



# ANNUAL STATEMENT

For the Year Ended December 31, 2017

of the Condition and Affairs of the

## TRIPLE-S ADVANTAGE, INC.

NAIC Group Code.....4802, 0 (Current Period) (Prior Period) NAIC Company Code..... 11152 Employer's ID Number..... 660593034

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

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... December 6, 2000 Commenced Business..... May 1, 2001

Statutory Home Office 1441 F.D. ROOSEVELT AVE..... SAN JUAN ..... PR ..... 00920  
*(Street and Number) (City or Town, State, Country and Zip Code)*

Main Administrative Office METRO OFFICE PARK, BUILDING 4..... GUAYNABO ..... PR ..... 00696 787-620-1919  
*(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)*

Mail Address PO BOX 363628..... SAN JUAN ..... PR ..... 00936-3628  
*(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*

Primary Location of Books and Records 1441 F.D. ROOSEVELT AVE..... SAN JUAN ..... PR ..... 00920 787-749-4949  
*(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)*

Internet Web Site Address www.sssadvantage.com

Statutory Statement Contact LILIANA RIVERA CORCINO 787-749-4949 x4588  
*(Name) (Area Code) (Telephone Number) (Extension)*  
liliana@ssspr.com 787-749-4019  
*(E-Mail Address) (Fax Number)*

### OFFICERS

Name	Title	Name	Title
1. Madeline Hernandez Urquiza, CPA	President	2. Juan Jose Roman Jimenez, CPA	Treasurer
3. Carlos L Rodriguez Ramos, ESQ	Secretary	4. Juan Jose Rodriguez Gilibertys, CPA	Assistant Treasurer

### OTHER

### DIRECTORS OR TRUSTEES

Roberto Garcia Rodriguez ESQ Hernando	Juan Jose Roman Jimenez CPA	Madeline Hernandez Urquiza CPA	Carlos L Rodriguez Ramos ESQ
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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) Madeline Hernandez Urquiza, CPA	_____ (Signature) Juan Jose Roman Jimenez, CPA	_____ (Signature)
1. (Printed Name) President	2. (Printed Name) Treasurer	3. (Printed Name) Secretary
_____ (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			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	169,402,333		169,402,333	150,533,628
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	43,872,952		43,872,952	20,626,741
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....27,571, Schedule E-Part 1), cash equivalents (\$.....9,680,624, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	9,708,195		9,708,195	14,012,414
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	3,195,484		3,195,484	
9. Receivables for securities.....	10,811		10,811	10,631
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).....	226,189,775	0	226,189,775	185,183,414
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	1,056,166		1,056,166	903,607
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	25,444,602	4,394,183	21,050,419	29,745,045
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.....	497,216		497,216	620,160
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.....	5,201,462		5,201,462	25,685,481
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	26,689,282	17,695,204	8,994,078	241,265
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	13,895,122
24. Health care (\$.....10,354,588) and other amounts receivable.....	33,555,052	23,200,464	10,354,588	7,151,123
25. Aggregate write-ins for other-than-invested assets.....	2,510,205	2,333,779	176,426	2,365,232
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	321,143,760	47,623,630	273,520,130	265,790,449
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	321,143,760	47,623,630	273,520,130	265,790,449

## 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. PREPAID.....	2,336,074	2,177,646	158,428	2,362,844
2502. INTANGIBLE ASSETS.....	138,143	138,143	0	
2503. PLAN TO PLAN RECEIVABLE.....	35,988	17,990	17,998	2,388
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).....	2,510,205	2,333,779	176,426	2,365,232

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	134,233,449		134,233,449	112,468,838
2. Accrued medical incentive pool and bonus amounts.....	11,336,533		11,336,533	5,073,146
3. Unpaid claims adjustment expenses.....	1,206,457		1,206,457	980,237
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	7,716,010		7,716,010	12,350,999
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	152,224		152,224	192,440
9. General expenses due or accrued.....	16,417,630		16,417,630	14,409,053
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....	534,166		534,166	241,266
11. Ceded reinsurance premiums payable.....	99,499		99,499	168,475
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	8,132,703		8,132,703	52,186,138
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	600,000	0	600,000	600,000
24. Total liabilities (Lines 1 to 23).....	180,428,671	0	180,428,671	198,670,592
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	16,463,453	0
26. Common capital stock.....	XXX	XXX	18,750	18,750
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	46,856,250	26,856,250
29. Surplus notes.....	XXX	XXX	55,480,000	55,480,000
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	(25,726,994)	(15,235,141)
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	93,091,459	67,119,859
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	273,520,130	265,790,451

**DETAILS OF WRITE-INS**

2301. STATUTORY RESERVE.....	600,000		600,000	600,000
2302. ....			0	
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	600,000	0	600,000	600,000
2501. HIP FEES SPECIAL SURPLUS.....	XXX	XXX	16,463,453	
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	16,463,453	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	1,457,363	1,394,272
2. Net premium income (including \$.....0 non-health premium income).....	XXX	1,035,285,853	1,023,903,457
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX		
5. Risk revenue.....	XXX		
6. Aggregate write-ins for other health care related revenues.....	XXX	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	362,969	117,449
8. Total revenues (Lines 2 to 7).....	XXX	1,035,648,822	1,024,020,906
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		452,361,788	477,478,684
10. Other professional services.....		284,205,328	289,526,340
11. Outside referrals.....			
12. Emergency room and out-of-area.....			
13. Prescription drugs.....		160,004,853	152,269,779
14. Aggregate write-ins for other hospital and medical.....0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		12,161,829	6,059,712
16. Subtotal (Lines 9 to 15).....0	0	908,733,798	925,334,515
<b>Less:</b>			
17. Net reinsurance recoveries.....		1,360,484	1,900,165
18. Total hospital and medical (Lines 16 minus 17).....0	0	907,373,314	923,434,350
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....8,555,476 cost containment expenses.....		8,907,870	9,176,674
21. General administrative expenses.....		120,055,195	135,620,676
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			
23. Total underwriting deductions (Lines 18 through 22).....0	0	1,036,336,379	1,068,231,700
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	(687,557)	(44,210,794)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		4,765,819	3,968,833
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....		29,649	47,202
27. Net investment gains or (losses) (Lines 25 plus 26).....0	0	4,795,468	4,016,035
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	4,107,911	(40,194,759)
31. Federal and foreign income taxes incurred.....	XXX	200,501	(21,926)
32. Net income (loss) (Lines 30 minus 31).....	XXX	3,907,410	(40,172,833)

**DETAILS OF WRITE-INS**

0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	0	0
0701. OTHER INCOME.....	XXX	362,969	117,449
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX	362,969	117,449
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0	0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0	0

## STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	67,119,859	87,019,463
34. Net income or (loss) from Line 32.....	3,907,410	(40,172,833)
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	1,464,503	1,036,141
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	1,828,036	16,865,068
39. Change in nonadmitted assets.....	515,442	(27,543,065)
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		30,000,000
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	18,256,209	(84,915)
48. Net change in capital and surplus (Lines 34 to 47).....	25,971,600	(19,899,604)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	93,091,459	67,119,859

## DETAILS OF WRITE-INS

4701. OTHER.....	(1,743,791)	(84,915)
4702. Capital Contribution.....	20,000,000	
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	18,256,209	(84,915)

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	1,037,852,572	1,024,603,555
2. Net investment income.....	6,073,144	5,687,256
3. Miscellaneous income.....	362,969	117,449
4. Total (Lines 1 through 3).....	1,044,288,685	1,030,408,260
5. Benefit and loss related payments.....	879,222,372	935,028,542
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	106,244,249	150,842,457
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(92,399)	(263,192)
10. Total (Lines 5 through 9).....	985,374,222	1,085,607,807
11. Net cash from operations (Line 4 minus Line 10).....	58,914,463	(55,199,547)
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	123,501,132	184,972,405
12.2 Stocks.....	3,458,537	
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	1,458,210	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	128,417,879	184,972,405
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	144,098,643	151,509,716
13.2 Stocks.....	29,595,367	19,420,412
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	180	10,631
13.7 Total investments acquired (Lines 13.1 to 13.6).....	173,694,190	170,940,759
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).....	(45,276,311)	14,031,646
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		30,000,000
16.2 Capital and paid in surplus, less treasury stock.....	20,000,000	
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(37,942,371)	(4,989,703)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(17,942,371)	25,010,297
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(4,304,219)	(16,157,604)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	14,012,414	30,170,018
19.2 End of year (Line 18 plus Line 19.1).....	9,708,195	14,012,414

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

20.0001 .....		
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....				.0
2. Medicare supplement.....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal employees health benefits plan.....				.0
6. Title XVIII - Medicare.....	1,036,510,038		1,224,185	1,035,285,853
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8).....	1,036,510,038	0	1,224,185	1,035,285,853
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	1,036,510,038	0	1,224,185	1,035,285,853

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	874,807,358						874,807,358			
1.2 Reinsurance assumed.....	.0									
1.3 Reinsurance ceded.....	1,483,428						1,483,428			
1.4 Net.....	873,323,930	.0	.0	.0	.0	.0	873,323,930	.0	.0	.0
2. Paid medical incentive pools and bonuses.....	6,470,803						6,470,803			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	134,233,449						134,233,449			
3.2 Reinsurance assumed.....	.0									
3.3 Reinsurance ceded.....	.0									
3.4 Net.....	134,233,449	.0	.0	.0	.0	.0	134,233,449	.0	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	.0									
4.2 Reinsurance assumed.....	.0									
4.3 Reinsurance ceded.....	.0									
4.4 Net.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year.....	11,336,533						11,336,533			
6. Net healthcare receivables (a).....	.0									
7. Amounts recoverable from reinsurers December 31, current year.....	497,216						497,216			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	112,468,838						112,468,838			
8.2 Reinsurance assumed.....	.0									
8.3 Reinsurance ceded.....	.0									
8.4 Net.....	112,468,838	.0	.0	.0	.0	.0	112,468,838	.0	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	.0									
9.2 Reinsurance assumed.....	.0									
9.3 Reinsurance ceded.....	.0									
9.4 Net.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year.....	5,073,146						5,073,146			
11. Amounts recoverable from reinsurers December 31, prior year.....	620,160						620,160			
12. Incurred benefits:										
12.1 Direct.....	896,571,969	.0	.0	.0	.0	.0	896,571,969	.0	.0	.0
12.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded.....	1,360,484	.0	.0	.0	.0	.0	1,360,484	.0	.0	.0
12.4 Net.....	895,211,485	.0	.0	.0	.0	.0	895,211,485	.0	.0	.0
13. Incurred medical incentive pools and bonuses.....	12,734,190	.0	.0	.0	.0	.0	12,734,190	.0	.0	.0

(a) Excludes \$.0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	13,380,500						13,380,500			
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	13,380,500	0	0	0	0	0	13,380,500	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	120,852,949						120,852,949			
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	120,852,949	0	0	0	0	0	120,852,949	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	134,233,449	0	0	0	0	0	134,233,449	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	134,233,449	0	0	0	0	0	134,233,449	0	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....					0	
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....	92,284,607	780,589,906	8,736,617	125,496,832	101,021,224	112,468,838
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	92,284,607	780,589,906	8,736,617	125,496,832	101,021,224	112,468,838
10. Healthcare receivables (a).....					0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	6,470,803		1,163,938	10,172,595	7,634,741	5,073,145
13. Totals (Lines 9 - 10 + 11 + 12).....	98,755,410	780,589,906	9,900,555	135,669,427	108,655,965	117,541,983

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....					
3. 2014.....	XXX	439,103	439,103	445,906	445,906
4. 2015.....	XXX	XXX	805,589	920,444	927,562
5. 2016.....	XXX	XXX	XXX	812,995	904,633
6. 2017.....	XXX	XXX	XXX	XXX	780,590

**SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....					
3. 2014.....	XXX	458,790	579,476	587,259	587,259
4. 2015.....	XXX	XXX	924,426	1,055,820	1,063,651
5. 2016.....	XXX	XXX	XXX	913,018	1,013,843
6. 2017.....	XXX	XXX	XXX	XXX	916,259

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....				0.0	0	0.0			0	0.0
2. 2014.....	539,750	445,906		0.0	445,906	82.6			445,906	82.6
3. 2015.....	1,097,232	927,562	9,002	1.0	936,564	85.4	714	6	937,284	85.4
4. 2016.....	1,023,903	904,633	10,217	1.1	914,850	89.3	9,187	76	924,113	90.3
5. 2017.....	1,035,286	780,590	7,707	1.0	788,297	76.1	135,669	1,124	925,090	89.4

12.GT

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	<b>NONE</b>	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

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**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	<b>NONE</b>	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY**

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Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	<b>NONE</b>	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - VISION ONLY**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

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**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	<b>NONE</b>	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	<b>NONE</b>	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....					
3. 2014.....	XXX	439,103	439,103	445,906	445,906
4. 2015.....	XXX	XXX	805,589	920,444	927,562
5. 2016.....	XXX	XXX	XXX	812,995	904,633
6. 2017.....	XXX	XXX	XXX	XXX	780,590

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....					
3. 2014.....	XXX	458,790	579,476	587,259	587,259
4. 2015.....	XXX	XXX	924,426	1,055,820	1,063,651
5. 2016.....	XXX	XXX	XXX	913,018	1,013,843
6. 2017.....	XXX	XXX	XXX	XXX	916,259

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		0		0.0	0	0.0			0	0.0
2. 2014.....	539,750	445,906		0.0	445,906	82.6			445,906	82.6
3. 2015.....	1,097,232	927,562	9,002	1.0	936,564	85.4	714	.6	937,284	85.4
4. 2016.....	1,023,903	904,633	10,217	1.1	914,850	89.3	9,187	76	924,113	90.3
5. 2017.....	1,035,286	780,590	7,707	1.0	788,297	76.1	135,669	1,124	925,090	89.4

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

12.XI

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	<b>NONE</b>	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - OTHER**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - OTHER**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

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**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.00	<b>NONE</b>	.00			.0	.00
2. 2014.....		.0		.00		.00			.0	.00
3. 2015.....		.0		.00		.00			.0	.00
4. 2016.....		.0		.00		.00			.0	.00
5. 2017.....		.0		.00		.00			.0	.00

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	7,716,010						7,716,010		
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income).....	.0								
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	7,716,010	.0	.0	.0	.0	.0	7,716,010	.0	.0
7. Reinsurance ceded.....	.0								
8. Totals (net) (Page 3, Line 4).....	7,716,010	.0	.0	.0	.0	.0	7,716,010	.0	.0
9. Present value of amounts not yet due on claims.....	.0								
10. Reserve for future contingent benefits.....	.0								
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0								
14. Totals (net) (Page 3, Line 7).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

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**DETAILS OF WRITE-INS**

0501. ....	.0								
0502. ....	.0								
0503. ....	.0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$.....0 premium deficiency reserve.

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....			3,920,694		3,920,694
2. Salaries, wages and other benefits.....			34,282,562		34,282,562
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			7,154,884		7,154,884
4. Legal fees and expenses.....			372,576		372,576
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....			52,212,701		52,212,701
7. Traveling expenses.....			259,759		259,759
8. Marketing and advertising.....			8,159,546		8,159,546
9. Postage, express and telephone.....			2,713,990		2,713,990
10. Printing and office supplies.....			2,594,852		2,594,852
11. Occupancy, depreciation and amortization.....			1,379,350		1,379,350
12. Equipment.....			483,878		483,878
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....	8,555,476	352,395			8,907,871
15. Boards, bureaus and association fees.....			1,257,889		1,257,889
16. Insurance, except on real estate.....			1,237,094		1,237,094
17. Collection and bank service charges.....			261,462		261,462
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....			126,485		126,485
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			397,320		397,320
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....			2,744,908		2,744,908
23.5 Other (excluding federal income and real estate taxes).....			713,826		713,826
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	(218,582)	0	(218,582)
26. Total expenses incurred (Lines 1 to 25).....	8,555,476	352,395	120,055,194	0	(a).....128,963,065
27. Less expenses unpaid December 31, current year.....		1,206,457	16,417,630		17,624,087
28. Add expenses unpaid December 31, prior year.....		980,237	14,409,053		15,389,290
29. Amounts receivable relating to uninsured plans, prior year.....					0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	8,555,476	126,175	118,046,617	0	126,728,268

## DETAILS OF WRITE-INS

2501. Other expenses.....			(218,582)		(218,582)
2502. ....					0
2503. ....					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	(218,582)	0	(218,582)

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....5,906,727	.....3,819,311
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....	.....
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....765,104	.....765,285
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).....	.....
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....181,223	.....181,223
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....6,853,054	.....4,765,819
11. Investment expenses.....	(g).....	.....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....	.....
13. Interest expense.....	(h).....	.....
14. Depreciation on real estate and other invested assets.....	(i).....0	.....0
15. Aggregate write-ins for deductions from investment income.....	.....0	.....0
16. Total deductions (Lines 11 through 15).....	.....0	.....0
17. Net investment income (Line 10 minus Line 16).....	.....	.....4,765,819

**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	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....0	.....0

- (a) Includes \$.....0 accrual of discount less \$.....0 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 \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(268,923)	.....	.....(268,923)	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
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).....	.....298,572	.....	.....298,572	.....1,364,040	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....100,463	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....29,649	.....0	.....29,649	.....1,464,503	.....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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	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.....	4,394,183	3,010,458	(1,383,725)
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.....	17,695,204	24,619,981	6,924,777
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....		9,539	9,539
24. Health care and other amounts receivable.....	23,200,464	20,218,433	(2,982,031)
25. Aggregate write-ins for other-than-invested assets.....	2,333,779	280,662	(2,053,117)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	47,623,630	48,139,073	515,443
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	47,623,630	48,139,073	515,443

**DETAILS OF WRITE-INS**

1101.....			0
1102.....			0
1103.....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. PREPAID.....	2,177,646	66,667	(2,110,979)
2502. PLAN TO PLAN RECEIVABLE.....	17,990	18,891	901
2503. INTANGIBLE ASSETS-APL.....	138,143	195,104	56,961
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).....	2,333,779	280,662	(2,053,117)

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	110,297	121,352	121,240	123,194	118,451	1,457,363
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	110,297	121,352	121,240	123,194	118,451	1,457,363

**DETAILS OF WRITE-INS**

0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

**NOTES TO FINANCIAL STATEMENTS****1. Summary of Significant Accounting Policies****A. Accounting practices**

The accompanying statutory interim financial statements of the Company have been prepared in accordance with accounting practices prescribed or permitted by the Commissioner of Insurance, which is a comprehensive basis of accounting other than U.S. Generally Accepted Accounting Principles (GAAP). The Company adopted the National Association of Insurance Commissioners' Statutory Accounting Practices (NAIC SAP) as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Puerto Rico Insurance Code or the Circular Letters issued by the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC) including its codification initiative contained in its accounting practices and procedures manual, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SAP; however, differences adopted by the Commissioner of Insurance do not have a significant effect on the net income and statutory capital and surplus of the Company.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Commissioner Insurance of Puerto Rico is shown below:

	SSAP #	F/S Page	F/S Line	2017	2016
<b>NET INCOME</b>					
(1) Triple-S Advantage, Inc. state basis (Page 4, Line 32, Columns 2 & 3)	1	xxx	xxx	\$ 3,907,410	\$ (40,172,833)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP				-	-
(4) NAIC SAP	1	xxx	xxx	<u>\$ 3,907,410</u>	<u>\$ (40,172,833)</u>
<b>SURPLUS</b>					
(5) Triple-S Advantage, Inc. state basis (Page 3, Line 33, Columns 3 & 4)	1	xxx	xxx	\$ 93,091,459	\$ 67,119,859
(6) State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP				-	-
(8) NAIC SAP	1	xxx	xxx	<u>\$ 93,091,459</u>	<u>\$ 67,119,859</u>

**B. Use of Estimates**

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities to prepare these statutory financial statements in conformity with the accounting practices prescribed or permitted by the Commissioner of Insurance. Actual results could differ from those estimates. The most significant items on the statutory statement of admitted assets, liabilities, and capital and surplus that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the assessment of other-than-temporary impairments, claims liabilities, risk score adjustments and Part D risk sharing and deferred taxes. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results. Although some variability is inherent in these estimates in the near future, the Company believes the amounts provided are adequate.

**C. Accounting Policy****Nonadmitted Assets**

Certain assets designated as "nonadmitted assets" have been excluded from the admitted assets by a charge to surplus.

**NOTES TO FINANCIAL STATEMENTS**

The nonadmitted assets charged to surplus during December 31, 2017 and 2016 are as follows:

	2017	2016
Deferred tax assets	\$ 17,695,204	\$ 24,619,981
Accounts receivable	27,594,647	23,228,891
Intangible asset	138,143	195,104
Due from affiliates	-	9,539
Other	2,195,636	85,558
	<u>\$ 47,623,630</u>	<u>\$ 48,139,073</u>

**Cash Equivalents**

The Company considers all highly liquid instrument with original maturities of three months or less at date of acquisition to be cash equivalents. Cash equivalents at December 31, 2017 and 2016 was approximately \$9,681,000 and \$12,625,000, respectively.

**Short-Term investments**

Short-term investments which have maturities of less than one year are stated at cost. There are no short-term investments at December 31, 2017.

**Investments**

Debt and equity securities are valued in accordance with rules promulgated by the NAIC. Debt securities that are designated highest-quality and high-quality (NAIC designation 1 and 2) are reported at amortized cost, with all other debt securities reported at the lower of amortized cost or fair market value. Debt securities eligible for amortization under such rules are stated net of unamortized premiums or discounts. At December 31, 2016 and 2015 there are no debt securities reported at fair value on the Statements of Admitted Assets, Liabilities, and Capital and Surplus.

Realized gains or losses on the sale of investments are included in operations and are derived using the specific-identification method for determining the cost of securities sold. Interest and dividend income is recognized when earned. Premiums and discounts are amortized or accreted over the life of the investment as an adjustment to yield using the effective-interest method.

The Company regularly invests in mortgaged-backed securities and other securities subject to prepayment and call risk. Significant changes in prevailing interest rates may adversely affect the timing and amount of cash flows on such securities. In addition, the amortization of market premium and accretion of market discount for mortgaged-backed securities is based on historical experience and estimates of future payment speeds on the underlying mortgage loans. Actual prepayment speeds will differ from original estimates and may result in material adjustments to amortization or accretion recorded in future periods.

A decline in the fair value of any security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new net cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether evidence indicating that the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in the value subsequent to year-end, and forecasted performance of the investee. No impairment loss was recognized at December 31, 2017.

**Premiums earned**

Premiums for the Medicare Advantage (MA) business are based on a bid contract with Centers for Medicare and Medicaid Services (CMS) and collected in advance of the coverage period. Related revenue is recorded as earned during the coverage period. MA contracts provide for a risk factor to adjust premiums paid for members that represent a higher or lower risk to the company. Retroactive rate adjustments are made periodically based on the aggregate health status and risk scores of the Company's MA membership. These risk adjustments are evaluated quarterly based on actuarial estimates. Actual results could differ from these estimates. As additional information becomes available, the recorded estimate is revised and reflected in operating results.

The Company offers prescription drug coverage to Medicare eligible beneficiaries as part of its MA plans (MA-PD). Premiums are based on a bid contract with CMS that considers the estimate costs of providing prescription drug benefits to enrolled participants. MA-PD premiums are subject to adjustment, positive or negative, based upon the application of risk corridors that compare the estimate prescription drug costs included in the bids to CMS actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company or in the Company refunding CMS a portion of the premiums collected. The Company estimates and records adjustments to earned premiums related to estimated risk corridor payments based upon actual prescription drug costs for each reporting period. CMS pays the Company an estimated amount for the Part D Catastrophic Reinsurance Subsidy to fund the CMS obligation to pay approximately 80% of the costs incurred by individual members in the excess of the individual annual out-of-pocket maximum. The Company does not recognize premium revenue or claims expense for these CMS subsidies. Amounts are subject to future settlements which may differ from the original estimate. Any difference between the settlement and the estimated amount is recorded in the period in which they become known. The total Catastrophic receivable was \$19,058,290 at December 31, 2016, and the risk share payable balance was \$1,683,725 and \$7,449,813 at December 31, 2017 and 2016, respectively.

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**NOTES TO FINANCIAL STATEMENTS**

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**Claims Liabilities**

Claims liabilities for health insurance policies represent the estimated amounts paid to providers based on experience and accumulated statistical data. Unpaid claims adjustment expenses related to such claims are accrued currently based on estimated future expenses necessary to process such claims.

Claim liabilities are necessarily based on estimates, and while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statutory statements of revenue and expenses in the period determined.

**Fair Value Measurements**

The Company follows the guidance in the provisions of SSAP No. 100 Fair Value Measurements for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the statutory financial statements on a recurring basis. SSAP No.100 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SSAP No.100 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date. SSAP 101 provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. There are no deferred credits related to income tax credits at December 31, 2017 and 2016.

The Company records any interest and penalties related to unrecognized tax benefits within the operating expenses in the statement of revenues and expenses.

**Reinsurance**

In the normal course of business, the Company seeks to reduce the loss that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk with reinsurers. Premiums ceded and recoveries of losses have been reported as a reduction of premiums and claims incurred, respectively.

**2. Accounting Changes and Corrections of Errors**

Not Applicable.

**3. Business Combinations and Goodwill**

Not Applicable.

**4. Discontinued Operations**

Not Applicable.

**5. Investments****A. Mortgage Loans**

*Not Applicable*

**B. Debt Restructuring**

*Not Applicable*

**C. Reverse Mortgages**

*Not Applicable*

**D. Loan-Backed Securities**

*Not Applicable*

**NOTES TO FINANCIAL STATEMENTS****E. Repurchase Agreements and/or Securities Lending Transactions***Not Applicable***F. Repurchase Agreements Transactions Accounted for as Secured Borrowings***Not Applicable***G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowings***Not Applicable***H. Repurchase Agreements Transactions Accounted for as Sale***Not Applicable***I. Reverse Repurchase Agreements Transactions Accounted for as Sale***Not Applicable***J. Real Estate***Not Applicable***K. Low-Income Housing Tax Credits (LIHTC)***Not Applicable***L. Restricted Assets**

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease) {1 minus 2}	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	0%	0%
b. Collateral held under security lending agreements	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-
j. On deposit with states	-	-	-	-	-	-
k. On deposit with other regulatory bodies	600,000	600,000	-	600,000	0.19%	0.22%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-
o. Total restricted assets	-	-	-	-	-	-
p. Total Restricted Assets	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	0%	0%

At December 31, 2017 and 2016, the Company has a deposit of \$600,000 with the Commissioner of Insurance to comply with the deposit requirements of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code).

**M. Working Capital Finance Investments***Not Applicable***N. Offsetting and Netting of Assets and Liabilities***Not Applicable***O. Structured Notes***Not Applicable***P. 5\* Securities***Not Applicable***Q. Short Sales***Not Applicable*

**NOTES TO FINANCIAL STATEMENTS****R. Prepayment and Acceleration Fees***Not Applicable***S. Debt Securities**

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of debt securities at December 31, 2017 and 2016 are as follows:

	<b>2017</b>			
	<b>Amortized Cost (Carrying Value)</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Estimated Fair Value</b>
US Treasury	\$ 29,534,098	\$ -	\$ (174,298)	\$ 29,359,800
Residential Mortgage Backed Securities Obligations of the Commonwealth of Puerto Rico and its instrumentalities	13,868,191	-	(238,558)	13,629,633
Municipal bonds	728,567	3,861	-	732,428
Industrial & Miscellaneous	54,851,261	282,974	(108,706)	55,025,529
	70,420,215	39,388	(370,053)	70,089,550
	<u>\$ 169,402,332</u>	<u>\$ 326,223</u>	<u>\$ (891,615)</u>	<u>\$ 168,836,940</u>

	<b>2016</b>			
	<b>Amortized Cost (Carrying Value)</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Estimated Fair Value</b>
US Treasury	\$ 17,850,996	\$ 41,704	\$ -	\$ 17,892,700
Residential Mortgage Backed Securities Obligations of the Commonwealth of Puerto Rico and its instrumentalities	16,620,656	10,071	(117,867)	16,512,860
Municipal bonds	707,746	-	(2,979)	704,767
Industrial & Miscellaneous	54,806,902	734,666	-	55,541,568
	60,547,328	49,598	(200,675)	60,396,251
	<u>\$ 150,533,628</u>	<u>\$ 836,039</u>	<u>\$ (321,521)</u>	<u>\$ 151,048,146</u>

The above debt securities are presented in the statutory statements of admitted assets, liabilities, and capital and surplus as follows:

	<b>2017</b>	<b>2016</b>
Bonds and notes	\$ 154,805,574	\$ 133,205,225
Mortgage-backed securities	13,868,191	16,620,656
Zero coupons and certificates of accrual	728,567	707,747
	<u>\$ 169,402,332</u>	<u>\$ 150,533,628</u>

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2017 and December 31, 2016 are as follows:

**NOTES TO FINANCIAL STATEMENTS**

	2017								
	Less Than 12 Months			12 Months or Longer			Total		
	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities
US Treasury	\$ 29,359,800	\$ (174,298)	2	\$ -	\$ -	-	\$ 29,359,800	\$ (174,298)	2
Residential Mortgage Obligation	3,740,598	(33,590)	1	9,889,035	(204,968)	2	13,629,633	(238,558)	3
Municipal bonds	11,416,800	(108,706)	4	-	-	-	11,416,800	(108,706)	4
Industrial and Miscellaneous	60,119,650	(370,053)	12	-	-	-	60,119,650	(370,053)	12
	<u>\$ 104,636,848</u>	<u>\$ (686,647)</u>	<u>17</u>	<u>\$ 9,889,035</u>	<u>\$ (204,968)</u>	<u>2</u>	<u>\$ 114,525,883</u>	<u>\$ (891,615)</u>	<u>21</u>

	2016								
	Less Than 12 Months			12 Months or Longer			Total		
	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities
Residential Mortgage Obligation Obligations of the Commonwealth of Puerto Rico	\$ 11,706,820	\$ (117,867)	2	\$ -	\$ -	-	\$ 11,706,820	\$ (117,867)	2
Industrial and Miscellaneous	-	-	-	704,767	(2,979)	1	704,767	(2,979)	1
	35,973,300	(200,675)	8	-	-	-	35,973,300	(200,675)	8
	<u>\$ 47,680,120</u>	<u>\$ (318,542)</u>	<u>10</u>	<u>\$ 704,767</u>	<u>\$ (2,979)</u>	<u>1</u>	<u>\$ 48,384,887</u>	<u>\$ (321,521)</u>	<u>11</u>

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company's intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and further requires consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its fair value solely due to changes in interest rates, impairment may not be appropriate. If after monitoring and analyzing, the Company determines that a decline in the estimated fair value is other than temporary, the carrying amount of the investment is reduced to its fair value. The impairment is charged to operations and a new cost basis for the investment is established. The fair value of the bond on the measurement date shall become the new cost basis of the bond and the new cost basis shall not be adjusted for subsequent recoveries in fair value. During the quarters ended December 31, 2017 and 2016 the company recognized no other-than-temporary impairment on such investments.

The unrealized losses on investments in fixed income securities were caused mainly by fluctuations in interest rates during 2017 and 2016. Because the Company has the ability and intent to hold these securities until maturity and the Company expects to collect all contractual cash flows, these investments are not considered other than temporarily impaired.

The amortized cost and estimated fair value of debt securities at December 31, 2017 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<b>Amortized Cost</b>	<b>Estimated Fair Value</b>
Due in 1 year or less	\$ 7,262,320	\$ 7,244,051
Due after 1 year through 5 years	126,362,337	126,081,563
Due after 5 years through 10 years	34,744,051	34,495,035
Due after 10 years	1,033,625	1,016,291
	<u>\$ 169,402,333</u>	<u>\$ 168,836,940</u>

Proceeds from sales and maturities of debt securities during the period ended December 31, 2017 and 2016 were \$123,501,132 and \$184,972,405, respectively. Gross gains and losses of \$103,641 and (\$372,564) in December 31, 2017, respectively, and \$394,063 and (\$35,193) in December 31, 2016, respectively, were realized on those sales.

No instruments were held in the trading portfolio as of December 31, 2017.

## NOTES TO FINANCIAL STATEMENTS

### T. Equity Securities

The cost, gross unrealized gains, gross unrealized losses, and estimated fair value of the equity securities at December 31, 2017 and 2016 is as follows:

2017			
Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Equity securities</b>			
Common stocks	\$ 41,313,573	\$ 2,600,019	\$ (40,640)
	\$ 41,313,573	\$ 2,600,019	\$ (40,640)
2016			
Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Equity securities</b>			
Common stocks	\$ 19,420,412	\$ 1,206,329	\$ -
	\$ 19,420,412	\$ 1,206,329	\$ -

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2017 are as follows:

	2017								
	Less Than 12 Months			12 Months or Longer			Total		
	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities
Common stocks	\$ 16,165,045	\$ (40,640)	2	\$ -	\$ -	-	\$ 16,165,045	\$ (40,640)	2
	\$ 16,165,045	\$ (40,640)	2	\$ -	\$ -	0	\$ 16,165,045	\$ (40,640)	2

Proceeds from sales and maturities of debt securities during the period ended December 31, 2017 were \$4,916,747. Gross gains of \$298,572 in December 31, 2017 were realized on those sales.

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of its common stocks. For securities with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company's intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and requires further consideration of risks such as credit and interest rate risks. If, after monitoring and analyzing, the Company determines that a decline in the estimated fair value of any common and preferred stock security below cost is other than temporary, the carrying amount of the security is reduced to its fair value. The impairment is charged to operations, and a new cost basis for the security is established. No impairment loss was recognized at December 31, 2017 and 2016.

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

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

### 7. Investment Income

Components of net investment income earned for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
<b>Debt securities</b>		
Bonds and notes	\$ 3,423,604	\$ 3,480,613
Zero coupons and certificates of accrual	20,821	40,950
Collateralized mortgage obligations	374,886	14,981
	3,819,311	3,536,544
<b>Equity securities</b>		
Common stocks	946,508	432,289
	946,508	432,289
	<b>\$ 4,765,819</b>	<b>\$ 3,968,833</b>
Less: Investment and interest expenses incurred	-	-
	<b>\$ 4,765,819</b>	<b>\$ 3,968,833</b>

### 8. Derivative Instruments

Not Applicable.

### 9. Income Taxes

The Company is subject to Puerto Rico income taxes as an other than life insurance entity, as defined in the Puerto Rico Internal Revenue Code. The Company also is subject to U.S. federal income taxes for foreign source dividend income.

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

<i>(in thousands)</i>	December 31, 2017			December 31, 2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross deferred tax assets	26,689		26,689	24,861		24,861	1,828	-	1,828
b. Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
c. Adjusted gross deferred tax assets (1a-1b)	26,689	-	26,689	24,861	-	24,861	1,828	-	1,828
d. Deferred tax asset nonadmitted	(17,695)		(17,695)	(24,619)		(24,619)	6,924	-	6,924
e. Subtotal net admitted deferred tax assets (1c-1d)	8,994	-	8,994	242		242	8,752	-	8,752
f. Deferred tax liabilities	(534)	-	(534)	(242)	-	(242)	(292)	-	(292)
g. Net admitted deferred tax assets /(net deferred tax liability) (1e-1f)	8,460	-	8,460	-	-	-	8,460	-	8,460

Admission Calculation Components SSAP No. 101

<i>(in thousands)</i>	December 31, 2017			December 31, 2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	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)2 below	-	-	-	-	-	-	-	-	-
1 Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2 Adjusted gross deferred tax assets allowed per limitation threshold	8,994		8,994	242		242	8,752		8,752
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	(534)	-	(534)	(242)	-	(242)	(292)	-	(292)
d. Deferred tax assets admitted as the result of application of SSAP No. 101 total (2(a) + 2(b) + 2c)	8,460	-	8,460	-	-	-	8,460	-	8,460

**NOTES TO FINANCIAL STATEMENTS**

	2017	2016
a. Ratio percentage used to determine recovery period and threshold limitation amount	214%	156%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	84,599	67,120

B. Deferred tax liabilities that are not recognized.

Not applicable

C. Current income taxes incurred consist of the following major components:

<i>(in thousands)</i>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>Change</u>
<b>1. Current Income Tax</b>			
(a) Federal	\$ 200,501	\$ (21,926)	\$ 222,427
(b) Foreign	-	-	-
(c) Subtotal	<u>200,501</u>	<u>(21,926)</u>	<u>222,427</u>
(d) Federal income tax on capital gains	-	-	-
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	200,501	(21,926)	222,427
<b>2. Deferred Tax Assets</b>			
(a)			
(1) Employee benefits plan	\$ -	\$ -	\$ -
(2) DTA intercompany	-	-	-
(3) Deferred compensation	-	-	-
(4) Contingency reserves	-	-	-
(5) Shared based compensation	-	-	-
(6) Severance	-	-	-
(7) Accumulated Value on Capital Assets	-	-	-
(8) Depreciation	-	-	-
(9) Alternative investments difference in basis	37	-	37
(10) AMT	49	-	49
(11) Tax Credit	-	-	-
(12) Net operating loss	14,931	15,689	(758)
(13) Nonadmitted assets	11,672	9,172	2,500
Total gross deferred tax assets	<u>26,689</u>	<u>24,861</u>	<u>1,828</u>
(b) Statutory Valuation allowance	-	-	-
Adjusted Gross DTA	<u>26,689</u>	<u>24,861</u>	<u>1,828</u>
(c) Less: Nonadmitted deferred tax assets	<u>(17,695)</u>	<u>(24,619)</u>	<u>5,484</u>
(d) Admitted deferred tax assets	<u>8,994</u>	<u>242</u>	<u>7,312</u>
<b>3. Deferred Tax liabilities</b>			
(a) Ordinary			
(1) Venture Capital	-	-	-
(2) Employee benefits plan	-	-	-
(3) Unrealized on investment	(534)	(242)	(292)
(b) Total deferred tax liabilities	<u>(534)</u>	<u>(242)</u>	<u>(292)</u>
(c) Net deferred tax assets/liabilities (2d-3b)	<u>\$ 8,460</u>	<u>\$ -</u>	<u>\$ 7,020</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management believes that it is more likely than not that the Company will realize the benefits of these deductible differences.

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**NOTES TO FINANCIAL STATEMENTS**


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

The Company accounts transactions with related parties in accordance with SSAP No. 25, Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties. Transactions between related parties must be in the form of a written agreement and the agreement must provide for a timely settlement of amounts owed with a specific due date. Amounts owed that are more than 90 days from the due date are nonadmitted. If the agreement does not contain a due date, the uncollected receivable amounts are nonadmitted. Intercompany receivables recorded as nonadmitted for December 31, 2016 were \$9,539.

The Company has the following net balances due from (to) the Parent Company and affiliates at December 31, 2017 and 2016, which are recorded as due from Parent Company and affiliates and other receivables or as other expenses due and accrued and other liabilities, as applicable, in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus:

	<b>2017</b>	<b>2016</b>
Triple-S Advantage Solutions, Inc.	\$ -	\$ (36,135,086)
Triple-S Salud, Inc.	(8,098,888)	(1,224,808)
Socios Mayores en Salud Holdings, Inc.	-	(931,122)
Triple-S Management Corp.	(33,815)	-
Triple-S Propiedad, Inc,	-	9,539
	<u>\$ (8,132,703)</u>	<u>\$ (38,281,477)</u>

On January 1, 2008, the Company entered into a Management Agreement (*the Agreement*) with Triple-S Advantage Solutions, Inc. (TSAS, Parent Company) in which TSAS will provide management services for a period of 10 years to the Company. The services to be provided under the terms of this Agreement include claims processing and payments, participating provider services, management information system, member services, quality management services and marketing services, among other services, as defined in the Agreement. In compensation for these services, the Company will pay TSAS a monthly fee as defined in the Agreement. As of December 31, 2017 and 2016, the management fee charged by TSAS to the Company for the above services amounted to \$113,881,444 and \$112,629,380, respectively, which are included in operating expenses in the accompanying statutory statements of revenues and expenses. Effective January 1, 2018, this agreement was assumed by Triple-S Salud, Inc. as a result of the upstream merger of TSAS.

**11. Debt**

Not applicable.

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

Not Applicable.

**13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations**

As a member of the BCBSA, the Company is required by membership standards of the association to maintain liquidity as defined by BCBSA, that is, to maintain net worth exceeding the Company action level as defined in the NAIC's Risk-Based Capital for Insurers Model Act. The Puerto Rico Insurance Code requires that Insurance companies comply with the requirements established by the NAIC's Risk-Based Capital for Insurers Model Act. commencing on December 31, 2009.

The Company is authorized to issue 500 shares of class A common stock with no par value. At December 31, 2017 and December 31, 2016 none of these shares are issued and outstanding. The Company has class B common stock with a par value of \$10 per share; 2,000 shares authorized of which 1,875 shares are issued and outstanding at December 31, 2017 and December 31, 2016.

The accumulated earnings of the Company are restricted as to the payment of dividends by statutory limitations applicable to domestic insurance companies. Such limitations restrict the payment of dividends by insurance companies generally to unrestricted unassigned surplus reported for statutory purposes. No dividends were paid as of December 31, 2017.

The Company has entered into several unsecured notes agreements with Affiliated companies. Proceeds from surplus note issued on June 2006 were used to create a voluntary reserve to guarantee payments to providers under the

Medicaid and Medicare Advantage plans. Proceeds from surplus notes issued during 2012 and 2016 were used to improve the capital and surplus of the Company and the risk-based capital metrics. The Company obtained approval from the Commissioner as defined by the Insurance Code. Under the Insurance Code, surplus notes and related accrued interest cannot be paid without prior approval by the Commissioner.

A summary of the surplus notes entered by the Company as of December 31, 2017 is as follows:

**NOTES TO FINANCIAL STATEMENTS**

Note Holder	Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
SSS	6/28/2006	3.00%	\$ 480,000	\$ 645,600	\$ -	\$ -	\$ 165,600	None
TSM	6/29/2012	4.70%	10,000,000	12,943,326	-	-	2,943,326	12/31/2020
TSM	12/30/2012	4.70%	15,000,000	18,974,829	-	-	3,974,829	12/31/2020
SSS	12/29/2016	4.70%	30,000,000	30,000,000	-	-	1,440,774	12/29/2021
			<b>\$55,480,000</b>	<b>\$62,563,755</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$8,524,529</b>	

**14. Contingencies**

Not Applicable.

**15. Leases**

Not Applicable.

**16. Information about Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk**

The Company's business activity is with insureds located throughout Puerto Rico, and as such, the Company is subject to the risks associated with the Puerto Rico economy.

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

Not Applicable.

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans****A. ASO Plans**

Not Applicable.

**B. ASC Plans**

Not Applicable.

**C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract**

Revenue from the Company's Medicare contract (or similarly structured cost based reimbursement contract) for the year 2017, consisted of \$1,035,285,853. As of December 31, 2017, the Company has recorded receivables from CMS of \$5,201,462 whose account balance is greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000. In connection with the Company's Medicare contract (or similarly structured cost based reimbursement contract) the Company has not recorded allowances or reserves for adjustment of recorded revenues. The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

Not Applicable.

**20. Fair Value Measurements****Fair Value Hierarchy**

Included in various investment related disclosures in the statutory financial statements are certain financial instruments disclosed at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock when carried at the lower of cost or market.

The Company uses observable inputs when available. Fair value is based upon quoted market prices when available. If market prices are not available, the Company employs internally developed models that primarily use market-based inputs including yield curves, interest rates, volatilities, and credit curves, among others. The Company limits valuation adjustments to those deemed necessary to ensure that the security's fair value adequately represents the price that would be received or paid in the marketplace. Valuation adjustments may include consideration of counterparty credit quality and liquidity as well as other criteria. The estimated fair value amounts are subjective in nature and may involve uncertainties and matters of significant judgment for certain financial instruments. Changes in the underlying assumptions used in estimating fair value could affect the results. The fair value measurement levels are not indicative of risk of investment.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair

## NOTES TO FINANCIAL STATEMENTS

value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.
- The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2017 and December 31, 2016:

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2017	2017 Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Bonds				
US Treasury	\$ 29,534,098	\$ 29,359,800	\$ -	\$ -
Residential Mortgage Backed Securities	13,868,192	-	13,629,633	-
Obligations of the Commonwealth of Puerto Rico	728,567	-	732,428	-
Municipal Bonds	54,851,261	-	55,025,529	-
Industrial & Miscellaneous	70,420,215	-	70,089,550	-
Total Bonds	169,402,333	29,359,800	139,477,140	-
Stocks				
Mutual Funds	43,872,952	33,147,002	10,725,950	-
Total Stocks	43,872,952	33,147,002	10,725,950	-
Assets at fair Value	\$ 213,275,285	\$ 62,506,802	\$ 150,203,090	\$ -

**NOTES TO FINANCIAL STATEMENTS**

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2016	2016 Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Bonds				
US Treasury	\$ 17,850,996	\$ 17,892,700	\$ -	\$ -
Residential Mortgage Backed Securities	16,620,656	-	16,512,860	-
Municipal Bonds	54,806,901	-	55,541,566	-
Obligations of the Commonwealth of Puerto Rico	707,746	-	704,768	-
Industrial & Miscellaneous	60,547,328	-	60,396,251	-
Total Bonds	<u>150,533,627</u>	<u>17,892,700</u>	<u>133,155,445</u>	<u>-</u>
Stocks				
Mutual Funds	20,626,741	7,841,060	10,405,627	2,380,054
Total Stocks	<u>20,626,741</u>	<u>7,841,060</u>	<u>10,405,627</u>	<u>2,380,054</u>
Assets at fair Value	<u>\$ 171,160,368</u>	<u>\$ 25,733,760</u>	<u>\$ 143,561,072</u>	<u>\$ 2,380,054</u>

**21. Other Items**

Not Applicable.

**22. Events Subsequent**

On January 1, 2016, the Company was subject to an annual fee under section 9010 of the federal Affordable Care Act (ACA). This annual fee was allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. During 2016, the Consolidated Appropriations Act of 2016 suspended the collection of the health insurance provider fee for the 2017 calendar year. Therefore, there is no special surplus as of December 31, 2016.

	<u>Current Year</u>	<u>Prior Year</u>
A. ACA fee assessment payable for the upcoming year:	\$ 16,463,453	\$ -
B. ACA fee assessment paid:	\$ -	\$ 18,954,536
C. Premiums written subject to ACA 9010 assessment:	\$ 1,035,285,853	\$ -
D. Total Adjusted Capital before surplus adjustment:	\$ 93,091,459	\$ 67,119,859
E. Authorized Control Level before surplus adjustment:	\$ 39,367,781	\$ 40,134,992
F. Total Adjusted Capital after surplus adjustment:	\$ 76,628,006	\$ 67,119,859
G. Authorized Control Level after surplus adjustment:	\$ 39,367,781	\$ 40,134,992
H. Would reporting the ACA assessment as of Dec. 31, 2015 triggered an RBC action level (YES/NO)? YES		

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## NOTES TO FINANCIAL STATEMENTS

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**23. Reinsurance****Section 1 – General Interrogatories**

- i. (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( )                      No (X)

- ii. (2) Have any policies issued by the company been reinsured with the company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( )                      No (X)

**Section 2 – Ceded Reinsurance Report – Part A**

- iii. (1) Does the company have any reinsurance agreements in effect under which the reinsurance may unilaterally cancel any reinsurance for reasons other than for nonpayment of premiums or other similar credit?

Yes ( )                      No (X)

- iv. (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( )                      No (X)

**Section 3 – Ceded Reinsurance Report – Part B**

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

(2) Have any agreements been executed or existing agreements amended, since January of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( )                      No (X)

**24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not Applicable.

**25. Change in Incurred Claims and Claim Adjustment Expenses**

The activity in medical claims liability during December 31, 2017 and December 31, 2016 is as follows:

	<b>2017</b>	<b>2016</b>
<b>Claim liabilities at beginning of year</b>	\$ 117,541,983	\$ 128,761,131
Incurred claims		
Current period insured events	910,737,314	918,956,349
Prior periods insured events	(3,364,000)	4,478,000
Total incurred	907,373,314	923,434,349
Payment for claims		
Current period insured events	780,589,906	812,994,843
Prior periods insured events	98,755,410	121,658,654
Total paid	879,345,316	934,653,497
<b>Claim liabilities at end of year</b>	<b>\$ 145,569,981</b>	<b>\$ 117,541,983</b>

As a result of differences between actual amounts and estimates of insured events in prior years, the amounts included as incurred claims for prior periods insured events differ from anticipated claims incurred.

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**NOTES TO FINANCIAL STATEMENTS**


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**26. Intercompany Pooling Arrangements**

Not Applicable.

**27. Structured Settlements**

Not Applicable.

**28. Health Care Receivables**

Pharmaceutical rebates arrangements are administered by the Company's Pharmacy Benefit Manager (PBM). The PBM contracts directly with the pharmaceutical companies the terms and conditions applicable for rebatable drugs. Billings of rebates is then performed by the PBM on a quarterly basis. Once collected from the pharmaceutical companies the PBM remits to the Company the Company's share of rebates received. An estimate of quarterly billable rebates is recorded as a reduction of claims expenses in the accompanying statement of earnings. Subsequent adjustments to such estimates are recorded in the period they become known by the Company.

The following table sets forth the estimated rebates recorded for each quarter, the actual rebates as confirmed by the PBM in their most recent Rebate Confirmation schedule and the allocation of such rebate amount to the respective aging collections category, based in the date they were originally billed.

<i>(in thousands)</i>	<b>Estimated Pharmacy Rebates as Reported on Financial Statements</b>	<b>Pharmacy Rebates as Billed or Otherwise Confirmed</b>	<b>Actual Rebates Received Within 90 Days of Billing</b>	<b>Actual Rebates Received Within 91 to 180 Days of Billing</b>	<b>Actual Rebates Received More Than 180 Days After Billing</b>
<b>Quarter Ended</b>					
December 31, 2017	\$ 9,879,586	\$ 11,133,557	\$ -	\$ -	\$ -
September 30, 2017	9,792,868	9,792,868	-	-	-
June 30, 2017	8,918,130	8,599,768	-	-	-
March 31, 2017	8,986,634	9,696,006	-	-	8,496,380
December 31, 2016	\$ 7,151,124	\$ 7,544,286	\$ -	\$ -	\$ 6,992,624
September 30, 2016	7,511,865	7,465,401	-	-	-
June 30, 2016	8,555,279	10,420,885	-	-	11,213,722
March 31, 2016	8,709,379	8,709,379	-	-	13,770,734
December 31, 2015	\$ 7,951,259	\$ 7,951,259	\$ -	\$ -	\$ 933,060
September 30, 2015	7,057,475	7,057,475	-	-	2,611,909
June 30, 2015	5,790,950	5,790,950	-	-	13,332,881
March 31, 2015	5,781,672	5,755,286	-	-	7,183,894

**29. Participating Policies**

Not Applicable.

**30. Premium Deficiency Reserves**

Not Applicable.

**31. Anticipated Salvage and Subrogation**

Not Applicable.

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**NOTES TO FINANCIAL STATEMENTS**

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## **NOTES TO FINANCIAL STATEMENTS**

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2017

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**NOTES TO FINANCIAL STATEMENTS**

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**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  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
- 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
- 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. 12/31/2008
- 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. 12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_
- 3.4 By what department or departments? \_\_\_\_\_

- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
  - 4.11 sales of new business? Yes  No
  - 4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
  - 4.21 sales of new business? Yes  No
  - 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- 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 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes  No
- 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
- 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 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes  No
- 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
- 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? \_\_\_\_\_
- 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
- 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
- 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  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?
- 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 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 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  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
- 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
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  N/A
- 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
- 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  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 \$ 0
- 25.29 On deposit with other regulatory bodies \$ 600000600,000
- 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
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
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
- 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  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 |
|---------------------------|--------------------------|
|                           |                          |
- 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
- 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 |
|---------------------------------|------------------|
|                                 |                  |
- 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

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

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	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	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 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		\$
29.2999	TOTAL	\$

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

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 1694023330	\$ 1688369400	\$ (565393)0
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 0	\$ 0	\$ 0

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? \$ 0

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 Name	2 Amount Paid
	\$

35.1 Amount of payments for legal expenses, if any? \$ 0

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

1 Name	2 Amount Paid
	\$

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 Name	2 Amount Paid
	\$

## GENERAL INTERROGATORIES

## PART 2 – HEALTH 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		2	
		Current Year		Prior Year	
2.1	Premium Numerator	\$10352858531,035,285,853	\$	1,023,903,457	
2.2	Premium Denominator	\$10352858531,035,285,853	\$	1,023,903,457	
2.3	Premium Ratio (2.1/2.2)	100100.0%		100.0%	
2.4	Reserve Numerator	\$ 153285992153,285,992	\$	129,892,984	
2.5	Reserve Denominator	\$ 153285992153,285,992	\$	129,892,984	
2.6	Reserve Ratio (2.4/2.5)	100100.0%		100.0%	
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?			Yes [ ]	No [ X ]
3.2	If yes, give particulars:				
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?			Yes [ X ]	No [ ]
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?			Yes [ ]	No [ X ]
5.1	Does the reporting entity have stop-loss reinsurance?			Yes [ X ]	No [ ]
5.2	If no, explain:				
5.3	Maximum retained risk (see instructions)				
5.31	Comprehensive Medical		\$		0
5.32	Medical Only		\$		0
5.33	Medicare Supplement		\$		0
5.34	Dental and Vision		\$		0
5.35	Other Limited Benefit Plan		\$		0
5.36	Other		\$		0
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:				

## GENERAL INTERROGATORIES

### PART 2 – HEALTH INTERROGATORIES

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [ X ] No [ ]
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 0
- 8.2 Number of providers at end of reporting year 0
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [ X ]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees with rate guarantees between 15-36 months \$ 0
- 9.22 Business with rate guarantees over 36 months \$ 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [ X ] No [ ]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses 0
- 10.22 Amount actually paid for year bonuses 0
- 10.23 Maximum amount payable withholds 0
- 10.24 Amount actually paid for year withholds 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [ ] No [ X ]
- 11.13 An Individual Practice Association (IPA), or, Yes [ ] No [ X ]
- 11.14 A Mixed Model (combination of above)? Yes [ ] No [ X ]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [ ] No [ X ]
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
- 11.4 If yes, show the amount required. \$ 0
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [ X ]
- 11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area

- 13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [ ]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [ ]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [ ] No [ ] N/A [ ]
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
	0		\$	\$	\$	\$

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

- 15.1 Direct Premium Written \$ 0
- 15.2 Total Incurred Claims \$ 0
- 15.3 Number of Covered Lives 0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

## FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	273,520,130	265,790,449	286,801,325	227,661,059	152,200,304
2. Total liabilities (Page 3, Line 24).....	180,428,671	198,670,592	199,773,424	182,215,973	99,412,743
3. Statutory minimum capital and surplus requirement.....					600,000
4. Total capital and surplus (Page 3, Line 33).....	93,091,459	67,119,859	87,027,901	45,445,086	52,787,561
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	1,035,648,822	1,024,020,906	1,097,289,945	539,772,911	519,925,902
6. Total medical and hospital expenses (Line 18).....	907,373,314	923,434,350	927,933,537	458,018,077	429,035,039
7. Claims adjustment expenses (Line 20).....	8,907,870	9,176,674	8,938,313	4,019,595	5,381,558
8. Total administrative expenses (Line 21).....	120,055,195	135,620,676	147,531,931	72,212,367	58,935,430
9. Net underwriting gain (loss) (Line 24).....	(687,557)	(44,210,794)	12,886,164	5,522,872	26,573,875
10. Net investment gain (loss) (Line 27).....	4,795,468	4,016,035	2,936,683	3,086,403	2,848,846
11. Total other income (Lines 28 plus 29).....					
12. Net income or (loss) (Line 32).....	3,907,410	(40,172,833)	12,305,126	6,699,888	22,311,583
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	58,914,463	(55,199,547)	19,665,902	4,751,857	33,449,219
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	93,091,459	67,119,859	87,027,901	45,445,086	55,192,131
15. Authorized control level risk-based capital.....	39,367,781	40,134,992	42,586,411	17,436,939	19,051,703
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	118,451	110,297	123,888	50,771	43,346
17. Total member months (Column 6, Line 7).....	1,457,363	1,394,272	1,447,420	612,537	532,642
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	87.6	90.2	84.6	84.9	82.5
20. Cost containment expenses.....	0.8	0.8	0.8	0.7	1.0
21. Other claims adjustment expenses.....	0.0	0.1			0.1
22. Total underwriting deductions (Line 23).....	100.1	104.3	98.8	99.0	94.9
23. Total underwriting gain (loss) (Line 24).....	(0.1)	(4.3)	1.2	1.0	5.1
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13, Col. 5).....	108,655,965	139,177,337	120,685,954	62,054,094	54,275,782
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	117,541,983	128,761,131	117,178,284	62,826,028	53,865,357
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.....					

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

Yes [ ] No [ ]

If no, please explain:

## SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama.....AL	.N							.0	
2. Alaska.....AK	.N							.0	
3. Arizona.....AZ	.N							.0	
4. Arkansas.....AR	.N							.0	
5. California.....CA	.N							.0	
6. Colorado.....CO	.N							.0	
7. Connecticut.....CT	.N							.0	
8. Delaware.....DE	.N							.0	
9. District of Columbia.....DC	.N							.0	
10. Florida.....FL	.N							.0	
11. Georgia.....GA	.N							.0	
12. Hawaii.....HI	.N							.0	
13. Idaho.....ID	.N							.0	
14. Illinois.....IL	.N							.0	
15. Indiana.....IN	.N							.0	
16. Iowa.....IA	.N							.0	
17. Kansas.....KS	.N							.0	
18. Kentucky.....KY	.N							.0	
19. Louisiana.....LA	.N							.0	
20. Maine.....ME	.N							.0	
21. Maryland.....MD	.N							.0	
22. Massachusetts.....MA	.N							.0	
23. Michigan.....MI	.N							.0	
24. Minnesota.....MN	.N							.0	
25. Mississippi.....MS	.N							.0	
26. Missouri.....MO	.N							.0	
27. Montana.....MT	.N							.0	
28. Nebraska.....NE	.N							.0	
29. Nevada.....NV	.N							.0	
30. New Hampshire.....NH	.N							.0	
31. New Jersey.....NJ	.N							.0	
32. New Mexico.....NM	.N							.0	
33. New York.....NY	.N							.0	
34. North Carolina.....NC	.N							.0	
35. North Dakota.....ND	.N							.0	
36. Ohio.....OH	.N							.0	
37. Oklahoma.....OK	.N							.0	
38. Oregon.....OR	.N							.0	
39. Pennsylvania.....PA	.N							.0	
40. Rhode Island.....RI	.N							.0	
41. South Carolina.....SC	.N							.0	
42. South Dakota.....SD	.N							.0	
43. Tennessee.....TN	.N							.0	
44. Texas.....TX	.N							.0	
45. Utah.....UT	.N							.0	
46. Vermont.....VT	.N							.0	
47. Virginia.....VA	.N							.0	
48. Washington.....WA	.N							.0	
49. West Virginia.....WV	.N							.0	
50. Wisconsin.....WI	.N							.0	
51. Wyoming.....WY	.N							.0	
52. American Samoa.....AS	.N							.0	
53. Guam.....GU	.N							.0	
54. Puerto Rico.....PR	.L		1,036,510,038					1,036,510,038	
55. U.S. Virgin Islands.....VI	.N							.0	
56. Northern Mariana Islands.....MP	.N							.0	
57. Canada.....CAN	.N							.0	
58. Aggregate Other alien.....OT	.XXX	0	0	0	0	0	0	0	0
59. Subtotal.....XXX		0	1,036,510,038	0	0	0	0	1,036,510,038	0
60. Reporting entity contributions for Employee Benefit Plans.....XXX								0	
61. Total (Direct Business).....(a)	1	0	1,036,510,038	0	0	0	0	1,036,510,038	0

**DETAILS OF WRITE-INS**

58001.....								.0	
58002.....								.0	
58003.....								.0	
58998. Summary of remaining write-ins for line 58.....		0	0	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998).....		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; (N) - None of the above - Not allowed to write business in the state.

**Explanation of basis of allocation by states, premiums by state, etc.**

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

**Organizational Chart of Triple-S Management Corporation\***

<p><b>Triple-S Management Corporation</b>                  ---A publicly-traded company--- Holding company of TSS                  EIN – 66-0555678  <b>NAIC GROUP CODE - 4802</b></p>
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<p><b>Triple-S Propiedad, Inc. (“TSP”)<sup>1</sup></b>                  A property and casualty insurance company                  EIN – 66-0437064</p>	<p><b>Clínica Las Américas Guaynabo</b>                  Subsidiary of TSM (99.6% ownership)                  EIN – 66-0559600                  NAIC CODE – N/A</p>	<p><b>Triple-S Salud, Inc. (“TSS”)<sup>1</sup></b>                  Holding company of TSAS                  EIN – 66-0555677                  NAIC CODE – 55816</p>	<p><b>Triple-S Vida, Inc. (“TSV”)<sup>1</sup></b>                  A life insurance company                  EIN – 66-0258488                  NAIC CODE – 73814</p>	<p><b>Interactive Systems, Inc.</b>                  A technology service company                  EIN – 66-0482092                  NAIC CODE – N/A</p>	<p><b>Fundacion Triple-S, Inc.</b>                  A non-profit organization                  EIN – N/A                  NAIC CODE – N/A</p>	<p><b>Fundación para el Desarrollo Profesional e Investigaciones en Puerto Rico, Inc.</b>                  A non-profit organization                  EIN – N/A                  NAIC CODE – N/A</p>	<p><b>Triple-C, Inc.</b>                  Currently inactive                  EIN – 66-0508158                  NAIC CODE – N/A</p>	<p><b>NeoDeck Holding Corp. (“NDHC”)<sup>1</sup></b>                  Not a subsidiary                  TSM owns 49% ownership                  EIN – 66-0749383                  NAIC CODE – N/A                  DOMICILED - PR</p>
<p><b>Triple-S Insurance Agency, Inc.</b>                  Wholly-owned subsidiary of TSP                  EIN - 66-0286587                  NAIC CODE – N/A</p>	<p><b>Triple-S Advantage , Inc.</b>                  Provider of MA services                  Wholly-owned subsidiary of TSAS                  EIN – 66-0593034                  NAIC CODE – 11152</p>	<p><b>PR Life Services, Corp.</b>                  Wholly-owned subsidiary of TSV                  EIN – 66-0526558                  NAIC CODE – N/A                  DOMICILED - PR</p>	<p><b>Triple-S Blue Inc., I.I. (Formerly ASICO)</b>                  Wholly-owned subsidiary of TSV                  EIN – 66-0175224                  NAIC CODE – N/A                  DOMICILED - PR</p>					

Notes:

\* All companies are Puerto Rico companies, except for Socios Mayores en Salud Holdings, Inc., which is a Delaware company.

<sup>1</sup>The Code of Insurance of Puerto Rico requires that directors of insurance companies be shareholders. Each director of TSP, TSV, TSS, and TSB respectively, acquires one (1) share of stock of the insurer during his or her tenure (each, a “Qualifying Share”). Qualifying Shares is returned by the director at the end of his or her tenure.

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