



**ANNUAL STATEMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2015  
OF THE CONDITION AND AFFAIRS OF THE  
**Real Legacy Assurance Company, Inc**

NAIC Group Code 3526, NAIC Company Code 36749 Employer's ID Number 660357766  
(Current Period) (Prior Period)

Organized under the Laws of Puerto Rico, State of Domicile or Port of Entry Puerto Rico

Country of Domicile PR

Incorporated/Organized December 10, 1974 Commenced Business January 1, 1978

Statutory Home Office Metro Office Park Street 1 Lot 4, Guaynabo, Puerto Rico 00968-1805  
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office Metro Office Park Street 1 Lot 4, Guaynabo, Puerto Rico 00968-1805 (787) 273-7800  
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 71467, San Juan, Puerto Rico 00936-8567  
(Street and Number or P. O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records Metro Office Park Street 1 Lot 4, Guaynabo, Puerto Rico 00968-1805  
(Street and Number, City or Town, State, Country and Zip Code)  
(Area Code) (Telephone Number)

Internet Website Address www.reallegacyassurance.com

Statutory Statement Contact Aleida Alsina 787-273-7800  
(Name) (Area Code) (Telephone Number) (Extension)  
aleida.alsina@rla-pr.com 787-774-0199  
(E-Mail Address) (Fax Number)

**OFFICERS**

Gidel H Mendez Martinez (President)  
Aleida Alsina Rivera (Finance Director)

**OTHER**

**DIRECTORS OR TRUSTEES**

Roberto Castro Hiraldo  
Gidel H Mendez Martinez  
Edwin Quinones Suarez  
Jose A Morales Burgos  
Enrique A Lopez Pereira  
Juan Reyes Caraballo

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } SS

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.

\_\_\_\_\_  
Gidel H Mendez Martinez  
President

\_\_\_\_\_  
Aleida Alsina Rivera  
Finance Director

Subscribed and sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_ 2016

- 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 (Col. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	85,164,177		85,164,177	95,368,447
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	(9,377,105)		(9,377,105)	(7,831,765)
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 28,402,653, Schedule E-Part 1), cash equivalents (\$ ..... , Schedule E-Part 2) and short-term investments (\$ ..... , Schedule DA) .....	28,402,653		28,402,653	23,190,041
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	104,189,725		104,189,725	110,726,723
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	555,246		555,246	766,454
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	28,835,783	2,851,063	25,984,720	24,830,379
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	4,290,006		4,290,006	6,899,309
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....	7,500,000		7,500,000	5,000,000
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	139,153		139,153	139,153
18.2 Net deferred tax asset .....	6,654,506	6,610,956	43,550	64,908
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	4,042,871	2,471,627	1,571,244	1,800,565
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	414,761		414,761	1,381,746
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other-than-invested assets .....	1,481,169	558,069	923,100	289,201
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	158,103,220	12,491,715	145,611,505	151,898,438
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	158,103,220	12,491,715	145,611,505	151,898,438
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Other Assets .....	1,481,169	558,069	923,100	289,201
2502. Prepaid Pension Costs .....				
2503. Intangible Asset .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,481,169	558,069	923,100	289,201

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE REAL LEGACY ASSUR CO INC

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	16,959,478	16,727,806
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	3,814,770	3,543,895
4. Commissions payable, contingent commissions and other similar charges .....	97,234	107,000
5. Other expenses (excluding taxes, licenses and fees) .....	1,421,983	2,000,972
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	109,589	108,249
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 16,145,214 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....	51,411,433	49,150,248
10. Advance premium .....	10,921,822	9,845,405
11. Dividends declared and unpaid:		
11.1 Stockholders .....		1,500,000
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	5,417,911	6,118,812
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....	339,339	300,889
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 8) .....	210,945	530,600
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	265,134	416,956
20. Derivatives .....		
21. Payable for securities .....		
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	6,263,718	11,028,817
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25) .....	97,233,356	101,379,649
27. Protected cell liabilities .....		
28. Total liabilities (Line 26 and Line 27) .....	97,233,356	101,379,649
29. Aggregate write-ins for special surplus funds .....	44,042,417	43,236,161
30. Common capital stock .....	3,000,000	3,000,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....		
35. Unassigned funds (surplus) .....	1,335,732	4,282,628
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)		
36.2 ..... shares preferred (value included in Line 31 \$ .....)		
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39) .....	48,378,149	50,518,789
38. Totals (Page 2, Line 28, Column 3) .....	145,611,505	151,898,438
<b>DETAILS OF WRITE-INS</b>		
2501. Minimum Retention on Catastrophe Exposure .....		
2502. Pension Plan Minimum Liability .....	6,263,718	11,028,817
2503. Summary of remaining write-ins for Line 25 from overflow page .....		
2598. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	6,263,718	11,028,817
2901. RESERVE FOR CATASTROPHE INSURANCE LOSSES PURSUANT TO CH. 25 OF THE INS. CODE OF PR .....	44,042,417	43,236,161
2902. Summary of remaining write-ins for Line 29 from overflow page .....		
2903. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....	44,042,417	43,236,161
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....	44,042,417	43,236,161
3201. Summary of remaining write-ins for Line 32 from overflow page .....		
3202. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above) .....		
3203. Summary of remaining write-ins for Line 32 from overflow page .....		
3298. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above) .....		
3299. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above) .....		

## STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4) .....	53,550,230	46,562,350
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7) .....	23,988,183	17,859,331
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	4,578,257	3,878,419
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	24,977,760	23,286,331
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Line 2 through Line 5) .....	53,544,200	45,024,081
7. Net income of protected cells .....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	6,030	1,538,269
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	2,394,713	2,555,559
10. Net realized capital gains (losses) less capital gains tax of \$ .....	(8,384,061)	4,250
11. Net investment gain (loss) (Line 9 plus Line 10) .....	(5,989,348)	2,559,809
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ....., amount charged off \$ .....) .....		
13. Finance and service charges not included in premiums .....		
14. Aggregate write-ins for miscellaneous income .....		
15. Total other income (Line 12 through Line 14) .....		
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) .....	(5,983,318)	4,098,078
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	(5,983,318)	4,098,078
19. Federal and foreign income taxes incurred .....	108,720	(123,079)
20. Net income (Line 18 minus Line 19) (to Line 22) .....	(6,092,038)	4,221,157
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	50,518,789	57,286,991
22. Net income (from Line 20) .....	(6,092,038)	4,221,157
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	(813,396)	(5,682,521)
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....	(85,886)	648,838
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) .....	(444,537)	(1,115,331)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	319,742	
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes:		
32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments:		
33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....		(1,500,000)
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....	4,975,475	(3,340,345)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37) .....	(2,140,640)	(6,768,202)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	48,378,149	50,518,789
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....		
1401. Other Income .....		
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....		
3701. Special Assessment Guaranty Fund .....	(749,348)	
3702. Pension Plan Minimum Liability .....	4,765,099	(4,300,069)
3703. Pension Plan Amendment Loss .....	959,724	959,724
3798. Summary of remaining write-ins for Line 37 from overflow page .....		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) .....	4,975,475	(3,340,345)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	53,029,257	54,161,133
2. Net investment income	2,642,549	2,593,446
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	55,671,806	56,754,579
5. Benefit and loss related payments	21,147,208	13,015,407
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	30,270,250	28,998,203
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	108,721	(67)
10. Total (Line 5 through Line 9)	51,526,179	42,013,543
11. Net cash from operations (Line 4 minus Line 10)	4,145,627	14,741,036
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	28,578,043	11,546,000
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	28,578,043	11,546,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	23,062,516	8,815,000
13.2 Stocks	3,000,000	1,508,750
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		2
13.7 Total investments acquired (Line 13.1 through Line 13.6)	26,062,516	10,323,752
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	2,515,527	1,222,248
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		(7,000,000)
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	1,500,000	
16.6 Other cash provided (applied)	51,458	538,705
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(1,448,542)	(6,461,295)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	5,212,612	9,501,989
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	23,190,041	13,688,052
19.2 End of year (Line 18 plus Line 19.1)	28,402,653	23,190,041

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire	1,175,875	2,321,157	2,082,587	1,414,445
2. Allied lines	2,396,324	4,930,470	4,105,317	3,221,477
3. Farmowners multiple peril				
4. Homeowners multiple peril	5,005,247	6,713,549	6,852,706	4,866,090
5. Commercial multiple peril	15,280,467	17,615,254	18,649,821	14,245,900
6. Mortgage guaranty				
8. Ocean marine	270,657	133,586	126,434	277,809
9. Inland marine	16,630	40,323	30,216	26,737
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	1,714,931	2,895,454	2,662,864	1,947,521
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	4,759,586	2,733,463	2,653,386	4,839,663
17.2 Other liability - claims-made				
17.3 Excess workers' compensation				
18.1 Products liability - occurrence	93,390	55,087	52,746	95,731
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	3,082,206	1,355,490	1,690,173	2,747,523
19.3, 19.4 Commercial auto liability	3,246,833	1,756,431	2,073,981	2,929,283
21. Auto physical damage	18,232,865	8,173,788	10,133,438	16,273,215
22. Aircraft (all perils)				
23. Fidelity	1,259	822	784	1,297
24. Surety	456,778	336,584	171,116	622,246
26. Burglary and theft	11,950	7,573	7,444	12,079
27. Boiler and machinery	66,417	81,219	118,422	29,214
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - Nonproportional Assumed Property				
32. Reinsurance - Nonproportional Assumed Liability				
33. Reinsurance - Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	55,811,415	49,150,250	51,411,435	53,550,230
<b>DETAILS OF WRITE-INS</b>				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)				

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	1,904,007	178,580			2,082,587
2. Allied lines	3,618,659	486,658			4,105,317
3. Farmowners multiple peril					
4. Homeowners multiple peril	6,852,130	576			6,852,706
5. Commercial multiple peril	18,143,275	506,546			18,649,821
6. Mortgage guaranty					
8. Ocean marine	126,434				126,434
9. Inland marine	27,119	3,097			30,216
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	2,473,388	189,476			2,662,864
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence	2,652,694	692			2,653,386
17.2 Other liability - claims-made					
17.3 Excess workers' compensation					
18.1 Products liability - occurrence	52,746				52,746
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	1,690,056	117			1,690,173
19.3, 19.4 Commercial auto liability	2,073,576	405			2,073,981
21. Auto physical damage	9,754,359	379,079			10,133,438
22. Aircraft (all perils)					
23. Fidelity	784				784
24. Surety	167,330	3,786			171,116
26. Burglary and theft	7,444				7,444
27. Boiler and machinery	25,643	92,779			118,422
28. Credit					
29. International					
30. Warranty					
31. Reinsurance - Nonproportional Assumed Property					
32. Reinsurance - Nonproportional Assumed Liability					
33. Reinsurance - Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	49,569,644	1,841,791			51,411,435
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through Line 37)					51,411,435
<b>DETAILS OF WRITE-INS</b>					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)					

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B-PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	6,797,542				5,621,667	1,175,875
2. Allied lines	13,259,771				10,863,447	2,396,324
3. Farmowners multiple peril						
4. Homeowners multiple peril	18,158,932				13,153,685	5,005,247
5. Commercial multiple peril	35,451,654				20,171,187	15,280,467
6. Mortgage guaranty						
8. Ocean marine	840,614				569,957	270,657
9. Inland marine	667,897				651,267	16,630
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	8,235,297				6,520,366	1,714,931
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	6,689,990				1,930,404	4,759,586
17.2 Other liability - claims-made						
17.3 Excess workers' compensation						
18.1 Products liability - occurrence	99,782				6,392	93,390
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	3,082,756				550	3,082,206
19.3, 19.4 Commercial auto liability	3,648,063				401,230	3,246,833
21. Auto physical damage	18,624,516				391,651	18,232,865
22. Aircraft (all perils)						
23. Fidelity	1,259					1,259
24. Surety	794,416				337,638	456,778
26. Burglary and theft	11,950					11,950
27. Boiler and machinery	445,700				379,283	66,417
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - Nonproportional Assumed Property	X X X					
32. Reinsurance - Nonproportional Assumed Liability	X X X					
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	116,810,139				60,998,724	55,811,415
<b>DETAILS OF WRITE-INS</b>						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)						

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

If yes: 1. The amount of such installment premiums \$ .....  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ .....

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE REAL LEGACY ASSUR CO INC

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire	146,419		44,582	101,837	114,037	891,280	(675,406)	(43.6)
2. Allied lines	101,191		12,904	88,287	118,876	275,168	(68,005)	(2.1)
3. Farmowners multiple peril								
4. Homeowners multiple peril	1,888,932		31,066	1,857,866	696,598	609,972	1,944,492	40.3
5. Commercial multiple peril	8,920,669		2,889,178	6,031,491	7,736,155	7,205,382	6,562,264	46.3
6. Mortgage guaranty								
8. Ocean marine	11,827		8,278	3,549	3,000		6,549	2.4
9. Inland marine	21,369			21,369	5,733	76,927	(49,825)	(187.2)
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake					(13,015)	32,127	(45,142)	(2.3)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	448,690		107,182	341,508	2,075,693	2,650,237	(233,036)	(4.8)
17.2 Other liability - claims-made								
17.3 Excess workers' compensation								
18.1 Products liability - occurrence					3,500		3,500	3.7
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	2,266,368		279,930	1,986,438	2,751,626	1,443,054	3,295,010	119.9
19.3, 19.4 Commercial auto liability	2,672,460		443,832	2,228,628	1,843,018	1,726,288	2,345,358	80.1
21. Auto physical damage	11,431,240		435,804	10,995,436	1,711,064	1,746,589	10,959,911	67.3
22. Aircraft (all perils)								
23. Fidelity								
24. Surety	70,682		12,846	57,836	26,692	210	84,318	13.6
26. Burglary and theft	374			374	3,000		3,374	27.9
27. Boiler and machinery	41,892			41,892	(116,499)	70,572	(145,179)	(505.2)
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - Nonproportional Assumed Property	X X X							
32. Reinsurance - Nonproportional Assumed Liability	X X X							
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	28,022,113		4,265,602	23,756,511	16,959,478	16,727,806	23,988,183	44.8
<b>DETAILS OF WRITE-INS</b>								
3401								
3402								
3403								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE REAL LEGACY ASSUR CO INC

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	4,143,000		4,070,050	72,950	62,799		21,712	114,037	652,659
2. Allied lines	132,146		25,100	107,046	142,344		130,514	118,876	37,943
3. Farmowners multiple peril									
4. Homeowners multiple peril	248,470		(944)	249,414	468,897		21,713	696,598	60,871
5. Commercial multiple peril	4,907,532		375,880	4,531,652	4,097,783		893,280	7,736,155	1,430,869
6. Mortgage guaranty									
8. Ocean marine	10,000		7,000	3,000				3,000	1,294
9. Inland marine	13,000		5,000	8,000	54,425		56,692	5,733	2,630
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake	3,000			3,000	25,961		41,976	(13,015)	569
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence	794,633			794,633	1,832,807		551,747	2,075,693	262,925
17.2 Other liability - claims-made									
17.3 Excess workers' compensation									
18.1 Products liability - occurrence	3,500			3,500				3,500	1,047
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	2,501,755		427,528	2,074,227	977,985		300,586	2,751,626	536,058
19.3, 19.4 Commercial auto liability	2,234,239		624,119	1,610,120	361,720		128,822	1,843,018	471,028
21. Auto physical damage	1,568,165		62,743	1,505,422	217,702		12,060	1,711,064	333,638
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	91,000		58,239	32,761	47,004		53,073	26,692	22,670
26. Burglary and theft	3,000			3,000				3,000	569
27. Boiler and machinery					83,732		200,231	(116,499)	
28. Credit									
29. International									
30. Warranty									
31. Reinsurance - Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance - Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	16,653,440		5,654,715	10,998,725	8,373,159		2,412,406	16,959,478	3,814,770
<b>DETAILS OF WRITE-INS</b>									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)									

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	2,731,834			2,731,834
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	350,635			350,635
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	2,381,199			2,381,199
2. Commission and brokerage:				
2.1 Direct excluding contingent		23,306,628		23,306,628
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent		5,892,100		5,892,100
2.4 Contingent - direct		110,000		110,000
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		17,524,528		17,524,528
3. Allowances to manager and agents				
4. Advertising		9,403		9,403
5. Boards, bureaus and associations		1,236,629		1,236,629
6. Surveys and underwriting reports	50			50
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	691,173	1,013,275	35,179	1,739,627
8.2 Payroll taxes	122,414	218,282	2,808	343,504
9. Employee relations and welfare	641,770	1,761,749	22,585	2,426,104
10. Insurance		138,679		138,679
11. Directors' fees		18,707		18,707
12. Travel and travel items	124,425	306,602		431,027
13. Rent and rent items	232,454	590,332	7,595	830,381
14. Equipment	170,831	365,810		536,641
15. Cost or depreciation of EDP equipment and software		89,963	1,157	91,120
16. Printing and stationery	59,984	81,536	1,049	142,569
17. Postage, telephone and telegraph, exchange and express	62,336	88,406	986	151,728
18. Legal and auditing		264,707		264,707
19. Totals (Line 3 through Line 18)	2,105,437	6,184,080	71,359	8,360,876
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		1,192,144		1,192,144
20.2 Insurance department licenses and fees	86,158	(237,878)		(151,720)
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)	86,158	954,266		1,040,424
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	5,463	314,888	3,377	323,728
25. Total expenses incurred	4,578,257	24,977,762	74,736	29,630,755
26. Less unpaid expenses - current year	3,814,770	1,968,145		5,782,915
27. Add unpaid expenses - prior year	3,543,896	2,487,375		6,031,271
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	4,307,383	25,496,992	74,736	29,879,111
<b>DETAILS OF WRITE-INS</b>				
2401. EDP Service Fees		136,484	1,756	138,240
2402. Other	5,463	178,404	1,621	185,488
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	5,463	314,888	3,377	323,728

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 2,225,542	2,150,803
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)		232,097
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) 86,552	86,552
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	2,544,191	2,469,452
11. Investment expenses		(g) 74,739
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		74,739
17. Net investment income (Line 10 minus Line 16)		2,394,713

**DETAILS OF WRITE-INS**

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

(a) Includes \$ 22,559 accrual of discount less \$ 59,188 amortization of premium and less \$ paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.  
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.  
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.  
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

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

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds		(7,058,709)	(7,058,709)	2,406,593	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)		(1,325,352)	(1,325,352)		
2.21 Common stocks of affiliates				(3,219,992)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)		(8,384,061)	(8,384,061)	(813,399)	
<b>DETAILS OF WRITE-INS</b>					
0901. ....					
0902. ....					
0903. ....					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)					

## EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,851,063	3,347,730	496,667
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	6,610,956	6,675,483	64,527
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	2,471,627	1,707,721	(763,906)
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	558,069	316,244	(241,825)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	12,491,715	12,047,178	(444,537)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	12,491,715	12,047,178	(444,537)
<b>DETAILS OF WRITE-INS</b>			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. Other Assets	558,069	316,244	(241,825)
2502. Prepaid Pension Cost			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	558,069	316,244	(241,825)

**NOTES TO FINANCIAL STATEMENTS****NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies**

- A. Real Legacy Assurance Company, Inc. (the Company) is organized under the laws of the Commonwealth of Puerto Rico to write principally commercial multiple peril and auto liability/physical insurance. The Company is a wholly owned subsidiary of Cooperativa de Seguros Múltiples de Puerto Rico (Parent Company or Cooperativa). The Company's business activities are with insureds located within Puerto Rico, the U.S. Virgin Islands and British Virgin Islands.

Business written through general insurance agents is collected by the general agents and remitted to the Company, net of commissions. Remittances are due 55 days after the closing date of the general agent's current account.

The accompanying financial statements of Real Legacy Assurance Company, Inc. have been prepared on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (Commissioner of Insurance), which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).

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

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. The Commissioner of Insurance has adopted certain permitted accounting practices, which differ from those found in NAIC SAP. To that effect, the Commissioner of Insurance permitted the recognition of the deferred tax liability resulting from the contributions made over the years to the catastrophe loss reserve trust fund that would otherwise resulted under NAIC SAP.

The Commissioner of Insurance also permitted the Company the recognition of the actuarial loss related to an early retirement window that occurred in 2013 as a charge to unassigned funds (surplus) and to be amortized into net periodic pension cost within three years.

The monetary effects on statutory capital and surplus of using accounting practices permitted by the Commissioner of Insurance at December 31, 2015 and December 31, 2014 are as follows:

	<b>2015</b>	<b>2014</b>
Statutory capital and surplus per accompanying statutory financial statements	\$ 48,379,149	\$ 50,518,789
Practice of not recognizing deferred tax liability for catastrophe loss reserve trust fund contributions	(12,115,203)	(11,800,763)
Statutory capital and surplus in accordance with NAIC SAP	\$ 36,263,946	\$ 38,718,026

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

**NOTES TO FINANCIAL STATEMENTS**

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The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined. Actual results could differ from these estimates.

**C. Accounting Policies**

Premiums are earned over the terms of the related policies and reinsurance contract. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for both direct and ceded business. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable. In addition, the Company uses the following accounting policies:

- a. Short-term investments are stated at cost.
- b. Investments are valued in accordance with rules promulgated by National Association of Insurance Commissioners (NAIC). Bonds are stated at cost adjusted for amortization of premiums and accretion of discounts. The disclosures of estimated fair values are based on NAIC -quoted prices when available. If quoted prices are not available, fair values are based on quoted market prices of comparable instruments or values obtained from independent pricing services. Investment transactions are included on the basis of the trade date. The interest method is used to record bond amortization. The Company monitors the difference between the cost and estimated fair value of their investments. A decline in the fair value below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value with a charge to operations and a new cost basis for the security is established.
- c. Common stocks from investment in subsidiary are accounted for under the statutory equity method and adjusted to reflect the equity in the results of operations as an increase or decrease in surplus.
- d. The Company does not own preferred stocks.

**Note 2 - Accounting Changes and corrections of errors**

Not applicable

**Note 3 - Business Combinations and Goodwill**

Not applicable

## NOTES TO FINANCIAL STATEMENTS

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### **Note 4 - Discontinued Operations**

Not applicable

### **Note 5 - Investments**

A. Mortgage loans or real estate.

Not applicable

B. Debt restructuring

Not applicable

C. Reverse mortgages

Not applicable

D. Loan – backed securities

Not applicable

E. Repurchase agreements

Not applicable

F. Real Estate

Not applicable

G. Low income housing tax credits

Not applicable

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

Not applicable

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

There are no exclusions from investment income due and accrued since the balance is admitted in its entirety.

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

The Company does not own derivatives.

### **Note 9 - 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 carry forwards. 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 Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, projected future taxable

**NOTES TO FINANCIAL STATEMENTS**

income, applicable tax strategies, and the expected timing of the reversal of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognizes deferred tax assets for the future tax consequences attributable to differences between the financial statements carrying amounts and the respective tax bases for income tax expense calculations. The components of the net deferred tax assets recognized in the Company's statements are as follows:

**Gross deferred tax assets:**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Employee benefits plan	2,518,657	4,454,866
Deferred compensation	190,564	190,564
Unrealized loss on Government bonds of the Commonwealth of Puerto Rico and its instrumentalities	1,058,806	-
Unrealized loss on Closed-ended bond mutual funds	592,983	-
Non-admitted assets	2,293,496	2,094,961
Total gross deferred tax assets	6,654,506	6,740,391
Non-admitted deferred tax assets	6,610,956	6,675,483
Net admitted deferred tax assets	43,550	64,908

**A. Current Income Tax**

Current income taxes incurred consist of the following major components:

<b>Description</b>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
Current Income Tax Expense Taxes recovered – Prior year under/(over) accrual of tax reserves	108,720	(123,079)
Current income taxes incurred	108,720	(123,079)

Income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes mainly as a result of the exempt interest income and catastrophe reserve deduction.

**B. Operating Loss and Tax Credit Carry forwards**

- a. At December 31, 2015, the Company did not have any unused operating loss carry forwards available to offset against future taxable income.

**C. Consolidated Federal Income Tax Return**

Not applicable

**Note 10 - Information concerning Parent, Subsidiary and Affiliated companies:**

- A. B. & C.

**NOTES TO FINANCIAL STATEMENTS**

The Company is the owner of 100% of the outstanding common stock of Overseas Insurance Agency, Inc. The Company accounts for this investment under the statutory equity method. After making the necessary adjustments to account for this investment, the unassigned surplus was charged \$(3,219,992) and \$(2,938,557) in 2015 and 2014, respectively. The Agency charges the Company a monthly fee for the use of certain property and equipment. Related party transactions also include an allocation of rental from the Company of the office space occupied by the Agency. The company also charges the Agency for other administrative expenses associated with the operation of the Agency.

On April 7, 2014, the Company acquired all the issued and outstanding shares of common stock of Island Heritage Insurance, A.I., a Puerto Rico Corporation duly licensed to operate as an international insurer. Island Heritage has been inactive during 2015 and 2014.

On December 31, 2015, the Company made a capital contribution of \$3 million to Overseas.

**D. Amount Due to or from Related Parties**

The gross premiums written placed through Overseas amounted to \$62,093,603 and \$60,077,802 for 2015 and 2014 respectively. The following is a summary of other transactions with Overseas during the years ended December 31, 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Commissions Paid	13,167,681	12,289,317
Allocation for rental office space	262,969	224,576
Allocation from Overseas for cost of fixed assets	144,362	168,037
Allocation to Overseas for general business expenses	2,370,999	2,370,999

At December 31, 2015 and December 31, 2014, the Company reported a balance (due to)/from its subsidiary of \$414,760 and \$1,381,746, respectively. These arrangements require that intercompany balances be settled within 60 days.

**E. Guarantees or Contingencies for Related Parties**

Not applicable

**F. Management Service Contracts, Cost Sharing Arrangements**

The Company has agreed to provide certain management and data processing services to its wholly-owned subsidiary. The Parent has agreed to provide certain management services to the Company.

**G. Nature of Relationships that Could Affect Operations**

100% of the outstanding shares of the Company are owned by Cooperativa de Seguros Múltiples de Puerto Rico, an insurance company based in San Juan, Puerto Rico.

**Note 11 - Debt**

The Company has a revolving line of credit with Scotiabank in the amount of \$12

**NOTES TO FINANCIAL STATEMENTS**

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million bearing interest at Libor plus 150 basis points. The Company has carve-out \$250,000 of the line of credit and has this amount available in favor of the British Virgin Islands Financial Services Commission as a requirement to perform business on the British Virgin Islands. The outstanding balance on this line at December 31, 2015 and December 31, 2014 is \$0. The Company has a margin account with Santander Securities. The Company is required to maintain a collateral security deposit with the lender. Assets in such security deposit are required to be maintained in a fair value amount at least equal to the outstanding principal.

**Note 12 - Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plan****A. Defined Benefit Plans**

The Company sponsors a non-contributory defined benefit pension plan covering all of its employees and those of its wholly owned subsidiary. The benefits are based on the years of service and employees' average annual compensation as defined in the plan document. The measurement date used to determine pension benefit measures for the defined benefit pension plan is December 31.

The Company's funding policy is to contribute annually the minimum funding requirement under the Employee Retirement Income Security Act of 1974 and related regulations. For year 2014 and 2013 the actuarial valuation indicated a minimum employer contribution requirement of \$1,500,000. Each year the Company charges as pension expense the amount funded during the year and the plan is funded in accordance with ERISA requirements subject to management's discretion and IRS minimum and maximum limitations.

Statement of Statutory Accounting Principles (SSAP No. 102) became effective Jan. 1, 2013. This SSAP requires that any underfunded defined benefit pension amounts, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R. At transition, the unrecognized transition obligation amounted to \$2,641,247.

The discount rate assumed rate of return used to determine the actuarial present value of the accumulated plan benefits was change from 4.50% used for the 2014 valuation to 5.50% for the 2015 valuation. The actuarial cost method used to calculate the pension contribution was the aggregate cost method. Plan assets consist mainly of investments in U.S. Government securities, mutual funds and cash.

The following sets forth the plan's benefit obligation, non-vested pension benefit obligation, fair value of plan assets, funded status and prepaid benefit cost at December 31, 2015 and 2014:

**NOTES TO FINANCIAL STATEMENTS**

	<b>2015</b>	<b>2014</b>
Change in benefit obligation:		
Projected benefit obligation at beginning of year	30,814,151	25,774,106
Service cost	556,627	447,720
Interest cost	1,333,612	1,351,707
Amendments	(2,163,016)	-
Benefit payments	(1,510,968)	(1,484,996)
Actuarial loss	(4,299,269)	4,725,614
Projected benefit obligation at end of year	<u>24,731,137</u>	<u>30,814,151</u>

The following sets forth the plan's benefit obligation, fair value of plan assets, funded status, and prepaid benefit cost at December 31, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Projected benefit obligation at December 31	24,731,137	30,814,151
Fair value of plan assets at December 31	<u>18,467,419</u>	<u>19,391,418</u>
Unfunded Status	6,263,718	11,422,733

Accrued benefit cost recognized in the statutory statements of admitted assets, liabilities, and capital and surplus	(194,374)	(393,916)
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Weighted average assumptions used to determine benefit obligation and net cost at December 31, 2015 and 2014 were as follows:

	<b>2015</b>	<b>2014</b>
Discount rate	5.48%	5.40%
Expected return on plan assets	5.00	5.00
Rate of compensation increase	3.00	3.00
Reconciliation of funded status	(6,263,718)	(11,422,733)
Unrecognized transaction (asset)/obligation	-	136,663
Unrecognized prior service cost	-	(317,444)
Unrecognized prior service cost-SSAP 102	-	20,697
Unrecognized actuarial loss	6,069,344	11,188,901
Prepaid benefit cost	<u>(194,374)</u>	<u>(393,916)</u>

The components of net periodic benefit cost for the years ended December 31, 2015 and 2014 are as follows:

	<b>2015</b>	<b>2014</b>
Service cost	556,627	447,720
Interest cost	1,333,612	1,351,707
Expected return on assets	(957,278)	(851,151)
Amortization of transition obligation	22,777	27,333
Amortization of prior service cost-Amendment	(9,698)	(32,335)
Amortization of prior service cost-SSAP 102	-	22,497
Amortization of actuarial loss	527,581	313,297
Curtailment credit	(173,163)	-
Net periodic pension cost	<u>1,300,458</u>	<u>1,279,068</u>

**NOTES TO FINANCIAL STATEMENTS****B. Plan Assets**

The following table present assets and liabilities that are measured at fair value on a recurring basis at December 31, 2015 and 2014:

		<b>Fair Value Measurement at December 31, 2015</b>			
		<b>Quoted price in active markets for identical assets (Level 1)</b>		<b>Significant observable inputs (Level 2)</b>	<b>Significant observable inputs (Level 3)</b>
<b>Asset category:</b>		<b>Total</b>			
Cash	\$	5,831,522	\$	5,831,522	-
Mutual Funds		2,912,600	\$	2,912,600	-
Fixed Income Securities:					-
U.S. Governments Bonds		1,971,377		1,971,377	-
Minicipal Bonds		3,397,249		3,397,249	-
Corporate Bonds		4,354,670		4,354,670	-
<b>Total</b>		<b>\$ 18,467,419</b>	<b>\$</b>	<b>8,744,122</b>	<b>\$ 9,723,297</b>
			<b>\$</b>		<b>\$ -</b>

		<b>Fair Value Measurement at December 31, 2014</b>			
		<b>Quoted price in active markets for identical assets (Level 1)</b>		<b>Significant observable inputs (Level 2)</b>	<b>Significant observable inputs (Level 3)</b>
<b>Asset category:</b>		<b>Total</b>			
Cash	\$	3,253,166	\$	3,253,166	\$ -
Mutual Funds		7,388,632	\$	7,388,632	-
Fixed Income securities:					-
U.S. governments bonds		2,709,270	-	2,709,270	-
Minicipal Bonds		2,390,870	-	2,390,870	-
Asset-backed securities		3,649,480	-	3,649,480	-
Certificate of deposits		-	-	-	-
<b>Total</b>		<b>\$ 19,391,418</b>	<b>\$</b>	<b>10,641,798</b>	<b>\$ 8,749,620</b>
			<b>\$</b>		<b>\$ -</b>

The asset allocations of the Company's pension benefits as of the December 31, 2015 measurement dates were as follows:

<b>Asset category</b>	<b>%</b>
Debt securities	53%
Mutual funds	16%
Cash and cash equivalents	32%
	<u>100%</u>

The Company's investment policies and strategies for the pension benefits plan do not use target allocations for the individual asset categories. The

**NOTES TO FINANCIAL STATEMENTS**

Company's investment goals are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and prohibit direct investments in corporate debt and equity securities and derivative financial instruments. The Company addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

The Company expects to contribute \$1,500,000 to its pension plan in 2016. The benefits expected to be paid by the pension plan are as follows:

Year ending December 31:

2016	1,519,256
2017	1,504,111
2018	1,501,662
2019	1,506,799
2020-2024	7,534,820

The expected benefits are based on the same assumptions used to measure the Company's benefits obligation at December 31, 2015 and include estimated future employee service.

C. Defined Contribution Plans

Real Legacy Assurance Company employees are covered by a qualified defined contribution plan sponsored by the Company. Each plan participant can make contributions to the plan up to an amount not exceeding the maximum deferral amount specified by local law. The Company contributes 100% of the participant's contribution not to exceed 4% of the participant's compensation. The Company's contribution for the plan was \$64,993 and \$21,295 in the 2015 and 2014 respectively.

D. Multi-employer Plans

Not applicable.

E. Consolidated/Holding Company Plans

Not applicable.

F. Post-employment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacations. The liability for earned but untaken vacations has been accrued.

G. Impact of Medicare Modernization Act on Postretirement Benefits

Not Applicable.

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations****A. Outstanding Shares**

The Company has 300,000 shares of \$10 par value common stock authorized issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

**B. The Company has no preferred stock outstanding.****C. Dividend Restrictions**

Dividends on common stock are paid as declared by the Board of Directors of the Company. Under applicable Puerto Rico insurance laws and regulations, the Company is required to maintain minimum capital stock of \$3,000,000. The payment of dividends is limited to unassigned surplus reported using statutory accounting principles.

Under local government regulations, the Company is required to establish a reserve for insurance written subject to catastrophic losses. The amount needed to comply with the catastrophe reserve requirement is based on the net direct catastrophe insurance premiums written in Puerto Rico. The Commissioner of Insurance of Puerto Rico will determine each year the percentage of contribution required. For 2015 this was 1.0% of the direct catastrophe premiums written subject to the reserve.

In addition, in August 1994, the Commissioner of Insurance issued a rule which limited the additions to the reserve if the ratio of the catastrophe reserve over the balance of capital and unassigned surplus is greater than the ratio of net direct catastrophe premiums over total premiums for the year. During 2006 a change to this requirement was made allowing insurers to increase the catastrophe reserve until it reaches an amount equal to 2% of its probable maximum loss (PML). If this reserve exceeds this figure, then the Company could be able to withdraw any excess after a written request to the Commissioner of Insurance.

**D. Changes in Special Surplus Funds**

During 2015, Special Surplus Funds increased by \$806,256 as a result of interest earned on securities during the year.

**E. Changes in Unassigned Funds**

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

**NOTES TO FINANCIAL STATEMENTS**

<b>Description</b>	<b>Cumulative Increase (Decrease) in Surplus</b>	<b>Current Year Increase (Decrease) in Surplus</b>
Net income	-	(6,092,035)
Subsidiary equity charge	(12,099,797)	(3,219,992)
Mutual Funds	(2,539,291)	-
PR Bonds	-	2,406,593
Nonadmitted assets	(12,491,715)	(444,537)
Provision for reinsurance	210,942	319,742
Pension Plan Loss	-	959,724
Deferred Income tax	6,654,505	(85,886)
Dividends to Stockholders	(1,500,000)	-
Pension Plan Minimum Liability	465,030	4,765,099
Special Assessment Guaranty Fund	(749,348)	(749,348)
Total decrease	<b>(22,049,674)</b>	<b>(2,140,640)</b>

F. Surplus Notes Not applicable

G. Quasi Reorganizations

Not applicable

**Note 14 - Contingencies**

A. Contingent Commitments

The Company has no commitments to affiliates or other entities. The Company has made no guarantees on behalf of affiliates.

B. Assessments

The Company is subject to guaranty fund and other assessments. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or, in the case of premium based assessments, at the time the premiums were written.

For the period ended December 31, 2015 there was no guaranty fund assessment declared by the Puerto Rico Guaranty Fund Assessment Association. These represent management's best estimates based on information available from the P. R. Guaranty Insurance Association and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

Pursuant to Article 12 of Rule LXIX of the Insurance Code, the Company participates in the Compulsory Vehicle Liability Insurance Joint Underwriting Association. The Association was organized during 1997 to subscribe insurance coverage of motor vehicles property damage liability risk commencing on January 1, 1998. As a participant, the Company shares the risk proportionately with other participants, based on a formula established by the Insurance Code. During 2015, the Company credited operations by \$891,668 for experience refunds received from the Association.

The Company is subject to various claims and lawsuits in the ordinary course of business, primarily relating to insurance policy claims. While the outcome of these lawsuits cannot be predicted, management is of the opinion, based on the advice of our legal counsel, that the Company's liability from these lawsuits, if any, will not have a material adverse effect upon the Company's

## NOTES TO FINANCIAL STATEMENTS

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financial position.

C. Gain contingencies Not Applicable

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits.

Not Applicable

E. All Other Contingencies

The Company is a member of Syndicate for the Joint Underwriting of Medical-Hospital Professional Liability Insurance ("SIMED"). SIMED was created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event SIMED cannot meet its obligations. During 2015 and 2014 no assessments or payments were incurred for this contingency.

The Company is a member of the Puerto Rico Property Casualty Insurance Guaranty Association. As a member, the company is required to provide funds to pay losses and reimbursements of unearned premiums of insolvent insurers. There were no assessments for insolvent insurers during 2015 and 2014.

Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company. The Company has no asset that it considers to be impaired.

### **Note 15 - Leases**

A. Lessee Leasing Arrangements

The Company leases its operating facilities and certain other equipment. Rent expense amounted to approximately \$625,396 for December 31, 2015 and 2014. Future minimum lease payments under non-cancelable operating leases related to the office building (expiring in 2016) facilities (with initial or remaining lease terms in excess of one year) are \$625,396.

### **Note 16 - Information about Financial Instrument with Off-Balance Sheet Risk and with concentrations of Credit Risk**

A. Financial Instruments with Off-Balance Sheet Risk

Not applicable

B. Financial Instrument with Concentrations of Credit Risk

Not applicable

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

A. Transfers of Receivables Reported as Sales Not applicable

B. Transfers and Servicing of Financial Assets Not applicable

**NOTES TO FINANCIAL STATEMENTS**

C. Wash Sales Not applicable

**Note 18 - Gain or Loss from Uninsured Accident and health Plans and the uninsured Portion of Partially Insured Plans**

A. Administrative Services Only (ASO) Plans Not applicable

B. Administrative Services Contract (ASC) Plans Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

**Note 19 - Direct Premiums Written/Produced by Managing General Agents/ Third party Administrator**

<b>Authority</b>	<b>Name</b>	<b>FEI Number</b>	<b>Premium Written</b>
B,U,P	Overseas Insurance Agency	66-0442203	62,093,603
B,U,P	Arieta & Son	66-0593805	15,132,136
B,U,P	Global Insurance	66-0356202	7,567,665
B,U,P	Seguros N. Colón	66-0531812	6,622,955
B,U,P	Colonial Insurance	66-0381156	5,022,572

**Note 20 - Fair Value Measurements**

Fair value hierarchy

The Company follows SSAP 100 which establishes an accounting standard for fair value measurement of financial assets and financial liabilities and for fair values measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The accounting standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair values hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The Level in the fair value hierarchy with which a fair value measurement in its entirety falls is based in the lowest level input that is significant to the fair value measurement in its entirety.

**NOTES TO FINANCIAL STATEMENTS**

The following table presents assets and liabilities that are measured at fair value on recurring basis at December 31, 2015 and December 31, 2014.

	<b>December 31, 2015</b>			
	As reflected on the statutory statement of admitted asstes, liabilities, and capital and surplus as of December 31, 2015	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 (Level 3)
<b>Assets:</b>				
Federal Home Loan Bank Bonds and Notes	38,395,785	-	38,033,334	-
Federal Farm Credit Bank Notes	33,662,021	-	33,328,134	-
Government Bonds of the Commonwealth of Puerto Rico and its Instrumentalities	3,140,745	-	3,140,745	-
Special Revenue and Special Assessment Obligations- US instrumentalities	9,965,621		9,897,070	
Class one bond Mutual Funds	1,213,939	-	1,213,939	-
	<b>86,378,111</b>	<b>-</b>	<b>85,613,222</b>	<b>-</b>

	<b>December 31, 2014</b>			
	As reflected on the statutory statement of admitted asstes, liabilities, and capital and surplus as of December 31, 2014	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 (Level 3)
<b>Assets:</b>				
Federal Home Loan Bank Bonds and Notes	42,651,509	-	42,077,156	-
Federal Farm Credit Bank Notes	35,889,888	-	35,347,921	-
Government Bonds of the Commonwealth of Puerto Rico and its Instrumentalities	9,333,534	-	9,333,534	-
Special Revenue and Special Assessment Obligations- US instrumentalities	7,493,516		7,439,810	
Class one bond Mutual Funds	2,539,291		2,539,291	
	<b>97,907,738</b>	<b>-</b>	<b>96,737,712</b>	<b>-</b>

**Note 21 - Other Items****A. Extraordinary items**

Not applicable

**B. Troubled Debt Restructuring for Debtors**

Not applicable

**C. Other Disclosures.**

Assets in the amount of \$44,042,417 and \$43,236,161 at December 31, 2015 and December 31, 2014 were on deposit with government authorities or trustees as required by law. Assets valued at \$6,444,350 and \$6,358,960 at December 31, 2015 and December 31, 2014, respectively, were maintained as compensating balances or pledged as collateral for bank loans and other financing agreements.

**D. Accounts receivable for uninsured plans**

Not applicable

**E. Business interruption insurance recoveries**

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

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F. State transferable tax credits

Not applicable

G. Subprime-Mortgage-Related Risk Exposure

Not applicable

**Note 22 - Subsequent Events**

There were no subsequent events to balance sheet date meriting disclosure.

**Note 23 - Reinsurance**

A. Unsecured Reinsurance Recoverable

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of policyholders' surplus. The Company does not have reinsurance recoverable for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus for an individual reinsurer or 10% of policyholders' surplus in aggregate.

B. Reinsurance Assumed and Ceded

Not applicable

C. Uncollectible Reinsurance

Not applicable

D. Commutation of Ceded Reinsurance

Not applicable

E. Retroactive Reinsurance

Not applicable

F. Reinsurance Accounted for as a Deposit

Not applicable

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

Not applicable

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

Reserves as of December 31, 2015 and December 31, 2014 were \$20,774 million and \$20,272 million, respectively. As of December 31, 2015 and December 31, 2014, \$10,720 million and \$8,950 million, respectively have been paid for incurred

**NOTES TO FINANCIAL STATEMENTS**

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losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$10,215 million as a result of re-estimation of unpaid losses and loss adjustment expenses principally on multiple perils and the other accident lines. Therefore, there has been a \$.8 million in unfavorable prior year development since December 31, 2014. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes available regarding individual claims.

**Note 26 - Intercompany Pooling Arrangements**

Not Applicable

**Note 27 - Structured Settlements**

Not Applicable

**Note 28- Health Care Receivables**

Not Applicable

**Note 29 - Participating Policies**

Not Applicable

**Note 30 - Premium Deficiency Reserves**

Not Applicable

**Note 31 - High Deductibles**

Not Applicable

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

Not applicable

**Note 33 - Asbestos and Environment Reserves**

Not applicable

**Note 34 - Subscriber Savings Accounts**

Not applicable

**Note 35 - Multiple Peril Crop Insurance**

Not applicable

**Note 36 - Financial Guaranty Insurance**

Not applicable

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ( )  
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No ( ) N/A ( )
- 1.3 State Regulating? Puerto Rico
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010
- 3.2 State the as of date of 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. 12/31/2010
- 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). 11/30/2011
- 3.4 By what department or departments?  
 Commissioner of Insurance of Puerto Rico
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes (X) No ( ) N/A ( )
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No ( ) N/A ( )
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes ( ) No (X)  
 4.12 renewals? Yes ( ) No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes ( ) No (X)  
 4.22 renewals? Yes ( ) No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 5.2 If yes, provide the name of entity, the 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
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- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ( ) No (X)
- 6.2 If yes, give full information:  
 .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No (X)
- 7.2 If yes,
- 7.21 State the percentage of foreign control ..... %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
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- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
 .....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No (X)
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 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?  
 KPMG, LLP, American International Plaza, 250 Muoz Rivera Avenue, San Juan, PR 00918
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes ( ) No (X)
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
 .....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes ( ) No (X)
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
 .....
- 10.5 Has the reporting entity established an Audit Committee in compliance with domiciliary state insurance laws? Yes (X) No ( ) N/A ( )
- 10.6 If the response to 10.5 is no or n/a, please explain:  
 .....

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Willis Towers, Watson, 8400 normandale Lake Boulevard, Suite 1700, Minneapolis MN, 55437-3837
- 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 .....
- 12.13 Total book/adjusted carrying value \$ .....
- 12.2 If yes, provide explanation  
.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes ( ) No ( )
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No ( )
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (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?  
(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. Yes (X) No ( )
- 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 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 subordinate committee thereof? Yes (X) No ( )
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes (X) No ( )
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes (X) No ( )

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ( ) No (X)
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |   |          |
|--|---|----------|
|  | 20.11 To directors or other officers              | \$ ..... |
|  | 20.12 To stockholders not officers                | \$ ..... |
|  | 20.13 Trustees, supreme or grand (Fraternal only) | \$ ..... |
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |   |          |
|--|---|----------|
|  | 20.21 To directors or other officers              | \$ ..... |
|  | 20.22 To stockholders not officers                | \$ ..... |
|  | 20.23 Trustees, supreme or grand (Fraternal only) | \$ ..... |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ( ) No (X)
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |  |                            |          |
|--|----------------------------|----------|
|  | 21.21 Rented from others   | \$ ..... |
|  | 21.22 Borrowed from others | \$ ..... |
|  | 21.23 Leased from others   | \$ ..... |
|  | 21.24 Other                | \$ ..... |
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ( ) No (X)
- 22.2 If answer is yes:
- |  |  |          |
|--|--|----------|
|  | 22.21 Amount paid as losses or risk adjustment | \$ ..... |
|  | 22.22 Amount paid as expenses                  | \$ ..... |
|  | 22.23 Other amounts paid                       | \$ ..... |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes (X) No ( )
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 414,761

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes (X) No ( )
- 24.02 If no, give full and complete information relating thereto:  
.....  
.....
- 24.03 For the 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 Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)
- 24.05 If answer to 24.04 is YES, report amount of collateral for conforming programs. \$ .....
- 24.06 If answer to 24.04 is NO, report amount of collateral for other programs. \$ .....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ( ) No ( ) N/A (X)
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ( ) No ( ) N/A (X)
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes ( ) No ( ) N/A (X)
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 24.103 Total payable for securities lending reported on the liability page \$ .....
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes ( ) No (X)

- 25.2 If yes, state the amount thereof at December 31 of the current year:
- |  |   |                     |
|--|---|---------------------|
|  | 25.21 Subject to repurchase agreements  | \$ .....            |
|  | 25.22 Subject to reverse repurchase agreements  | \$ .....            |
|  | 25.23 Subject to dollar repurchase agreements   | \$ .....            |
|  | 25.24 Subject to reverse dollar repurchase agreements                                 | \$ .....            |
|  | 25.25 Placed under option agreements  | \$ .....            |
|  | 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock | \$ .....            |
|  | 25.27 FHLB Capital Stock  | \$ .....            |
|  | 25.28 On deposit with states  | \$ ..... 45,542,417 |
|  | 25.29 On deposit with other regulatory bodies   | \$ .....            |
|  | 25.30 Pledged as collateral - excluding collateral pledged to an FHLB                 | \$ .....            |
|  | 25.31 Pledged as collateral to FHLB - including assets backing funding agreements     | \$ .....            |
|  | 25.32 Other   | \$ .....            |

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
----------------------------	------------------	-------------

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ( ) No (X)
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes ( ) No ( ) N/A (X)
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes ( ) No (X)
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ .....
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )

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

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

SCOTIABANK .....	SAN JUAN, PUERTO RICO .....
BANCO POPULAR DE PUERTO RIO .....	SAN JUAN, PUERTO RICO .....
CITIBANK .....	SAN JUAN, PUERTO RICO .....
SANTANDER SECURITIES .....	SAN JUAN, PUERTO RICO .....
MERRILL LYNCH .....	GUAYNABO, PUERTO RICO .....

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

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

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

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

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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

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

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

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

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

1 Name of Mutual Fund (from question 29.2)	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 .....	\$ 85,164,184	\$ 84,399,285	\$ (764,899)
30.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
30.3 Totals .....	\$ 85,164,184	\$ 84,399,285	\$ (764,899)

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

The fair value of Investment Securities is based on quoted market price for those or similar Investments

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

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

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:  
.....

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ ..... 474,743

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICES .....	\$ ..... 474,743
.....	\$ .....
.....	\$ .....
.....	\$ .....

34.1 Amount of payments for legal expenses, if any? \$ ..... 32,088

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

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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

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

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)

1.2 If yes, indicate premium earned on U.S. business only. \$ .....

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....

1.31 Reason for excluding:

.....  
 .....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ .....  
 1.62 Total incurred claims \$ .....  
 1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned \$ .....  
 1.65 Total incurred claims \$ .....  
 1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ .....  
 1.72 Total incurred claims \$ .....  
 1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned \$ .....  
 1.75 Total incurred claims \$ .....  
 1.76 Number of covered lives .....

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ .....	\$ .....
2.2 Premium Denominator	\$ .....	\$ .....
2.3 Premium Ratio (Line 2.1/Line 2.2)		
2.4 Reserve Numerator	\$ .....	\$ .....
2.5 Reserve Denominator	\$ .....	\$ .....
2.6 Reserve Ratio (Line 2.4/Line 2.5)		

3.1 Does the reporting entity issue both participating and non-participating policies? Yes ( ) No (X)

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies \$ .....  
 3.22 Non-participating policies \$ .....

4. For Mutual reporting entities and Reciprocal Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes ( ) No ( )

4.2 Does the reporting entity issue non-assessable policies? Yes ( ) No ( )

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ .....

5. For Reciprocal Exchanges only:

5.1 Does the exchange appoint local agents? Yes ( ) No ( )

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes ( ) No ( ) N/A (X)  
 5.22 As a direct expense of the exchange Yes ( ) No ( ) N/A (X)

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

.....  
 .....

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

5.5 If yes, give full information.

.....  
 .....

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

.....  
 .....

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

.....  
 .....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

.....  
 .....



**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From ..... %

12.42 To ..... %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes ( ) No (X)

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

12.61 Letters of credit \$ .....

12.62 Collateral and other funds \$ .....

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 50,000,000

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

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

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes ( ) No (X)

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

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

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

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

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes ( ) No (X)

15.2 If yes, give full information.  
 .....  
 .....

16.1 Does the reporting entity write any warranty business? Yes ( ) No (X)

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

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

\* Disclose type of coverage:  
 .....  
 .....

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

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

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)

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

18.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)

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

## FIVE-YEAR HISTORICAL DATA

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

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	13,520,591	13,189,495	13,051,595	11,583,352	11,536,693
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	47,596,973	51,743,424	51,889,957	53,158,878	62,155,498
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	54,896,900	51,769,611	49,736,380	43,531,799	46,198,012
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	795,675	716,376	433,493	285,074	199,508
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	116,810,139	117,418,906	115,111,425	108,559,103	120,089,711
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	11,182,015	10,398,671	10,438,048	7,264,208	6,768,845
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	23,548,575	20,064,036	14,998,306	11,872,816	16,821,805
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	20,622,788	17,664,116	12,133,333	12,313,194	23,269,261
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	458,037	718,222	151,591	121,832	93,610
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	55,811,415	48,845,045	37,721,278	31,572,050	46,953,521
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	6,030	1,538,269	(590,508)	(816,657)	(1,718,744)
14. Net investment gain (loss) (Line 11)	(5,989,348)	2,559,809	2,553,378	2,527,869	3,745,266
15. Total other income (Line 15)			3,012,277		
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	108,720	(123,079)	181,581		(236,976)
18. Net income (Line 20)	(6,092,038)	4,221,157	4,793,566	1,711,212	2,263,498
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	145,611,505	151,898,438	156,994,766	162,234,164	154,187,315
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	25,984,720	24,830,379	29,221,624	23,875,785	16,634,351
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	97,233,356	101,379,649	99,707,775	99,609,988	86,804,572
22. Losses (Page 3, Line 1)	16,959,478	16,727,806	15,922,755	18,197,454	22,527,814
23. Loss adjustment expenses (Page 3, Line 3)	3,814,770	3,543,895	3,936,171	4,466,136	4,827,430
24. Unearned premiums (Page 3, Line 9)	51,411,433	49,150,248	46,867,554	45,353,132	45,838,768
25. Capital paid up (Page 3, Line 30 and Line 31)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	48,378,149	50,518,789	57,286,991	62,624,176	67,382,743
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	4,145,627	14,741,036	(2,178,442)	(1,324,084)	(3,268,975)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	48,378,149	50,518,789	57,286,991	62,624,176	67,382,743
29. Authorized control level risk-based capital	6,141,903	5,987,047	5,935,682	5,752,689	6,420,054
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	81.7	86.1	93.0	80.5	95.6
31. Stocks (Line 2.1 and Line 2.2)	(9.0)	(7.1)	(5.6)	0.5	(2.3)
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	27.3	20.9	12.7	19.0	6.7
35. Contact loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)	(10,591,050)	(10,370,260)	(8,941,231)	(4,555,609)	(2,814,278)
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 through Line 47	(10,591,050)	(10,370,260)	(8,941,231)	(4,555,609)	(2,814,278)
49. Total investment in parent included in Line 42 through Line 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)	(21.9)	(20.5)	(15.6)	(7.3)	(4.2)

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24)	(813,396)	(5,682,521)	(6,676,123)	(2,741,331)	(326,176)
52. Dividends to stockholders (Line 35)		(1,500,000)			
53. Change in surplus as regards policyholders for the year (Line 38)	(2,140,640)	(6,768,202)	(5,337,185)	(4,758,567)	348,514
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	5,387,518	5,455,604	7,124,955	6,658,832	5,892,452
55. Property lines (Lines 1, 2, 9, 12, 21 and 26)	11,700,593	10,053,289	9,934,791	5,996,633	6,202,338
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	10,863,320	10,056,481	7,677,236	8,633,881	8,556,709
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	70,682	5,937	295,654	5,500	25,000
58. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
59. Total (Line 35)	28,022,113	25,571,311	25,032,636	21,294,846	20,676,499
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	4,556,574	3,911,574	3,091,306	2,597,273	3,419,040
61. Property lines (Lines 1, 2, 9, 12, 21 and 26)	11,207,303	7,773,209	5,668,464	3,492,602	4,408,596
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	7,934,798	5,365,935	6,108,384	7,444,728	6,045,806
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	57,836	3,565	76,867	1,375	24,946
64. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
65. Total (Line 35)	23,756,511	17,054,283	14,945,021	13,535,978	13,898,388
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	44.8	38.4	35.0	28.7	34.2
68. Loss expenses incurred (Line 3)	8.5	8.3	10.9	14.3	13.3
69. Other underwriting expenses incurred (Line 4)	46.6	50.0	55.7	59.6	56.6
70. Net underwriting gain (loss) (Line 8)		3.3	(1.6)	(2.5)	(4.0)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	44.8	47.7	45.5	60.5	51.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	53.3	46.7	45.9	43.0	47.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	115.4	96.7	65.8	50.4	69.7
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)	796	(1,432)	(4,332)	(6,977)	2,128
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0)	1.6	(2.5)	(6.9)	(10.4)	3.2
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)	(875)	(6,978)	(11,954)	(4,729)	(2,918)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0)	(1.5)	(11.1)	(17.7)	(7.1)	(4.9)

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? If no, please explain:

Yes ( ) No ( )

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

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	(64)	(66)	115	69				48	X X X
2. 2006	128,098	88,017	40,081	67,829	54,527	5,406	1,233	2,887			20,362	X X X
3. 2007	132,797	87,615	45,182	19,319	6,063	3,927	575	2,053			18,661	X X X
4. 2008	127,003	83,448	43,555	19,431	6,682	3,298	661	2,013			17,399	X X X
5. 2009	124,722	85,908	38,814	21,788	8,118	2,846	537	2,013			17,992	X X X
6. 2010	118,209	83,786	34,423	22,441	10,444	3,455	1,368	1,916			16,000	X X X
7. 2011	120,116	77,004	43,112	22,029	8,759	2,198	352	1,721			16,837	X X X
8. 2012	112,955	80,897	32,058	19,897	7,791	1,620	262	1,513			14,977	X X X
9. 2013	108,232	72,027	36,205	18,455	4,687	917	155	1,515			16,045	X X X
10. 2014	118,010	71,447	46,563	17,455	2,421	1,129	111	1,426			17,478	X X X
11. 2015	116,756	63,206	53,550	16,941	1,258	792	48	1,108			17,535	X X X
12. Totals	X X X	X X X	X X X	245,521	110,684	25,703	5,371	18,165			173,334	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	506	291	75	133	68	29			80			276	X X X
2.	4,190	4,020	418	293	97	78			655			969	X X X
3.	453	133	205	86	51	9			71			552	X X X
4.	142	2	261	13	12	1			21			420	X X X
5.	77	6	113	2	21	13			12			202	X X X
6.	385	289	116	84	45	26			59			206	X X X
7.	151	28	100	14	35	2			23			265	X X X
8.	313	71	215	30	60	16			49			520	X X X
9.	965	132	655	124	168	15			148			1,665	X X X
10.	3,068	320	2,091	540	402	45			482			5,138	X X X
11.	6,404	363	4,124	1,094	532	46			1,001			10,558	X X X
12.	16,654	5,655	8,373	2,413	1,491	280			2,601			20,771	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	X X X	X X X	X X X	X X X	X X X	X X X			X X X	157	119
2.	81,482	60,151	21,331	63.6	68.3	53.2				295	674
3.	26,079	6,866	19,213	19.6	7.8	42.5				439	113
4.	25,178	7,359	17,819	19.8	8.8	40.9				388	32
5.	26,870	8,676	18,194	21.5	10.1	46.9				182	20
6.	28,417	12,211	16,206	24.0	14.6	47.1				128	78
7.	26,257	9,155	17,102	21.9	11.9	39.7				209	56
8.	23,667	8,170	15,497	21.0	10.1	48.3				427	93
9.	22,823	5,113	17,710	21.1	7.1	48.9				1,364	301
10.	26,053	3,437	22,616	22.1	4.8	48.6				4,299	839
11.	30,902	2,809	28,093	26.5	4.4	52.5				9,071	1,487
12.	X X X	X X X	X X X	X X X	X X X	X X X			X X X	16,959	3,812

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	11 One Year	12 Two Year	
1. Prior .....	6,938	6,411	5,409	5,661	5,494	6,305	3,937	2,287	1,713	1,909	196	(378)	
2. 2006 .....	18,699	18,077	18,848	17,961	17,591	17,692	17,662	18,163	17,631	17,789	158	(374)	
3. 2007 .....	X X X	17,467	18,563	18,341	17,251	17,704	17,473	17,241	17,105	17,089	(16)	(152)	
4. 2008 .....	X X X	X X X	15,979	17,143	15,764	16,128	15,961	15,725	15,678	15,785	107	60	
5. 2009 .....	X X X	X X X	X X X	19,409	16,985	17,561	16,562	16,348	16,279	16,169	(110)	(179)	
6. 2010 .....	X X X	X X X	X X X	X X X	16,427	15,634	15,549	15,731	14,779	14,231	(548)	(1,500)	
7. 2011 .....	X X X	X X X	X X X	X X X	X X X	16,230	16,119	15,821	15,558	15,358	(200)	(463)	
8. 2012 .....	X X X	X X X	X X X	X X X	X X X	X X X	13,171	13,827	13,714	13,935	221	108	
9. 2013 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	14,044	15,366	16,047	681	2,003	
10. 2014 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	20,401	20,708	307	X X X	
11. 2015 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	25,984	X X X	X X X	
											12. Totals	796	(875)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior .....	0 0 0	3,933	7,001	8,342	9,379	9,671	5,548	5,673	1,665	1,713	X X X	X X X
2. 2006 .....	6,880	11,892	13,628	14,585	15,137	15,850	16,114	16,314	17,405	17,475	X X X	X X X
3. 2007 .....	X X X	6,798	11,474	13,347	14,504	15,500	16,015	16,382	16,544	16,608	X X X	X X X
4. 2008 .....	X X X	X X X	7,077	11,017	12,778	13,978	14,810	15,173	15,298	15,386	X X X	X X X
5. 2009 .....	X X X	X X X	X X X	6,698	12,378	14,029	15,152	15,668	15,888	15,979	X X X	X X X
6. 2010 .....	X X X	X X X	X X X	X X X	6,944	11,002	12,526	13,486	13,803	14,084	X X X	X X X
7. 2011 .....	X X X	X X X	X X X	X X X	X X X	7,836	12,636	14,288	14,890	15,116	X X X	X X X
8. 2012 .....	X X X	X X X	X X X	X X X	X X X	X X X	6,735	10,894	12,052	13,464	X X X	X X X
9. 2013 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	8,626	12,306	14,530	X X X	X X X
10. 2014 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	10,969	16,052	X X X	X X X
11. 2015 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,427	X X X	X X X

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015
1. Prior .....	4,466	2,948	1,992	616	5	742	709	615	64	(58)
2. 2006 .....	4,872	1,939	2,008	1,073	571	429	380	629		125
3. 2007 .....	X X X	3,787	2,754	1,829	540	587	382	173		119
4. 2008 .....	X X X	X X X	3,182	2,178	617	565	302	161	148	248
5. 2009 .....	X X X	X X X	X X X	3,744	1,429	1,430	405	183	234	111
6. 2010 .....	X X X	X X X	X X X	X X X	3,683	1,044	788	883	164	32
7. 2011 .....	X X X	X X X	X X X	X X X	X X X	2,040	760	450	301	86
8. 2012 .....	X X X	X X X	X X X	X X X	X X X	X X X	1,909	1,058	615	185
9. 2013 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,189	277	531
10. 2014 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,932	1,551
11. 2015 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,030

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

**Allocated By States And Territories**

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. Dist. Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	L	98,905,662	98,605,337	27,945,375	24,391,509	23,830,460		
55. U.S. Virgin Islands	VI	L	13,541,625	13,995,659	14,419	78,917	378,523		
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	X X X	4,362,852	4,135,961	62,319	30,159	817,614		
59. Totals	(a) 2		116,810,139	116,736,957	28,022,113	24,500,585	25,026,597		
<b>DETAILS OF WRITE-INS</b>									
58001. BVI	X X X		4,362,852	4,135,961	62,319	30,159	817,614		
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Line 58001 through 58003+58998) (Line 58 above)	X X X		4,362,852	4,135,961	62,319	30,159	817,614		

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

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

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

## ORGANIZATIONAL CHART Actual Structure



# Property and Casualty

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