



# ANNUAL STATEMENT

For the Year Ended December 31, 2014  
of the Condition and Affairs of the

## Puerto Rico Medical Defense Insurance Company

NAIC Group Code..... 0, 0 (Current Period) (Prior Period)  
 Organized under the Laws of Puerto Rico  
 State of Domicile or Port of Entry Puerto Rico Country of Domicile US  
 NAIC Company Code..... 12332 Employer's ID Number..... 66-0631029  
 Commenced Business..... September 1, 2005  
 Statutory Home Office VIG Tower 1225 Ponce de Leon Suite 1401 ..... San Juan ..... PR ..... 00907-3921  
 (Street and Number) (City or Town, State, Country and Zip Code)  
 Main Administrative Office VIG Tower 1225 Ponce de Leon Suite 1401 ..... San Juan ..... PR ..... 00907-3921787-999-7763  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
 Mail Address VIG Tower 1225 Ponce de Leon Suite 1401 ..... San Juan ..... PR ..... 00907-3921  
 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)  
 Primary Location of Books and Records VIG Tower 1225 Ponce de Leon Suite 1401 ..... San Juan ..... PR ..... 00907-3921787-999-7763  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
 Internet Web Site Address www.prmDIC.com  
 Statutory Statement Contact Griselle M. Fernandez Mrs. 787-999-7763  
 (Name) (Area Code) (Telephone Number) (Extension)  
 gfemandez@prmdic.com 787-993-7763  
 (E-Mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. Dennis Hanftwurz Mr.	President	2. Francisco Uriarte	Treasurer
3. Francisco Uriarte	Secretary	4. Juan A. Terrasa Mr.	Vicepresident

**OTHER**

Griselle M. Fernández CPA Senior Vice President & Comptroller

### DIRECTORS OR TRUSTEES

Juan A. Terrasa Mr.	Dennis Hanftwurz Mr.	Charles Juarbe Dr.	Luis Orms Dr.
Vanessa Marcial Dra.	Eitel Gómez Mr.	José Aníbal Collazo Dr.	

State of.....  
County of.....

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

Dennis Hanftwurz Mr.	Francisco Uriarte	Francisco Uriarte
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Treasurer	Secretary
(Title)	(Title)	(Title)

Affidavit #: 199

Subscribed and sworn to before me

This 26 day of March 2015

Noelia Emmanuelli Ramos  
Notary Public

a. Is this an original filing? Yes [X] No [ ]

b. If no

1. State the amendment number
2. Date filed
3. Number of pages attached



ANNUAL STATEMENT

Puerto Rico Medical Devices Institute Company

Account	Balance	Debit	Credit	Balance
1000	100.00			100.00
2000	200.00			200.00
3000	300.00			300.00
4000	400.00			400.00
5000	500.00			500.00
6000	600.00			600.00
7000	700.00			700.00
8000	800.00			800.00
9000	900.00			900.00
10000	1000.00			1000.00
11000	1100.00			1100.00
12000	1200.00			1200.00
13000	1300.00			1300.00
14000	1400.00			1400.00
15000	1500.00			1500.00
16000	1600.00			1600.00
17000	1700.00			1700.00
18000	1800.00			1800.00
19000	1900.00			1900.00
20000	2000.00			2000.00
21000	2100.00			2100.00
22000	2200.00			2200.00
23000	2300.00			2300.00
24000	2400.00			2400.00
25000	2500.00			2500.00
26000	2600.00			2600.00
27000	2700.00			2700.00
28000	2800.00			2800.00
29000	2900.00			2900.00
30000	3000.00			3000.00
31000	3100.00			3100.00
32000	3200.00			3200.00
33000	3300.00			3300.00
34000	3400.00			3400.00
35000	3500.00			3500.00
36000	3600.00			3600.00
37000	3700.00			3700.00
38000	3800.00			3800.00
39000	3900.00			3900.00
40000	4000.00			4000.00
41000	4100.00			4100.00
42000	4200.00			4200.00
43000	4300.00			4300.00
44000	4400.00			4400.00
45000	4500.00			4500.00
46000	4600.00			4600.00
47000	4700.00			4700.00
48000	4800.00			4800.00
49000	4900.00			4900.00
50000	5000.00			5000.00
51000	5100.00			5100.00
52000	5200.00			5200.00
53000	5300.00			5300.00
54000	5400.00			5400.00
55000	5500.00			5500.00
56000	5600.00			5600.00
57000	5700.00			5700.00
58000	5800.00			5800.00
59000	5900.00			5900.00
60000	6000.00			6000.00
61000	6100.00			6100.00
62000	6200.00			6200.00
63000	6300.00			6300.00
64000	6400.00			6400.00
65000	6500.00			6500.00
66000	6600.00			6600.00
67000	6700.00			6700.00
68000	6800.00			6800.00
69000	6900.00			6900.00
70000	7000.00			7000.00
71000	7100.00			7100.00
72000	7200.00			7200.00
73000	7300.00			7300.00
74000	7400.00			7400.00
75000	7500.00			7500.00
76000	7600.00			7600.00
77000	7700.00			7700.00
78000	7800.00			7800.00
79000	7900.00			7900.00
80000	8000.00			8000.00
81000	8100.00			8100.00
82000	8200.00			8200.00
83000	8300.00			8300.00
84000	8400.00			8400.00
85000	8500.00			8500.00
86000	8600.00			8600.00
87000	8700.00			8700.00
88000	8800.00			8800.00
89000	8900.00			8900.00
90000	9000.00			9000.00
91000	9100.00			9100.00
92000	9200.00			9200.00
93000	9300.00			9300.00
94000	9400.00			9400.00
95000	9500.00			9500.00
96000	9600.00			9600.00
97000	9700.00			9700.00
98000	9800.00			9800.00
99000	9900.00			9900.00
100000	10000.00			10000.00

STATEMENTS

RECIBO

00854877



74 9397  
03/10/2015  
\$5.00  
\$5 Sello Asistencia Legal  
54226-2015-0310-58851082



**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).....	10,162,799		10,162,799	8,059,339
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....2,659,761, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	2,659,761		2,659,761	1,378,169
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	78,723	78,723	0	23,290
12. Subtotals, cash and invested assets (Lines 1 to 11).....	12,901,283	78,723	12,822,560	9,460,798
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	97,754		97,754	81,170
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	454,359		454,359	499,807
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	206,411		206,411	126,632
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	120,000		120,000	130,000
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	13,887		13,887	13,150
21. Furniture and equipment, including health care delivery assets (\$.....0).....	3,745	3,745	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	55,000		55,000	16,000
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	13,852,439	82,468	13,769,971	10,327,557
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	13,852,439	82,468	13,769,971	10,327,557

**DETAILS OF WRITE-INS**

1101. A/R Other.....	7,484	7,484	0	
1102. A/R Guaranty Fund Assessment.....	(1,304)	(1,304)	0	23,290
1103. Prepaid Insurance.....	40,310	40,310	0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	32,233	32,233	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	78,723	78,723	0	23,290
2501.....			0	
2502.....			0	
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	0	0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	5,157,092	3,282,667
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).....	884,946	399,196
4. Commissions payable, contingent commissions and other similar charges.....	1,842	
5. Other expenses (excluding taxes, licenses and fees).....	104,348	65,616
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	8,017	62,655
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		5,714
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 \$.....2,940,875 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).....	3,039,797	2,372,995
10. Advance premium.....	20,617	
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	1,884,133	1,776,407
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.....		
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.....	(282,785)	(313,953)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	10,818,007	7,651,297
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	10,818,007	7,651,297
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	2,001,188	2,001,188
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	286,594	326,315
33. Surplus notes.....	500,000	
34. Gross paid in and contributed surplus.....	467,062	467,062
35. Unassigned funds (surplus).....	(302,880)	(118,305)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	2,951,964	2,676,260
38. TOTALS (Page 2, Line 28, Col. 3).....	13,769,971	10,327,557

## DETAILS OF WRITE-INS

2501. Transfer from Unearned Premiums pursuant to Art. 5.190 PR Insurance Code.....	(286,594)	(326,315)
2502. Unearned Guaranty Fund Assessment collections.....	3,809	12,362
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	(282,785)	(313,953)
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201. Funds collected through assesment to members.....		
3202. Transfer from Unearned Premiums pursuant to Art. 5.190 PR Insurance Code.....	286,594	326,315
3203. Transfer from assesment.....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	286,594	326,315

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	5,929,100	4,370,393
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	2,729,216	1,512,707
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	1,376,608	759,146
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	2,034,624	1,981,098
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	6,140,448	4,252,951
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(211,348)	117,442
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	343,222	251,864
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....		
11. Net investment gain (loss) (Lines 9 + 10).....	343,222	251,864
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	0
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	131,874	369,306
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).....	131,874	369,306
19. Federal and foreign income taxes incurred.....	(1,480)	5,714
20. Net income (Line 18 minus Line 19) (to Line 22).....	133,354	363,592
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	2,676,260	2,444,697
22. Net income (from Line 20).....	133,354	363,592
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	(299,495)	
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(55,000)	
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	36,567	(27,744)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....	500,000	
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.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	(39,722)	(104,285)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	275,704	231,563
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	2,951,964	2,676,260
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Interest expense on reinsurance balances payable.....		
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0
3701. Funds collected through assessment to members.....		
3702. Transfer from unearned premiums pursuant to Art. 5.190 of the P.R. Insurance Code.....	(39,722)	(104,285)
3703. Transfer to Surplus from conversion.....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	(39,722)	(104,285)

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	6,769,693	5,236,215
2. Net investment income.....	329,463	250,635
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	7,099,156	5,486,850
5. Benefit and loss related payments.....	934,570	328,617
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	2,939,546	2,487,273
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	4,234	
10. Total (Lines 5 through 9).....	3,878,350	2,815,890
11. Net cash from operations (Line 4 minus Line 10).....	3,220,806	2,670,960
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	260,000	359,360
12.2 Stocks.....		12,994
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....	14,721	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	274,721	372,354
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,665,780	2,737,722
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		32,304
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,665,780	2,770,026
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(2,391,059)	(2,397,672)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	500,000	
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.....		
16.6 Other cash provided (applied).....	(48,155)	60,491
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	451,845	60,491
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	1,281,592	333,779
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	1,378,169	1,044,390
19.2 End of year (Line 18 plus Line 19.1).....	2,659,761	1,378,169

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

20.0001 .....		
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**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year-per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year-per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....				.0
2.	Allied lines.....				.0
3.	Farmowners multiple peril.....				.0
4.	Homeowners multiple peril.....				.0
5.	Commercial multiple peril.....				.0
6.	Mortgage guaranty.....				.0
8.	Ocean marine.....				.0
9.	Inland marine.....				.0
10.	Financial guaranty.....				.0
11.1	Medical professional liability - occurrence.....	45,827			45,827
11.2	Medical professional liability - claims-made.....	6,550,075	2,372,995	3,039,797	5,883,273
12.	Earthquake.....				.0
13.	Group accident and health.....				.0
14.	Credit accident and health (group and individual).....				.0
15.	Other accident and health.....				.0
16.	Workers' compensation.....				.0
17.1	Other liability - occurrence.....				.0
17.2	Other liability - claims-made.....				.0
17.3	Excess workers' compensation.....				.0
18.1	Products liability - occurrence.....				.0
18.2	Products liability - claims-made.....				.0
19.1, 19.2	Private passenger auto liability.....				.0
19.3, 19.4	Commercial auto liability.....				.0
21.	Auto physical damage.....				.0
22.	Aircraft (all perils).....				.0
23.	Fidelity.....				.0
24.	Surety.....				.0
26.	Burglary and theft.....				.0
27.	Boiler and machinery.....				.0
28.	Credit.....				.0
29.	International.....				.0
30.	Warranty.....				.0
31.	Reinsurance - nonproportional assumed property.....				.0
32.	Reinsurance - nonproportional assumed liability.....				.0
33.	Reinsurance - nonproportional assumed financial lines.....				.0
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35.	<b>TOTALS.....</b>	<b>6,595,902</b>	<b>2,372,995</b>	<b>3,039,797</b>	<b>5,929,100</b>

**DETAILS OF WRITE-INS**

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					.0
2. Allied lines.....					.0
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....					.0
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....					.0
10. Financial guaranty.....					.0
11.1 Medical professional liability - occurrence.....					.0
11.2 Medical professional liability - claims-made.....	3,039,797				3,039,797
12. Earthquake.....					.0
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....					.0
16. Workers' compensation.....					.0
17.1 Other liability - occurrence.....					.0
17.2 Other liability - claims-made.....					.0
17.3 Excess workers' compensation.....					.0
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....					.0
19.3, 19.4 Commercial auto liability.....					.0
21. Auto physical damage.....					.0
22. Aircraft (all perils).....					.0
23. Fidelity.....					.0
24. Surety.....					.0
26. Burglary and theft.....					.0
27. Boiler and machinery.....					.0
28. Credit.....					.0
29. International.....					.0
30. Warranty.....					.0
31. Reinsurance - nonproportional assumed property.....					.0
32. Reinsurance - nonproportional assumed liability.....					.0
33. Reinsurance - nonproportional assumed financial lines.....					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
35. TOTALS.....	3,039,797	.0	.0	.0	3,039,797
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					.0
38. Balance (sum of Lines 35 through 37).....					3,039,797

#### DETAILS OF WRITE-INS

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

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



# Puerto Rico Medical Defense Insurance Company UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....	114,566				68,739	45,827
11.2 Medical professional liability - claims-made.....	11,476,974				4,926,899	6,550,075
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX					.0
32. Reinsurance - nonproportional assumed liability.....	XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	11,591,540	.0	.0	.0	4,995,638	6,595,902

### DETAILS OF WRITE-INS

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

(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, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				.0			.0	.00
2. Allied lines.....				.0			.0	.00
3. Farmowners multiple peril.....				.0			.0	.00
4. Homeowners multiple peril.....				.0			.0	.00
5. Commercial multiple peril.....				.0			.0	.00
6. Mortgage guaranty.....				.0			.0	.00
8. Ocean marine.....				.0			.0	.00
9. Inland marine.....				.0			.0	.00
10. Financial guaranty.....				.0			.0	.00
11.1 Medical professional liability - occurrence.....				.0	35,000	35,000	.0	.00
11.2 Medical professional liability - claims-made.....	1,223,234		368,443	854,791	5,122,092	3,247,667	2,729,216	46.4
12. Earthquake.....				.0			.0	.00
13. Group accident and health.....				.0			.0	.00
14. Credit accident and health (group and individual).....				.0			.0	.00
15. Other accident and health.....				.0			.0	.00
16. Workers' compensation.....				.0			.0	.00
17.1 Other liability - occurrence.....				.0			.0	.00
17.2 Other liability - claims-made.....				.0			.0	.00
17.3 Excess workers' compensation.....				.0			.0	.00
18.1 Products liability - occurrence.....				.0			.0	.00
18.2 Products liability - claims-made.....				.0			.0	.00
19.1, 19.2 Private passenger auto liability.....				.0			.0	.00
19.3, 19.4 Commercial auto liability.....				.0			.0	.00
21. Auto physical damage.....				.0			.0	.00
22. Aircraft (all perils).....				.0			.0	.00
23. Fidelity.....				.0			.0	.00
24. Surety.....				.0			.0	.00
26. Burglary and theft.....				.0			.0	.00
27. Boiler and machinery.....				.0			.0	.00
28. Credit.....				.0			.0	.00
29. International.....				.0			.0	.00
30. Warranty.....				.0			.0	.00
31. Reinsurance - nonproportional assumed property.....	XXX			.0			.0	.00
32. Reinsurance - nonproportional assumed liability.....	XXX			.0			.0	.00
33. Reinsurance - nonproportional assumed financial lines.....	XXX			.0			.0	.00
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	.00
35. TOTALS.....	1,223,234	0	368,443	854,791	5,157,092	3,282,667	2,729,216	46.0

**DETAILS OF WRITE-INS**

3401. ....				.0			.0	.00
3402. ....				.0			.0	.00
3403. ....				.0			.0	.00
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	.00

**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 (Cols. 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 (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....				0				0	
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0	90,000		55,000	35,000	
11.2 Medical professional liability - claims-made.....	6,422,000		2,707,700	3,714,300	2,396,158		988,366	5,122,092	884,946
12. Earthquake.....				0				0	
13. Group accident and health.....				0			(a)	0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0			(a)	0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....				0				0	
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	6,422,000	0	2,707,700	3,714,300	2,486,158	0	1,043,366	5,157,092	884,946
<b>DETAILS OF WRITE-INS</b>									
3401. ....				0				0	
3402. ....				0				0	
3403. ....				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	2,111,177			2,111,177
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	734,569			734,569
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,376,608	0	0	1,376,608
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		1,384,637		1,384,637
2.2 Reinsurance assumed, excluding contingent.....				0
2.3 Reinsurance ceded, excluding contingent.....		1,255,216		1,255,216
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	129,421	0	129,421
3. Allowances to manager and agents.....				0
4. Advertising.....		154,772		154,772
5. Boards, bureaus and associations.....				0
6. Surveys and underwriting reports.....				0
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....		1,083,820		1,083,820
8.2 Payroll taxes.....		75,010		75,010
9. Employee relations and welfare.....		11,942		11,942
10. Insurance.....		145,226		145,226
11. Directors' fees.....				0
12. Travel and travel items.....		45,880		45,880
13. Rent and rent items.....		205,672		205,672
14. Equipment.....				0
15. Cost or depreciation of EDP equipment and software.....		11,547		11,547
16. Printing and stationery.....		16,657		16,657
17. Postage, telephone and telegraph, exchange and express.....		141,515		141,515
18. Legal and auditing.....		215,751		215,751
19. Totals (Lines 3 to 18).....	0	2,107,792	0	2,107,792
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....				0
20.2 Insurance department licenses and fees.....		30,311		30,311
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....		43,455		43,455
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	73,766	0	73,766
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	(276,355)	0	(276,355)
25. Total expenses incurred.....	1,376,608	2,034,624	0	(a) 3,411,232
26. Less unpaid expenses - current year.....	884,946	114,207		999,153
27. Add unpaid expenses - prior year.....	399,196	133,985		533,181
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	890,858	2,054,402	0	2,945,260

## DETAILS OF WRITE-INS

2401. ....				0
2402. Management Fee.....		(400,000)		(400,000)
2403. Administrative Expenses.....		123,645		123,645
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	(276,355)	0	(276,355)

(a) Includes management fees of \$.....(400,000) 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).....323,185	.....339,770
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....	.....
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....3,452	.....3,452
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....326,637	.....343,222
11. Investment expenses.....	.....	(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....0
17. Net investment income (Line 10 minus Line 16).....	.....	.....343,222

**DETAILS OF WRITE-INS**

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

- (a) Includes \$.....48,856 accrual of discount less \$.....51,681 amortization of premium and less \$.....11,745 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 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.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....	.....	.....0	.....(299,495)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....0	.....0	.....0	.....(299,495)	.....0

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	78,723	70,154	(8,569)
12. Subtotals, cash and invested assets (Lines 1 to 11).....	78,723	70,154	(8,569)
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....		45,000	45,000
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....	3,745	3,881	136
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	82,468	119,035	36,567
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	82,468	119,035	36,567

**DETAILS OF WRITE-INS**

1101. Rent Deposit.....			.0
1102. Prepaid insurance & other.....	78,723	57,591	(21,132)
1103. other receivables.....		12,563	12,563
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	78,723	70,154	(8,569)
2501. ....			.0
2502. ....			.0
2503. ....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.0	.0	.0

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## NOTES TO FINANCIAL STATEMENTS

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### Note 1 - Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of Puerto Rico Medical Defense Insurance Company of Puerto Rico (the "Company") have been prepared on the basis of accounting practices prescribed by the Office of the Insurance Commissioner of Puerto Rico.

The Office of the Insurance Commissioner of Puerto Rico requires insurance companies domiciled in the Commonwealth of Puerto Rico to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Puerto Rico Insurance Department.

The Company provides primary and excess medical professional liability, claims-made type policies<sup>1</sup> for physicians, surgeons, dentists, other health care providers and the legal entities through which they manage their offices and deliver the services. The primary policy provides coverage limits of up to \$100,000 per medical incident and \$300,000 in the aggregate for an insured incident during the twelve month policy period, available since 2011. This coverage is an alternative for the medical professional to satisfy the mandatory coverage required by law in Puerto Rico<sup>2</sup>. The excess policy provides various coverage limits that range from \$150,000 to \$1,000,000 per medical incident and \$200,000 to \$3,000,000 in the aggregate, for an insured incident during the twelve-month policy period. The excess limits apply only to claims in excess of the primary policy limits of \$100,000 per medical incident and \$300,000 in the aggregate.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

#### B. Accounting Policies

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Unearned Premium Reserve is recorded net of adjustment allowed by the Puerto Rico Insurance Code Section 5.19.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest income less investment related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include write-downs for impairments considered to be other than temporary.

Premiums and commissions related to insurance ceded are accounted for as a reduction of premiums written and acquisition and commissions cost, respectively. Reinsurance recoveries are recorded as a reduction of losses and loss adjustment expenses incurred.

A. In addition, the Company uses the following accounting policies:

1. Basis of valuation of short-term investments - Short term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value. The Company does not hold short term non-investment grade securities.
2. Basis for valuation of bonds - Investment grade bonds are stated at amortized value.

Investment in debt securities designated as highest and high quality (NAIC designation 1 and 2) are generally stated at amortized cost and any premium or discounts are amortized to income using the interest method. Investments in debt securities designated as medium or low quality (NAIC 3 and lower) are recorded at lower of amortized cost or fair value. Investment transactions are recorded on the basis of trade date. Realized gains and losses on sales of investment are determined using the specific identification method.

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<sup>1</sup> A Claims Made Policy is one that establishes, in addition to a commencement date—that could be retroactive—a date when all known incidents that might lead to a claim, or actual claims under the policy have to be reported to the Company. No claim will be recognized by the Company if notified after 60 days following termination of an insurance policy period unless the insured purchased an extension.

<sup>2</sup> Law 4 of December 30, 1986 obligates every healthcare provider in Puerto Rico as well as any institution involved in healthcare services to submit annually proof of financial responsibility for an amount of \$100,000 per medical incident subject to an annual aggregate of \$300,000.

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## NOTES TO FINANCIAL STATEMENTS

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The disclosures of estimated fair market values are based on NAIC Securities Valuation Office (SVO) published market prices when available. If quoted market prices are not available, management's best estimate of fair value shall be based on quoted market price of a financial instrument with similar characteristics, or on industry recognized valuation techniques.

Declines in the fair value of invested assets below cost are evaluated for other than temporary impairment losses. Impairment losses for declines in value of fixed-maturity and equity securities investments 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 statutory accounting principles and related guidance. For fixed-maturity investments 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 to maturity, declines in value below cost are assumed to be temporary.

3. Basis of valuation of common stocks, other than investments in stocks of subsidiaries and affiliates.

As required by Statutory Accounting, Mutual Funds are presented as Common Stocks recorded at market value for financial statements presentation. As of December 31, 2014, the Company has no common stocks.

4. Basis of valuation of preferred stock. Not applicable.

5. Basis of valuation of mortgage loans. Not applicable.

6. Basis of valuation of loan-backed securities. Not applicable.

7. Basis for valuation of subsidiary controlled and affiliated companies. Not applicable.

8. Basis for valuation of joint ventures, partnerships and LLC. Not applicable.

9. Basis for valuation of derivatives. Not applicable.

10. Premium Deficiency Reserve. Not applicable.

11. Method of establishing loss and LAE reserves.

Unpaid losses and loss adjustment expenses reserves are determined on individual case estimates and loss reports and an amount determined on past experience, for losses incurred but not reported and bulk reserves. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The reserve estimates are continually reviewed based on the actual developments in each case and any adjustments are reflected in the period during which a change is determined to be necessary.

12. Method of establishing asbestos and environmental reserves. Not applicable.

13. Change in capitalization policy. Not applicable.

14. Method of estimating pharmaceutical rebate receivables. Not applicable.

### Note 2 - Accounting Changes and Corrections of Errors

B. Accounting changes other than Codification and corrections of errors. - not applicable

C. Accounting changes as a result of the initial implementation of Codification. Not applicable.

### Note 3 - Business Combinations and Goodwill

Not Applicable

### Note 4 - Discontinued Operations

Not Applicable

### Note 5 - Investments



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## **NOTES TO FINANCIAL STATEMENTS**

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- A. Mortgage loans- Not Applicable
- B. Mezzanine real estate loans. Not applicable.
- C. Troubled debt restructuring for creditors. Not applicable.
- D. Reverse mortgages. Not applicable.
- E. Loan-backed securities. Not applicable.
- F. Repurchase agreements. Not applicable.
- G. Write-downs for impairments of real estate and retail land sales. Not applicable.

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

Not Applicable

### **Note 7 - Investment Income**

#### **Accrued investment income**

The Company does not admit investment income due and accrued if amounts are over 90 days past due. No accrued investment income was excluded during the years 2014 and 2013.

Amounts non-admitted. None

### **Note 8 - Derivative Instruments**

Not Applicable

### **Note 9 - Income Taxes**

A. Components of DTAs and DTLs.

The Company provides for income tax using the applicable Puerto Rico income tax statutory rates. However, the effective income tax rate may be different than the applicable statutory rate due to certain items that are not deductible for tax purposes. As of December 31, 2014, the deferred tax asset amounting to approximately \$120,000 is composed of the unused net operating loss carry forward, available to offset future taxable income until the year 2021. Management believes amount will be recovered in full based on projections.

- B. Unrecognized DTLs. Not applicable.
- C. Current tax and change in deferred tax. Not applicable.
- D. Reconciliation of federal income tax rate to actual effective rate. Not applicable.
- E. Operating loss and tax credit carry-forwards. Operating losses are carry forward pursuant to the Puerto Rico Income Tax Code.
- F. Consolidated federal income tax return. Not applicable.

### **Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

A. Nature of Relationship

Resolve Holding Corp., a company organized in the Commonwealth of Puerto Rico owns 88.32% of the outstanding shares of Puerto Rico Medical Defense Insurance Company. Resolve General Agency, LLC is a wholly owned subsidiary of Resolve Holding Corp and is authorized as a general agent of the Company by the Office of the Insurance Commissioner of Puerto Rico.

B. Detail of Transactions Greater than ½% of Admitted Assets

The Company entered into a management agreement with Resolve Holding Corp and Resolve General Agency, LLC in order to provide certain administrative services. Total amount reimbursed by related entities to the Company amounted to \$400,000 (2013-\$283,000). In addition, the Company entered into an agreement with Resolve Holding Corp to rent the premises, furniture and fixtures for an annual rent of \$162,000 (2013-\$144,000).

Resolve General Agency, LLC serves as general agent for the company. During the year ended December 31, 2014, the Company recorded approximately \$670,000 (2013-\$460,000) in commission expenses to the related party.

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## NOTES TO FINANCIAL STATEMENTS

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C. Change in Terms of Intercompany Arrangements

None

D. Amounts Due to or from Related Parties

The Company reported \$55,000 due from Resolve General Agency, LLC. in the current year (2013-\$16,000). This arrangement is subject to a written agreement. The Company's policy is to settle affiliates balances no later than ninety days from the statement date.

E. Guarantees or Undertakings for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has agreed to provide certain management and data processing services to Resolve Holding Corp. and Resolve General Agency, LLC. Total costs reimbursed to the Company from related parties as part of this agreement amount to \$400,000 in 2014.

G. Nature of Relationships that Could Affect Operations

Not applicable.

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not applicable

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable

**Note 11 - Debt**

Not Applicable

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

Not Applicable

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

Puerto Rico Medical Defense Insurance Company (the Company) was organized under the laws of the Commonwealth of Puerto Rico as a mutual insurance company for the purpose of insuring healthcare providers against professional liability. During 2008, The Company was converted into a stock insurance company.

As of Statement Date, the Company complies with the minimum surplus requirement of \$2,000,000 for casualty insurers pursuant to 26 L.P.R.A § 309. The company complies with requirements by the local insurance code as to maintaining investments in Puerto Rico instrumentalities. Currently this amount is \$1,000,000 and is deposited as required for the benefit of policyholders. These securities are in a restricted account for the protection of the Company's policyholders and creditors pursuant to requirements of the Puerto Rico Insurance Code.

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## **NOTES TO FINANCIAL STATEMENTS**

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On September 27, 2014, the company entered into a Surplus Note agreement with Aspen (UK) Holdings Limited of \$500,000 due in October 1, 2017 pursuant to section 29.30 of the Insurance Code of Puerto Rico, 26 LPRA section 2910. All payments of interest and principal are subject to prior approval of the Puerto Rico Insurance Commissioner.

A. Outstanding shares. The authorized capital of the Company, consist of 266,825 shares of common stock with a par value of \$7.50 and a premium of \$2.50 for a total of \$10

B. Dividend rate of preferred stock. Not applicable.

C. Dividend restrictions. Chapter 29 of the Puerto Rico Insurance Code establishes that cash dividends may only be paid from funds generated by Unassigned Funds (surplus).

D. Amount of ordinary dividends that may be paid. Not applicable.

E. Restrictions on unassigned funds. Not applicable.

F. Mutual surplus advances. Not applicable.

G. Company stock held for special purposes. Not applicable.

H. Changes in special surplus funds. Not applicable.

I. Changes in unassigned funds.

Unassigned funds (surplus) as of December 31, 2014 ended with a cumulative value of \$(302,880) (2013- \$(118,305). Changes in unassigned surplus are due to income generated during the year as well as to changes in non-admitted assets, unrealized losses in medium and low classification bonds, changes in deferred tax assets and adjustment of Unearned Premium Reserve allowed by the Puerto Rico Insurance Code Section 5.19.

J. Impact of quasi-reorganizations. Not applicable.

K. Date of quasi-reorganizations. Not applicable.

### **Note 14 - Contingencies**

No significant change.

### **Note 15 - Leases**

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

### **Note 20 - Fair Value**

Not applicable.

### **Note 21 - Other Items**

**NOTES TO FINANCIAL STATEMENTS**

No significant change.

**Note 22 - Events Subsequent**

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

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

As of December 31, 2014, the Company has an unsecured aggregate recoverable amount from unaffiliated authorized reinsurers for losses paid and unpaid including IBNR, loss adjustment expenses, and unearned premium that exceeds 3% of the Company's policyholders' surplus.

ID Number	Name of Reinsurer	Net Recoverable from Reinsurer (000 omitted)
AA-1126006.....	Lloyd's Syndicate Number 4472 (Liberty Syndicate)	\$ 88
AA-1126727.....	Lloyd's Syndicate Number 727 (S.A. Meacock Syndicate)	4,124
AA-1127200.....	Lloyd's Syndicate Number 1200	430
AA-1120337.....	Aspen Insurance Company	103
AA-1120075.....	ARK Syndicate Management No. 4020	103
AA-1120084.....	Barbican Syndicate No. 1955	282
AA-1127084	Lloyd's Syndicate 1084 (Chaucer Syndicates Limited)	227
	Total	\$ 5,357

**B. Reinsurance Recoverables in Dispute**

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses.

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

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

	Assumed		Ceded		Assumed less Ceded	
	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity
affiliates						
all other			\$ 2,940,875	\$ 1,255,216	\$ 2,940,875	\$ 1,255,216
Totals						
Direct Unearned Premium Reserve			\$ 5,980,672			

- As of statement date the Company does not receive contingent commissions or sliding scale adjustments in commissions received from reinsurers.
- The company does not use protected cells as an alternative to traditional reinsurance.

**D. Uncollectible Reinsurance**

The Company does not have uncollectible reinsurance recoverables.

**E. Commutation of Ceded Reinsurance**

**NOTES TO FINANCIAL STATEMENTS**

On December 17, 2014, the Company entered into a Commutation and Release Agreement with Aspen Insurance UK Limited (Aspen) for the primary coverage excess of loss reinsurance contract originally effective July 1, 2011 and expired January 1, 2013.

The Company recorded the Commutation pursuant to SSAP 62R which states that commuted balances are written off though the accounts in which they were originally recorded. Reserves Ceded and losses paid ceded to reinsurer under the commuted treaty were reversed during the year as the reinsurer was released from liability.

Premium received was recorded as a reduction to ceded premium written; thereby reducing ceding premium written and increasing premium earned for the year by \$963,741. Amounts received from the reinsurers for losses and loss adjustment expenses paid ceded under the reinsurance treaty were recorded as an increase to losses and loss adjustment expenses incurred for the year in the amount of \$239,156; respectively. The Company also increased its loss and loss adjustment expense reserves by \$724,585. The net increase in loss and loss adjustment expenses of \$963,741 recognizes the effect of releasing reinsurers from its obligation under the commuted treaty. The one year reserve development observed in 2014 is largely due to the accounting of the commutation of the reinsurance treaty.

## F. Retroactive Reinsurance

Not applicable

## G. Reinsurance Accounted for as a Deposit

Not applicable

## H. Run-off Agreements

Not applicable

## I. Certified Reinsurance Downgraded or Status Subject to Revocation

Not applicable

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

Not Applicable

**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

Changes in Incurred Losses and Loss Adjustment Expenses (000 Omitted)	2014	2013
Net Reserve for Unpaid Losses and LAE, Beginning	\$ 3,682	\$ 2,195
Total Incurred, Current Year	2,981	2,119
Total Incurred, Prior Year	1,125	154
Total Incurred, Net of Recoveries	4,106	2,273
Less Loss & LAE Paid from		
Current Year	169	252
Prior Year	1,577	534
Total Paid	1,746	786
Net Reserves for Unpaid Losses and LAE, End of Year	\$ 6,042	\$ 3,682

As explained in Note 23, the Company commuted a reinsurance treaty, resulting in an increase in losses incurred prior year of \$963,741. The one year reserve development observed in 2014 is largely due to the accounting of the commutation of the reinsurance treaty.

**NOTES TO FINANCIAL STATEMENTS**

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**Note 26 - Intercompany Pooling Arrangements**

Not Applicable

**Note 27 - Structured Settlements**

Not Applicable

**Note 28 - Health Care Receivables**

Not Applicable

**Note 29 - Participating Policies**

No significant change.

**Note 30 - Premium Deficiency Reserves**

Not Applicable

**Note 31 - High Deductibles**

Not Applicable

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

No significant change.

**Note 33 - Asbestos/Environmental Reserves**

No significant change.

**Note 34 - Subscriber Savings Accounts**

Not Applicable

**Note 35 - Multiple Peril Crop Insurance**

Not Applicable

**Note 36 - Financial Guaranty Insurance**

Not Applicable

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES - GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]  
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ ] No [ ] N/A [ X ]
- 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. \_\_\_\_\_
- 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. \_\_\_\_\_
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_
- 3.4 By what department or departments?  
EXTERNAL AUDIT FIRM
- 
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ X ] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ X ] No [ ]
- 4.12 renewals? Yes [ X ] No [ ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ X ] No [ ]
- 4.22 renewals? Yes [ X ] No [ ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1<br>Name of Entity | 2<br>NAIC Co. Code | 3<br>State of Domicile |
|---------------------|--------------------|------------------------|
|                     |                    |                        |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information: \_\_\_\_\_
- 
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control \_\_\_\_\_%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
|                  |                     |
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. \_\_\_\_\_
- 
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
|                     |                             |          |          |           |          |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
RSM ROC & CO. PO BOX 10528, SAN JUAN PR 00922-0528
- 
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: \_\_\_\_\_
- 
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: \_\_\_\_\_

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES - GENERAL

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes  No  N/A
- 10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 DAVID M. SHEPPERD FCAS, MAAA MERLINOS & ASSOCIATES, INC.

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes  No
- 12.11 Name of real estate holding company

- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value .....
- 12.2 If yes, provide explanation.

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

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

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

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

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes  No  N/A

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes  No

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

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

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

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

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

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

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

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

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

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

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

### PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....7,483
  - 20.12 To stockholders not officers \$.....0
  - 20.13 Trustees, supreme or grand (Fraternal only) \$.....0

- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....7,483
  - 20.22 To stockholders not officers \$.....0
  - 20.23 Trustees, supreme or grand (Fraternal only) \$.....0

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

- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others .....
  - 21.22 Borrowed from others .....
  - 21.23 Leased from others .....
  - 21.24 Other .....



**PART 1 - COMMON INTERROGATORIES - FINANCIAL**

- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment .....
- 22.22 Amount paid as expenses .....
- 22.23 Other amounts paid .....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. .....

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No [ ]
- 24.02 If no, give full and complete information relating thereto. .....

24.03 For 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. .....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. .....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .....
- 24.103 Total payable for securities lending reported on the liability page. .....

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

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

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

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

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

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

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

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

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

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

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

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

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999. TOTAL		0

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

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

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	10,162,799		(10,162,799)
30.2 Preferred stocks.....			0
30.3 Totals.....	10,162,799		(10,162,799)

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

\_\_\_\_\_

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

\_\_\_\_\_

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

32.2 If no, list exceptions:

\_\_\_\_\_

\_\_\_\_\_

**PART 1 - COMMON INTERROGATORIES - OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....38,188

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

1	2
Name	Amount Paid
INSURANCE SERVICE OFFICE	21,071
DEMOTECH	11,000

34.1 Amount of payments for legal expenses, if any? \$.....41,344

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

1	2
Name	Amount Paid
LEGAL INSURANCE ADVOCATES, INC.	38,758

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

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

1	2
Name	Amount Paid
	0

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$.....0
- 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....
- 1.31 Reason for excluding: \_\_\_\_\_

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0

- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned .....
- 1.62 Total incurred claims .....
- 1.63 Number of covered lives .....
- All years prior to most current three years:
- 1.64 Total premium earned .....
- 1.65 Total incurred claims .....
- 1.66 Number of covered lives .....

- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned .....
- 1.72 Total incurred claims .....
- 1.73 Number of covered lives .....
- All years prior to most current three years:
- 1.74 Total premium earned .....
- 1.75 Total incurred claims .....
- 1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	.....	.....
2.2 Premium Denominator.....	\$.....5,929,100	\$.....4,370,393
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	.....	.....
2.5 Reserve Denominator.....	\$.....9,081,835	\$.....6,054,858
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies .....
- 3.22 Non-participating policies .....

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]
- 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. .....

5. FOR RECIPROCAL EXCHANGES ONLY:
- 5.1 Does the exchange appoint local agents? Yes [ ] No [ ]
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]
- 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact? \_\_\_\_\_

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

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? \_\_\_\_\_

- 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: \_\_\_\_\_

- 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? \_\_\_\_\_

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]

- 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 [X]

- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. .....

- 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 [X]

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ X ]    No [ ]

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 [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ]    No [ ]

14.5 If the answer to 14.4 is no, please explain:

\_\_\_\_\_

\_\_\_\_\_

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ]    No [ 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 ]

Included but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 .....
- 17.12 Unfunded portion of Interrogatory 17.11 .....
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 .....
- 17.14 Case reserves portion of Interrogatory 17.11 .....
- 17.15 Incurred but not reported portion of Interrogatory 17.11 .....
- 17.16 Unearned premium portion of Interrogatory 17.11 .....
- 17.17 Contingent commission portion of Interrogatory 17.11 .....

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

- 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 .....
- 17.19 Unfunded portion of Interrogatory 17.18 .....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 .....
- 17.21 Case reserves portion of Interrogatory 17.18 .....
- 17.22 Incurred but not reported portion of Interrogatory 17.18 .....
- 17.23 Unearned premium portion of Interrogatory 17.18 .....
- 17.24 Contingent commission portion of Interrogatory 17.18 .....

18.1 Do you act as a custodian for health savings account? Yes [ ]    No [ X ]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. .....

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. .....

**FIVE-YEAR HISTORICAL DATA**

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

	1 2014	2 2013	3 2012	4 2011	5 2010
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	11,591,540	9,181,928	5,827,072	2,426,592	1,543,097
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
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).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	11,591,540	9,181,928	5,827,072	2,426,592	1,543,097
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	6,595,902	4,308,588	4,319,803	1,970,698	1,303,068
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
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).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	6,595,902	4,308,588	4,319,803	1,970,698	1,303,068
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	(211,348)	117,442	(125,732)	(70,788)	(142,534)
14. Net investment gain (loss) (Line 11).....	343,222	251,864	162,575	82,145	77,147
15. Total other income (Line 15).....					
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	(1,480)	5,714			
18. Net income (Line 20).....	133,354	363,592	36,843	11,357	(65,387)
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	13,769,971	10,327,557	7,650,995	4,631,916	3,701,517
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	454,359	499,807	572,933	422,410	81,908
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).....	10,818,007	7,651,297	5,206,298	2,479,179	1,528,951
22. Losses (Page 3, Line 1).....	5,157,092	3,282,667	2,002,225	1,002,788	612,160
23. Loss adjustment expenses (Page 3, Line 3).....	884,946	399,196	193,104	53,972	31,932
24. Unearned premiums (Page 3, Line 9).....	3,039,797	2,372,995	2,434,800	1,216,695	770,120
25. Capital paid up (Page 3, Lines 30 & 31).....	2,001,188	2,001,188	2,001,188	1,851,188	2,468,250
26. Surplus as regards policyholders (Page 3, Line 37).....	2,951,964	2,676,260	2,444,697	2,152,737	2,172,566
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	3,220,806	2,670,960	3,003,493	586,243	392,656
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	2,951,964	2,676,260	2,444,697	2,152,737	2,172,566
29. Authorized control level risk-based capital.....	1,357,463	1,160,511	948,116	524,936	409,305
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	79.3	85.2	83.5	68.3	44.2
31. Stocks (Lines 2.1 & 2.2).....			0.2	0.3	0.2
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	20.7	14.6	15.3	30.7	55.3
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....			1.0	0.8	0.3
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....	0.0	0.2			
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1	2	3	4	5
	2014	2013	2012	2011	2010
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....	(299,495)				
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	275,704	231,563	291,960	(19,829)	(49,770)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,223,234	1,115,000		25,000	
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
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).....					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	1,223,234	1,115,000	0	25,000	0
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	854,791	232,265		2,250	
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
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).....					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	854,791	232,265	0	2,250	0
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	46.0	34.6	32.2	25.8	29.9
68. Loss expenses incurred (Line 3).....	23.2	17.4	9.5	3.2	2.7
69. Other underwriting expenses incurred (Line 4).....	34.3	45.3	62.3	75.6	79.8
70. Net underwriting gain (loss) (Line 8).....	(3.6)	2.7	(4.1)	(4.6)	(12.4)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	30.8	46.0	44.8	58.5	70.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	69.2	52.0	41.7	29.0	32.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	223.4	161.0	176.7	91.5	60.0
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	1,135	(62)	178	(361)	(107)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	42.4	(2.5)	8.3	(16.6)	(4.8)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	115	(254)	(93)	(166)	(46)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	4.7	(11.8)	(4.3)	(7.5)	(5.8)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of

SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

---

## SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

### SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 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.....	XXX	XXX	XXX								0	XXX
2. 2005.....	727	661	66								0	XXX
3. 2006.....	375	341	34	153	139	3	2				15	XXX
4. 2007.....	1,000	911	89			65	59				6	XXX
5. 2008.....	1,212	1,103	109	25	23	82	74				10	XXX
6. 2009.....	1,359	966	393	25	23	44	40				6	XXX
7. 2010.....	1,413	262	1,151			39	2				37	XXX
8. 2011.....	1,824	300	1,524	287	87	146					346	XXX
9. 2012.....	4,073	971	3,102	1,100	800	640	38				902	XXX
10. 2013.....	7,168	2,797	4,371	773	202	947	280				1,238	XXX
11. 2014.....	10,370	4,441	5,929			392	223				169	XXX
12. Totals.....	XXX	XXX	XXX	2,363	1,274	2,358	718	0	0	0	2,729	XXX

	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.....											0	XXX	
2. 2005.....											0	XXX	
3. 2006.....											0	XXX	
4. 2007.....											0	XXX	
5. 2008.....	250	228	140	127	1	1	30	27			38	XXX	
6. 2009.....											0	XXX	
7. 2010.....	10		10				10				30	XXX	
8. 2011.....	130		25				30				185	XXX	
9. 2012.....	745		40		7		140				932	XXX	
10. 2013.....	2,025	622	781	403	36	12	361	111			2,055	XXX	
11. 2014.....	3,262	1,857	1,490	513	77	43	841	455			2,802	XXX	
12. Totals.....	6,422	2,707	2,486	1,043	121	56	1,412	593	0	0	6,042	XXX	

	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..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 2005.	0	0	0	0.0	0.0	0.0				0	0
3. 2006.	156	141	15	41.6	41.3	44.1				0	0
4. 2007.	65	59	6	6.5	6.5	6.7				0	0
5. 2008.	528	480	48	43.6	43.5	44.0				35	3
6. 2009.	69	63	6	5.1	6.5	1.5				0	0
7. 2010.	69	2	67	4.9	0.8	5.8				20	10
8. 2011.	618	87	531	33.9	29.0	34.8				155	30
9. 2012.	2,672	838	1,834	65.6	86.3	59.1				785	147
10. 2013.	4,923	1,630	3,293	68.7	58.3	75.3				1,781	274
11. 2014.	6,062	3,091	2,971	58.5	69.6	50.1				2,382	420
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	5,158	884

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
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior.....											0	0
2. 2005.....											0	0
3. 2006.....	XXX			6	2	1	7	10	17	15	(2)	5
4. 2007.....	XXX	XXX	24	37	29	25	27	122	19	6	(13)	(116)
5. 2008.....	XXX	XXX	XXX	52	35	23	23	117	56	48	(8)	(69)
6. 2009.....	XXX	XXX	XXX	XXX	217	127	60	96	6	6	0	(90)
7. 2010.....	XXX	XXX	XXX	XXX	XXX	481	179	219	66	67	1	(152)
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	801	711	679	531	(148)	(180)
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,117	1,487	1,834	347	717
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,335	3,293	958	XXX
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,971	XXX	XXX
12. Totals.....											1,135	115

**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
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior.....	000										XXX	XXX
2. 2005.....											XXX	XXX
3. 2006.....	XXX				1	1	1	1	1	15	XXX	XXX
4. 2007.....	XXX	XXX	1	1	1	2	4	5	6	6	XXX	XXX
5. 2008.....	XXX	XXX	XXX	1	2	3	4	6	9	10	XXX	XXX
6. 2009.....	XXX	XXX	XXX	XXX	1	2	6	6	6	6	XXX	XXX
7. 2010.....	XXX	XXX	XXX	XXX	XXX	5	14	25	30	37	XXX	XXX
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	13	54	126	346	XXX	XXX
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	100	553	902	XXX	XXX
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	252	1,238	XXX	XXX
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	169	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		
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior.....												
2. 2005.....												
3. 2006.....	XXX				5	1		1	9	16		
4. 2007.....	XXX	XXX			13	4	1		95			
5. 2008.....	XXX	XXX	XXX		32	15	3	2	100	25		16
6. 2009.....	XXX	XXX	XXX	XXX	217	121	54	90				
7. 2010.....	XXX	XXX	XXX	XXX	XXX	476	165	193	36			20
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	788	271	90			55
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	418	260			180
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	963			628
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		1,363

# Puerto Rico Medical Defense Insurance Company 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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 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	11,591,540	10,370,283		1,223,234	4,576,630	8,908,158		
55. US Virgin Islands.....VI	N								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....	(a).....1	11,591,540	10,370,283	0	1,223,234	4,576,630	8,908,158	0	0

### DETAILS OF WRITE-INS

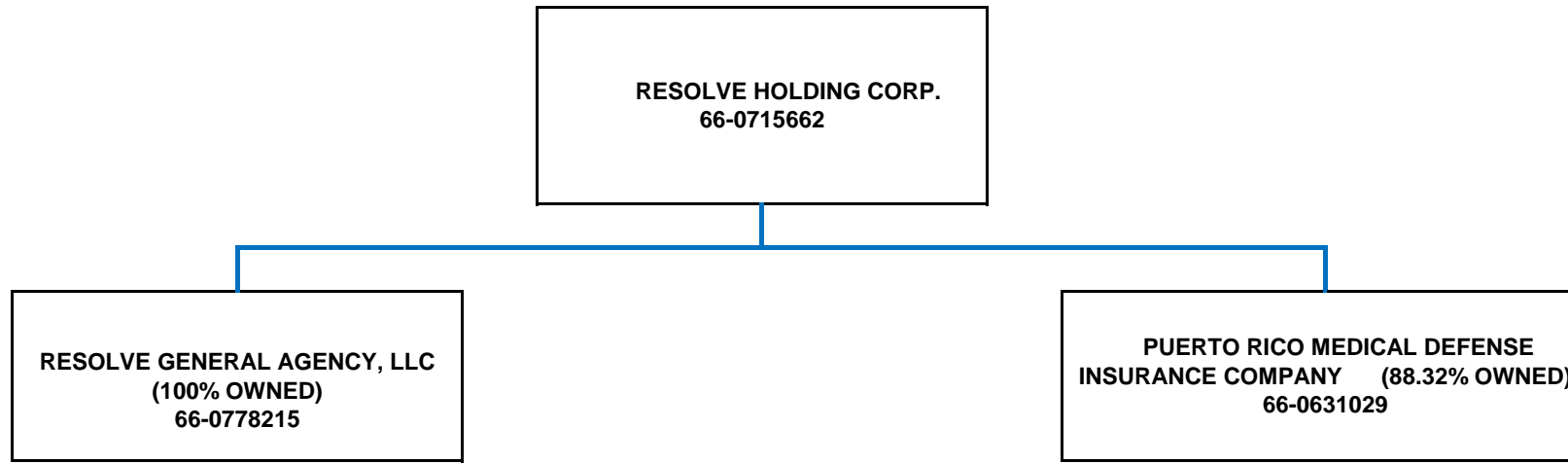
58001.....	XXX								
58002.....	XXX								
58003.....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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



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