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# ANNUAL STATEMENT

**For the Year Ended December 31, 2017**

of the Condition and Affairs of the

# INTEGRAND Assurance Company

NAIC Group Code..... 0, 0 (Current Period) (Prior Period) NAIC Company Code..... 26778 Employer's ID Number..... 66-0317672

Organized under the Laws of PR State of Domicile or Port of Entry PR Country of Domicile US

Incorporated/Organized..... December 21, 1972 Commenced Business..... July 1, 1973

Statutory Home Office Franklin D. Roosevelt Avenue, Ensenada Corner….. San Juan ..... PR ..... ..... 00920
*(Street and Number) (City or Town, State, Country and Zip Code)*

Main Administrative Office Franklin D. Roosevelt Avenue, Ensenada Corner….. San Juan ..... PR ..... ..... 00920787-781-0707 -200
*(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)*

Mail Address PO Box 70128….. San Juan ..... PR ..... ..... 00936-8128
*(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*

Primary Location of Books and Records Franklin D. Roosevelt Avenue, Ensenada Corner….. San Juan ..... PR ..... ..... 00920787-781-0707 -200
*(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)*

Internet Web Site Address www.integrand-pr.com

Statutory Statement Contact Maria A. Contreras 787-781-0707
*(Name) (Area Code) (Telephone Number) (Extension)*
mariacontreras@integrand-pr.com 1-866-620-4223
*(E-Mail Address) (Fax Number)*

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| 1. Victor Jose Salgado Jr | President | 2. Ana Maria Salgado | Secretary |
| 3. Ana Maria Salgado | Treasurer | 4. | |

## OTHER

Carmen Esther Navas
Maria A. Contreras
Javier Enrique Muniz

## DIRECTORS OR TRUSTEES

Victor Jose Salgado Micheo Chairman
Ana Maria Salgado Micheo
Mariana Martinez Mattei
Jose Gil de Lamadrid
Maria Eugenia Rosas Salgado

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.

| (Signature) | (Signature) | (Signature) |
|---|---|---|
| Victor Jose Salgado Jr | Ana Maria Salgado | Ana Maria Salgado |
| 1. (Printed Name) | 2. (Printed Name) | 3. (Printed Name) |
| President | Secretary | Treasurer |
| (Title) | (Title) | (Title) |

Subscribed and sworn to before me
This _____ day of _____ 2018

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

# ASSETS

| | Current Year 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | Prior Year 4 Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds (Schedule D) | 66,801,296 | | 66,801,296 | 67,974,652 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | | | 0 | |
| 2.2 Common stocks | 6,871,146 | | 6,871,146 | 6,456,665 |
| 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) | 6,000,546 | | 6,000,546 | 6,109,540 |
| 4.2 Properties held for the production of income (less $.....0 encumbrances) | | | 0 | |
| 4.3 Properties held for sale (less $.....0 encumbrances) | | | 0 | |
| 5. Cash ($.....26,893,162, Schedule E-Part 1), cash equivalents ($.....0, Schedule E-Part 2) and short-term investments ($.....8,678,564, Schedule DA) | 35,571,726 | | 35,571,726 | 29,380,845 |
| 6. Contract loans (including $.....0 premium notes) | | | 0 | |
| 7. Derivatives (Schedule DB) | | | 0 | |
| 8. Other invested assets (Schedule BA) | | | 0 | |
| 9. Receivables for securities | | | 0 | |
| 10. Securities lending reinvested collateral assets (Schedule DL) | | | 0 | |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 115,244,714 | 0 | 115,244,714 | 109,921,702 |
| 13. Title plants less $.....0 charged off (for Title insurers only) | | | 0 | |
| 14. Investment income due and accrued | 340,706 | | 340,706 | 509,540 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 14,062,923 | 796,439 | 13,266,484 | 6,601,229 |
| 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) and contracts subject to redetermination ($.....0) | | | 0 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 82,510 | | 82,510 | 90,470 |
| 16.2 Funds held by or deposited with reinsured companies | | | 0 | |
| 16.3 Other amounts receivable under reinsurance contracts | | | 0 | |
| 17. Amounts receivable relating to uninsured plans | | | 0 | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | |
| 18.2 Net deferred tax asset | 4,904,669 | | 4,904,669 | 4,037,277 |
| 19. Guaranty funds receivable or on deposit | | | 0 | |
| 20. Electronic data processing equipment and software | 358,741 | | 358,741 | 31,349 |
| 21. Furniture and equipment, including health care delivery assets ($.....0) | 128,936 | 128,936 | 0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | |
| 23. Receivables from parent, subsidiaries and affiliates | 128 | | 128 | (4,157) |
| 24. Health care ($.....0) and other amounts receivable | | | 0 | |
| 25. Aggregate write-ins for other-than-invested assets | 2,686,902 | 15,984 | 2,670,918 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 137,810,229 | 941,359 | 136,868,870 | 121,187,410 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | |
| 28. TOTAL (Lines 26 and 27) | 137,810,229 | 941,359 | 136,868,870 | 121,187,410 |

**DETAILS OF WRITE-INS**

| | | | | |
|---|---|---|---|---|
| 1101. | | | 0 | |
| 1102. | | | 0 | |
| 1103. | | | 0 | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 | 0 |
| 2501. Loans on Personal Securities & Other Items | 10,656 | 10,656 | 0 | |
| 2502. JUA Dividend Receivable | 2,670,918 | | 2,670,918 | |
| 2503. Leasehold Improvements | 5,328 | 5,328 | 0 | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 2,686,902 | 15,984 | 2,670,918 | 0 |

# LIABILITIES, SURPLUS AND OTHER FUNDS

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 1. | Losses (Part 2A, Line 35, Column 8) | 19,429,390 | 17,690,063 |
| 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) | 2,581,000 | 2,581,000 |
| 4. | Commissions payable, contingent commissions and other similar charges | 200,910 | 249,035 |
| 5. | Other expenses (excluding taxes, licenses and fees) | 1,732,785 | 1,057,224 |
| 6. | Taxes, licenses and fees (excluding federal and foreign income taxes) | | |
| 7.1 | Current federal and foreign income taxes (including $.....0 on realized capital gains (losses)) | (136,047) | (68,640) |
| 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 $.....6,888,899 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) | 31,231,936 | 29,069,597 |
| 10. | Advance premium | 1,701,008 | 1,916,782 |
| 11. | Dividends declared and unpaid: | | |
| | 11.1 Stockholders | | |
| | 11.2 Policyholders | | |
| 12. | Ceded reinsurance premiums payable (net of ceding commissions) | 16,574,545 | 675,151 |
| 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 | 758,295 | 590,571 |
| 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 | 8,052,042 | 1,338,889 |
| 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 | 4,024,287 | 4,202,822 |
| 26. | Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 86,150,151 | 59,302,494 |
| 27. | Protected cell liabilities | | |
| 28. | Total liabilities (Lines 26 and 27) | 86,150,151 | 59,302,494 |
| 29. | Aggregate write-ins for special surplus funds | 0 | 8,707,107 |
| 30. | Common capital stock | 3,000,000 | 3,000,000 |
| 31. | Preferred capital stock | | |
| 32. | Aggregate write-ins for other-than-special surplus funds | 0 | 0 |
| 33. | Surplus notes | | |
| 34. | Gross paid in and contributed surplus | 5,950,000 | 5,950,000 |
| 35. | Unassigned funds (surplus) | 41,768,719 | 44,227,809 |
| 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) | 50,718,719 | 61,884,916 |
| 38. | TOTAL (Page 2, Line 28, Col. 3) | 136,868,870 | 121,187,410 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 2501. | Municipality Liability | 4,042,315 | 4,220,834 |
| 2502. | Unearned portion of amount recovered pursuant to Article 38.160 of the Insurance Code of Puerto Rico | (18,028) | (18,012) |
| 2503. | | | |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 |
| 2599. | Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 4,024,287 | 4,202,822 |
| 2901. | Reserve for catastrophe insurance losses pursuant to chapter 25 of insurance code of puerto Rico | | 8,707,107 |
| 2902. | | | |
| 2903. | | | |
| 2998. | Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 |
| 2999. | Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 0 | 8,707,107 |
| 3201. | | | |
| 3202. | | | |
| 3203. | | | |
| 3298. | Summary of remaining write-ins for Line 32 from overflow page | 0 | 0 |
| 3299. | Totals (Lines 3201 through 3203 plus 3298) (Line 32 above) | 0 | 0 |

# STATEMENT OF INCOME

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| | **UNDERWRITING INCOME** | | |
| 1. | Premiums earned (Part 1, Line 35, Column 4) | 45,237,575 | 43,567,593 |
| | DEDUCTIONS: | | |
| 2. | Losses incurred (Part 2, Line 35, Column 7) | 22,617,401 | 22,170,405 |
| 3. | Loss adjustment expenses incurred (Part 3, Line 25, Column 1) | 6,326,671 | 5,685,771 |
| 4. | Other underwriting expenses incurred (Part 3, Line 25, Column 2) | 16,200,554 | 15,703,130 |
| 5. | Aggregate write-ins for underwriting deductions | 0 | 0 |
| 6. | Total underwriting deductions (Lines 2 through 5) | 45,144,626 | 43,559,306 |
| 7. | Net income of protected cells | | |
| 8. | Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) | 92,949 | 8,287 |
| | **INVESTMENT INCOME** | | |
| 9. | Net investment income earned (Exhibit of Net Investment Income, Line 17) | 2,753,173 | 3,771,938 |
| 10. | Net realized capital gains (losses) less capital gains tax of $.....0 (Exhibit of Capital Gains (Losses)) | (1,325) | 250 |
| 11. | Net investment gain (loss) (Lines 9 + 10) | 2,751,848 | 3,772,188 |
| | **OTHER INCOME** | | |
| 12. | Net gain (loss) from agents' or premium balances charged off (amount recovered $.....836 amount charged off $.....0) | 836 | |
| 13. | Finance and service charges not included in premiums | | |
| 14. | Aggregate write-ins for miscellaneous income | 5,075,369 | 5,936 |
| 15. | Total other income (Lines 12 through 14) | 5,076,205 | 5,936 |
| 16. | Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 7,921,002 | 3,786,411 |
| 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) | 7,921,002 | 3,786,411 |
| 19. | Federal and foreign income taxes incurred | | |
| 20. | Net income (Line 18 minus Line 19) (to Line 22) | 7,921,002 | 3,786,411 |
| | **CAPITAL AND SURPLUS ACCOUNT** | | |
| 21. | Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) | 61,884,916 | 59,816,018 |
| 22. | Net income (from Line 20) | 7,921,002 | 3,786,411 |
| 23. | Net transfers (to) from Protected Cell accounts | | |
| 24. | Change in net unrealized capital gains or (losses) less capital gains tax of $.....0 | (8,178,095) | (1,666,695) |
| 25. | Change in net unrealized foreign exchange capital gain (loss) | | |
| 26. | Change in net deferred income tax | 867,393 | (207,535) |
| 27. | Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) | (7,655) | 144,717 |
| 28. | Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) | | 12,000 |
| 29. | Change in surplus notes | | |
| 30. | Surplus (contributed to) withdrawn from Protected Cells | | |
| 31. | Cumulative effect of changes in accounting principles | | |
| 32. | Capital changes: | | |
| | 32.1 Paid in | | |
| | 32.2 Transferred from surplus (Stock Dividend) | | |
| | 32.3 Transferred to surplus | | |
| 33. | Surplus adjustments: | | |
| | 33.1 Paid in | | |
| | 33.2 Transferred to capital (Stock Dividend) | | |
| | 33.3. Transferred from capital | | |
| 34. | Net remittances from or (to) Home Office | | |
| 35. | Dividends to stockholders | (3,500,000) | |
| 36. | Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) | | |
| 37. | Aggregate write-ins for gains and losses in surplus | (8,268,842) | 0 |
| 38. | Change in surplus as regards policyholders for the year (Lines 22 through 37) | (11,166,197) | 2,068,898 |
| 39. | Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) | 50,718,719 | 61,884,916 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 0501. | | | |
| 0502. | | | |
| 0503. | | | |
| 0598. | Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 |
| 0599. | Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | 0 | 0 |
| 1401. | Miscellaneous profit and loss items | 5,075,369 | 5,936 |
| 1402. | | | |
| 1403. | | | |
| 1498. | Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 |
| 1499. | Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 5,075,369 | 5,936 |
| 3701. | CAT Reserve Reduction hurracaines's retentionj | (8,268,842) | |
| 3702. | | | |
| 3703. | | | |
| 3798. | Summary of remaining write-ins for Line 37 from overflow page | 0 | 0 |
| 3799. | Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | (8,268,842) | 0 |

# CASH FLOW

| | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|
| **CASH FROM OPERATIONS** | | |
| 1. Premiums collected net of reinsurance | 56,442,915 | 45,388,185 |
| 2. Net investment income | 2,922,007 | 3,746,439 |
| 3. Miscellaneous income | 5,076,205 | 5,936 |
| 4. Total (Lines 1 through 3) | 64,441,127 | 49,140,560 |
| 5. Benefit and loss related payments | 20,870,114 | 22,116,992 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 22,575,350 | 22,525,769 |
| 8. Dividends paid to policyholders | | |
| 9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses) | 67,406 | |
| 10. Total (Lines 5 through 9) | 43,512,870 | 44,642,761 |
| 11. Net cash from operations (Line 4 minus Line 10) | 20,928,257 | 4,497,799 |
| **CASH FROM INVESTMENTS** | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 1,500,000 | 12,202,324 |
| 12.2 Stocks | | 333,049 |
| 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 | (1,325) | (1,211) |
| 12.7 Miscellaneous proceeds | 127,841 | 130,125 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 1,626,516 | 12,664,287 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 6,137,445 | 15,115,086 |
| 13.2 Stocks | 2,860,297 | 3,295,098 |
| 13.3 Mortgage loans | | |
| 13.4 Real estate | 18,846 | |
| 13.5 Other invested assets | | |
| 13.6 Miscellaneous applications | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 9,016,588 | 18,410,184 |
| 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) | (7,390,072) | (5,745,897) |
| **CASH FROM FINANCING AND MISCELLANEOUS SOURCES** | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | | |
| 16.2 Capital and paid in surplus, less treasury stock | | |
| 16.3 Borrowed funds | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | (178,519) | (843,700) |
| 16.5 Dividends to stockholders | 3,500,000 | |
| 16.6 Other cash provided (applied) | (3,668,785) | 1,615,852 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | (7,347,304) | 772,152 |
| **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 6,190,881 | (475,946) |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 29,380,845 | 29,856,791 |
| 19.2 End of year (Line 18 plus Line 19.1) | 35,571,726 | 29,380,845 |

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

| | | |
|---|---|---|
| 20.0001 | | |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

| | Line of Business | 1<br>Net Premiums Written per Column 6, Part 1B | 2<br>Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1 | 3<br>Unearned Premiums December 31 Current Year- per Col. 5, Part 1A | 4<br>Premiums Earned During Year (Cols. 1 + 2 - 3) |
|---|---|---|---|---|---|
| 1. | Fire | 737,420 | 672,098 | 558,697 | 850,821 |
| 2. | Allied lines | 337,748 | 995,668 | 1,185,023 | 148,393 |
| 3. | Farmowners multiple peril | 0 | | 0 | 0 |
| 4. | Homeowners multiple peril | 6,080 | 14,300 | 12,694 | 7,686 |
| 5. | Commercial multiple peril | 18,116,969 | 13,391,689 | 14,564,674 | 16,943,984 |
| 6. | Mortgage guaranty | 0 | | 0 | 0 |
| 8. | Ocean marine | (187,618) | 55,329 | 48,513 | (180,802) |
| 9. | Inland marine | 174,151 | 162,010 | 133,545 | 202,616 |
| 10. | Financial guaranty | 0 | | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | | 0 | 0 |
| 11.2 | Medical professional liability - claims-made | 0 | | 0 | 0 |
| 12. | Earthquake | 1,270,568 | 1,220,140 | 1,369,853 | 1,120,855 |
| 13. | Group accident and health | 1,121,496 | | 0 | 1,121,496 |
| 14. | Credit accident and health (group and individual) | 0 | | 0 | 0 |
| 15. | Other accident and health | 0 | | 0 | 0 |
| 16. | Workers' compensation | 0 | | 0 | 0 |
| 17.1 | Other liability - occurrence | 2,749,882 | 1,744,021 | 1,752,544 | 2,741,359 |
| 17.2 | Other liability - claims-made | 0 | | 0 | 0 |
| 17.3 | Excess workers' compensation | 0 | | 0 | 0 |
| 18.1 | Products liability - occurrence | 103,441 | 72,049 | 62,572 | 112,918 |
| 18.2 | Products liability - claims-made | 0 | | 0 | 0 |
| 19.1, 19.2 | Private passenger auto liability | 12,286,531 | 5,443,985 | 5,570,456 | 12,160,060 |
| 19.3, 19.4 | Commercial auto liability | 5,892,806 | 2,495,467 | 3,268,196 | 5,120,077 |
| 21. | Auto physical damage | 3,846,285 | 2,724,488 | 2,619,389 | 3,951,384 |
| 22. | Aircraft (all perils) | 0 | | 0 | 0 |
| 23. | Fidelity | 11,211 | 7,176 | 5,432 | 12,955 |
| 24. | Surety | 130,194 | 65,905 | 72,988 | 123,111 |
| 26. | Burglary and theft | 19,484 | 6,455 | 8,427 | 17,512 |
| 27. | Boiler and machinery | (3,027) | (1,183) | (1,068) | (3,142) |
| 28. | Credit | 0 | | 0 | 0 |
| 29. | International | 0 | | 0 | 0 |
| 30. | Warranty | 0 | | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | 0 | | 0 | 0 |
| 32. | Reinsurance - nonproportional assumed liability | 0 | | 0 | 0 |
| 33. | Reinsurance - nonproportional assumed financial lines | 0 | | 0 | 0 |
| 34. | Aggregate write-ins for other lines of business | 786,292 | 0 | 0 | 786,292 |
| 35. | TOTALS | 47,399,913 | 29,069,597 | 31,231,936 | 45,237,574 |

### DETAILS OF WRITE-INS

| | | | | | |
|---|---|---|---|---|---|
| 3401. | | 786,292 | | 0 | 786,292 |
| 3402. | | 0 | | 0 | 0 |
| 3403. | | 0 | | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 786,292 | 0 | 0 | 786,292 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

| | Line of Business | 1<br>Amount Unearned (Running One Year or Less from Date of Policy) (a) | 2<br>Amount Unearned (Running More Than One Year from Date of Policy) (a) | 3<br>Earned But Unbilled Premium | 4<br>Reserve for Rate Credits and Retrospective Adjustments Based on Experience | 5<br>Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4 |
|---|---|---|---|---|---|---|
| 1. | Fire | 437,557 | 121,140 | | | 558,697 |
| 2. | Allied lines | 1,115,036 | 69,987 | | | 1,185,023 |
| 3. | Farmowners multiple peril | | | | | 0 |
| 4. | Homeowners multiple peril | 12,694 | | | | 12,694 |
| 5. | Commercial multiple peril | 14,564,674 | | | | 14,564,674 |
| 6. | Mortgage guaranty | | | | | 0 |
| 8. | Ocean marine | 48,513 | | | | 48,513 |
| 9. | Inland marine | 130,652 | 2,893 | | | 133,545 |
| 10. | Financial guaranty | | | | | 0 |
| 11.1 | Medical professional liability - occurrence | | | | | 0 |
| 11.2 | Medical professional liability - claims-made | | | | | 0 |
| 12. | Earthquake | 1,246,605 | 123,248 | | | 1,369,853 |
| 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 | 1,751,997 | 547 | | | 1,752,544 |
| 17.2 | Other liability - claims-made | | | | | 0 |
| 17.3 | Excess workers' compensation | | | | | 0 |
| 18.1 | Products liability - occurrence | 62,572 | | | | 62,572 |
| 18.2 | Products liability - claims-made | | | | | 0 |
| 19.1, 19.2 | Private passenger auto liability | 5,570,391 | 65 | | | 5,570,456 |
| 19.3, 19.4 | Commercial auto liability | 3,263,629 | 4,567 | | | 3,268,196 |
| 21. | Auto physical damage | 2,623,606 | (4,217) | | | 2,619,389 |
| 22. | Aircraft (all perils) | | | | | 0 |
| 23. | Fidelity | 5,432 | | | | 5,432 |
| 24. | Surety | 71,031 | 1,957 | | | 72,988 |
| 26. | Burglary and theft | 8,427 | | | | 8,427 |
| 27. | Boiler and machinery | (1,068) | | | | (1,068) |
| 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 | 30,911,749 | 320,187 | 0 | 0 | 31,231,936 |
| 36. | Accrued retrospective premiums based on experience | | | | | |
| 37. | Earned but unbilled premiums | | | | | 0 |
| 38. | Balance (sum of Lines 35 through 37) | | | | | 31,231,936 |

### 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 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 |

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

| | Line of Business | 1<br>Direct Business (a) | Reinsurance Assumed<br>2<br>From Affiliates | <br>3<br>From Non-Affiliates | Reinsurance Ceded<br>4<br>To Affiliates | <br>5<br>To Non-Affiliates | 6<br>Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5) |
|---|---|---|---|---|---|---|---|
| 1. | Fire | 1,712,167 | | | | 974,747 | 737,420 |
| 2. | Allied lines | 2,552,893 | | | | 2,215,145 | 337,748 |
| 3. | Farmowners multiple peril | | | | | | 0 |
| 4. | Homeowners multiple peril | 28,947 | | | | 22,867 | 6,080 |
| 5. | Commercial multiple peril | 32,116,797 | | | | 13,999,828 | 18,116,969 |
| 6. | Mortgage guaranty | | | | | | 0 |
| 8. | Ocean marine | 386,721 | | | | 574,339 | (187,618) |
| 9. | Inland marine | 373,019 | | | | 198,868 | 174,151 |
| 10. | Financial guaranty | | | | | | 0 |
| 11.1 | Medical professional liability - occurrence | | | | | | 0 |
| 11.2 | Medical professional liability - claims-made | | | | | | 0 |
| 12. | Earthquake | 2,881,188 | | | | 1,610,620 | 1,270,568 |
| 13. | Group accident and health | 1,121,496 | | | | | 1,121,496 |
| 14. | Credit accident and health (group and individual) | | | | | | 0 |
| 15. | Other accident and health | | | | | | 0 |
| 16. | Workers' compensation | | | | | | 0 |
| 17.1 | Other liability - occurrence | 3,058,868 | | | | 308,986 | 2,749,882 |
| 17.2 | Other liability - claims-made | | | | | | 0 |
| 17.3 | Excess workers' compensation | | | | | | 0 |
| 18.1 | Products liability - occurrence | 116,733 | | | | 13,292 | 103,441 |
| 18.2 | Products liability - claims-made | | | | | | 0 |
| 19.1, 19.2 | Private passenger auto liability | 12,328,370 | | | | 41,839 | 12,286,531 |
| 19.3, 19.4 | Commercial auto liability | 6,164,181 | | | | 271,375 | 5,892,806 |
| 21. | Auto physical damage | 4,453,399 | | | | 607,114 | 3,846,285 |
| 22. | Aircraft (all perils) | | | | | | 0 |
| 23. | Fidelity | 12,700 | | | | 1,489 | 11,211 |
| 24. | Surety | 452,443 | | | | 322,249 | 130,194 |
| 26. | Burglary and theft | 21,494 | | | | 2,010 | 19,484 |
| 27. | Boiler and machinery | 21,239 | | | | 24,266 | (3,027) |
| 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 | 786,292 | 0 | 0 | 0 | 0 | 786,292 |
| 35. | TOTALS | 68,588,947 | 0 | 0 | 0 | 21,189,034 | 47,399,913 |

### DETAILS OF WRITE-INS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3401. | NATIONAL FLOOD | 786,292 | | | | | 786,292 |
| 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 through 3403 plus 3498) (Line 34 above) | 786,292 | 0 | 0 | 0 | 0 | 786,292 |

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

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

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

| | Line of Business | Losses Paid Less Salvage 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Recovered | 4 Net Payments (Cols. 1 + 2 - 3) | 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. | Fire | 160,039 | | 21,977 | 138,062 | 21,600 | 21,075 | 138,587 | 16.3 |
| 2. | Allied lines | 15,128,667 | | 13,635,774 | 1,492,893 | 613,166 | 100,947 | 2,005,112 | 1,351.2 |
| 3. | Farmowners multiple peril | | | | 0 | 0 | | 0 | 0.0 |
| 4. | Homeowners multiple peril | 130,941 | | 130,941 | 0 | 15,002 | | 15,002 | 195.2 |
| 5. | Commercial multiple peril | 54,499,724 | | 42,204,131 | 12,295,593 | 11,619,335 | 10,304,209 | 13,610,719 | 80.3 |
| 6. | Mortgage guaranty | | | | 0 | 0 | | 0 | 0.0 |
| 8. | Ocean marine | 400,615 | | 386,487 | 14,128 | 65 | 62 | 14,131 | (7.8) |
| 9. | Inland marine | 121,889 | | 22,955 | 98,934 | 38,474 | 79,475 | 57,933 | 28.6 |
| 10. | Financial guaranty | | | | 0 | 0 | | 0 | 0.0 |
| 11.1 | Medical professional liability - occurrence | | | | 0 | 0 | | 0 | 0.0 |
| 11.2 | Medical professional liability - claims-made | | | | 0 | 0 | | 0 | 0.0 |
| 12. | Earthquake | | | | 0 | 0 | | 0 | 0.0 |
| 13. | Group accident and health | 366,259 | | | 366,259 | 237,859 | 208,328 | 395,790 | 35.3 |
| 14. | Credit accident and health (group and individual) | | | | 0 | 0 | | 0 | 0.0 |
| 15. | Other accident and health | | | | 0 | 0 | | 0 | 0.0 |
| 16. | Workers' compensation | | | | 0 | 0 | | 0 | 0.0 |
| 17.1 | Other liability - occurrence | 380,960 | | 57,366 | 323,594 | 1,617,988 | 1,947,992 | (6,410) | (0.2) |
| 17.2 | Other liability - claims-made | | | | 0 | 0 | | 0 | 0.0 |
| 17.3 | Excess workers' compensation | | | | 0 | 0 | | 0 | 0.0 |
| 18.1 | Products liability - occurrence | | | | 0 | 4,000 | 4,000 | 0 | 0.0 |
| 18.2 | Products liability - claims-made | | | | 0 | 0 | | 0 | 0.0 |
| 19.1, 19.2 | Private passenger auto liability | 7,616,113 | | | 7,616,113 | 1,258,515 | 572,276 | 8,302,352 | 68.3 |
| 19.3, 19.4 | Commercial auto liability | 4,395,362 | | 346,013 | 4,049,349 | 3,558,526 | 4,014,508 | 3,593,367 | 70.2 |
| 21. | Auto physical damage | 3,299,471 | | 566,261 | 2,733,210 | 430,276 | 427,215 | 2,736,271 | 69.2 |
| 22. | Aircraft (all perils) | | | | 0 | 0 | | 0 | 0.0 |
| 23. | Fidelity | | | | 0 | 0 | | 0 | 0.0 |
| 24. | Surety | 65,163 | | 46,382 | 18,781 | 14,584 | 9,976 | 23,389 | 19.0 |
| 26. | Burglary and theft | | | | 0 | 0 | | 0 | 0.0 |
| 27. | Boiler and machinery | 1,196 | | 1,196 | 0 | 0 | | 0 | 0.0 |
| 28. | Credit | | | | 0 | 0 | | 0 | 0.0 |
| 29. | International | | | | 0 | 0 | | 0 | 0.0 |
| 30. | Warranty | | | | 0 | 0 | | 0 | 0.0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | | | 0 | 0 | | 0 | 0.0 |
| 32. | Reinsurance - nonproportional assumed liability | XXX | | | 0 | 0 | | 0 | 0.0 |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | | | 0 | 0 | | 0 | 0.0 |
| 34. | Aggregate write-ins for other lines of business | (8,268,842) | 0 | 0 | (8,268,842) | 0 | 0 | (8,268,842) | (1,051.6) |
| 35. | TOTALS | 78,297,557 | 0 | 57,419,483 | 20,878,074 | 19,429,390 | 17,690,063 | 22,617,401 | 50.0 |

**DETAILS OF WRITE-INS**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 3401. | Hurracaine Irma and Maria Retention Adjustment | (8,268,842) | | | (8,268,842) | 0 | | (8,268,842) | (1,051.6) |
| 3402. | | | | | 0 | 0 | | 0 | 0.0 |
| 3403. | | | | | 0 | 0 | | 0 | 0.0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | (8,268,842) | 0 | 0 | (8,268,842) | 0 | 0 | (8,268,842) | (1,051.6) |

# UNDERWRITING AND INVESTMENT EXHIBIT

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

| | | Reported Losses | | | | Incurred But Not Reported | | | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| | Line of Business | Direct | Reinsurance Assumed | Deduct Reinsurance Recoverable | Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | Direct | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. | Fire | 1,001 | | 301 | 700 | 22,358 | | 1,458 | 21,600 | |
| 2. | Allied lines | 27,783,291 | | 27,207,175 | 576,116 | 8,418,541 | | 8,381,491 | 613,166 | |
| 3. | Farmowners multiple peril | | | | 0 | | | | 0 | |
| 4. | Homeowners multiple peril | 199,406 | | 184,404 | 15,002 | 49,863 | | 49,863 | 15,002 | 5,000 |
| 5. | Commercial multiple peril | 105,834,933 | | 100,790,398 | 5,044,535 | 31,648,052 | | 25,073,252 | 11,619,335 | 922,000 |
| 6. | Mortgage guaranty | | | | 0 | | | | 0 | |
| 8. | Ocean marine | 800,006 | | 799,941 | 65 | 156,172 | | 156,172 | 65 | 2,000 |
| 9. | Inland marine | 649,828 | | 648,404 | 1,424 | 39,633 | | 2,583 | 38,474 | 3,000 |
| 10. | Financial guaranty | | | | 0 | | | | 0 | |
| 11.1 | Medical professional liability - occurrence | | | | 0 | | | | 0 | |
| 11.2 | Medical professional liability - claims-made | | | | 0 | | | | 0 | |
| 12. | Earthquake | | | | 0 | | | | 0 | |
| 13. | Group accident and health | 237,859 | | | 237,859 | 264,960 | | 264,960 | (a) 237,859 | 9,000 |
| 14. | Credit accident and health (group and individual) | | | | 0 | | | | 0 | |
| 15. | Other accident and health | | | | 0 | | | | (a) 0 | |
| 16. | Workers' compensation | | | | 0 | | | | 0 | 1,000 |
| 17.1 | Other liability - occurrence | 756,488 | | | 756,488 | 960,860 | | 99,360 | 1,617,988 | 495,000 |
| 17.2 | Other liability - claims-made | | | | 0 | | | | 0 | |
| 17.3 | Excess workers' compensation | | | | 0 | | | | 0 | |
| 18.1 | Products liability - occurrence | | | | 0 | 10,624 | | 6,624 | 4,000 | 1,000 |
| 18.2 | Products liability - claims-made | | | | 0 | | | | 0 | |
| 19.1, 19.2 | Private passenger auto liability | 187,515 | | | 187,515 | 1,087,560 | | 16,560 | 1,258,515 | 145,000 |
| 19.3, 19.4 | Commercial auto liability | 617,618 | | 92 | 617,526 | 3,537,160 | | 596,160 | 3,558,526 | 576,000 |
| 21. | Auto physical damage | 388,068 | | 80,392 | 307,676 | 241,329 | | 118,729 | 430,276 | 421,000 |
| 22. | Aircraft (all perils) | | | | 0 | | | | 0 | |
| 23. | Fidelity | | | | 0 | | | | 0 | |
| 24. | Surety | 81,309 | | 70,825 | 10,484 | 302,180 | | 298,080 | 14,584 | 1,000 |
| 26. | Burglary and theft | | | | 0 | | | | 0 | |
| 27. | Boiler and machinery | 804 | | 804 | 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 | 1,515,057 | 0 | 1,515,057 | 0 | 193,708 | 0 | 193,708 | 0 | 0 |
| 35. | TOTALS | 139,053,183 | 0 | 131,297,793 | 7,755,390 | 46,933,000 | 0 | 35,259,000 | 19,429,390 | 2,581,000 |

**DETAILS OF WRITE-INS**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 3401. | National Flood | 1,515,057 | | 1,515,057 | 0 | 193,708 | | 193,708 | 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 through 3403 plus 3498) (Line 34 above) | 1,515,057 | 0 | 1,515,057 | 0 | 193,708 | 0 | 193,708 | 0 | 0 |

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

| | 1<br>Loss Adjustment Expenses | 2<br>Other Underwriting Expenses | 3<br>Investment Expenses | 4<br>Total |
|---|---|---|---|---|
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | 2,853,074 | | | 2,853,074 |
| 1.2 Reinsurance assumed | | | | 0 |
| 1.3 Reinsurance ceded | 684,903 | | | 684,903 |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) | 2,168,171 | 0 | 0 | 2,168,171 |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct, excluding contingent | | 11,790,748 | | 11,790,748 |
| 2.2 Reinsurance assumed, excluding contingent | | | | 0 |
| 2.3 Reinsurance ceded, excluding contingent | | 4,443,773 | | 4,443,773 |
| 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 | 7,346,975 | 0 | 7,346,975 |
| 3. Allowances to manager and agents | | | | 0 |
| 4. Advertising | 317,091 | 2,853,815 | | 3,170,906 |
| 5. Boards, bureaus and associations | 34,713 | 312,413 | | 347,126 |
| 6. Surveys and underwriting reports | 1,203 | 10,827 | | 12,030 |
| 7. Audit of assureds' records | | | | 0 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | 3,267,670 | 3,785,534 | 57,697 | 7,110,901 |
| 8.2 Payroll taxes | 261,105 | 308,924 | | 570,029 |
| 9. Employee relations and welfare | 229,449 | 311,331 | | 540,780 |
| 10. Insurance | 34,094 | 306,846 | | 340,940 |
| 11. Directors' fees | 8,600 | 77,396 | | 85,996 |
| 12. Travel and travel items | 300,833 | 248,005 | | 548,838 |
| 13. Rent and rent items | 243,609 | 309,852 | | 553,461 |
| 14. Equipment | 48,904 | 79,638 | | 128,542 |
| 15. Cost or depreciation of EDP equipment and software | 83,948 | 755,536 | | 839,484 |
| 16. Printing and stationery | 16,604 | 88,325 | | 104,929 |
| 17. Postage, telephone and telegraph, exchange and express | 45,329 | 130,884 | | 176,213 |
| 18. Legal and auditing | 143,036 | 370,004 | | 513,040 |
| 19. Totals (Lines 3 to 18) | 5,036,187 | 9,949,330 | 57,697 | 15,043,214 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of $.....0 | 9,200 | 82,800 | | 92,000 |
| 20.2 Insurance department licenses and fees | 3,520 | 31,679 | | 35,199 |
| 20.3 Gross guaranty association assessments | | | | 0 |
| 20.4 All other (excluding federal and foreign income and real estate) | 101,764 | 402,672 | | 504,436 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) | 114,484 | 517,151 | 0 | 631,635 |
| 21. Real estate expenses | 12,436 | 111,920 | | 124,356 |
| 22. Real estate taxes | | | | 0 |
| 23. Reimbursements by uninsured plans | | | | 0 |
| 24. Aggregate write-ins for miscellaneous expenses | (1,004,607) | (1,724,822) | 0 | (2,729,429) |
| 25. Total expenses incurred | 6,326,671 | 16,200,554 | 57,697 | (a) 22,584,922 |
| 26. Less unpaid expenses - current year | 2,581,000 | 1,516,010 | | 4,097,010 |
| 27. Add unpaid expenses - prior year | 2,581,000 | 1,516,010 | | 4,097,010 |
| 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) | 6,326,671 | 16,200,554 | 57,697 | 22,584,922 |

### DETAILS OF WRITE-INS

| | | | | |
|---|---|---|---|---|
| 2401. OUTSIDE SERVICES | 106,066 | 273,947 | | 380,013 |
| 2402. MISCELLANEOUS EXPENSE | (1,110,673) | (1,998,769) | | (3,109,442) |
| 2403. | | | | 0 |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 0 | 0 | 0 | 0 |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) | (1,004,607) | (1,724,822) | 0 | (2,729,429) |

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

# EXHIBIT OF NET INVESTMENT INCOME

| | | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|---|---|---|
| 1. | U.S. government bonds | (a) 910,763 | 816,366 |
| 1.1 | Bonds exempt from U.S. tax | (a) 1,971,286 | 1,766,175 |
| 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) | 246,955 | 246,955 |
| 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) 22,419 | 105,729 |
| 7. | Derivative instruments | (f) | |
| 8. | Other invested assets | | |
| 9. | Aggregate write-ins for investment income | 0 | 0 |
| 10. | Total gross investment income | 3,151,423 | 2,935,225 |
| 11. | Investment expenses | | (g) 57,697 |
| 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) 124,355 |
| 15. | Aggregate write-ins for deductions from investment income | | 0 |
| 16. | Total deductions (Lines 11 through 15) | | 182,052 |
| 17. | Net investment income (Line 10 minus Line 16) | | 2,753,173 |

**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 through 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 through 1503 plus 1598) (Line 15 above) | | 0 |

(a) Includes $.....33,991 accrual of discount less $.....112,512 amortization of premium and less $.....0 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 $.....57,697 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 $.....124,355 depreciation on real estate and $.....0 depreciation on other invested assets.

# EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---|---|---|---|---|
| 1. | U.S. government bonds | | | 0 | | |
| 1.1 | Bonds exempt from U.S. tax | | | 0 | (5,732,280) | |
| 1.2 | Other bonds (unaffiliated) | | | 0 | | |
| 1.3 | Bonds of affiliates | | | 0 | | |
| 2.1 | Preferred stocks (unaffiliated) | | | 0 | | |
| 2.11 | Preferred stocks of affiliates | | | 0 | | |
| 2.2 | Common stocks (unaffiliated) | | | 0 | 51,133 | |
| 2.21 | Common stocks of affiliates | | | 0 | (2,496,948) | |
| 3. | Mortgage loans | | | 0 | | |
| 4. | Real estate | | | 0 | | |
| 5. | Contract loans | | | 0 | | |
| 6. | Cash, cash equivalents and short-term investments | (1,325) | | (1,325) | | |
| 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) | (1,325) | 0 | (1,325) | (8,178,095) | 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 through 0903 plus 0998) (Line 9 above) | 0 | 0 | 0 | 0 | 0 |

# EXHIBIT OF NONADMITTED ASSETS

| | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---|---|---|---|
| 1. Bonds (Schedule D) | | | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | | | 0 |
| 2.2 Common stocks | | | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | | | 0 |
| 3.2 Other than first liens | | | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | | | 0 |
| 4.2 Properties held for the production of income | | | 0 |
| 4.3 Properties held for sale | | | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) | | | 0 |
| 6. Contract loans | | | 0 |
| 7. Derivatives (Schedule DB) | | | 0 |
| 8. Other invested assets (Schedule BA) | | | 0 |
| 9. Receivables for securities | | | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | | | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 0 | 0 | 0 |
| 13. Title plants (for Title insurers only) | | | 0 |
| 14. Investment income due and accrued | | | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 796,439 | 821,075 | 24,636 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | | | 0 |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination | | | 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 | | | 0 |
| 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 | 128,936 | 102,526 | (26,410) |
| 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 | 15,985 | 10,103 | (5,882) |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25) | 941,360 | 933,704 | (7,656) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 |
| 28. TOTALS (Lines 26 and 27) | 941,360 | 933,704 | (7,656) |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 1101. Automobiles | | | 0 |
| 1102. Furniture and Equipment | | | 0 |
| 1103. Loans on Personal Security & Other Items | | | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 |
| 2501. Automobiles | | | 0 |
| 2502. Loans on Personal Security & Other Items | 10,656 | 10,103 | (553) |
| 2503. Leasehold Improvement | 5,329 | | (5,329) |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 15,985 | 10,103 | (5,882) |

# NOTES TO FINANCIAL STATEMENTS

**Note 1 – Summary of Significant Accounting Policies and Going Concern**

A. Accounting Practices

a. The accompanying financial statements have been prepared in conformity with accounting practices prescribed by Puerto Rico and the National Association of Insurance Commissioners.

| | SSAP # | F/S Page | F/S Line # | 2017 | 2016 |
|---|---|---|---|---|---|
| **NET INCOME** | | | | | |
| (1) INTEGRAND Assurance Company Company state basis (Page 4, Line 20, Columns 1 & 2) | XXX | XXX | XXX | $ 7,921,002 | $ 3,786,411 |
| (2) State Prescribed Practice that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ | $ |
| (3) State Permitted Practice that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ | $ |
| (4) NAIC SAP (1 – 2 – 3 = 4) | XXX | XXX | XXX | $ 7,921,002 | $ 3,786,411 |
| **SURPLUS** | | | | | |
| (5) INTEGRAND Assurance Company Company state basis (Page 3, line 37, Columns 1 & 2) | XXX | XXX | XXX | $ 50,718,719 | $ 61,884,916 |
| (6) State Prescribed Practice that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ | $ |
| (7) State Permitted Practice that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ | $ |
| (8) NAIC SAP (5 – 6 – 7 = 8) | XXX | XXX | XXX | $ 50,718,719 | $ 61,884,916 |

B. Use of Estimates in the Preparation of the Financial Statement

b. Use of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

c. Accounting Policy.

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct premiums.

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

(1) Basis for Short-Term Investments
Short-term investments are stated at amortized cost.

(2) Basis for Bonds and Amortization Schedule
Bonds are stated at amortized cost using the interest method.

(3) Basis for Common Stocks
Common Stocks are stated at market value.

(4) Basis for Preferred Stocks
Preferred Stocks are stated at market value

(5) Basis for Mortgage Loans
The Company has no mortgage loans.

(6) Basis for Loan-Backed Securities and Adjustment Methodology
Loan Backed Securities are stated at amortized cost.

(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities
Company owns all outstanding stocks of Key Insurance Agency Inc., and Intercontinental Insurance Agencies Inc., which are reported at book value.

# NOTES TO FINANCIAL STATEMENTS

(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities
The Company has no investments in joint ventures.

(9) Accounting Policies for Derivatives
The Company has no accounting policy for derivatives

(10) Anticipated Investment Income Used in Premium Deficiency Calculation
The Company does not utilizes anticipated investment income as a factor in the premium deficiency calculation

(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for A&H Contracts
Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates

and loss reports and an amount, based on past experience, for losses incurred but not reported. Such

liabilities are necessarily based on assumptions and estimates and while management believes the amount

is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for

making such estimates and for establishing the resulting liability are continually reviewed and any adjustments

are reflected in the period determined.

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period
The Company has not modified its capitalization policy from the prior year.

(13) Method Used to Estimate Pharmaceutical Rebate Receivables
The Company has no estimate pharmaceutical rebate receivables

D. Going Concern
No diclosures required.

**Note 2 – Accounting Changes and Correction of Errors**

a. No disclosures required.

b. No disclosures required.

**Note 3 – Business Combinations and Goodwill**

A. Statutory Purchase Method
No disclosures required.

B. Statutory Merger
No disclosures required.

C. Impairment Loss
No disclosures required.

**Note 4 – Discontinued Operations**

A. Discontinued Operation Disposed of or Classified as Held for Sale
No disclosures required.

**Note 5 – Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not have mortgage loans.

B. Debt Restructuring

There is no debt restructuring.

C. Reverse Mortgages

The Company does not have reverse mortgages.

D. Loan-Backed Securities

The Company does not have loan backed securities.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

The Company does not have dollar repurchase agreements and/or securities lending transactions.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

The Company does not have repurchase agreements transactions accounted for as secured borrowing.

# NOTES TO FINANCIAL STATEMENTS

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions

(1) Company Policy or Strategies for Engaging in Repo Programs
The Company does not have reverse repurchase agreements transactions accounted for as secured borrowing.

H. Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Taker – Overview of Sale Transactions

The Company does not have repurchase agreements transactions accounted for as a sale.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Provider – Overview of Sale Transactions

The Company does not have reverse repurchase agreements transactions accounted for as a sale.

J. Real Estate

The Company does not invest in real estate.

K. Low-Income Housing Tax Credits (LIHTC)

The Company does not have low income housing tax credits (LIHTC)

L. Restricted Assets

M. Working Capital Finance Investments

The company does not have working capital finance investments.

N. Offsetting and Netting of Assets and Liabilities

The company does not have offsetting and netting of assets and liabilities.

O. Structured Notes

The company does not have structured notes.

P. 5* Securities

The company does not have 5* securities.

Q. Short Sales
The company does not have short sales.

The company does not have short sales.

R. Prepayment Penalty and Acceleration Fees

The company does not have prepayment penalty and acceleration fees.

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

A. Investments in Joint Ventures, Partnerships and Limited Liability Companies that Exceed 10% of Ownership
The Company has no Joint Ventures paternships or Limited liability Companies.

B. Investments in Impaired Joint Ventures, Partnerships and Limited Liability Companies
No disclosures required.

**Note 7 – Investment Income**

A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:
The investment income entries are recorded according with NAIC specifications.

B. The total amount excluded:
No disclosures required.

**Note 8 – Derivative Instruments**

A. Market Risk, Credit Risk and Cash Requirements
The company does not have any derivative instruments.

B. Objectives for Derivative User
The company does not have any derivative instruments.

C. Accounting Policies for Recognition and Measurement
The company does not have any derivative instruments.

# NOTES TO FINANCIAL STATEMENTS

D. Net Gain or Loss Recognized
The company does not have any derivative instruments.

E. Net Gain or Loss Recognized from Derivatives that no Longer Qualify for Hedge Accounting
The company does not have any derivative instruments.

F. Derivatives Accounted for as Cash Flow Hedges
(1)
The company does not have any derivative instruments.

**Note 9 – Income Taxes**

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

| | 2017 | | | 2016 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Gross deferred tax assets | $ 4,904,669 | $ | $ 4,904,669 | $ 4,037,277 | $ | $ 4,037,277 | $ 867,392 | $ | $ 867,392 |
| b. Statutory valuation allowance adjustment | | | | | | | | | |
| c. Adjusted gross deferred tax assets (1a-1b) | $ 4,904,669 | $ | $ 4,904,669 | $ 4,037,277 | $ | $ 4,037,277 | $ 867,392 | $ | $ 867,392 |
| d. Deferred tax assets nonadmitted | | | | | | | | | |
| e. Subtotal net admitted deferred tax asset (1c-1d) | $ 4,904,669 | $ | $ 4,904,669 | $ 4,037,277 | $ | $ 4,037,277 | $ 867,392 | $ | 867,392 |
| f. Deferred tax liabilities | | | | | | | | | |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | $ 4,904,669 | $ | $ 4,904,669 | $ 4,037,277 | $ | $ 4,037,277 | $ 867,392 | $ | $ 867,392 |

2. Admission Calculation Components SSAP No. 101

| | | 2017 | | | 2016 | | | Change | |
|---|---|---|---|---|---|---|---|---|---|
| | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks | | | | | | | | | |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below: | | | | | | | | | |
| Adjusted gross deferred tax assets expected to be realized following the balance sheet date | | | | | | | | | |
| Adjusted gross deferred tax assets allowed per limitation threshold | | | | | | | | | |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities | | | | | | | | | |
| d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c) | | | | | | | | | |

3. Other Admissibility Criteria

# NOTES TO FINANCIAL STATEMENTS

| | | 2017 | 2016 |
|---|---|---|---|
| a. | Ratio percentage used to determine recovery period and threshold limitation amount | % | % |
| b. | Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | | |

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

| | 12/31/2017 | | 12/31/2016 | | Change | |
|---|---|---|---|---|---|---|
| | 1<br>Ordinary | 2<br>Capital | 3<br>Ordinary | 4<br>Capital | 5<br>(Col. 1-3)<br>Ordinary | 6<br>(Col. 2-4)<br>Capital |
| 1. Adjusted gross DTAs amount from Note 9A1(c) | 4,904,669 | | 4,037,277 | | 867,392 | |
| 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies | % | % | % | % | % | % |
| 3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e) | 4,904,669 | | 4,037,277 | | 867,392 | |
| 4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies | % | % | % | % | % | % |

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized

1. The types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable are:

2. The cumulative amount of each type of temporary difference is:

3. The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable are:

4. The amount of the DTL for temporary differences other than those in item (3) above that is not recognized is:

C. Current and Deferred Income Taxes

1. Current Income Tax

| | 1<br>2017 | 2<br>2016 | 3<br>(Col 1-2)<br>Change |
|---|---|---|---|
| a. Federal | | | |
| b. Foreign | | | |
| c. Subtotal | | | |
| d. Federal income tax on net capital gains | | | |
| e. Utilization of capital loss carry-forwards | | | |
| f. Other | | | |
| g. Federal and Foreign income taxes incurred | | | |

2. Deferred Tax Assets

| | 1<br>2017 | 2<br>2016 | 3<br>(Col 1-2)<br>Change |
|---|---|---|---|
| a. Ordinary: | | | |
| 1. Discounting of unpaid losses | | | |
| 2. Unearned premium reserve | | | |
| 3. Policyholder reserves | | | |
| 4. Investments | | | |
| 5. Deferred acquisition costs | | | |
| 6. Policyholder dividends accrual | | | |
| 7. Fixed assets | | | |
| 8. Compensation and benefits accrual | | | |
| 9. Pension accrual | 4,904,669 | 4,037,277 | 867,392 |
| 10. Receivables - nonadmitted | | | |
| 11. Net operating loss carry-forward | | | |

# NOTES TO FINANCIAL STATEMENTS

| | 1<br>2017 | 2<br>2016 | 3<br>(Col 1-2)<br>Change |
|---|---|---|---|
| 12. Tax credit carry-forward | | | |
| 13. Other (items <5% of total ordinary tax assets) | | | |
| Other (items >=5% of total ordinary tax assets) | | | |
| 14. | | | |
| 99. Subtotal | 4,904,669 | 4,037,277 | 867,392 |
| b. Statutory valuation allowance adjustment | | | |
| c. Nonadmitted | | | |
| d. Admitted ordinary deferred tax assets (2a99-2b-2c) | 4,904,669 | 4,037,277 | 867,392 |
| e. Capital: | | | |
| 1. Investments | | | |
| 2. Net capital loss carry-forward | | | |
| 3. Real estate | | | |
| 4. Other (items <5% of total capital tax assets) | | | |
| Other (items >=5% of total capital tax assets) | | | |
| 5. | | | |
| 99. Subtotal | | | |
| f. Statutory valuation allowance adjustment | | | |
| g. Nonadmitted | | | |
| h. Admitted capital deferred tax assets (2e99-2f-2g) | | | |
| i. Admitted deferred tax assets (2d+2h) | 4,904,669 | 4,037,277 | 867,392 |

3. Deferred Tax Liabilities

| | 1<br>2017 | 2<br>2016 | 3<br>(Col 1-2)<br>Change |
|---|---|---|---|
| a. Ordinary: | | | |
| 1. Investments | | | |
| 2. Fixed assets | | | |
| 3. Deferred and uncollected premium | | | |
| 4. Policyholder reserves | | | |
| 5. Other (items <5% of total ordinary tax liabilities) | | | |
| Other (items >=5% of total ordinary tax liabilities) | | | |
| 6. | | | |
| 99. Subtotal | | | |
| b. Capital: | | | |
| 1. Investments | | | |
| 2. Real estate | | | |
| 3. Other (tems <5% of total capital tax liabilities) | | | |
| Other (items >=5% of total capital tax liabilities) | | | |
| 4. | | | |
| 99. Subtotal | | | |
| c. Deferred tax liabilities (3a99+3b99) | | | |
| 4. Net Deferred Tax Assets (2i – 3c) | 4,904,669 | 4,037,277 | 867,392 |

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

A. Nature of the Relationship Involved
Victor J. Salgado & Associates, Inc.domiciled in San Juan, owns 100% of the outstanding shares of Integrand Assurance Company and IIA Finance Corporation. Integrand Assurance Company ows 100% of the shares of Key Insurance Agency Inc., and Intercontinental Insurance agencies Inc.

B. Transactions
No disclosures required.

C. Dollar Amounts of Transactions
No disclosures required.

D. Amounts Due From or To Related Parties
No disclosures required.

E. Guarantees or Undertakings
No disclosures required.

F. Material Management or Service Contracts and Cost-Sharing Arrangements
No disclosures required.

G. Nature of the Control Relationship
No disclosures required.

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned
No disclosures required.

I. Investments in SCA that Exceed 10% of Admitted Assets
No disclosures required.

# NOTES TO FINANCIAL STATEMENTS

J. Investments in Impaired SCAs
No disclosures required.

K. Investment in Foreign Insurance Subsidiary
No disclosures required.

L. Investment in Downstream Noninsurance Holding Company
No disclosures required.

M. All SCA Investments
No disclosures required.
*
* (3) RBC Regulatory Event Because of Prescribed or Permitted Practice
No disclosures required.

**Note 11 – Debt**

A. Debt, Including Capital Notes

The Company has no outstanding debt as of 12/31/2017.

B. FHLB (Federal Home Loan Bank) Agreements
The Company has no FHLB agreements.

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

A. No disclosures required.

B. No disclosures required.

C. Fair Value of Plan Assets

No disclosures required.

D. Basis Used to Determine Expected Long-Term Rate-of-Return

No disclosures required.

E. Defined Contribution Plans

Integrand Assurance Company employees are covered by a qualified contribution pension plan sponsored by the Company. Contributions of each employee's compensation are made each year. The Company's contribution for the plan was $0 and $0 for 2017 and 2016, respectively. At December 3, 2017 the fair value assets was $7,741,843.97.

F. Multiemployer Plans

No disclosures required.

G. Consolidated/Holding Company Plans

No disclosures required.

H. Postemployment Benefits and Compensated Absences

No disclosures required.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

(1) Recognition of the Existence of the Act
No disclosures required.

(2) Effects of the Subsidy in Measuring the Net Postretirement Benefit Cost
No disclosures required.

(3) Disclosure of Gross Benefit Payments
No disclosures required.

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

(1) Number of Share and Par or State Value of Each Class

The Company has 1,333,333 number of shares authorized and 400,000 number of shares outstanding.

(2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

# NOTES TO FINANCIAL STATEMENTS

The company has no preferred stock outstanding.

(3) Dividend Restrictions

The maximum amount of dividends which can be paid by Puerto Rico insurance companies to shareholders without prior approval of the Commissioner of Insurance is subject to restrictions relating to statutory surplus. The maximum dividend pay out which can be made without prior approval is approximately $17,800,895.

(4) Dates and Amounts of Dividends Paid

On June 2017 the Company declared and paid dividends to stockholders on 2016 earnings for the amount of $3,500,000.00

(5) Profits that may be Paid as Ordinary Dividends to Stockholders

Within the limitations of (c) above, there are no rstrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(6) Restrictions Plans on Unassigned Funds (Surplus)

There were no restrictions on the Company's Surplus including for whom the surplus is being held.

(7) Amount of Advances to Surplus not Repaid

No disclosure required.

(8) Amount of Stock Held for Special Purposes

No disclosures required.

(9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period

Change in balance of Special Funds from the prior year are due to otti, income on investment and additional contribution to the funds.

(10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: $11,807,625.

(11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

No disclosure required.

(12) The impact of any restatement due to prior quasi-reorganizations is as follows
No disclosure required.

(13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

No disclosures required.

**Note 14 – Liabilities, Contingencies and Assessments**

A. Contingent Commitments

No disclosures required.

B. Assessments

(1) Nature of Any Assets That Could Have a Material Financial Effect
No disclosures required.

C. Gain Contingencies
No disclosures required.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

No disclosures required.

E. Product Warranties

No disclosures required.

F. Joint and Several Liabilities

No disclosures rrequired.

G. All Other Contingencies

No disclosures required.

**Note 15 – Leases**

A. Lessee Operating Lease

(1) Lessee's Leasing Arrangements

a. Rental Expense
The Company does not have any material lease obligations at this time.

b. Basis on Which Contingent Rental Payments are Determined
No disclosures required.

c. Existence and Terms of Renewal or Purchase Options and Escalation Clauses
No disclosures required.

d. Restrictions Imposed by Lease Agreements
No disclosures required.

e. Identification of Lease Agreements that have been Terminated Early
No disclosures required.

B. Lessor Leases

(1) Operating Leases:

a. Lessor's Leasing Arrangements
No disclosures required.

b. Cost and Carrying Amount of Property on Lease or Held for Leasing
No disclosures required.
No disclosures required.
(d) Total Contingent Rentals
No disclosures required.

(2) Leveraged Leases:

(a) Terms Including Pretax Income from Leveraged Leases
No disclosures required.

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

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:
The Company does not have financial instruments with off-balance -sheet risk, nor with concentrations of credit risk.

2. Nature and Terms of Off-Balance Sheet Risk
The Company does not have financial instruments with off-balance -sheet risk, nor with concentrations of credit risk.

3. Amount of Loss if any Party to the Financial Instrument Failed
The Company does not have financial instruments with off-balance -sheet risk, nor with concentrations of credit risk.

4. Collateral or Other Security Required to Support Financial Instrument
The Company does not have financial instruments with off-balance -sheet risk, nor with concentrations of credit risk.

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

A. Transfers of Receivables Reported as Sales

(1) Proceeds to the Transferor
No disclosures required.

(2) Gain or Loss Record on Sale
No disclosures required.

B. Transfer and Servicing of Financial Assets

(1) Description of any Loaned Securities
No disclosures required.

(2) Servicing Assets and Servicing Liabilities
No disclosures required.

(3) When Servicing Assets and Liabilities are Measured at Fair Value
No disclosures required.

(4) Securitizations, Asset-Based Financing Arrangements and Similar Transfers Accounted for as Sales
No disclosures required.

(5) Disclosure Requirements for Transfers of Assets Accounted for as Secured Borrowing
No disclosures required.

(6) Transfer of Receivables with Recourse
No disclosures required.

(7) Securities Underlying Repurchase and Reverse Repurchase Agreements, Dollar Repurchase and Dollar Reverse Repurchase Agreements
No disclosures required.

# NOTES TO FINANCIAL STATEMENTS

C. Wash Sales

(1) Description of the Objectives Regarding These Transactions
No disclosures required.

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

A. ASO Plans

The Company does not have any Ininsured A&H Plans and the Uninsured Portion of Partially Insured Plan.

B. ASC Plans

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

(1) Major Components of Revenue by Payor

The Company does not have any Medicare or Similary Cost BAsed REimbursement Contract.

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

The Company does not have any Managing General Agents or Third party Administrations.

**Note 20 – Fair Value Measurements**

A. Fair Value Measurements
(2) Fair Value Measurements at Reporting Date

| | Level 1 | Level 2 | Level 3 | Total | Net Asset Value (NAV) Included in Level 2 |
|---|---|---|---|---|---|
| Assets at Fair Value | | | | | |
| COMMON STOCK INDUSTRIAL | $ 6,458,588 | $ | $ | $ 6,458,588 | $ |
| COMMON STOCK PARENT | $ 412,558 | $ | $ | $ 412,558 | $ |
| Total | $ 6,871,146 | $ | $ | $ 6,871,146 | $ |
| Liabilities at Fair Value | | | | | |
| | $ | $ | $ | $ | $ |
| Total | $ | $ | $ | $ | $ |

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy
No disclosures required.

| | Beginning Balance at 1/1/2017 | Transfers Into Level 3 | Transfers Out of Level 3 | Total Gains and (Losses) Included in Net Income | Total Gains and (Losses) Included in Surplus | Purchases | Issuances | Sales | Settle-ments | Ending Balance at 12/31/2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| a. Assets | | | | | | | | | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Total | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| b. Liabilities | | | | | | | | | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Total | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |

(3) Policies when Transfers Between Levels are Recognized
No disclosures required.

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement
No disclosures required.

(5) Fair Value Disclosures

# NOTES TO FINANCIAL STATEMENTS

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

No disclosures required.

C. Fair Value Level

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) | Net Asset Value (NAV) Included in Level 2 |
|---|---|---|---|---|---|---|---|
| BONDS | $ | $ | $ 62,679,814 | $ | $ | $ | $ |
| STOCKS | $ | $ | $ 6,871,146 | $ | $ | $ | $ |

D. Not Practicable to Estimate Fair Value

No disclosures required.

**Note 21 – Other Items**

A. Unusual or Infrequent Items
No disclosures required.

B. Troubled Debt Restructuring Debtors
No disclosures required.

C. Other Disclosures
Puerto Rico Catastrophe Fund - This fund was established by Law 73 on August 12, 1994. This law required a deposit of 10% of certain property lines premiums into a trust. First year assessment was based on 1993 premiums and subsequenltly every year thereon. The amount of the fund as of December 31, 2017 was $4,952,037 which is represented on line 2901 as a special surplus fund.
Private Passenger Double Interest Premiums - Effective on may 11, 1998, The Office of the Commissioner of Insurance issued circular N-E-5-96-98 changing the accounting for Double Interest Po;icies which should be recorded as annual policies with its premiums collected in advance for the term of the financing contract. This means that the company will only report as "Written Premium"" the first year premium and the remaining will be shown in the line 10 of page 3 as ""Advance Premium"".

D. Business Interruption Insurance Recoveries
No disclosures required.

E. State Transferable and Non-Transferable Tax Credits
(1) Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total
No disclosures required.

(2) Method of Estimating Utilization of Remaining Transferable and Non-Transferable State Tax Credits

(3) Impairment Loss

(4) State Tax Credits Admitted and Nonadmitted

F. Subprime Mortgage Related Risk Exposure

(1) Description of the Subprime-Mortgage-Related Exposure and Related Risk Management Policies
No disclosures required.

(G. Insurance-Linked Securities (ILS) Contracts

No disclosures required.

**Note 22 – Events Subsequent**

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? Yes [ ] No [ X ]

| | | | |
|---|---|---|---|
| B. | ACA fee assessment payable for the upcoming year | | |
| C | ACA fee assessment paid | | |
| D. | Premium written subject to ACA 9010 assessment | | |
| E. | Total adjusted capital before surplus adjustment (Five-Year Historical Line 28) | | |
| F. | Total adjusted capital (Five-Year Historical Line 28 minus 22B above) | | |
| G. | Authorized control level (Five-Year Historical Line 29) | | |

H. Would reporting the ACA assessment as of December 31, 2017 have triggered an RBC action level (YES/NO)? Yes [ ] No [ X ]

# NOTES TO FINANCIAL STATEMENTS

**Note 23 – Reinsurance**

A.

| | | | |
|---|---|---|---|
| No disclosures required. | | | $ |

B. Reinsurance Recoverable in Dispute

No disclosures required.

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

| | Assumed Reinsurance | | Ceded Reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| a. Affiliates | $ | $ | $ | $ | $ | $ |
| b. All Other | 38,120,835 | 6,480,542 | 6,888,899 | 1,171,113 | 31,231,936 | 5,309,429 |
| c. Total | $ 38,120,835 | $ 6,480,542 | $ 6,888,899 | $ 1,171,113 | $ 31,231,936 | $ 5,309,429 |

| | |
|---|---|
| d. Direct Unearned Premium Reserves | $ 38,120,835 |

(2) Additional or Return Commission
No disclosures required.

(3) Types of Risks Attributed to Protected Cell
No disclosures required.

D. Uncollectible Reinsurance

No disclosures required.

E. Commutation of Ceded Reinsurance

No disclosures required.

F. Retroactive Reinsurance

No disclosures required.

G. Reinsurance Accounted for as a Deposit

No disclosures required.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

No disclosures required.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating was Downgraded or Status Subject to Revocation
No disclosures required.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

(1) Significant Terms of the Retroactive Reinsurance Agreement
No disclosures required.

(2) The amount of unexhausted limit as of December 31, 2017

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

A. Method Used by Reporting Entity to Estimate Accrued Retrospective Premium Adjustments

The Company does not have retrospectively rated contracts.

B. Accrued Retrospective Premiums Recorded Through Written Premium or an Adjustment to Earned Premium

No disclosures required.

C. Amount of Net Premiums Written Subject to Retrospective Rating Features and Percentage to Total Net Premiums Written

No disclosures required.

# NOTES TO FINANCIAL STATEMENTS

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.

No disclosures required.

E. Nonadmitted Retrospective Premium

(1) For Ten Percent (10%) Method of determining Nonadmitted Retrospective Premium
No disclosures required.

F. Risk Sharing Provisions of the Affordable Care Act

The Company does not write accident and health insurance premiums subject to the ACA provision.

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions
Yes [ ] No [ X ]

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

A. Change in Incurred Losses and Loss Adjustment Expenses

The change in incurred lossesand loss adjustment expenses are recoerded according with NAIC specifications.

B. Information about Significant Changes in Methodologies and Assumptions

No disclosures required.

**Note 26 – Intercompany Pooling Arrangements**

A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

| NAIC Company Code | Pooling Percentage % |
|---|---|

No disclosures required.

B. Description of Lines and Types of Business Subject to the Pooling Agreement
No disclosures required.

C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement
No disclosures required.

D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers
No disclosures required.

E. Explanation of Discrepancies Between Entries of Pooled Business
No disclosures required.

F. Description of Intercompany Sharing
No disclosures required.

G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool
No disclosures required.

**Note 27 – Structured Settlements**

A. No disclosures required

B. No disclosures required.

**Note 28 – Health Care Receivables**

A. Pharmaceutical Rebate Receivables

No disclosuress required.

**Note 29 – Participating Policies**

No disclosures required.

**Note 30 – Premium Deficiency Reserves**

No disclosures required.

# NOTES TO FINANCIAL STATEMENTS

**Note 31 – High Deductibles**

No high deductibles business policies written.

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

A. Tabular Discount

No disclosures required.

B. Nontabular Discount

No disclosures required.

C. Changes in Rate(s) Used to Discount Prior Years' Liabilities
No disclosures required.

**Note 33 – Asbestos/Environmental Reserves**

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

The Company does not have asbestos and enviromental exposures.

C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk and IBNR)

The Company does not have asbestos and enviromental exposures.

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

The Company does not have asbestos and enviromental exposures.

E. State the amount of the ending reserves for Bulk and IBNR included in D (Loss and LAE)

The Company does not have asbestos and enviromental exposures.

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk and IBNR)

The Company does not have asbestos and enviromental exposures.

**Note 34 – Subscriber Savings Accounts**

The Company does not have subscriber saving account.

**Note 35 – Multiple Peril Crop Insurance**

No disclosures required.

**Note 36 – Financial Guaranty Insurance**

A. Financial Guaranty Insurance Contracts

(1) Financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract, rather than at inception:
The Company does not have Financial Guaranty Insurance Exposures.

# 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?

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2011

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/10/2012

3.4 By what department or departments?
PUERTO RICO OFFICE OF THE COMMISSIONER OF INSURANCE

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [ X ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ X ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [ X ]

4.12 renewals? Yes [ ] No [ X ]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [ X ]

4.22 renewals? Yes [ ] No [ X ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]

5.2 If yes, provide the name of 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 Company 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(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

| 1<br>Nationality | 2<br>Type of Entity |
|---|---|
| | |

8.1 Is the company a subsidiary of a bank holding company regulated with 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 the response to 8.3 is yes, please provide below 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 & COMPANY 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 other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]

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

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [ X ] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain:

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
SCOTT WEINSTEIN, KPMG LLP INDEPENDENT ACTUARY, ATLANTA GEORGIA

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

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation

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

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

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

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

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

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

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

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

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

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

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

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

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

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

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

## 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 subordinator committee thereof? Yes [ X ] No [ ]

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

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

## FINANCIAL

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

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

20.11 To directors or other officers $ 0

20.12 To stockholders not officers $ 0

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

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

20.21 To directors or other officers $ 0

20.22 To stockholders not officers 0

20.23 Trustees, supreme or grand (Fraternal only) 0

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

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

21.21 Rented from others $ 0

21.22 Borrowed from others $ 0

21.23 Leased from others $ 0

21.24 Other $ 0

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $ 0

22.22 Amount paid as expenses $ 0

22.23 Other amounts paid $ 0

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

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

## INVESTMENT

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

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

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs $ 0

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.103 Total payable for securities lending reported on the liability page: $ 0

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

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

| | | |
|---|---|---|
| 25.21 | Subject to repurchase agreements | $ 0 |
| 25.22 | Subject to reverse repurchase agreements | $ 0 |
| 25.23 | Subject to dollar repurchase agreements | $ 0 |
| 25.24 | Subject to reverse dollar repurchase agreements | $ 0 |
| 25.25 | Placed under option agreements | $ 0 |
| 25.26 | Letter stock or securities restricted as sale – excluding FHLB Capital Stock | $ 0 |
| 25.27 | FHLB Capital Stock | $ 0 |
| 25.28 | On deposit with states | $ 3,629,948 |
| 25.29 | On deposit with other regulatory bodies | $ 0 |
| 25.30 | Pledged as collateral – excluding collateral pledged to an FHLB | $ 0 |
| 25.31 | Pledged as collateral to FHLB – including assets backing funding agreements | $ 0 |
| 25.32 | Other | $ 0 |

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|---|---|---|
| | | $ |

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ X ]
If no, attach a description with this statement.

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

27.2 If yes, state the amount thereof at December 31 of the current year: $ 0

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

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---|---|
| UBS FINANCIAL SERVICES | AMERICAN INTERNATIONAL PLAZA 250 MUNOZ RIVERA AVE HATO REY PR |
| BANCO POPULAR DE PUERTO RICO | PO BOX 362708 SAN JUAN PR 00936-2707 |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [ X ]

28.04 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|---|---|---|---|
| | | | |

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["…that have access to the investment accounts", "… handle securities"].

| 1<br>Name of Firm or Individual | 2<br>Affiliation |
|---|---|
| | |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [ X ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [ ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

| 1<br>Central Registration Depository Number | 2<br>Name of Firm or Individual | 3<br>Legal Entity Identifier (LEI) | 4<br>Registered With | 5<br>Investment Management Agreement (IMA) Filed |
|---|---|---|---|---|
| | | | | |

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 [ ]

29.2 If yes, complete the following schedule:

| 1<br>CUSIP | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---|---|---|
| | | $ |
| 29.2999 TOTAL | | $ |

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

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

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

| | | 1<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|---|---|---|---|---|
| 30.1 | Bonds | $ 66,801,296 | $ 62,679,813 | $ (4,121,483) |
| 30.2 | Preferred Stocks | $ 0 | $ 0 | $ 0 |
| 30.3 | Totals | $ 66,801,296 | $ 62,679,813 | $ (4,121,483) |

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 [ ]

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 Investment Analysis Office* been followed? Yes [ X ] No [ ]

32.2 If no, list exceptions:

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements for each self-designation 5*GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities? Yes [ ] No [ ]

## OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 347,126

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| INSURANCE SERVICE OFFICE | $ 242,103 |

35.1 Amount of payments for legal expenses, if any? $ 221,277

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| RIOS GAUTIER & CESTERO CSP | $ 91,628 |

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

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

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

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & 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? $ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 2.1 | Premium Numerator | $ 0 | $ 0 |
| 2.2 | Premium Denominator | $ 0 | $ 0 |
| 2.3 | Premium Ratio (2.1/2.2) | 0.0% | 0.0% |
| 2.4 | Reserve Numerator | $ 0 | $ 0 |
| 2.5 | Reserve Denominator | $ 0 | $ 0 |
| 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 $ 0

3.22 Non-participating policies $ 0

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ 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. $ 0

5. FOR RECIPROCAL EXCHANGES ONLY:

5.1 Does the exchange appoint local agents? Yes [ ] No [ X ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ X ]

5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ X ]

5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ X ]

5.5 If yes, give full information:

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

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 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?

Commercial lines Cat excess of Loss of $138,000,000 excess of $6,000,000.

Personal Lines Cat excess of Loss of $19,000,000 excess of $1,000,000.

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

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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. 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ X ]

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 common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [ X ]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of *SSAP No. 62R, Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [ X ]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or, Yes [ ] No [ X ]

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [ X ]

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [ X ]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A [ X ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No [ X ]

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the 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 $ 0

12.62 Collateral and other funds $ 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 0

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [ X ]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 0

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ X ]

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

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

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

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [ X ]

If yes, disclose the following information for each of the following types of warranty coverage:

| | | 1<br>Direct Losses Incurred | 2<br>Direct Losses Unpaid | 3<br>Direct Written Premium | 4<br>Direct Premium Unearned | 5<br>Direct Premium Earned |
|---|---|---|---|---|---|---|
| 16.11 | Home | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 16.12 | Products | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 16.13 | Automobile | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 16.14 | Other* | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5. Yes [ ] No [ X ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5. Provide the following information for this exemption:

| | | |
|---|---|---|
| 17.11 | Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 | $ 0 |
| 17.12 | Unfunded portion of Interrogatory 17.11 | $ 0 |
| 17.13 | Paid losses and loss adjustment expenses portion of Interrogatory 17.11 | $ 0 |
| 17.14 | Case reserves portion of Interrogatory 17.11 | $ 0 |
| 17.15 | Incurred but not reported portion of Interrogatory 17.11 | $ 0 |
| 17.16 | Unearned premium portion of Interrogatory 17.11 | $ 0 |
| 17.17 | Contingent commission portion of Interrogatory 17.11 | $ 0 |

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

| | | |
|---|---|---|
| 17.18 | Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 | $ 0 |
| 17.19 | Unfunded portion of Interrogatory 17.18 | $ 0 |
| 17.20 | Paid losses and loss adjustment expenses portion of Interrogatory 17.18 | $ 0 |
| 17.21 | Case reserves portion of Interrogatory 17.18 | $ 0 |
| 17.22 | Incurred but not reported portion of Interrogatory 17.18 | $ 0 |
| 17.23 | Unearned premium portion of Interrogatory 17.18 | $ 0 |
| 17.24 | Contingent commission portion of Interrogatory 17.18 | 0 |

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

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. $ 0

# FIVE-YEAR HISTORICAL DATA

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

| | 1<br>2017 | 2<br>2016 | 3<br>2015 | 4<br>2014 | 5<br>2013 |
|---|---|---|---|---|---|
| **Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)** | | | | | |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 21,668,152 | 20,451,288 | 16,299,059 | 10,116,721 | 10,873,518 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 11,994,160 | 13,452,874 | 12,034,821 | 17,911,475 | 22,256,519 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 32,553,704 | 30,046,136 | 32,195,474 | 34,990,956 | 39,417,063 |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 2,372,931 | 2,028,754 | 1,836,650 | 1,804,522 | 1,971,138 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) | | | | | |
| 6. Total (Line 35) | 68,588,947 | 65,979,052 | 62,366,004 | 64,823,674 | 74,518,238 |
| **Net Premiums Written (Page 8, Part 1B, Col. 6)** | | | | | |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 21,032,660 | 19,397,172 | 14,451,611 | 8,674,642 | 9,478,287 |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 6,385,656 | 7,135,415 | 6,271,777 | 8,004,211 | 8,084,057 |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 17,932,404 | 16,184,003 | 16,702,586 | 17,304,977 | 19,406,019 |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 2,049,193 | 1,609,684 | 1,492,574 | 1,442,555 | 1,793,504 |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) | | | | | |
| 12. Total (Line 35) | 47,399,913 | 44,326,274 | 38,918,548 | 35,426,385 | 38,761,867 |
| **Statement of Income (Page 4)** | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | 92,949 | 8,287 | (627,468) | (1,370,423) | (1,943,586) |
| 14. Net investment gain (loss) (Line 11) | 2,751,848 | 3,772,188 | (13,789,308) | 4,612,637 | 6,185,617 |
| 15. Total other income (Line 15) | 5,076,205 | 5,936 | 761,559 | (18,875) | 5,553,655 |
| 16. Dividends to policyholders (Line 17) | | | | | |
| 17. Federal and foreign income taxes incurred (Line 19) | | | | | |
| 18. Net income (Line 20) | 7,921,002 | 3,786,411 | (13,655,217) | 3,223,339 | 9,795,686 |
| **Balance Sheet Lines (Pages 2 and 3)** | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 136,868,870 | 121,187,410 | 119,564,902 | 152,387,111 | 159,182,809 |
| 20. Premiums and considerations (Page 2, Col. 3): | | | | | |
| 20.1 In course of collection (Line 15.1) | 13,266,484 | 6,601,229 | 7,122,894 | 7,939,458 | 9,768,228 |
| 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) | 86,150,151 | 59,302,494 | 59,748,884 | 67,839,513 | 76,510,577 |
| 22. Losses (Page 3, Line 1) | 19,429,390 | 17,690,063 | 17,813,020 | 20,261,919 | 24,902,252 |
| 23. Loss adjustment expenses (Page 3, Line 3) | 2,581,000 | 2,581,000 | 3,800,000 | 4,000,000 | 4,000,000 |
| 24. Unearned premiums (Page 3, Line 9) | 31,231,936 | 29,069,597 | 28,310,915 | 28,510,608 | 30,495,579 |
| 25. Capital paid up (Page 3, Lines 30 & 31) | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 50,718,719 | 61,884,916 | 59,816,018 | 84,547,598 | 82,672,232 |
| **Cash Flow (Page 5)** | | | | | |
| 27. Net cash from operations (Line 11) | 20,928,257 | 4,497,799 | (170,697) | 534,074 | 3,060,782 |
| **Risk-Based Capital Analysis** | | | | | |
| 28. Total adjusted capital | 50,718,719 | 61,884,916 | 59,816,018 | 84,547,598 | 82,672,232 |
| 29. Authorized control level risk-based capital | 9,800,798 | 5,216,195 | 5,157,235 | 4,312,965 | 5,114,464 |
| **Percentage Distribution of Cash, Cash Equivalents and Invested Assets** (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0 | | | | | |
| 30. Bonds (Line 1) | 58.0 | 61.8 | 60.0 | 68.0 | 73.1 |
| 31. Stocks (Lines 2.1 & 2.2) | 6.0 | 5.9 | 6.1 | 1.5 | 0.8 |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2) | | | | | |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) | 5.2 | 5.6 | 5.9 | 4.5 | 4.4 |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 30.9 | 26.7 | 28.1 | 26.0 | 21.7 |
| 35. Contract loans (Line 6) | | | | | |
| 36. Derivatives (Line 7) | | | | | |
| 37. Other invested assets (Line 8) | | | | | |
| 38 Receivables for securities (Line 9) | | | | | |
| 39. Securities lending reinvested collateral assets (Line 10) | | | | | |
| 40. Aggregate write-ins for invested assets (Line 11) | | | | | |
| 41. Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.1 | 100.0 | 100.0 |
| **Investments in Parent, Subsidiaries and Affiliates** | | | | | |
| 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) | 412,558 | 252,506 | 120,988 | 654,383 | 222,116 |
| 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 | 412,558 | 252,506 | 120,988 | 654,383 | 222,116 |
| 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) | 0.8 | 0.4 | 0.2 | 0.8 | 0.3 |

# FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1<br>2017 | 2<br>2016 | 3<br>2015 | 4<br>2014 | 5<br>2013 |
|---|---|---|---|---|---|
| **Capital and Surplus Accounts (Page 4)** | | | | | |
| 51. Net unrealized capital gains (losses) (Line 24) | (8,178,095) | (1,666,695) | (12,104,103) | (1,646,109) | (170,704) |
| 52. Dividends to stockholders (Line 35) | (3,500,000) | | | | (3,000,000) |
| 53. Change in surplus as regards policyholders for the year (Line 38) | (11,166,197) | 2,068,898 | (24,731,580) | 1,875,366 | 6,256,998 |
| **Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)** | | | | | |
| 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) | 12,392,435 | 11,534,862 | 7,155,749 | 8,172,322 | 6,232,303 |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 18,710,066 | 4,392,301 | 4,023,167 | 4,932,358 | 4,439,874 |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 55,032,476 | 11,902,016 | 11,199,444 | 11,146,659 | 9,697,693 |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | (7,837,420) | 521,392 | 585,528 | 468,735 | 1,027,396 |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) | | | | | |
| 59. Total (Line 35) | 78,297,557 | 28,350,571 | 22,963,888 | 24,720,074 | 21,397,266 |
| **Net Losses Paid (Page 9, Part 2, Col. 4)** | | | | | |
| 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) | 11,989,056 | 10,766,842 | 6,867,830 | 6,604,874 | 5,675,416 |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 4,463,099 | 4,352,924 | 3,924,581 | 4,787,423 | 4,106,944 |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 12,309,721 | 6,679,147 | 9,008,704 | 9,338,781 | 8,601,909 |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | (7,883,802) | 494,449 | 579,055 | 530,895 | 1,010,222 |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) | | | | | |
| 65. Total (Line 35) | 20,878,074 | 22,293,362 | 20,380,170 | 21,261,973 | 19,394,491 |
| **Operating Percentages (Page 4)**<br>(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) | 50.0 | 50.9 | 45.8 | 44.4 | 41.1 |
| 68. Loss expenses incurred (Line 3) | 14.0 | 13.1 | 19.1 | 21.0 | 21.4 |
| 69. Other underwriting expenses incurred (Line 4) | 35.8 | 36.0 | 36.6 | 38.2 | 42.3 |
| 70. Net underwriting gain (loss) (Line 8) | 0.2 | | (1.6) | (3.7) | (4.9) |
| **Other Percentages** | | | | | |
| 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) | 23.5 | 35.4 | 34.9 | 40.4 | 29.2 |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | 64.0 | 63.9 | 65.0 | 65.4 | 62.6 |
| 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) | 93.5 | 71.6 | 65.1 | 41.9 | 46.9 |
| **One Year Loss Development ($000 omitted)** | | | | | |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) | (412) | (463) | (56) | (799) | (889) |
| 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) | (0.7) | (0.8) | (0.1) | (1.0) | (1.2) |
| **Two Year Loss Development ($000 omitted)** | | | | | |
| 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) | 1,937 | 3,101 | 2,858 | 1,586 | 941 |
| 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) | 3.2 | 3.7 | 3.5 | 2.1 | 1.3 |

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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | Loss Payments | | Defense and Cost Containment Payments | | Adjusting and Other Payments | | 10 | 11 | Number of Claims Reported-Direct and Assumed |
| | Direct and Assumed | Ceded | Net (Cols. 1 - 2) | 4 Direct and Assumed | 5 Ceded | 6 Direct and Assumed | 7 Ceded | 8 Direct and Assumed | 9 Ceded | Salvage and Subrogation Received | Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | |
| 1. Prior | XXX | XXX | XXX | 411 | 149 | 95 | 86 | | | 1,403 | 271 | XXX |
| 2. 2008 | 78,430 | 31,418 | 47,012 | 24,290 | 2,883 | 2,755 | 279 | 4,254 | 399 | 1,047 | 27,738 | XXX |
| 3. 2009 | 71,758 | 28,741 | 43,017 | 25,045 | 4,488 | 2,661 | 150 | 3,830 | 391 | 892 | 26,507 | XXX |
| 4. 2010 | 76,134 | 29,997 | 46,137 | 28,219 | 2,908 | 3,400 | 347 | 4,673 | 360 | 1,761 | 32,677 | XXX |
| 5. 2011 | 80,003 | 32,699 | 47,304 | 27,655 | 3,283 | 4,062 | 360 | 6,675 | 548 | 1,051 | 34,201 | XXX |
| 6. 2012 | 77,202 | 34,143 | 43,059 | 20,861 | 1,628 | 2,903 | 248 | 5,662 | 427 | 2,931 | 27,123 | XXX |
| 7. 2013 | 76,296 | 36,393 | 39,903 | 18,497 | 1,796 | 2,111 | 57 | 5,605 | 454 | 1,643 | 23,906 | XXX |
| 8. 2014 | 67,906 | 30,495 | 37,411 | 17,215 | 2,282 | 1,376 | 87 | 5,100 | 391 | 1,485 | 20,931 | XXX |
| 9. 2015 | 63,691 | 24,573 | 39,118 | 15,686 | 1,423 | 1,038 | 42 | 4,269 | 299 | 851 | 19,229 | XXX |
| 10. 2016 | 64,962 | 21,394 | 43,568 | 23,355 | 5,624 | 814 | 227 | 4,709 | 347 | 860 | 22,680 | XXX |
| 11. 2017 | 65,303 | 20,065 | 45,238 | 68,358 | 55,842 | 247 | 216 | 4,982 | 382 | 203 | 17,147 | XXX |
| 12. Totals | XXX | XXX | XXX | 269,592 | 82,306 | 21,462 | 2,099 | 49,759 | 3,998 | 14,127 | 252,410 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | 23 | 24 | 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Case Basis | | Bulk + IBNR | | Case Basis | | Bulk + IBNR | | 21 | 22 | | Total Net Losses and Expenses Unpaid | Number of Claims Outstanding-Direct and Assumed |
| | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed | 18 Ceded | 19 Direct and Assumed | 20 Ceded | Direct and Assumed | Ceded | Salvage and Subrogation Anticipated | | |
| 1. Prior | 452 | 323 | | | | | | | | | | 129 | XXX |
| 2. 2008 | 55 | | | | | | | | | | | 55 | XXX |
| 3. 2009 | 170 | | | | | | | | | | | 170 | XXX |
| 4. 2010 | 102 | | 12 | 2 | | | | | | | | 112 | XXX |
| 5. 2011 | 428 | | 12 | 2 | | | | | | | | 438 | XXX |
| 6. 2012 | 338 | | 19 | 4 | | | | | | | | 353 | XXX |
| 7. 2013 | 422 | | 9 | 4 | | | | | | | | 427 | XXX |
| 8. 2014 | 622 | 15 | 97 | 11 | | | | | | | | 693 | XXX |
| 9. 2015 | 1,435 | 59 | 430 | 140 | | | 75 | 5 | 39 | | | 1,775 | XXX |
| 10. 2016 | 2,417 | 459 | 2,763 | 576 | | | 153 | 12 | 104 | 13 | 300 | 4,377 | XXX |
| 11. 2017 | 132,612 | 130,442 | 43,591 | 34,520 | | | 1,296 | 106 | 1,154 | 104 | 650 | 13,481 | XXX |
| 12. Totals | 139,053 | 131,298 | 46,933 | 35,259 | 0 | 0 | 1,524 | 123 | 1,297 | 117 | 950 | 22,010 | XXX |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage (Incurred/Premiums Earned) | | | Nontabular Discount | | 34 | 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 | Inter-Company Pooling Participation Percentage | 35 Losses Unpaid | 36 Loss Expenses Unpaid |
| 1. Prior | XXX | XXX | XXX | XXX | XXX | XXX | | | XXX | 129 | 0 |
| 2. 2008 | 31,354 | 3,561 | 27,793 | 40.0 | 11.3 | 59.1 | | | | 55 | 0 |
| 3. 2009 | 31,706 | 5,029 | 26,677 | 44.2 | 17.5 | 62.0 | | | | 170 | 0 |
| 4. 2010 | 36,406 | 3,617 | 32,789 | 47.8 | 12.1 | 71.1 | | | | 112 | 0 |
| 5. 2011 | 38,832 | 4,193 | 34,639 | 48.5 | 12.8 | 73.2 | | | | 438 | 0 |
| 6. 2012 | 29,783 | 2,307 | 27,476 | 38.6 | 6.8 | 63.8 | | | | 353 | 0 |
| 7. 2013 | 26,644 | 2,311 | 24,333 | 34.9 | 6.4 | 61.0 | | | | 427 | 0 |
| 8. 2014 | 24,410 | 2,786 | 21,624 | 35.9 | 9.1 | 57.8 | | | | 693 | 0 |
| 9. 2015 | 22,972 | 1,968 | 21,004 | 36.1 | 8.0 | 53.7 | | | | 1,666 | 109 |
| 10. 2016 | 34,315 | 7,258 | 27,057 | 52.8 | 33.9 | 62.1 | | | | 4,145 | 232 |
| 11. 2017 | 252,240 | 221,612 | 30,628 | 386.3 | 1,104.5 | 67.7 | | | | 11,241 | 2,240 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 19,429 | 2,581 |

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<br>2008 | 2<br>2009 | 3<br>2010 | 4<br>2011 | 5<br>2012 | 6<br>2013 | 7<br>2014 | 8<br>2015 | 9<br>2016 | 10<br>2017 | 11<br>One Year | 12<br>Two Year |
| 1. Prior | 19,051 | 18,387 | 17,825 | 17,120 | 18,263 | 18,130 | 18,362 | 19,246 | 19,717 | 20,002 | 285 | 756 |
| 2. 2008 | 26,897 | 25,939 | 24,752 | 23,571 | 23,536 | 23,499 | 23,668 | 23,869 | 23,939 | 23,938 | (1) | 69 |
| 3. 2009 | XXX | 23,364 | 22,723 | 23,030 | 21,977 | 22,201 | 22,986 | 23,059 | 23,109 | 23,238 | 129 | 179 |
| 4. 2010 | XXX | XXX | 25,254 | 25,388 | 26,143 | 27,344 | 27,573 | 28,121 | 28,401 | 28,476 | 75 | 355 |
| 5. 2011 | XXX | XXX | XXX | 26,767 | 24,684 | 25,586 | 26,401 | 27,697 | 27,921 | 28,512 | 591 | 815 |
| 6. 2012 | XXX | XXX | XXX | XXX | 22,672 | 19,549 | 19,871 | 20,804 | 21,599 | 22,241 | 642 | 1,437 |
| 7. 2013 | XXX | XXX | XXX | XXX | XXX | 20,527 | 17,178 | 16,900 | 18,291 | 19,182 | 891 | 2,282 |
| 8. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | 20,336 | 16,623 | 16,499 | 16,915 | 416 | 292 |
| 9. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 21,243 | 17,623 | 16,995 | (628) | (4,248) |
| 10. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 25,416 | 22,604 | (2,812) | XXX |
| 11. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 24,978 | XXX | XXX |
| | | | | | | | | | | 12. Totals | (412) | 1,937 |

# 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<br>2008 | 2<br>2009 | 3<br>2010 | 4<br>2011 | 5<br>2012 | 6<br>2013 | 7<br>2014 | 8<br>2015 | 9<br>2016 | 10<br>2017 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| 1. Prior | 000 | 7,690 | 11,347 | 13,589 | 15,592 | 16,526 | 17,868 | 19,450 | 19,602 | 19,873 | XXX | XXX |
| 2. 2008 | 11,765 | 17,848 | 19,821 | 21,862 | 22,442 | 23,002 | 23,467 | 23,743 | 23,873 | 23,883 | XXX | XXX |
| 3. 2009 | XXX | 9,062 | 16,201 | 18,782 | 20,418 | 21,404 | 22,615 | 22,869 | 23,017 | 23,068 | XXX | XXX |
| 4. 2010 | XXX | XXX | 11,611 | 18,617 | 23,020 | 25,352 | 27,043 | 27,916 | 28,308 | 28,364 | XXX | XXX |
| 5. 2011 | XXX | XXX | XXX | 10,357 | 18,077 | 22,227 | 25,267 | 26,852 | 27,559 | 28,074 | XXX | XXX |
| 6. 2012 | XXX | XXX | XXX | XXX | 8,683 | 14,351 | 17,839 | 20,209 | 21,260 | 21,888 | XXX | XXX |
| 7. 2013 | XXX | XXX | XXX | XXX | XXX | 7,729 | 13,000 | 15,712 | 17,475 | 18,755 | XXX | XXX |
| 8. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | 7,614 | 13,044 | 15,251 | 16,222 | XXX | XXX |
| 9. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 8,922 | 13,462 | 15,259 | XXX | XXX |
| 10. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 13,617 | 18,318 | XXX | XXX |
| 11. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 12,547 | 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<br>2008 | 2<br>2009 | 3<br>2010 | 4<br>2011 | 5<br>2012 | 6<br>2013 | 7<br>2014 | 8<br>2015 | 9<br>2016 | 10<br>2017 |
| 1. Prior | 7,790 | 2,237 | 533 | 165 | 75 | 50 | 50 | 30 | | |
| 2. 2008 | 11,113 | 4,853 | 2,155 | 393 | 90 | 25 | | 20 | | |
| 3. 2009 | XXX | 9,929 | 3,240 | 1,859 | 338 | 51 | 25 | | 10 | |
| 4. 2010 | XXX | XXX | 9,670 | 1,858 | 627 | 218 | 26 | 25 | 10 | 10 |
| 5. 2011 | XXX | XXX | XXX | 11,466 | 2,988 | 505 | 74 | 25 | 15 | 10 |
| 6. 2012 | XXX | XXX | XXX | XXX | 10,410 | 1,737 | 339 | 12 | 5 | 15 |
| 7. 2013 | XXX | XXX | XXX | XXX | XXX | 10,400 | 2,002 | 153 | 86 | 5 |
| 8. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | 10,654 | 2,284 | 360 | 86 |
| 9. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 10,895 | 2,328 | 360 |
| 10. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 9,962 | 2,328 |
| 11. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 10,261 |

# SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

| States, Etc. | 1<br>Active Status | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken<br>2<br>Direct Premiums Written | 3<br>Direct Premiums Earned | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges not Included in Premiums | 9<br>Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|---|---|---|---|---|---|---|---|---|---|
| 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 | 68,511,957 | 65,227,673 | | 77,325,057 | 238,498,392 | 183,641,183 | | |
| 55. US Virgin Islands VI | L | 76,990 | 75,245 | | 972,500 | 3,217,500 | 2,345,000 | | |
| 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) 2 | 68,588,947 | 65,302,918 | 0 | 78,297,557 | 241,715,892 | 185,986,183 | 0 | 0 |

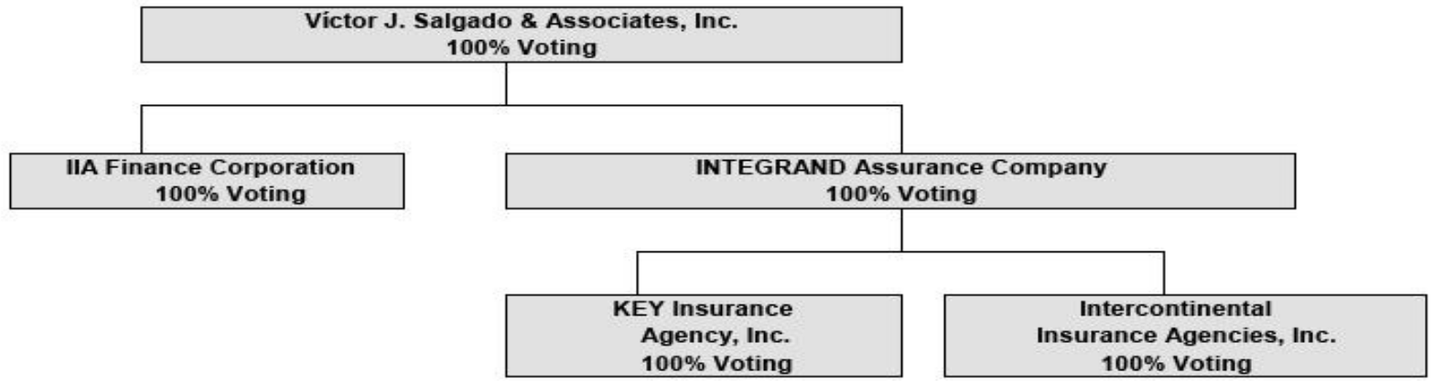
**DETAILS OF WRITE-INS**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 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 |

(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 (other than their state of domicile see DSLI); (D) - DSLI - Domestic Surplus Lines Insurer
(DSLI) - Reporting entities authorized to write Surplus Lines in the state of domicile; (N) - None of the above - Not allowed to write business in the state.

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

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


Víctor J. Salgado & Associates, Inc.
100% Voting
IIA Finance Corporation
100% Voting
INTEGRAND Assurance Company
100% Voting
KEY Insurance
Agency, Inc.
100% Voting
Intercontinental
Insurance Agencies, Inc.
100% Voting

96.1

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| Schedule DB–Part B–Section 1 | E20 |
| Schedule DB–Part B–Section 2 | E21 |
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