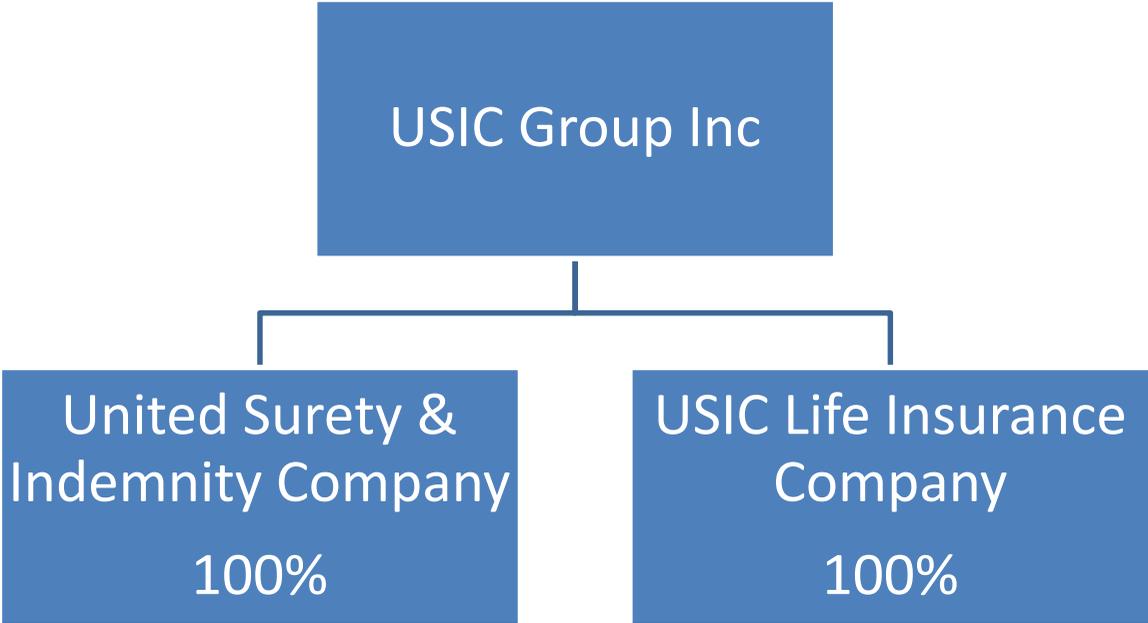
**DETAILS OF WRITE-INS**

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

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

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: 100% Allocated to Puerto Rico

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



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