

COMMONWEALTH OF PUERTO RICO  
OFFICE OF THE COMMISSIONER OF INSURANCE



**TRIPLE-S VIDA, INC.**

AMENDED REPORT ON EXAMINATION  
AS OF DECEMBER 31, 2017  
CASE No. EX-2018-04

NAIC CODE 55816  
REPORT DATE: NOVEMBER 22, 2019

Patricia G. Neesham, CFE  
Examiner-in-Charge  
INSRIS-PR, LLC

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GOVERNMENT OF PUERTO RICO  
Office of the Commissioner of Insurance

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December 20, 2019

Honorable Javier Rivera Rios  
Commissioner of Insurance  
Commonwealth of Puerto Rico  
Office of the Commissioner of Insurance  
Guaynabo, Puerto Rico 00968-3029

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Order Number EX-2018-04, dated December 6, 2018, a financial condition examination has been made of the affairs, financial condition and management of

**TRIPLE-S VIDA, INC.**  
1052 MUNOZ RIVERA  
SAN JUAN, PUERTO RICO 00920

hereinafter referred to as "Company" or "TSV", incorporated under the laws of the Commonwealth of Puerto Rico. The examination was carried out in the main offices of the Company. The report on this examination is respectfully submitted.

**SCOPE OF EXAMINATION**

An examination of TSV was performed by examiners representing the Office of the Commissioner of Insurance of Puerto Rico (OCI). The last examination covered the period of January 1, 2010, through December 31, 2011. This examination covered the

period from January 1, 2013, through December 31, 2017, including any material relevant transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (NAIC Handbook) and generally accepted statutory insurance examination standards consistent with the insurance laws and regulations of the Commonwealth of Puerto Rico. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risk within the Company and evaluating its system controls and procedures used to mitigate those risks. The examination also includes an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions.

All accounts and activities of the Company were considered in accordance with the NAIC Handbook risk focused examination process. The examination report only addresses regulatory information revealed by the examination process.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Deloitte & Touché, LLP (D&T). Certain auditor work papers have been incorporated into the work papers of the examiners and

have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing. The examination of the Company was conducted concurrently with the examination of Triple-S Salud, Inc. (TSS) and Triple-S Blue, Inc. I.I. (TSB).

## SUMMARY OF SIGNIFICANT FINDINGS

### CURRENT EXAMINATION FINDINGS

The following is a summary of material adverse findings, significant non-compliance findings, or material changes in the financial statements noted during the examination.

#### Failure to Comply with Article 7 of Rule No. 76

Every insurer, health services organization, agent, general agent, broker, adjuster, rating agency and advisory body, or service that uses an electronic storage system shall be required to obtain an opinion from a certified information systems auditor, to the effect that the electronic storage system used meets the requirements of the Code and this Rule.

The Company didn't comply with the Article 7 of Rule No. 76 of the Regulations of the Puerto Rico Insurance Code for the examination period because TSV maintains its files electronically, and its first submission of a certification was in November 2018.

#### Failure to Comply with Article 6.040(1)

Article 6.040(1) establishes, among other things, that the investment plan must state the professional qualifications of the person(s) that shall be making routine investment decisions in order to ensure their competence and ethical behavior.

Based on our review, the Company failed to comply with the Article 6.040(1) because its investment plan does not state the professional qualification of the person(s) that shall be making routine investment decisions.

Subsequently, on December 2019, the Insurer amended its Investment Policy to include the professional qualifications of the person(s) that shall be making the routine investment decisions, in compliance with Article 6.040(1) of the Insurance Code of PR.

Failure to comply with Article 3.151

The Company did not comply with Article 3.151 in 2015, as it did not maintain the required statutory deposit. In 2015, the book value of the securities held for statutory deposit was below the required amount of \$1,250,000.

Failure to comply with Article 6.040(3)

The Company did not comply with Article 6.040(3) because the Investment Committee or the Board of Directors did not review an investment report at least every three months (for June 2016 and November 2017). Evidence of submittal of reports was evaluated but no evidence of review was provided.

Failure to Respond Timely to Requests

During the course of the examination there were a number of requests for documentation or information that were fulfilled significantly beyond the time stipulated. The Company was not in compliance with Rule 1-A of the Regulation of the Insurance Code of Puerto Rico which requires full cooperation with the investigation being carried out by the Commissioner.

## COMPANY HISTORY

The Company was originally incorporated in September 1964, under the provisions of the Insurance Code of Puerto Rico, hereinafter "CPR", and has operated under several names and ownerships since incorporation. The Company has been engaged in the underwriting of life, disability, supplemental health insurance, and the administration of annuities and individual retirement accounts. The Company is licensed to write business in both Puerto Rico and the U.S. Virgin Islands (USVI), but currently only writes business in Puerto Rico.

The Company has been a wholly owned subsidiary of Triple-S Management Corporation (TSM) since January 31, 2006, when TSM completed the acquisition of 100 percent of the common stock of the Company under its previous name, Great American Life Assurance Company of Puerto Rico. Subsequently, the Company's operations were merged with TSM's life insurance subsidiary, Seguros de Vida Triple S. Effective November 1, 2007, the Company was incorporated as prescribed by the laws and the provisions of the CPR under its current name.

On November 7, 2013, the Company completed the acquisition of 100% of the outstanding share of common stock of Triple-S Blue, Inc. I.I., formerly Atlantic Southern Insurance Company (ASICO), a life insurance company authorized to do business in Puerto Rico, US Virgin Islands, Costa Rica, Anguilla, and British Virgin Islands. The cost of this acquisition was funded with unrestricted cash. After this acquisition, the Company expects to solidify its position in the life insurance business in Puerto Rico and



open new market abroad. The transaction was accounted for as a statutory purchase that resulted in an investment in ASICO's net assets as of October 31, 2013 of \$5,052,504, with the remainder of the purchase price, \$4,360,250, allocated to goodwill. The total amount of goodwill was determined to be an admitted asset and will be amortized over 10 years and recorded as part of the carrying value of the investment.

### **CAPITAL STOCK**

As of December 31, 2017, the Company had 3,000,000 common stock shares authorized, issued, and outstanding with a par value of \$1 per share for paid in capital of \$3,000,000. TSV is a direct subsidiary of TSM, which owns 2,999,995 of the 3,000,000 shares outstanding.

The remaining five shares were issued to the following directors in compliance with Article 29.150(1) of the CPR.

Roberto García Rodríguez

Arturo Carrión Crespo

Carlos L. Rodríguez Ramos

Juan J. Román Jiménez

Fernando Ruiz Jiménez

### **CORPORATE RECORDS**

The Articles of Incorporation, bylaws and all amendments thereto, and the minutes of the meetings of the board of directors, board of director committees, and shareholders were reviewed for the period under examination. There were no

amendments to the Company's Articles of Incorporation or bylaws during the examination period.

**MINUTES**

The recorded minutes adequately documented its meetings and approval of Company transactions and events, in compliance with the CPR.

**MANAGEMENT AND CONTROL**

Article 29.150 of the CPR states that not less than the majority of directors of an insurer shall be residents of, and actually reside in, Puerto Rico. The Company was in compliance with Article 29.150 of the CPR.

**BOARD OF DIRECTORS**

As of the examination date, the directors of the Company, who were elected at the annual meeting of stockholders in compliance with Article 29.160, were as follows:

<u>Name</u>	<u>Principal Residence</u>	<u>Principle Occupation</u>
Roberto García Rodríguez	San Juan, Puerto Rico	TSM President and CEO
Juan José Román-Jiménez	San Juan, Puerto Rico	TSM Exec. VP and CFO
Arturo Carrión Crespo	San Juan, Puerto Rico	TSS President
Carlos L. Rodríguez	San Juan, Puerto Rico	TSM Chief Legal Counsel
Fernando Ruiz Rodríguez		TSM Chief Marketing & Comm Officer

**OFFICERS**

Officers are elected by the Board of Directors on an annual basis. A list of the officers elected or appointed during 2017 and serving as of December 31, 2017 appears below. The officers were elected in compliance with Article 29.210.

<u>Name</u>	<u>Title</u>
Arturo Carrión Crespo	President
Carlos L. Rodríguez Ramos	Secretary
Juan José Román Jiménez	Treasurer
Carlo LaRussa Jiménez	Assistant Treasurer

**COMMITTEES**

The bylaws provide that the Board may designate one or more committees as determined to be necessary for the conduct of the business of the Company. As of December 31, 2017, TSV used the following Committees of the Board, of TSM:

Audit Committee

David H. Chafey, Jr.	Financial Expert
Antonio F. Faria-Soto	Chairman
Roberto Santa Maria-Ros	Financial Expert
Adamina Soto Martínez	Financial Expert

Investment and Financing Committee

David H. Chafey Jr. Chai  
 Luis A. Clavell-Rodríguez  
 Antonio F. Faría-Soto  
 Jorge L. Fuentes-Benejam  
 Roberto Santa María-Ros

The Company's Board does not have an Executive Committee.

#### **CONFLICT OF INTEREST**

The Company requires its directors, officers, and key employees to sign the conflict of interest questionnaires concerning items that could have an impact on the way they conduct the Company's business in order to comply with Article 29.230 of the CPR. The review of the conflict of interest questionnaires revealed that the Company was in compliance.

#### **DIVIDENDS TO STOCKHOLDERS**

The Company did not declare or pay dividends during the period of examination.

#### **SURPLUS NOTES**

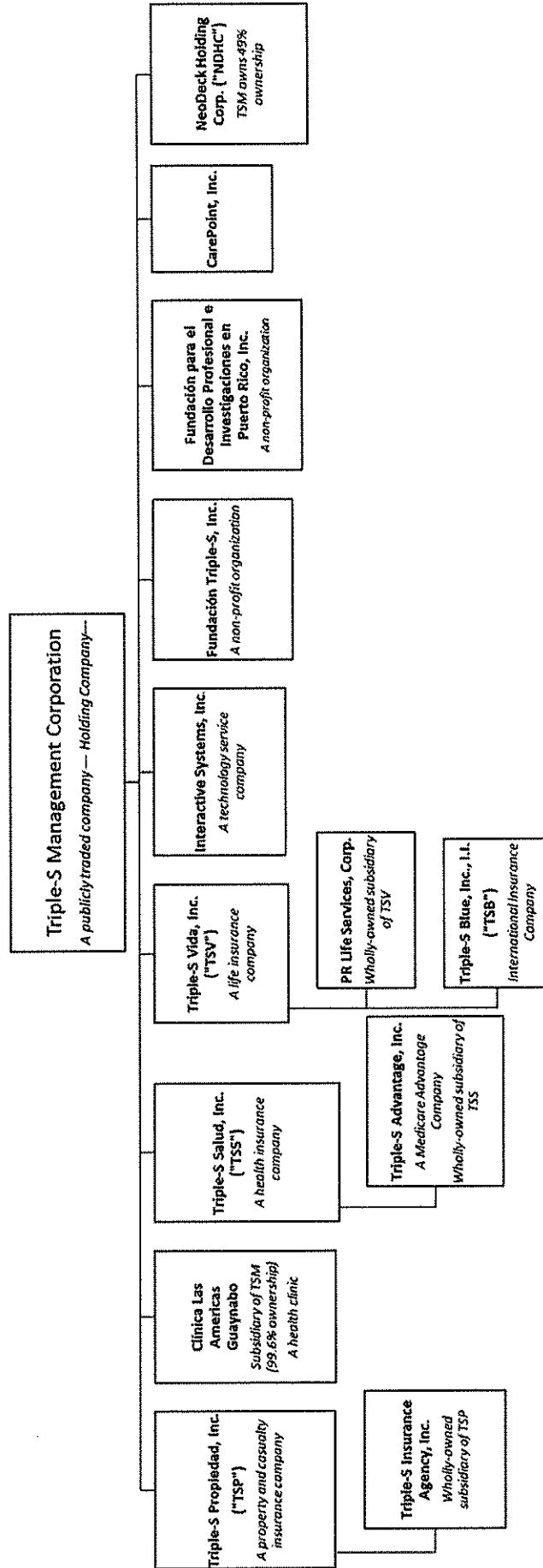
On December 22, 2005, the Company entered into a \$57 million surplus note agreement with TSM pursuant to the provisions of Article 29.300 of the CPR. The note accrues interest at an annual rate of 6.6%. According with the requirements established by the CPR, no payment of the total of neither the principal nor the interest due on the loan is made without first obtaining written authorization from the OCI. The OCI granted the approval to convert \$20 million of the principal to additional paid-in surplus on January 17, 2008. On October 5, 2010, the OCI approved an amended contract that specified a floating interest rate that will not exceed 6.6%. Interest rate used for 2012 and 2013 was 4.67%. The following table reflects surplus note payments made during the examination period and OCI approvals.

<u>OCI Approval</u>	<u>Approved by OCI</u>	
	<u>Principal</u>	<u>Interest</u>
August 6, 2012	\$ 5,000,000	
May 16, 2012		\$4,917,000
June 26, 2013	3,500,000	1,590,950
December 18, 2013	5,000,000	5,805,790
October 6, 2014	4,250,000	836,014
April 15, 2015	4,500,000	537,398
September 30, 2015	7,500,000	348,087
January 24, 2017	5,750,000	285,680
	\$35,500,000	\$14,320,919

**HOLDING COMPANY SYSTEM**

The Company is a member of an insurance holding company system as defined under the Insurance Laws of Puerto Rico. TSM is the ultimate controlling parent. TSM is a publicly traded insurance holding company that trades on the New York Stock Exchange under the ticker symbol GTS. The OCI reviewed Rule No. 83 forms submitted by TSM (Insurance Holding Company System Registration Statement) for the period of examination and noted all forms they were submitted by the required date. No significant matters were noted in the disclosures.

The following is an organizational chart that reflects the identities and interrelationships between the Company, its parents and subsidiaries, and other affiliates.



The following is a summary of each entity in the company structure:

- TSM serves as the holding company of a group of entities primarily involved in the insurance industry.
- Triple-S Propiedad, Inc. (TSP) is engaged and authorized to underwrite property and casualty insurance policies in Puerto Rico. Predominant insurance products are commercial multi-peril package, personal package, commercial auto, hospital malpractice, commercial liability, and commercial property. Business is written through various General Agents including Triple-S Insurance Agency, Inc. (TSIA), a wholly owned subsidiary of TSP.
- TSIA, a wholly owned subsidiary of TSP, is a general agency that represents TSP and other property and casualty insurance companies doing business in Puerto Rico.
- TSS, a wholly owned subsidiary of TSM, has the exclusive right to use the Blue Cross and Blue Shield (BCBS) tradename throughout Puerto Rico, the U.S. Virgin Islands, Costa Rica, the British Virgin Islands and Anguilla. They offer a broad portfolio of managed care and related products in the commercial and Medicare markets. The managed care products are marketed through an extensive network of independent agents and brokers located throughout Puerto Rico as well as an internal salaried sales force.
- Triple-S Advantage, Inc. (TSA) is a provider of Medicare Advantage services to dual and non-dual eligible members in Puerto Rico that offers a

comprehensive network of primary care and specialty providers, facilities and ancillary services as a Health Maintenance Organization. TSA is a wholly owned subsidiary of TSS.

- PR Life Services, Corp, a wholly owned subsidiary of TSV, is a general agency (Insurance Agents, Brokers and Service) that represents TSV and provides sales and marketing of TSV products in Puerto Rico.
- TSB is a life insurance company (formerly known as Atlantic Southern Insurance Company (ASICO)) engaged in the underwriting of life and accident and health insurance policies and the administration of annuity contracts. This TSV subsidiary is engaged to do business in the Republic of Costa Rica, Anguilla and British Islands.
- International Systems & Services Corporation is currently an inactive corporation.
- Interamerican Marketing Corporation is currently an inactive corporation.
- Interactive Systems, Inc. (ISI) is a wholly owned subsidiary of TSM. The entity is engaged in providing data processing services to TSM and its subsidiaries.
- Triple-S International, LLC is a wholly owned subsidiary of TSM, a Puerto Rico corporation. It is a limited liability company and operates as an International Banking Entity.
- Fundación para el Desarrollo Profesional e Investigaciones en Puerto Rico, Inc. is an inactive nonprofit corporation.



- Triple-C, Inc. is an inactive corporation.
- Clínica Las Americas en Guaynabo is a subsidiary of TSM (90.8% ownership) and a health care service provider.
- NeoDeck Holding Corp. is not a subsidiary; TSM owns 49% of the outstanding stock but does not have control over this entity.

#### INTERCOMPANY AGREEMENTS

The Company has entered into the following agreements with its affiliated entities:

##### Shared Services Agreements

Shared Services Agreements are in place between TSS and ISI, STP, and TSV. Except for the service agreement with ISI, which was executed on January 1, 2009, the service agreements were executed on January 1, 2008. Pursuant to the agreements, certain administrative services are provided by the Company to the affiliates. The agreement with ISI, was dissolved effective August 31, 2018.

##### Information Technology Systems Agreement

An Information Technology Services Agreement between TSV and ISI was executed on January 1, 2008. The agreement provides for general technology processing services to be provided by ISI to TSV. The agreement with ISI, was dissolved effective August 31, 2018. In 2018, information technology services are provided under a service agreement with a third party.

**TERRITORY AND PLAN OF OPERATIONS**

TSV is a distributor in Puerto Rico of products that fulfill basic protection needs for funeral costs, basic life coverage, protection against cancer and dreaded diseases, supplemental health coverage and life coverage. TSV markets its products primarily through its home service operations with over 600 debit agents in 22 branch offices throughout the island. The Company targets low-and middle-income families with its cancer and funeral plans, the elderly and individuals with substandard health risks with its guaranteed issue, and pre-need insurance, and financial institution customers with its term and universal life products.

The Company is licensed to write business in both Puerto Rico and the U.S. Virgin Islands (USVI), but currently only writes business in Puerto Rico.

Based upon the most recent A.M. Best Credit Rating Report dated May 22, 2019, TSV has a Financial Strength Rating of "B++" with a stable outlook and an Issuer Credit Rating of "bbb+" with a stable outlook.

**GROWTH OF THE COMPANY**

The following information was obtained from the Company's filed Annual Statements and covers the past five years through December 31, 2017. No financial adjustments were made as a result of the examination.

Year	Admitted Assets	Liabilities	Capital Stock	Contributed Surplus	Surplus Notes	Unassigned Surplus
2013	\$512,977,598	\$451,246,753	\$3,000,000	\$22,060,000	\$208,500,000	\$7,540,457
2014	553,511,108	487,111,961	3,000,000	22,060,000	19,250,000	20,478,080
2015	572,178,530	513,065,806	3,000,000	22,060,000	10,250,000	23,802,724

Year	Admitted Assets	Liabilities	Capital Stock	Contributed Surplus	Surplus Notes	Unassigned Surplus
2016	601,800,264	539,762,766	3,000,000	22,060,000	5,750,000	31,227,498
2017	637,859,826	570,758,515	3,000,000	22,060,000	0	\$42,041,311

## REINSURANCE

### ASSUMED REINSURANCE

The Company completed an assumption reinsurance agreement with TSB during 2014 after obtaining approval of the OCI. The Company assumed the entire life block of business from Puerto Rico and the U.S. Virgin Islands. In accordance with SSAP 61R, the transaction is not an economic transaction and therefore neither the ceding, nor the assuming entity recognized any gain or loss. There was no cash paid for the business. TSB transferred to TSV the statutory liabilities related to the block of business ceded. The assets are classified as a deferred asset of \$3,919,626 and amortized over 10 years. For the year ended December 31, 2017, the amortization of the remaining balance for this transaction was \$391,962.

### CEDED REINSURANCE

In the normal course of business, the Company limits its exposure that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk mainly with the following reinsurers: Swiss Re, Optimum Re, Hartford Re and Reliance Standard Life.

Home Service	Group Life	Ordinary Life	Group Long-Term Disability
Excess of Loss over \$50,000	50% Quota Share	Excess of Loss over \$200,000	65% Quota Share
	Excess of Loss over \$200,000	100% of Accidental Death	

### ACCOUNTS AND RECORDS

The accounts and records review included an assessment of the Company's risk management process for identifying and controlling risks in key operational areas. In making the assessment for each key area, processes were reviewed, risks were identified and controls were identified and tested. The Company's methodology for assessing the effectiveness of the established mitigation factors was also evaluated.

INS Services, Inc. performed a review and assessment of the Company's information systems and the related control environment. There were no reportable examination findings with respect to the Company's information technology systems and controls.

### FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Office of the Commissioner of Insurance of Puerto Rico and present the financial condition of the Company for the period ending December 31, 2017. The accompanying notes on financial statements reflect no adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

Triple-S Vida, Inc.  
ASSETS  
DECEMBER 31, 2017

	<u>Per Company</u>	<u>Adjustments</u>	<u>Per Examination</u>
Bonds	\$459,199,035		\$459,199,035.00
Common Stocks	100,809,782.00		100,809,782.00
Cash	9,670,270.00		9,670,270.00
Contract loans	9,046,386.00		9,046,386.00
Investment income due and accrued	7,033,680.00		7,033,680.00
Uncollected premiums and agents' balances in the course of collection (Note 1)	3,666,818.00		3,666,818.00
Deferred premiums, agents' balances and installments booked but deferred and not yet due (Note 1)	24,081,626.00		24,081,626.00
Amounts recoverable from reinsurers	15,362,044.00		15,362,044.00
Current federal and foreign income tax recoverable and interest thereon	1,783,253.00		1,783,253.00
Electronic data processing equipment and software	430,692.00		430,692.00
Receivable from parent, subsidiaries and affiliates	4,423,489.00		4,423,489.00
Other assets	976.00		976.00
Deferred asset on assumed reinsurance	2,351,775.00		2,351,775.00
Total assets	<u>\$637,859,826</u>	<u>\$0</u>	<u>\$637,859,826</u>

**Triple-S Vida, Inc.**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**  
**DECEMBER 31, 2017**

	<u>Per</u>	<u>Adjustments</u>	<u>Per</u>
	<u>Company</u>		<u>Examination</u>
Aggregate reserve for life contracts	\$439,429,970	\$0	\$439,429,970
Aggregate reserve for accident and health	52,704,024		52,704,024
Life claims	10,513,644		10,513,644
Accident and health claims	29,645,799		29,645,799
Premiums and annuity considerations received in advance	213,121		213,121
Other amounts payable on assumed reinsurance	1,819,827		1,819,827
Interest Maintenance Reserve	2,389,147		2,369,896
Commissions to agents due or accrued	2,936,333		2,936,333
Commissions and allowances reinsurance assumed	1,415,468		1,415,468
General expenses due or accrued	4,902,800		4,902,800
Taxes, licenses and fees due or accrued	1,652,650		1,652,650
Current federal and foreign incomes taxes	532,369		532,369
Net deferred tax liability	1,905,128		1,905,128
Amounts withheld or retained by company as agent	514,370		514,370
Asset valuation reserve	13,398,177		13,398,177
Payable to parent, subsidiaries or affiliates	4,729,118		4,729,118
Unclaimed funds	1,315,017		1,315,017
Other payables	741,552		741,552
<b>Total Liabilities</b>	<b>\$570,785,515</b>	<b>\$0</b>	<b>\$570,739,263</b>
Common capital stock	3,000,000		3,000,000
Gross paid in and contributed surplus	22,060,000		22,060,000
Unassigned funds	\$42,041,311		42,060,563
Surplus	64,101,311		67,120,563
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$637,859,826</b>	<b>\$0</b>	<b>\$637,859,826</b>

**Triple-S Vida, Inc.**  
**SUMMARY OF OPERATIONS**  
**DECEMBER 31, 2017**

	<u>Per</u> <u>Company</u>
Premiums and annuity considerations for life and accident and health	\$169,592,782
Net investment income	24,537,449
Amortization of Interest Maintenance Reserve	1,462,365
Charges and fees for deposit-type contracts	557,464
Miscellaneous income	28,754
Totals	<u>\$196,178,814</u>
Death benefits	26,925,783
Matured endowments	770,942
Annuity benefits	1,369,877
Disability benefits and benefits under accident and health contracts	36,176,402
Surrender benefits and withdrawals for life contracts	22,347,960
Increase in aggregate reserves for life and accident and health contracts	17,471,331
Totals	<u>\$105,062,295</u>
Commissions on premiums, annuity considerations	38,311,762
Commissions and expense allowances on reinsurance assumed	805,018
General insurance expenses	35,036,198
Insurance taxes, licenses and fees, excluding federal income taxes	5,457,259
Increase in loading on deferred and uncollected premiums	(137,599)
Interest paid on surplus note	239,362
Amortization of deferred asset on assumed reinsurance	391,963
Totals	<u>\$185,166,258</u>
Net gain from operations	11,012,556
Federal and foreign income taxes incurred	876,092
Net gain from operations after federal and foreign income taxes	<u>\$10,136,464</u>
Net realized capital gains	758,131
Net income	<u>\$10,894,595</u>

**Capital And Surplus Account**

Capital and surplus, prior years	\$62,037,499
Net income	10,894
Change in net unrealized capital gains	6,575,393
Change in net deferred income tax	(2,311,816)
Change in nonadmitted assets	1,232,664
Change in asset valuation reserve	(3,783,266)
Change in surplus notes	(5,750,000)
Equity and surplus pickup subsidiary	(1,793,758)
Net change in capital and surplus	<u>5,063,812</u>
Capital and surplus	<u><u>\$67,101,311</u></u>



TRIPLE-S VIDA, INC.  
COMPARATIVE ANALYSIS OF CHANGES IN SURPLUS  
DECEMBER 31, 2017

Total Capital and Surplus  
December 31, 2017, Per Annual Statement \$67,101,311

	PER	PER	INCREASE
	<u>COMPANY</u>	<u>EXAM</u>	(DECREASE)
			<u>IN SURPLUS</u>
ASSETS	\$637,859,826	\$637,859,826	\$ -
LIABILITIES	\$570,785,515	\$570,785,515	\$ -
Net Change in Surplus			\$ -
Total Capital and Surplus December 31, 2017, Per Examination			<u>\$67,101,311</u>

NOTES ON FINANCIAL STATEMENTS

NOTE 1: ACTUARIAL REVIEW

Aggregate reserve for life contracts	\$439,429,970
Aggregate reserve for accident and health contracts	52,704,024
Contract claims: Life	10,513,644
Contract claims: Accident and health	29,645,799
Uncollected premiums and agent's balances in course of collection	3,666,818
Deferred premiums agents' balances and installments booked but deferred and not yet due	24,081,626

The OCI retained the services of INS Consultants, Inc. (INS), to conduct an independent review of the Company's liabilities listed above as of December 31, 2017. The consulting actuary's analysis was performed using a risk-focused approach according to the guidelines contained in the NAIC Handbook. The conclusions set forth in the consulting actuary's report were based on information provided by the Company, including the 2017 Annual Statement. The Statement of Actuarial Opinion and Actuarial Memorandum for 2017 were prepared by the Company and signed by the appointed actuary, Steve Griffith, FSA, MAAA, a principal and consulting actuary with the firm of Griffith, Ballard & Company. The Actuarial Opinion was prepared and submitted timely in accordance with Section of Rule No. 96 the CPR.

Based on the work performed, the consulting actuary found the Company's liabilities provision for aggregate reserve for life contracts, aggregate reserve for accident and health contracts, life contract claims, and accident and health contract claims were

adequate. In addition, INS verified the liabilities comply with actuarial standards, and the methodologies appeared reasonable.

**NOTE 2: TOTAL CAPITAL AND SURPLUS**

The total capital and surplus of \$67,074,311 at December 31, 2017, as determined by this examination, is the same as the amount reported by the Company on its 2017 Annual Statement.

**SUBSEQUENT EVENTS**

No subsequent events or transactions that occurred after the December 31, 2017 examination date were noted that would have had a material effect on TSV's Financial Statements.

## SUMMARY OF RECOMMENDATIONS

### **FAILURE TO COMPLY WITH ARTICLE 7 OF RULE NO. 76 OF THE CPR**

We recommend the Company to obtain an opinion from a certified information systems auditor to the effect that the electronic storage system used meets the requirements of the Code and this Rule.

### **FAILURE TO COMPLY WITH ARTICLE 3.151 OF THE CPR**

We recommend the Company maintain the required statutory deposit.

### **FAILURE TO COMPLY WITH ARTICLE 6.040(3) OF THE CPR**

We recommend the Investment Committee receive and review investment transaction reports at least every three months.

### **FAILURE TO COMPANY WITH RULE 1-A**

We recommended that the Company respond to all requests during an examination within the time stipulated as required by Rule I-A of the Insurance Code of Puerto Rico.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Triple-S Vida, Inc. as of December 31, 2017, consistent with the insurance laws of the Office of the Commissioner of Insurance of Puerto Rico.

The examiners wish to express their appreciation for the cooperation extended by the officers and employees of the Company during the course of the examination.

In addition to the undersigned, Carolyn Maynard; Colette Sawyer, CFE, CPM, MSA, MCM; Stephen Feliu; and Barry M. Lupus, CFE, CPA, CFE (fraud), Examination Manager, of INS Regulatory Insurance Services, Inc. participated in this examination. Additionally, Peggy Hermann, FSA, MAAA, of INS Consultants, Inc. participated in the actuarial portion of the examination. John Albertini, MBA, CISO, CISA, CISM, CISSP, CHSS, CDFE, and David Gordon, MBA, CISA, CIA, CBA, CFE (Fraud), of INS Services, Inc. participated in the Information Technology General Controls portion of the examination. Yajaira M. Torres Martínez, Examiner of the Office of the Commissioner of Insurance of Puerto Rico, participated in the compliance portion of the examination. Respectfully submitted,



Patricia G. Neesham, CFE  
Examiner-in-Charge  
INSRIS-PR, LLC



Carla M. Colón León  
Exams Supervisor  
Commissioner of Insurance of Puerto Rico