



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE

Triple-S Salud, Inc.

NAIC Group Code 0000 (Current Period) , (Prior Period) NAIC Company Code 55816 Employer's ID Number 660555677

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

Country of Domicile US

Licensed as business type:

Life, Accident and Health [] Property/Casualty [] Hospital, Medical and Dental Service or Indemnity [X]
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [] Is HMO Federally Qualified? Yes () No ()

Incorporated/Organized July 31, 1959 Commenced Business March 1, 1960

Statutory Home Office F.D. Roosevelt Ave. 1441, San Juan, Puerto Rico 00920 (Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office F.D. Roosevelt Ave. 1441, San Juan, Puerto Rico 00920 787-749-4949-4557 (Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 363628, San Juan, Puerto Rico 00936-3628 (Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records F.D. Roosevelt Ave. 1441, San Juan, Puerto Rico 00920 (Street and Number, City or Town, State, Country and Zip Code)
787-749-4949-4557 (Area Code) (Telephone Number)

Internet Website Address www.ssspr.com

Statutory Statement Contact Juan Jose Rodriguez Gilibertys, CPA 787-749-4949-4557 (Name) (Area Code) (Telephone Number) (Extension)
jjrodrigue@ssspr.com 787-749-4003 (E-Mail Address) (Fax Number)

OFFICERS

Pablo Almodovar Scalley (President & CEO)
Roberto Nater Lebron (Secretary)
Juan Jose Rodriguez Gilibertys, CPA (Treasurer)

OTHER OFFICERS

Carlos Torres Diaz (Chief Operations Officer)
Frank Astor Casaldue (Chief Medical Officer)
Madeline Hernandez Urquiza (Chief Risk Officer)
Elena Diaz Molina (VP Sales and Administration)

DIRECTORS OR TRUSTEES

Roberto Garcia Rodriguez, ESQ
Amilcar Jordan Perez, CPA
Alan Cohen Shoreman
Pablo Almodovar Scalley
Ramon Manuel Ruiz Comas, CPA

State of Puerto Rico }
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.

Pablo Almodovar Scalley President Juan Jose Rodriguez Gilibertys, CPA Chief Financial Officer

Subscribed and sworn to before me this day of
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 - Col 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	294,948,518		294,948,518	282,959,933
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	170,361,754	12,291,441	158,070,313	134,353,357
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 (\$ 39,884,894 , Schedule E - Part 1) , cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$, Schedule DA)	39,884,894		39,884,894	48,761,793
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	1,944,491		1,944,491	1,492,113
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 through Line 11)	507,139,657	12,291,441	494,848,216	467,567,196
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	2,886,407		2,886,407	3,510,296
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	81,639,774	3,687,998	77,951,776	88,949,848
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				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	3,811,610		3,811,610	5,309,959
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	63,014,456	723,177	62,291,279	60,752,698
18.1 Current federal and foreign income tax recoverable and interest thereon	5,390,379		5,390,379	4,701,412
18.2 Net deferred tax asset	22,475,922	2,477,000	19,998,922	7,411,502
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	9,355,018		9,355,018	9,709,268
21. Furniture and equipment, including health care delivery assets (\$)	12,686,133	12,686,133		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	18,838,153		18,838,153	22,917,845
24. Health care (\$ 24,062,086) and other amounts receivable	31,039,981	6,977,895	24,062,086	14,400,882
25. Aggregate write-ins for other-than-invested assets	8,381,960	8,381,960		17,242,457
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	766,659,450	47,225,604	719,433,846	702,473,363
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	766,659,450	47,225,604	719,433,846	702,473,363
DETAILS OF WRITE-INS				
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	8,381,960	8,381,960		17,242,457
2502.				
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)	8,381,960	8,381,960		17,242,457

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	220,493,048		220,493,048	239,289,129
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	3,390,708		3,390,708	3,883,392
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	140,551		140,551	318,026
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	4,232,434		4,232,434	5,453,916
9. General expenses due or accrued	49,991,124		49,991,124	37,918,304
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable	2,664,394		2,664,394	3,460,217
12. Amounts withheld or retained for the account of others	24,989,543		24,989,543	18,973,215
13. Remittances and items not allocated	369,487		369,487	689,704
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)	894,215		894,215	20,931,145
15. Amounts due to parent, subsidiaries and affiliates	4,165,184		4,165,184	2,375,575
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	12,915,148		12,915,148	13,517,648
23. Aggregate write-ins for other liabilities (including \$ current)	8,148,294		8,148,294	21,352,587
24. Total liabilities (Line 1 to Line 23)	332,394,130		332,394,130	368,162,858
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	150,000,000	150,000,000
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	237,039,715	184,310,505
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	X X X	X X X		
32.2 shares preferred (value included in Line 27 \$)	X X X	X X X		
33. Total capital and surplus (Line 25 to Line 31 minus Line 32)	X X X	X X X	387,039,715	334,310,505
34. Total liabilities, capital and surplus (Line 24 and Line 33)	X X X	X X X	719,433,845	702,473,363
DETAILS OF WRITE-INS				
2301. Federal Employees Health Benefit Program	8,148,294		8,148,294	21,352,587
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	8,148,294		8,148,294	21,352,587
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	21,404,367	19,943,245
2. Net premium income (including \$ non-health premium income)	X X X	1,454,946,086	1,497,518,401
3. Change in unearned premium reserves and reserve for rate credits	X X X	177,474	(317,771)
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Line 2 to Line 7)	X X X	1,455,123,560	1,497,200,630
Hospital and Medical:			
9. Hospital/medical benefits		884,690,151	916,789,893
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area		98,212,049	90,972,768
13. Prescription drugs		308,310,885	317,903,915
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Line 9 to Line 15)		1,291,213,085	1,325,666,576
Less:			
17. Net reinsurance recoveries		9,744,554	8,303,237
18. Total hospital and medical (Line 16 minus Line 17)		1,281,468,531	1,317,363,339
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 16,869,813 cost containment expenses		35,214,484	36,903,936
21. General administrative expenses		133,781,388	108,791,810
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Line 18 through Line 22)		1,450,464,403	1,463,059,085
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	X X X	4,659,157	34,141,545
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		13,454,549	13,527,421
26. Net realized capital gains (losses) less capital gains tax of \$		549,970	664,007
27. Net investment gains (losses) (Line 25 plus Line 26)		14,004,519	14,191,428
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses		3,056,272	3,548,913
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29)	X X X	21,719,948	51,881,886
31. Federal and foreign income taxes incurred	X X X	3,948,950	12,376,748
32. Net income (loss) (Line 30 minus Line 31)	X X X	17,770,998	39,505,138
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above)	X X X		
1401.			
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)			
2901. Other income		3,056,272	3,548,913
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page		3,056,272	3,548,913
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		3,056,272	3,548,913

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year	334,310,505	290,723,690
34. Net income or (loss) from Line 32	17,770,998	39,505,138
35. Change in valuation basis of aggregate policy and claims reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	28,122,248	(14,663,499)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(40,000)	(6,870,000)
39. Change in nonadmitted assets	13,725,869	37,822,272
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		3,635,000
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Tranferred from capital		
46. Dividends to stockholders	(7,000,000)	(15,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	150,095	(842,096)
48. Net change in capital and surplus (Line 34 to Line 47)	52,729,210	43,586,815
49. Capital and surplus end of reporting year (Line 33 plus Line 48)	387,039,715	334,310,505
DETAILS OF WRITE-INS		
4701. AMPL		
4702. Other	150,095	(842,096)
4703. Derivative		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above)	150,095	(842,096)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,462,677,304	1,485,551,525
2. Net investment income	15,121,186	14,676,331
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	1,477,798,490	1,500,227,856
5. Benefit and loss related payments	1,298,766,263	1,291,089,989
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	142,686,540	143,268,145
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	14,049,337	12,604,740
10. Total (Line 5 through Line 9)	1,455,502,140	1,446,962,874
11. Net cash from operations (Line 4 minus Line 10)	22,296,350	53,264,982
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	131,331,185	120,557,156
12.2 Stocks	97,546,551	23,819,889
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	751,209	567,942
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	229,628,945	144,944,987
13. Cost of investments acquired (long-term only):		
13.1 Bonds	144,229,417	144,370,325
13.2 Stocks	87,767,599	54,295,180
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	682,491	1,899,083
13.6 Miscellaneous applications	521,100	1
13.7 Total investments acquired (Line 13.1 through Line 13.6)	233,200,607	200,564,589
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)	(3,571,662)	(55,619,602)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds	(20,036,930)	20,014,683
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	7,000,000	15,000,000
16.6 Other cash provided (applied)	(564,657)	6,930,673
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(27,601,587)	11,945,356
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(8,876,899)	9,590,736
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	48,761,793	39,171,057
19.2 End of year (Line 18 plus Line 19.1)	39,884,894	48,761,793
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		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,454,946,086	749,823,809	31,128,893	1,305,022		155,304,757	506,070,917	81,580	11,231,108	
2. Change in unearned premium reserves and reserve for rate credit	177,474	177,097	377							
3. Fee-for-service (net of \$ medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Line 1 through Line 6)	1,455,123,560	750,000,906	31,129,270	1,305,022		155,304,757	506,070,917	81,580	11,231,108	
8. Hospital/medical benefits	884,690,150	416,947,646	25,266,168	721,982		91,890,689	348,909,449	954,216		X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	98,212,049	87,719,064	418,391			2,457,957	7,616,637			X X X
12. Prescription drugs	308,310,885	160,775,302				52,278,875	85,268,689		9,988,019	X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments, and bonus amounts										X X X
15. Subtotal (Line 8 through Line 14)	1,291,213,084	665,442,012	25,684,559	721,982		146,627,521	441,794,775	954,216	9,988,019	X X X
16. Net reinsurance recoveries	9,744,554	2,992,188					6,752,366			X X X
17. Total hospital and medical (Line 15 minus Line 16)	1,281,468,530	662,449,824	25,684,559	721,982		146,627,521	435,042,409	954,216	9,988,019	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ cost containment expenses	35,214,483	19,760,968	766,174	21,537		1,572,267	12,490,465		603,072	
20. General administrative expenses	133,781,387	75,544,492	2,929,017	82,333		5,920,529	47,034,088		2,270,928	
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Line 17 through Line 22)	1,450,464,400	757,755,284	29,379,750	825,852		154,120,317	494,566,962	954,216	12,862,019	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	4,659,160	(7,754,378)	1,749,520	479,170		1,184,440	11,503,955	(872,636)	(1,630,911)	
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Total (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
Part 1 - Premiums

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (hospital and medical)	754,172,456	225,591	4,574,238	749,823,809
2. Medicare Supplement	31,128,893			31,128,893
3. Dental only	1,305,022			1,305,022
4. Vision only				
5. Federal Employees Health Benefits Plan	155,304,757			155,304,757
6. Title XVIII - Medicare	512,427,136		6,356,318	506,070,818
7. Title XIX - Medicaid	81,580			81,580
8. Other health	11,231,108			11,231,108
9. Health subtotal (Line 1 through Line 8)	1,465,650,952	225,591	10,930,556	1,454,945,987
10. Life				
11. Property/casualty				
12. Totals (Line 9 to Line 11)	1,465,650,952	225,591	10,930,556	1,454,945,987

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,310,009,167	669,626,655	25,386,559	721,982		146,549,061	457,000,237	547,654	10,177,019	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	11,242,903	6,006,262					5,236,641			
1.4 Net	1,298,766,264	663,620,393	25,386,559	721,982		146,549,061	451,763,596	547,654	10,177,019	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	220,493,048	123,702,962	7,734,000			19,981,718	67,228,709	1,678,259	167,400	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	220,493,048	123,702,962	7,734,000			19,981,718	67,228,709	1,678,259	167,400	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net health care receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	3,811,610	747,579					3,064,031			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	239,289,129	127,887,604	7,436,000			19,903,257	82,434,171	1,271,697	356,400	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	239,289,129	127,887,604	7,436,000			19,903,257	82,434,171	1,271,697	356,400	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	5,309,959	3,761,653					1,548,306			
12. Incurred benefits:										
12.1 Direct	1,291,213,086	665,442,013	25,684,559	721,982		146,627,522	441,794,775	954,216	9,988,019	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	9,744,554	2,992,188					6,752,366			
12.4 Net	1,281,468,532	662,449,825	25,684,559	721,982		146,627,522	435,042,409	954,216	9,988,019	
13. Incurred medical incentive pools and bonuses										

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	50,042,585	21,956,752	1,372,752			51,718	24,984,488	1,614,663	62,212	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	50,042,585	21,956,752	1,372,752			51,718	24,984,488	1,614,663	62,212	
2. Incurred but Unreported:										
2.1 Direct	170,450,463	101,746,209	6,361,248			19,930,000	42,244,222	63,596	105,188	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	170,450,463	101,746,209	6,361,248			19,930,000	42,244,222	63,596	105,188	
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	220,493,047	123,702,961	7,734,000			19,981,718	67,228,709	1,678,259	167,400	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	220,493,047	123,702,961	7,734,000			19,981,718	67,228,709	1,678,259	167,400	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Column 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	110,216,373	556,418,094	5,866,000	117,836,962	116,082,373	127,887,604
2. Medicare Supplement	6,453,000	18,933,559	504,000	7,230,000	6,957,000	7,436,000
3. Dental Only	119,759	602,223			119,759	
4. Vision Only						
5. Federal Employees Health Benefits Plan	17,922,721	128,626,340	1,807,000	18,174,718	19,729,721	19,903,257
6. Title XVIII - Medicare	58,053,328	392,194,543	18,155,579	49,073,131	76,208,907	82,434,171
7. Title XIX - Medicaid	547,654		1,678,259		2,225,913	1,271,697
8. Other health	337,167	9,839,852		167,400	337,167	356,400
9. Health subtotal (Line 1 through Line 8)	193,650,002	1,106,614,611	28,010,838	192,482,211	221,660,840	239,289,129
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12)	193,650,002	1,106,614,611	28,010,838	192,482,211	221,660,840	239,289,129

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud , Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital and Medical)

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	110,940	5,315			
2. 2009	475,410	105,649	4,051		
3. 2010	X X X	556,399	103,685	6,590	
4. 2011	X X X	X X X	550,498	102,342	7,120
5. 2012	X X X	X X X	X X X	575,905	103,096
6. 2013	X X X	X X X	X X X	X X X	556,418

Section B - Incurred Health Claims - Comprehensive (Hospital and Medical)

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	115,787	5,315			
2. 2009	565,201	110,816	4,051		
3. 2010	X X X	671,129	107,285	6,909	
4. 2011	X X X	X X X	664,383	107,297	7,475
5. 2012	X X X	X X X	X X X	698,519	108,608
6. 2013	X X X	X X X	X X X	X X X	674,255

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	680,927	585,110	16,292	2.784	601,402	88.321			601,402	88.321
2. 2010	779,817	666,674	17,880	2.682	684,554	87.784			684,554	87.784
3. 2011	773,034	659,960	15,426	2.337	675,386	87.368	355	6	675,747	87.415
4. 2012	783,778	679,001	19,791	2.915	698,792	89.157	5,511	92	704,395	89.872
5. 2013	750,001	556,418	16,725	3.006	573,143	76.419	117,837	1,965	692,945	92.393

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud , Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	64	388			
2. 2009	14,144	7,712	739		
3. 2010	X X X	26,076	7,381	356	
4. 2011	X X X	X X X	20,093	7,382	361
5. 2012	X X X	X X X	X X X	18,066	6,092
6. 2013	X X X	X X X	X X X	X X X	18,934

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	711	388			
2. 2009	23,684	8,296	739		
3. 2010	X X X	35,709	7,951	377	
4. 2011	X X X	X X X	28,296	7,827	390
5. 2012	X X X	X X X	X X X	25,036	6,567
6. 2013	X X X	X X X	X X X	X X X	26,164

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	15,229	22,595	525	2.324	23,120	151.816			23,120	151.816
2. 2010	36,147	33,813	791	2.339	34,604	95.731			34,604	95.731
3. 2011	37,163	27,836	650	2.335	28,486	76.652	28		28,514	76.727
4. 2012	34,293	24,158	737	3.051	24,895	72.595	476	5	25,376	73.998
5. 2013	31,129	18,934	579	3.058	19,513	62.684	7,230	75	26,818	86.151

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Dental Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	602

Section B - Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	602

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013	1,305	602	22	3.654	624	47.816			624	47.816

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud , Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefit Plan

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	10,257	689			
2. 2009	106,260	13,695	572		
3. 2010	X X X	107,771	14,451	507	
4. 2011	X X X	X X X	110,915	17,591	1,461
5. 2012	X X X	X X X	X X X	116,128	16,462
6. 2013	X X X	X X X	X X X	X X X	128,626

Section B - Incurred Health Claims - Federal Employees Health Benefit Plan

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	10,817	689			
2. 2009	106,274	14,635	572		
3. 2010	X X X	122,134	14,781	534	
4. 2011	X X X	X X X	129,456	18,522	1,608
5. 2012	X X X	X X X	X X X	135,073	18,122
6. 2013	X X X	X X X	X X X	X X X	146,801

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefit Plan

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	125,994	120,527	1,280	1.062	121,807	96.677			121,807	96.677
2. 2010	130,803	122,729	1,607	1.309	124,336	95.056			124,336	95.056
3. 2011	138,003	129,967	1,160	0.893	131,127	95.017	147	8	131,282	95.130
4. 2012	143,290	132,590	1,530	1.154	134,120	93.600	1,660	33	135,813	94.782
5. 2013	155,305	128,626	1,399	1.088	130,025	83.722	18,175	363	148,563	95.659

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	27,668	3,065			
2. 2009	391,292	60,931	2,412		
3. 2010	X X X	318,679	61,737	2,253	
4. 2011	X X X	X X X	336,027	57,665	1,393
5. 2012	X X X	X X X	X X X	379,126	56,660
6. 2013	X X X	X X X	X X X	X X X	392,195

Section B - Incurred Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	30,097	3,065			
2. 2009	453,304	63,801	2,412		
3. 2010	X X X	381,545	63,957	2,327	
4. 2011	X X X	X X X	403,682	59,553	2,076
5. 2012	X X X	X X X	X X X	459,599	74,133
6. 2013	X X X	X X X	X X X	X X X	441,268

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII Medicare

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	495,086	454,635	3,888	0.855	458,523	92.615			458,523	92.615
2. 2010	455,511	382,669	3,508	0.917	386,177	84.779			386,177	84.779
3. 2011	456,088	395,085	9,945	2.517	405,030	88.805	683	9	405,722	88.957
4. 2012	524,078	435,786	13,844	3.177	449,630	85.794	17,473	220	467,323	89.171
5. 2013	506,071	392,195	11,032	2.813	403,227	79.678	49,073	618	452,918	89.497

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud , Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	45,275	1,806			
2. 2009	269,244	35,900	672		
3. 2010	X X X	251,458	17,207	5,435	548
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	47,315	1,806			
2. 2009	327,162	37,940	672		
3. 2010	X X X	275,063	21,818	6,706	2,226
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	348,097	305,816	5,149	1.684	310,965	89.333			310,965	89.333
2. 2010	285,084	268,665	2,803	1.043	271,468	95.224			271,468	95.224
3. 2011	2,729	548	1,010	184.307	1,558	57.091	1,678		3,236	118.578
4. 2012	50									
5. 2013	82									

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	258				
2. 2009	10,783	258			
3. 2010	X X X	9,031	193		
4. 2011	X X X	X X X	11,746	258	
5. 2012	X X X	X X X	X X X	8,291	337
6. 2013	X X X	X X X	X X X	X X X	9,840

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	258				
2. 2009	11,097	258			
3. 2010	X X X	9,291	193		
4. 2011	X X X	X X X	11,951	258	
5. 2012	X X X	X X X	X X X	8,647	337
6. 2013	X X X	X X X	X X X	X X X	10,007

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	12,796	11,041	518	4.692	11,559	90.333			11,559	90.333
2. 2010	12,891	9,224	587	6.364	9,811	76.107			9,811	76.107
3. 2011	9,733	12,004	555	4.623	12,559	129.035			12,559	129.035
4. 2012	11,712	8,628	1,090	12.633	9,718	82.975			9,718	82.975
5. 2013	11,231	9,840	591	6.006	10,431	92.877	167		10,598	94.364

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	194,462	11,264			
2. 2009	1,267,133	224,145	8,447		
3. 2010	X X X	1,269,414	204,655	15,141	
4. 2011	X X X	X X X	1,029,278	185,238	10,883
5. 2012	X X X	X X X	X X X	1,097,515	182,647
6. 2013	X X X	X X X	X X X	X X X	1,106,615

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	204,348	11,264			
2. 2009	1,487,702	235,747	8,447		
3. 2010	X X X	1,494,870	215,986	16,853	
4. 2011	X X X	X X X	1,237,767	193,456	13,774
5. 2012	X X X	X X X	X X X	1,326,873	207,767
6. 2013	X X X	X X X	X X X	X X X	1,299,097

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	1,678,129	1,499,724	27,652	1.844	1,527,376	91.017			1,527,376	91.017
2. 2010	1,700,253	1,483,774	27,176	1.832	1,510,950	88.866			1,510,950	88.866
3. 2011	1,416,750	1,225,400	28,746	2.346	1,254,146	88.523	2,891	22	1,257,059	88.728
4. 2012	1,497,201	1,280,163	36,992	2.890	1,317,155	87.974	25,120	350	1,342,625	89.676
5. 2013	1,455,124	1,106,615	30,349	2.743	1,136,964	78.135	192,482	3,021	1,332,467	91.571

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves	140,552	140,297					255		
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	140,552	140,297					255		
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	140,552	140,297					255		
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
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)									
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)									

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)		1,092,434	6,889,237		7,981,671
2. Salaries, wages and other benefits	17,435,112	6,386,129	64,289,440	130,881	88,241,562
3. Commissions (less \$ ceded plus \$ assumed)			31,586,755		31,586,755
4. Legal fees and expenses			1,045,681		1,045,681
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	8,145,485	1,543,533	51,239,151	7,379	60,935,548
7. Traveling expenses		1,319,748	1,926,927		3,246,675
8. Marketing and advertising	1,110,195	29,452	8,600,811	112	9,740,570
9. Postage, express, and telephone		840,111	5,982,831	3,811	6,826,753
10. Printing and office supplies		756,182	1,982,098		2,738,280
11. Occupancy, depreciation and amortization		1,796,821	6,858,541		8,655,362
12. Equipment		535,258	682,173		1,217,431
13. Cost or depreciation of EDP equipment and software	241,915	6,918,760	3,406,756		10,567,431
14. Outsourced services including EDP, claims, and other services	434	4,131,145	5,583,087		9,714,666
15. Boards, bureaus and association fees	31,068	168,417	2,996,203		3,195,688
16. Insurance, except on real estate	19,832	9,618	2,381,313		2,410,763
17. Collection and bank service charges			1,596,479		1,596,479
18. Group service and administration fees			1,180,660		1,180,660
19. Reimbursements by uninsured accident and health plans	(11,458,033)	(12,459,761)	(88,887,078)		(112,804,872)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes		269	(260)		9
23.2 State premium taxes			4,176,820		4,176,820
23.3 Regulator authority licenses and fees			195,934		195,934
23.4 Payroll taxes	1,317,477	486,851	4,163,579	10,097	5,978,004
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	26,328	4,789,703	15,904,250		20,720,281
26. Total expenses incurred (Line 1 to Line 25)	16,869,813	18,344,670	133,781,388	152,280	(a) 169,148,151
27. Less expenses unpaid December 31, current year		3,390,708	49,991,124		53,381,832
28. Add expenses unpaid December 31, prior year		3,883,392	37,918,304		41,801,696
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30)	16,869,813	18,837,354	121,708,568	152,280	157,568,015
DETAILS OF WRITE-INS					
2501.	26,328	4,789,703	15,904,250		20,720,281
2502.					
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)	26,328	4,789,703	15,904,250		20,720,281

(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) 11,690,649	9,195,458
1.1 Bonds exempt from U. S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	4,475,303	4,405,193
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	38,331
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		18,023
10. Total gross investment income	16,165,952	13,657,005
11. Investment expenses		(g) 152,280
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 51,176
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Line 11 through Line 15)		203,456
17. Net investment income (Line 10 minus Line 16)		13,453,549
DETAILS OF WRITE-INS		
0901. FEHBP Investment income		18,023
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		18,023
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		
(a) 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.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

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) (Col. 1 + Col. 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U. S. Government bonds	133,100		133,100		
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)	937,968	(521,096)	416,872	16,637,468	
2.21 Common stocks of affiliates				11,484,780	
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)	1,071,068	(521,096)	549,972	28,122,248	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 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	12,291,441	17,248,231	4,956,790
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)	12,291,441	17,248,231	4,956,790
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	3,687,998	2,615,924	(1,072,074)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
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	723,177	4,336,973	3,613,796
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	2,477,000	5,693,000	3,216,000
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment , including health care delivery assets	12,686,133	18,545,958	5,859,825
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	6,977,895	8,955,657	1,977,762
25. Aggregate write-ins for other-than-invested assets	8,381,960	3,555,730	(4,826,230)
26. Total assets excluding Separate Accounts , Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	47,225,604	60,951,473	13,725,869
27. From Separate Accounts , Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	47,225,604	60,951,473	13,725,869
DETAILS OF WRITE-INS			
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 non admitted assets	8,381,960	3,555,730	(4,826,230)
2502.			
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)	8,381,960	3,555,730	(4,826,230)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations	789,481	773,373	763,220	753,707	739,093	9,124,018
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	895,301	874,169	898,180	896,452	1,420,371	12,280,349
7. Total	1,684,782	1,647,542	1,661,400	1,650,159	2,159,464	21,404,367
DETAILS OF WRITE-INS						
0601. Medicaid	895,301	874,169	898,180	896,452	1,420,371	12,280,349
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	895,301	874,169	898,180	896,452	1,420,371	12,280,349

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies and Practices

The following are significant statutory accounting practices followed by the Company:

Basis of Presentation

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

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

Nonadmitted Assets

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

The nonadmitted assets charged to surplus during 2013 and 2012 are as follows:

	2013	2012
Deferred tax assets	\$ 2,477,000	\$ 6,389,000
Accounts receivable	\$ 11,389,070	\$ 15,908,554
Furniture and equipment	\$ 12,686,133	\$ 18,545,958
Goodwill	\$ 12,291,441	\$ 17,248,231
Other	\$ 8,381,960	\$ 3,555,730
	<u>\$ 47,225,604</u>	<u>\$ 61,647,473</u>

Depreciation expense on the related furniture and equipment designated as nonadmitted assets amounted to approximately \$9,512,538 and \$8,535,047 for the years ended December 31, 2013 and 2012, respectively. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Short-Term investments

Short-term investments which have maturities of less than one year are stated at cost. There are no short-term investments at December 31, 2013.

Investments

Debt and equity securities are valued in accordance with rules promulgated by the NAIC. Debt securities that are designated highest-quality and high-quality (NAIC designation 1 and 2) are reported at amortized cost, with all other debt securities reported at the lower of amortized cost or fair market value. Debt securities eligible for amortization under such rules are stated net of unamortized premiums or discounts. As of December 31, 2013 and 2012 there are no debt securities reported at fair value on the Statements of Admitted Assets, Liabilities, and Capital and Surplus.

Nonredeemable preferred stocks are stated at amortized cost. Common and redeemable preferred stocks are carried at estimated fair value. Adjustments reflecting the unrealized appreciation or depreciation of common stocks are shown as a component of surplus, and are not included in the determination of the net gain from operations.

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

NOTES TO FINANCIAL STATEMENTS

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

A decline in the fair value of any security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new net cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether evidence indicating that the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in the value subsequent to year-end, and forecasted performance of the investee.

Revenue Recognition

Subscriber premiums on the managed care business are billed in advance of their respective coverage period and the related revenue is recorded as earned during the coverage period. Managed care premiums are billed in the month prior to the effective date of the policy with a grace period of up to two months. If the insured fails to pay, the policy can be canceled at the end of the grace period at the option of the Company. Managed care premiums are reported as earned when due.

Premiums for the Medicare Advantage (MA) business are based on a bid contract with the Centers for Medicare and Medicaid Services (CMS) and collected in advance of the coverage period. MA contracts provide for a risk factor to adjust premiums paid for members that represent a higher or lower risk to the Company. Retroactive rate adjustments are made periodically based on the aggregate health status and risk scores of the Company's MA membership. These risk adjustments are evaluated quarterly based on estimates. Actual results could differ from these estimates. As additional information becomes available, the recorded estimate are revised and reflected in operating results. The amount of net premium written subject to these retroactive adjustments amounted to \$483,127,452 and \$502,961,277, which represents 33.2% and 33.5% for the years ended December 31, 2013 and 2012, respectively. The Company did not accrue for medical loss ratio rebates.

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

NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk

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

Electronic Data Processing Equipment

Electronic data processing equipment is stated at cost. Maintenance and repairs are expensed as incurred. Cost of electronic data processing equipment is capitalized and amortized over the lesser of the estimated useful lives of the assets or three years. Depreciation expense on electronic data processing equipment amounted to approximately \$10,200,609 and \$17,072,132 for the years ended December 31, 2013 and 2012, respectively.

Claim Liabilities

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

The Company contract as part of the services to the Reform program, until September 30, 2010 the Company contracted with Independent Practice Associations (IPAs) for certain medical care services provided to the Reform's subscribers. The IPAs are compensated based on a capitation basis. The Company retains a portion of the capitation payments to provide for incurred but not reported losses. At December 31, 2013 and 2012, total withholdings and capitation payable amounted to \$1,022,663 and \$1,093,696, respectively, which are recorded as part of the liabilities, capital and surplus. The Company also contracts with IPAs to provide healthcare services to Medicare Advantage beneficiaries. The amount of capitation payable at December 31, 2013 and 2012 related to the Medicare Advantage program, amounted to \$25,046,699 and \$29,913,180, respectively.

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

Operating Expenses Reimbursed

The Company allocates its operating expenses by various lines of business to determine the expense reimbursement due from the First Coast Service Options (FCSO) - fiscal carrier to Part B Program of Medicare, where the Company acts as subcontracted for customer service and administrative services, the FEHBP, and the Company's affiliates.

Fair Value of Financial Instruments

The estimated fair value information for financial instruments in the accompanying statutory financial statements was determined as follows:

- Cash and Short-Term Investments – The carrying amount approximates estimated fair value because of the short-term nature of those instruments.
- Investment in Securities – The estimated fair value of investment in securities is based on quoted market prices for those or similar investments. Additional information pertinent to the estimated fair value of investment in securities is included in Note 3.
- **Short-term borrowing** – The carrying amount approximates fair value because of the short-term nature of these notes payable and their interest rate structure.

Fair Value Measurements

The Company follows the guidance in the provisions of ASC 820 *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the statutory financial statements on a recurring basis. SC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in surplus in the period that includes the enactment date. On November 6, 2011, SSAP No. 101, Income Taxes, a Replacement of SSAP No. 10R and SSAP No.

NOTES TO FINANCIAL STATEMENTS

10, was adopted by the NAIC. SSAP No. 101 contains changes to accounting for current and deferred federal and foreign income taxes, effective January 1, 2012. This guidance provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. During 2013 and 2012 the Company purchased tax credits amounting to approximately \$5,298,000 and \$13,603,000, respectively. There are no deferred credits related to income tax credits as of December 31, 2013 and 2012

Insurance-Related Assessments

The Company accounts for insurance-related assessments in accordance with the provisions of NAIC Statutory Accounting Principles No. 35, Guaranty Fund and Other Assessments. This SAP prescribes liability recognition when the following two conditions are met: (1) the assessment has been imposed or the information available prior to the issuance of the statutory financial statements indicates it is probable that an assessment will be imposed; and (2) the amount of the assessment can be reasonably estimated. Also, this SAP provides for the recognition of an admitted asset when the paid or accrued assessment is recoverable through either premium taxes or policy surcharges.

Reinsurance

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

Use of Estimates

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

2. Accounting Changes and Corrections of Errors

Not Applicable

3. Business Combinations and Goodwill

Effective February 7, 2011, the Company completed the acquisition of 100% of the outstanding capital stock of American Health, a provider of Medicare Advantage services to over 40,000 dual and non-dual eligible members in Puerto Rico.

The transaction was accounted for as statutory purchase. The cost was \$84,751,160, resulting in goodwill in the amount of \$61,376,000. Accumulated goodwill amortization for 2013 and 2012 amounted to \$17,901,411 and \$11,763,779, respectively, which resulted in \$12,291,441 and \$17,248,231, respectively, to be considered as non admitted. Goodwill amortization relating to the purchase of American Health was \$6,137,624 for the years ended December 31, 2013 and 2012, respectively. Total assets, liabilities and capital of Socios Mayores en Salud Holdings, Inc. and Subsidiaries on a US generally accepted accounting principles basis, as of December 31, 2013 amounted to \$209,022,000, \$125,731,000 and \$83,291,000, respectively. Operating revenues and net income of Socios Mayores en Salud Holdings, Inc. and Subsidiaries for the year ended December 31, 2013 amounted to \$522,593,000 and \$9,422,000, respectively.

4. Discontinued Operations

Not Applicable

NOTES TO FINANCIAL STATEMENTS

5. Investment

Debt Securities

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of debt securities at December 31, 2013 and 2012 are as follows:

	2013			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of government-sponsored enterprises	\$ 98,025,164	\$ 1,832,322	\$ (349,490)	\$ 99,507,996
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	22,316,124	-	(321,426)	21,994,698
Municipal bonds	156,670,300	6,703,410	(679,211)	162,694,499
Corporate debt securities				-
Mortgage-backed securities	240,233	19,190		259,423
Collateralized mortgage obligations	17,696,696	277,887	(55,590)	17,918,993
	<u>\$ 294,948,517</u>	<u>\$ 8,832,809</u>	<u>\$ (1,405,717)</u>	<u>\$ 302,375,609</u>
	2012			
	Amortized Cost (Carrying Value)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of government-sponsored enterprises	\$ 45,590,319	\$ 3,442,452	\$ -	\$ 49,032,771
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	26,499,262	366,596	(2,054)	26,863,804
Municipal bonds	179,834,801	18,116,576	(56,248)	197,895,129
Corporate debt securities				-
Mortgage-backed securities	3,185,842	83,365	-	3,269,207
Collateralized mortgage obligations	27,849,710	592,985	(83,406)	28,359,289
	<u>\$ 282,959,934</u>	<u>\$ 22,601,974</u>	<u>\$ (141,708)</u>	<u>\$ 305,420,200</u>

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

	2013	2012
Bonds and notes	\$ 255,197,706	\$ 229,577,281
Mortgage-backed securities	240,233	3,185,842
Zero coupons and certificates of accrual	21,813,882	22,347,101
Collateralized mortgage obligations	17,696,696	27,849,710
	<u>\$ 294,948,517</u>	<u>\$ 282,959,934</u>

Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2013 and 2012 are as follows:

NOTES TO FINANCIAL STATEMENTS

	2013					
	Less Than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Obligations of government-sponsored enterprises	\$ 38,741,834	\$ 349,490	\$ -	\$ -	\$ 38,741,834	\$ 349,490
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	16,146,258	285,193	5,848,440	36,233	21,994,698	321,426
Municipal bonds	44,627,379	679,211			44,627,379	679,211
Corporate debt securities					-	-
Collateralized mortgage obligations	970,101	3,146	3,540,511	52,443	4,510,612	55,589
	<u>\$ 100,485,572</u>	<u>\$ 1,317,040</u>	<u>\$ 9,388,951</u>	<u>\$ 88,676</u>	<u>\$ 109,874,523</u>	<u>\$ 1,405,716</u>

	2012					
	Less Than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Obligations of government-sponsored enterprises	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	6,806,728	2,054			6,806,728	2,054
Municipal bonds	13,441,880	56,248			13,441,880	56,248
Corporate debt securities					-	-
Collateralized mortgage obligations	10,322,361	83,406			10,322,361	83,406
	<u>\$ 30,570,969</u>	<u>\$ 141,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,570,969</u>	<u>\$ 141,708</u>

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company’s intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and further requires consideration of risks such as credit and interest rate risks. Consequently, if an investment’s cost exceeds its fair value solely due to changes in interest rates, impairment may not be appropriate. If after monitoring and analyzing, the Company determines that a decline in the estimated fair value is other than temporary, the carrying amount of the investment is reduced to its fair value. The impairment is charged to operations and a new cost basis for the investment is established. The fair value of the bond on the measurement date shall become the new cost basis of the bond and the new cost basis shall not be adjusted for subsequent recoveries in fair value. During the year ended December 31, 2013 and 2012 the company recognized no other-than-temporary impairment on such investments.

The unrealized losses on investments in fixed income securities were caused mainly by fluctuations in interest rates during 2013 and 2012. Because the Company has the ability and intent to hold these securities until maturity and the Company expects to collect all contractual cash flows, these investments are not considered other than temporarily impaired.

The amortized cost and estimated fair value of debt securities at December 31, 2013 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year or less	\$ 4,294,596	\$ 4,349,856
Due after 1 year through 5 years	154,683,440	156,034,087
Due after 5 years through 10 years	75,587,660	78,197,471
Due after 10 years	42,445,893	45,615,778
Mortgage-backed securities	240,233	259,423
Collateralized mortgage obligations	17,696,696	17,918,993
	<u>\$ 294,948,518</u>	<u>\$ 302,375,608</u>

Proceeds from sales and maturities of debt securities during the year ended December 31, 2013 and 2012 were approximately \$131,331,185 and \$120,557,156, respectively. Gross gains and losses of approximately \$1,731,335 and \$1,598,235 in 2013, respectively, and \$571,556 and \$340,208 in 2012, respectively, were realized on those sales.

NOTES TO FINANCIAL STATEMENTS

An investment with an amortized cost of \$502,242 and \$502,798 as of December 31, 2013 and 2012, respectively, (estimated fair value of \$393,945 and \$535,840 at December 31, 2013 and 2012, respectively), was deposited with the Commissioner of Insurance to comply with the deposit requirements of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code). Investments with an amortized cost of \$510,841 and \$506,528 as of December 31, 2013 and 2012, respectively, (estimated fair value of \$510,841 and \$506,528, as of December 31, 2013 and 2012, respectively), were deposited with the Commissioner of Insurance of the Government of the U.S. Virgin Islands.

Equity Securities

The cost, gross unrealized gains, gross unrealized losses, and estimated fair value of the equity securities at December 31, 2013 and 2012 are as follows:

	2013			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities				
Common stocks	\$ 86,142,822	\$ 28,584,657	\$ (306,555)	\$ 114,420,924
	<u>\$ 86,142,822</u>	<u>\$ 28,584,657</u>	<u>\$ (306,555)</u>	<u>\$ 114,420,924</u>

Proceeds from sales of equity securities during the year ended December 31, 2013 and 2012 were approximately \$97,546,551 and \$23,819,889, respectively. Gross gains and losses of approximately \$2,257,952 and \$1,319,985 in 2013 and gross gains and losses of approximately \$832,332 and \$399,673 in 2012, respectively, were realized on those sales.

The Company regularly monitors and evaluates the difference between the cost and estimated fair value of its common and preferred stocks. For securities with a fair value below cost, the process includes evaluating the length of time and the extent to which cost exceeds fair value, the prospects and financial condition of the issuer, and the Company's intent and ability to retain the investment to allow for recovery in fair value, among other factors. This process is not exact and requires further consideration of risks such as credit and interest rate risks. If, after monitoring and analyzing, the Company determines that a decline in the estimated fair value of any common and preferred stock security below cost is other than temporary, the carrying amount of the security is reduced to its fair value. The impairment is charged to operations, and a new cost basis for the security is established.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

NOTES TO FINANCIAL STATEMENTS

7. Net Investment Income Earned

Components of net investment income earned for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Debt securities		
Bonds and notes	\$ 8,164,364	\$ 8,902,139
Mortgage-backed securities	24,494	64,880
Zero coupons and certificates of accrual	511,781	502,272
Collateralized mortgage obligations	494,818	1,125,919
Cash and short-term investments	38,331	46,987
Other	18,024	32,608
	<u>9,251,812</u>	<u>10,674,805</u>
Equity securities		
Common stocks	<u>4,405,193</u>	<u>3,412,558</u>
	<u>4,405,193</u>	<u>3,412,558</u>
	13,657,005	14,087,363
Less: Investment expenses incurred	<u>152,281</u>	<u>185,861</u>
	<u>\$ 13,504,724</u>	<u>\$ 13,901,502</u>

8. Derivative instruments and Hedging Activities

Not Applicable

9. Income Taxes

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

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

(in thousands)

	December 31,2013			December 31,2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross deferred tax assets	26,705		26,705	15,622		15,622	11,083	-	11,083
b. Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
c. Adjusted gross deferred tax assets (1a-1b)	26,705	-	26,705	15,622	-	15,622	11,083	-	11,083
d. Deferred tax asset nonadmitted	(2,477)		(2,477)	(5,693)		(5,693)	(2,477)	-	3,216
e. Subtotal net admitted deferred tax assets (1c-1d)	<u>24,228</u>	<u>-</u>	<u>24,228</u>	<u>9,929</u>	<u>-</u>	<u>9,929</u>	<u>8,606</u>	<u>-</u>	<u>14,299</u>
f. Deferred tax liabilities		(4,242)	(4,242)	(772)	(1,746)	(2,518.00)	772	(2,496)	(1,724)
g. Net admitted deferred tax assets /(net deferred tax liability) (1e-1f)	<u>24,228</u>	<u>(4,242)</u>	<u>19,986</u>	<u>9,157</u>	<u>(1,746)</u>	<u>7,411</u>	<u>15,071</u>	<u>(2,496)</u>	<u>12,575</u>

Admission Calculation Components SSAP No. 101

(in thousands)

	December 31,2013			December 31,2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-	-	-	-	-	-	-
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above after application of the threshold limitation.(the lesser of 2(b)2 below	-	-	-	-	-	-	-	-	-
1 Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2 Adjusted gross deferred tax assets allowed per limitation threshold	24,228		24,228	9,929		9,929	(1,336)		(1,336)
c. Adjusted gross deferred tax assets(excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	(4,242)	(4,242)	(772)	(1,746.00)	(2,518.00)	772	(2,496)	(1,724)
d.Deferred tax assets admitted as the result of application of SSAP No. 101 total (2(a) +2(b)+2c	<u>24,228</u>	<u>(4,242)</u>	<u>19,986</u>	<u>9,157</u>	<u>(1,746)</u>	<u>7,411</u>	<u>(564)</u>	<u>(2,496)</u>	<u>(3,060)</u>

NOTES TO FINANCIAL STATEMENTS

	2013	2012
a. Ratio percentage used to determine recovery period and threshold limitation amount	608%	528%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	384,695	334,311

During the years ended December 31, 2013 and 2012, income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes as a result of the following:

(in thousands)	2013	2012
Income before taxes	\$ 20,925	\$ 51,882
Statutory tax rate	39.00 %	30.00 %
Income tax expense at statutory rate	8,161	15,565
Increase (decrease) in taxes resulting from		
Exempt interest income	(3,525)	(3,179)
Effect of taxing capital gains at a preferential rate	-	(100)
Bond interest disallowance	20	118
Nonadmitted assets	(1,255)	8,094
Tax credit income	-	(703)
Deferred tax on minimum pension liability	-	-
Deferred tax on unrealized gain or losses of investment securities	2,496	1,746
Change in tax rate	(4,452)	
Valuation allowance	2,984	
Other	(520)	(560)
Total statutory income tax expense	\$ 3,909	\$ 20,981
Income taxes incurred	\$ 3,949	\$ 12,376
Change in net deferred income tax	(40)	8,605
Total statutory income tax expense	\$ 3,909	\$ 20,981

Deferred income taxes reflect the tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The net deferred tax asset at December 31, 2013 and 2012 of the Company is composed of the following:

(in thousands)	2013	2012
Deferred tax assets		
Employee benefits plan	\$ 915	\$ -
Postretirement medical plan accrual	1,198	922
Deferred compensation	1,331	869
Contingency reserves	-	1,206
Shared based compensation	1,041	508
Depreciation	301	-
Tax Credit	9,260	-
Net operating loss	2,984	-
Nonadmitted assets	12,658	11,403
Total gross deferred tax assets	29,688	14,908
Statutory Valuation allowance	(2,984)	-
Adjusted Gross DTA	26,704	14,908
Less: Nonadmitted deferred tax assets	(2,477)	(5,693)
	24,227	9,215
Deferred tax liability		
Employee benefits plan	-	(58)
Unrealized on investment	(4,242)	(1,746)
Total deferred tax liabilities	(4,242)	(1,804)
Net deferred tax assets	\$ 19,985	\$ 7,411

NOTES TO FINANCIAL STATEMENTS

Nonadmitted deferred tax assets decreased \$3,216 and \$4,752 for the years ended December 31, 2013 and 2012, respectively.

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

The Company's USVI operations are in cumulative loss position for two year period ended December 31, 2013. For purposes of assessing the realization of the deferred tax assets, this taxable loss position is considered significant negative evidence and has caused management to conclude that it is more likely than not that the Company will not able to realized the associated deferred tax asset in the future. At December 31, 2013 the Company recorded a valuation allowance of approximately \$2.9 million on the deferred tax assets of its USVI operations.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company accounts transactions with related parties in accordance with SSAP No. 96, Settlement Requirements for Intercompany Transactions, An amendment to SSAP No. 25 - Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties. Transactions between related parties must be in the form of a written agreement and the agreement must provide for a timely settlement of amounts owed with a specific due date. Amounts owed that are more than 90 days from the due date are nonadmitted. If the agreement does not contain a due date, the uncollected receivable amounts are nonadmitted. No intercompany receivables were recorded as nonadmitted assets as of December 31, 2013.

The Company has the following net balances due from (to) the Parent Company and affiliates at December 31, 2013, which are recorded as due from Parent Company and affiliates and other receivables or as other expenses due and accrued and other liabilities, as applicable, in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus:

	2013						
(in thousands)	Triple-S Vida, Inc.	Triple-S Propiedad, Inc.	Interactive Systems, Inc.	American Health	Triple-C Inc.	Triple-S International Inc.	Triple-S Management Corporation
Net balances due from (to)							
Parent Company and affiliates	\$ 1,325	\$ 472	\$ 778	\$ (4,146)	\$ 202	\$ (19)	\$ 16,061

The balance due from Triple-S Management Corporation includes a Note Receivable in the amount of \$15,728,835. This Note bears interest at an annual rate of 4.70% and shall be due and payable in a single installment including principal and interests accrued, on December 31, 2014.

The following are other related-party transactions during the years ended December 31, 2013 and 2012:

	2013	2012
Rent charges from Parent Company and an affiliate	\$ 6,528,382	\$ 6,528,382
Data processing charges from an affiliate including commissions of \$703,000 and \$1,192,000 in 2013 and 2012, respectively	9,269,774	13,985,178
Administrative charges to affiliates	15,456,638	18,814,947
Subscribers premiums billed to affiliates under rated and self-funded arrangements	7,797,213	5,127,028
Insurance premiums paid to affiliates	11,858	49,584

11. Debt

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

Noncontributory Defined benefit Pension Plan

The Company participates in Triple-S Management Corporation Non-contributory Retirement Program, a noncontributory defined benefit pension plan and a noncontributory supplemental pension plan (collectively referred as the Plans) covering the Company employees as well as other employees of affiliated companies who are age 21 or older and have completed one year of service. Pension benefits begin to vest after five years of vesting service, as defined, and are based on years of service and final average salary, as defined. The funding policy is to contribute to the plan as necessary to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 as amended, plus such additional amounts as the Company may determine to be appropriate from time to time. The measurement date used to determine pension benefit measures for the pension plan is December 31. The company contribution for the plan was \$4,542 million for 2013 and \$9,397 million for 2012.

The administration of the Plans resides in the Parent Company. The pension costs are allocated to the Company by the Parent Company based on the percentage of total accumulated benefit obligations of all employees covered in the Plans.

13. Capital and Surplus

As a member of the BCBSA, the Company is required by membership standards of the association to maintain liquidity as defined by BCBSA, that is, to maintain net worth exceeding the Company action level as defined in the NAIC's *Risk-Based Capital for Insurers Model Act*. The Company is in compliance with this requirement. On March 18, 2008, the Puerto Rico Insurance Code was amended to require that Insurance companies must comply with the requirements established by the NAIC's *Risk-Based Capital for Insurers Model Act* commencing on December 31, 2009.

Common stock included as a component of stockholder's equity has a par value of \$40 per share and consists of 3,750,000 shares issued, authorized and outstanding at December 31, 2013 and 2012, respectively.

The accumulated earnings of the Company are restricted as to the payment of dividends by statutory limitations applicable to domestic insurance companies. Such limitations restrict the payment of dividends by insurance companies generally to unrestricted unassigned surplus reported for statutory purposes, which is estimated at \$240,319,356 at December 31, 2013.

14. Contingencies

Legal Proceedings

As of December 31, 2013, the Company is a defendant in various lawsuits arising in the ordinary course of business. We are also defendants in various other claims and proceedings, some of which are described below. Furthermore, the Commissioner of Insurance of Puerto Rico, as well as other Federal and Puerto Rico government authorities, regularly make inquiries and conduct audits concerning the Company's compliance with applicable insurance and other laws and regulations.

Management believes that the aggregate liabilities, if any, arising from all such claims, assessments, audits and lawsuits will not have a material adverse effect on the consolidated financial position or results of operations of the Company. However, given the inherent unpredictability of these matters, it is possible that an adverse outcome in certain matters could have a material adverse effect on the financial condition, operating results and/or cash flows of the Company. Where the Company believes that a loss is both probable and estimable, such amounts have been recorded. In other cases, it is at least reasonably possible that the Company may incur a loss related to one or more of the mentioned pending lawsuits or investigations, but the Company is unable to estimate the range of possible loss which may be ultimately realized, either individually or in the aggregate, upon their resolution.

Claims by Heirs of Former Shareholders

The Parent Company and the Company are defending six individual lawsuits, all filed in state court, from persons who claim to have inherited a total of 92 shares of the Company or one of its predecessors or affiliates (before giving effect to the 3,000-for-one stock split). While each case presents unique facts and allegations, the lawsuits generally allege that the redemption of the shares by the Company pursuant to transfer and ownership restrictions contained in the Company's (or its predecessors' or affiliates') articles of incorporation and bylaws was improper.

NOTES TO FINANCIAL STATEMENTS

In one of these cases, entitled *Vera Sánchez, et al, v. Triple-S*, the plaintiffs argued that the redemption of shares was fraudulent and was not subject to the two-year statute of limitations contained in the local securities law. The Court of First Instance determined that the plaintiffs' claims are time barred under the local securities law. The plaintiffs appealed, and in January 2012, the Puerto Rico Court of Appeals upheld the dismissal, holding that even if the plaintiffs could have survived the securities law's two-year statute of limitations, their complaint was time-barred under the Civil Code's four-year statute of limitations on claims of fraud. On March 28, 2012 the plaintiffs filed a petition for writ of certiorari before the Puerto Rico Supreme Court that was granted on May 31, 2012. We filed our respondent's brief on October 5, 2012. On October 1, 2013, the Supreme Court reversed the dismissal of the case, holding that the two-year statute of limitations contained in the local securities law did not apply based on the facts of this case and returning it to the Court of First Instance for the continuance of the case and pending further proceedings.

In the second case, entitled *Olivella Zaldondo, et al, v. Seguros de Servicios de Salud, et al*, the Puerto Rico Court of First Instance granted the Company's motion to dismiss on grounds that the complaint was time-barred under the two-year statute of limitations of the securities laws. On appeal, the Court of Appeals affirmed the decision of the lower court. Plaintiffs filed a petition for certiorari before the Puerto Rico Supreme Court which was granted on January 20, 2012. On January 8, 2013, the Supreme Court ruled that the applicable statute of limitations is the fifteen-year period of the Puerto Rico Civil Code for collection of monies. On January 28, 2013, the Company filed a motion for reconsideration which was subsequently denied. On March 26, 2013, Plaintiffs amended the complaint for the second time and the Company answered on April 16, 2013. Discovery is ongoing.

In the third case, entitled *Heirs of Dr. Juan Acevedo, et al, v. Triple-S Management Corporation, et al*, the court of First Instance denied our motion for summary judgment based on its determination that there are material issues of fact in controversy. In response to our appeal, the Puerto Rico Court of Appeals confirmed the decision of the Court of First Instance. Our request for reconsideration was denied in December 2011. Trial is set to begin August 12, 2014.

The fourth case, entitled *Montilla López, et al, v. Seguros de Servicios de Salud, et al*, was filed on November 29, 2011. The Company filed a motion to dismiss on the grounds that the claim is time barred under the local securities laws. While the motion to dismiss was pending, plaintiffs amended their complaint on October 15, 2012. The Company filed a motion to dismiss the amended complaint. On January 24, 2013, the court denied the motion to dismiss. The Company answered the complaint on March 8, 2013. Subsequently, plaintiffs amended their complaint and the Company filed its response on June 13, 2013. Discovery is ongoing.

The fifth case, entitled *Cebollero Santamaría v. Triple-S Salud, Inc., et al*, was filed on March 26, 2013, and the Company filed its response on May 16, 2013. On October 29, 2013, the Company filed a motion for summary judgment on the grounds that the claim is time barred under the fifteen-year period of the Puerto Rico Civil Code for collection of monies and, in the alternative, that plaintiff failed to state a claim for which relief can be granted. The court allowed plaintiff to conduct limited discovery in connection with plaintiff's opposition to our motion for summary judgment, which is currently ongoing.

The sixth case, entitled *Irizarry Antonmattei, et al, v. Seguros de Servicios de Salud, et al*, was filed on April 16, 2013 and the Company filed its response on June 21, 2013. On June 28, 2013, the court of First Instance ordered the plaintiff to reply to the Company's response specifically on the matter of the statutes of limitations applicable to the complaint. Plaintiff failed to timely respond and the Company moved to dismiss. Plaintiff subsequently moved to amend the complaint. Although the Company opposed it, the court granted leave. On November 5, 2013, the Company moved to dismiss the first amended complaint on the grounds that it is time barred under the fifteen-year period of the Puerto Rico Civil Code for collection of monies. On December 16, 2013, Plaintiffs filed an opposition thereto and the Company filed a reply on January 7, 2014. The court has not ruled on these motions.

Management believes the aforesaid claims are time barred under one or more statutes of limitations and will vigorously defend them on these grounds; however, as a result of the Supreme Court's decision to deny the applicability of the statute of limitations contained in the local securities law, the claims will likely be litigated on their merits.

Dentists Association Litigation

On February 11, 2009, the Puerto Rico Dentists Association ("Colegio de Cirujanos Dentistas de Puerto Rico", in Spanish) filed a complaint in the Court of First Instance against 24 health plans operating in Puerto Rico that offer dental health coverage. The Company and two of its subsidiaries, TSS and Triple-C, Inc. ("TCI"), were included as defendants. This litigation purports to be a class action filed on behalf of Puerto Rico dentists who are similarly situated.

NOTES TO FINANCIAL STATEMENTS

The complaint alleges that the defendants, on their own and as part of a common scheme, systematically deny, delay and diminish the payments due to dentists so that they are not paid in a timely and complete manner for the covered medically necessary services they render. The complaint also alleges, among other things, violations to the Puerto Rico Insurance Code, antitrust laws, the Puerto Rico racketeering statute, unfair business practices, breach of contract with providers, and damages in the amount of \$150,000. In addition, the complaint claims that the Puerto Rico Insurance Companies Association is the hub of an alleged conspiracy concocted by the member plans to defraud dentists. There are numerous available defenses to oppose both the request for class certification and the merits. The Company intends to vigorously defend this claim.

Two codefendant plans, whose main operations are outside Puerto Rico, removed the case to federal court in Florida, which the plaintiffs and the other codefendants, including the Company, opposed. On February 8, 2011, the federal district court in Puerto Rico decided to retain jurisdiction. The defendants filed a joint motion to dismiss the case on the merits. On August 31, 2011, the District Court dismissed all of plaintiffs' claims except for its breach of contract claim, and ordered the parties to brief the issue of whether the court still has federal jurisdiction under the Class Action Fairness Act of 2005 ("CAFA"). Plaintiffs moved the court to reconsider its August 31, 2011 decision and the defendants did the same, arguing that the breach of contract claim failed to state a claim upon which relief can be granted. On May 2, 2012, the court denied the plaintiffs' motion. On May 31, 2012, plaintiffs appealed the District Court's dismissal of their complaint and the denial of plaintiffs' motion for reconsideration. The Court of Appeals for the First Circuit dismissed the appeal for lack of jurisdiction. On September 25, 2012 the District Court denied without prejudice the defendants' motion for reconsideration. On October 10, 2012 the parties filed their briefs with respect to class certification. On March 13, 2013, the district court denied plaintiffs' request for class certification and ordered the parties to brief the court on whether jurisdiction still exists under CAFA following such denial. On April 24, 2013, all parties briefed the court on this issue. On September 6, 2013, the District Court dismissed the Dentist Association for lack of associational standing, leaving only the individual dentists as plaintiffs. The court also granted plaintiffs' leave to amend their complaint to address mediation or settlement negotiations and, to cure deficiencies pertaining to the breach-of-contract claims. On December 23, 2013, five plaintiffs filed a Second Amended Complaint seeking damages in the amount of \$30 in which the dentists alleged that defendants altered the coding of the claims billed by the dentist, resulting in a lower payment. Only one of the five plaintiffs presented a claim against the Company. On January 31, 2014 the Company answered the complaint. The court allowed plaintiffs to conduct limited discovery, which is currently ongoing.

In re Blue Cross Blue Shield Antitrust Litigation

TSS is a co-defendant with multiple Blue Plans and the BCBSA in a multi-district class action litigation filed on July 24, 2012 that alleges that the exclusive service area (ESA) requirements of the Primary License Agreements with Plans violate antitrust law, and the plaintiffs in these suits seek monetary awards and in some instances, injunctive relief barring ESAs. Those cases have been centralized in the United States District Court for the Northern District of Alabama. Prior to centralization, motions have been filed to dismiss some of the cases and are pending the court's decision. Discovery has not yet commenced. The Company has joined BCBSA in vigorously contesting these claims.

Claims Relating to the Provision of Health Care Services

TSS was defendant in a lawsuit filed in 2007 by Centro Médico del Turabo, Inc. ("CMT") in state court originally claiming approximately \$3,700 for collection of monies due to unpaid invoices for emergency services rendered to TSS-insured patients pursuant to the Puerto Rico Patients' Bill of Rights. In February 2012, CMT amended the complaint to increase the claimed amount to \$9,800. Discovery began in November 2012. After careful review of invoices provided by CMT during discovery, TSS determined in April 2013 that a number of these invoices are valid, but believes the amount due to CMT is substantially below the amount claimed. On December 12, 2013, the parties settled all cases. On December 20, 2013, the court entered judgment dismissing the case with prejudice.

Several other claims for collection of monies have been filed against TSS in connection with the provision of health care services. Among them are individual complaints filed before the Puerto Rico Health Insurance Administration by six community health centers that contain similar breach of contract allegations and claim an aggregate of \$9,597. Discovery has not yet commenced in these complaints, and given their early stage, the Company cannot assess the probability of an adverse outcome or the reasonable financial impact that any such outcome may have on the Company. However, we believe these complaints are time-barred and intend to vigorously defend them on these and other grounds.

Intrusions into TCI's Internet IPA Database

On September 21, 2010, the Company learned from a competitor that a specific internet database containing information pertaining to individuals insured at the time by TSS under the Government of

NOTES TO FINANCIAL STATEMENTS

Puerto Rico Medicaid program and to independent practice associations that provided services to those individuals, had been accessed without authorization by certain of its employees.

The Company reported these events to the appropriate Puerto Rico and federal government agencies. It then received and complied with requests for information from ASES and the Office for Civil Rights ("OCR") of the U.S. Department of Health and Human Services, which entities are conducting reviews of these data breaches and TSS' and TCI's compliance with applicable security and privacy rules. ASES levied a fine of \$100 on TSS in connection incidents, but following the Company's request for reconsideration, ASES withdrew the fine pending the outcome of the review by the OCR. The OCR has not issued its determination on this matter. The Company at this time cannot reasonably assess the impact of these proceedings on the Company.

The Company conducted an investigation of these events with the assistance of external resources and identified the information that was accessed and downloaded into the competitor's network. As a result, on February 11, 2011, the Company filed an action before the Puerto Rico Court of First Instance against certain individuals believed to have participated in the intrusions, which was later amended to include additional defendants, including the Company's competitor. On October 17, 2013, the parties filed a joint stipulation for dismissal with prejudice filed with the court, as the Company reached a settlement agreement with the defendants to end the case. The settlement agreement did not impact our consolidated financial condition, cash flows, or results of operations for the year ending December 31, 2013.

Unauthorized Disclosure of Protected Health Information

On September 20, 2013, TSS mailed to our approximately 70,000 Medicare Advantage beneficiaries a pamphlet that inadvertently displayed the receiving beneficiary's Medicare Health Insurance Claim Number ("HICN"). The HICN is the unique number assigned by the Social Security Administration to each Medicare beneficiary and is considered protected health information under HIPAA. TSS conducted an investigation and reported the incident to the appropriate Puerto Rico and federal government agencies. It then received and complied with requests for information from ASES concerning our dual eligible Medicare beneficiaries. On February 20, 2014, TSS also received a request of information from OCR. TSS issued a breach notification through the local media and notified the situation to all affected beneficiaries by mail. TSS also provided a toll-free number for inquiries and complaints from the individuals to whom notice was provided, and is offering them 12 months of free credit monitoring and identity protection through an independent provider.

On February 11, 2014, ASES notified TSS of its intention to impose a civil monetary penalty of \$6,778 and other administrative sanctions with respect to the breach described above involving 13,336 of our dual eligible Medicare beneficiaries. The sanctions include the suspension of all new enrollments of dual eligible Medicare beneficiaries and the obligation to notify affected individuals of their right to disenroll. In its letter, ASES alleged TSS has failed to take all required steps in response to the breach. ASES subsequently informed TSS that it expected TSS to cease such enrollment immediately and TSS complied. On February 20, 2014, TSS submitted a corrective action plan and, on February 21, 2014, ASES requested TSS to provide additional information in connection with the corrective action plan. On February 26, 2014, ASES temporarily lifted the sanctions related to the enrollment of dual eligible Medicare beneficiaries subject to the approval of the corrective action plan. On March 6, 2014, ASES confirmed its determination regarding the lift of the enrollment sanction and notified its intention to provide TSS a corrective action plan. On March 11, 2014, TSS filed an answer challenging the monetary civil penalty and requesting an administrative hearing and simultaneously filed a notice of removal in the federal District Court for the District of Puerto Rico. TSS alleges that the administrative proceeding should be dismissed on several grounds, including lack of jurisdiction.

While TSS is collaborating with ASES on these matters, it intends to vigorously contest the monetary fine and other sanctions subject of ASES' notices. At this time, the Company is unable to determine the ultimate outcome of its challenge to ASES' sanctions, the incident's ultimate financial impact on TSS or what measures, if any, will be taken by the OCR or other regulators regarding this matter.

In connection with this event, on February 10, 2014, one individual, on his behalf and on behalf of his spouse, filed suit against TSS in the Court of First Instance of Puerto Rico asserting emotional damages due the disclosure of his protected health information. Also, on February 24, 2014, another individual filed a class-action suit against TSS claiming approximately \$20,000 in damages. On February 27, 2013, we filed a motion to dismiss the class-action suit based on several grounds, including lack of standing. The Company intends to vigorously defend against these claims.

NOTES TO FINANCIAL STATEMENTS

b. Guarantee Association

We are required by Puerto Rico law and by the BCBSA guidelines to participate in certain guarantee associations. To operate in Puerto Rico, the Company is required to be a member of the Asociación de Garantía de Seguros de Vida, Incapacidad y Salud, which is organized to pay policyholders contractual benefits on behalf of insurers declared insolvent. This association levy assessments, up to prescribed limits, on a proportional basis, to all member insurers in the line of business in which the insolvent insurer was engaged. In accordance with insurance laws and regulations assessments are recoverable through policy surcharges. During 2013 and 2012 no assessments were attributable to the Company. The Company paid approximately \$2,532 and \$66,000 to this association during 2013 and 2012, respectively. It is the opinion of management that any possible future guarantee association assessments will not have a material effect on our operating results and/or cash flows, although there is no ceiling on these payment obligations.

15. Leases

The Company leases its office building to the Parent Company, regional offices, certain equipment, and warehouse facilities under operating noncancelable leases. Minimum annual rental commitments at December 31, 2013 under existing agreements are summarized as follows:

Years Ending December 31	
2014	\$ 9,016,000
2015	7,820,000
2016	4,430,000
2017	489,000
2018	62,000
Thereafter	-
	<u>\$ 21,817,000</u>

Rental expense for 2013 and 2012 was approximately \$11,473,262 and \$13,423,000, respectively, after deducting approximately \$21,498 and \$117,000, respectively, related to amounts reimbursed by Medicare.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk

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

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

Not Applicable

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

The Company processes and pays claims as an Administrative Services Contract (ASC) plan for several private groups and as an Administrative Service Only (ASO) plan for the Reform Metro-North region. The contract between the Company and the Commonwealth of Puerto Rico for the provision of services related to the Reform expired by its own terms on September 30, 2010 (Note 1). The Mi Salud Program, an ASO plan, became effective November 1, 2011 with a new contract with the Commonwealth of Puerto Rico. In accordance with SSAP No. 47, Uninsured Plans, the premiums earned and benefits incurred related to administrative service contracts are excluded from the accompanying statutory statements of revenue and expenses. Also, the administrative fees and related reimbursements from the uninsured plans are presented as a deduction of operating expenses in the accompanying statutory statements of revenue and expenses.

Following is a summary of the results from the operations of the uninsured accident and health plans during 2013 and 2012:

NOTES TO FINANCIAL STATEMENTS

	2013	2012
Uninsured ASO plans		
Gross administrative fees earned	\$ 83,181,182	\$ 86,566,883
Gross administrative expenses incurred	(67,196,161)	(54,551,000)
Net gain from operations	\$ 15,985,021	\$ 32,015,883
Uninsured ASC plans		
Gross reimbursement for medical costs incurred	\$ 386,145,415	\$ 394,783,505
Gross administrative fees earned	29,623,690	28,277,887
Gross claims and administrative expenses incurred	(418,810,194)	(426,033,553)
Net (loss) gain from operations	\$ (3,041,089)	\$ (2,972,161)

19. Direct Premium Written/Produced by Managing General agents/Third Party Administration

Not Applicable

20. Fair Value Measurements

Fair Value Hierarchy

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

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

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820, Fair Value Measurements. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

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

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2013:

NOTES TO FINANCIAL STATEMENTS

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2013	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Bonds				
US Government	\$ 99,507,996		\$ 99,507,996	
State Territories and Possessions	\$ 162,694,505		\$ 162,694,505	
Special Revenue and Assessment	\$ 40,173,114		\$ 40,173,114	
Total Bonds	<u>\$ 302,375,615</u>	<u>\$ -</u>	<u>\$ 302,375,615</u>	<u>\$ -</u>
Stocks				
Mutual Funds	\$ 114,420,924	\$ 91,754,290	\$ 22,666,634	
Total Stocks	<u>\$ 114,420,924</u>	<u>\$ 91,754,290</u>	<u>\$ 22,666,634</u>	<u>\$ -</u>
Assets at fair Value	<u>\$ 416,796,539</u>	<u>\$ 91,754,290</u>	<u>\$ 325,042,249</u>	<u>\$ -</u>

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012:

	As Reflected on the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus as of December 31, 2012	Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets					
Bonds					
US Government	\$ 45,590,319	\$ -	\$ 49,032,771	\$ -	
State Territories and Possessions	\$ 179,834,802	\$ -	\$ 197,895,129	\$ -	
Special Revenue and Assessment	\$ 57,534,813	\$ -	\$ 58,492,299	\$ -	
Total Bonds	\$ 282,959,934	\$ -	\$ 305,420,199	\$ -	
Stocks					
Mutual Funds	\$ 107,145,533	\$ 74,285,033	\$ 32,860,499	\$ -	
Total Stocks	\$ 107,145,533	\$ 74,285,033	\$ 32,860,499	\$ -	
Assets at fair Value	\$ 390,105,467	\$ 74,285,033	\$ 338,280,698	\$ -	

21. Other Items

Not Applicable

22. Events Subsequent

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be \$21,373,761. This assessment is expected to impact risk based capital by approximately 3.5%.

23. Reinsurance

Section 1 – General Interrogatories

NOTES TO FINANCIAL STATEMENTS

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

Yes () No (X)

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

Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

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

Yes () No (X)

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

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$2,664,394

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

Yes () No (X)

The Company has written off in the current year reinsurance balances due (from companies listed below) in the amount of \$1,201,311, which is reflected as:

(1) Losses incurred	\$1,201,311
(2) Loss adjustment expenses incurred	\$0
(3) Premiums earned	\$0
(4) Other	\$0

<u>(5) Company</u>	<u>Amount</u>
Munchener Ruckversicherungs Gesellschaft	\$1,201,311

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination
Not Applicable

NOTES TO FINANCIAL STATEMENTS

25. Change in Incurred Claims and Claims Adjustment Expenses

The activity in the claim liabilities during 2013 and 2012 is as follows (in thousands):

<i>(in thousands)</i>	2013	2012
Claim liabilities at beginning of year	\$ 243,172	\$ 223,829
Incurred claims		
Current period insured events	1,300,037	1,322,082
Prior periods insured events	(18,568)	(8,219)
Total incurred	1,281,469	1,313,863
Payment for claims		
Current period insured events	1,103,607	1,094,141
Prior periods insured events	197,150	200,379
Total paid	1,300,757	1,294,520
Claim liabilities at end of year	\$ 223,884	\$ 243,172

As a result of change in estimates of insured events in prior years, the amounts included as incurred claims for prior periods insured events differ from anticipated claims incurred. The amount in the incurred claims for prior period insured events for the years 2013 and 2012 reflect a favorable development of the claims liabilities attributed to lower than expected utilization trends.

26. Intercompany Pooling Arrangements

Not Applicable

27. Structured Settlements

Not Applicable

28. Health Care Receivables

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

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

NOTES TO FINANCIAL STATEMENTS

TOTAL								
Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing / Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing / Confirmation	Actual Rebates Collected More than 180 Days After Invoicing / Confirmation	Uncollected Rebates as of December 31, 2011	Admitted	Non-Admitted
12/31/13	\$ 7,944	\$ 6,895	\$ -	\$ -	\$ -	\$ 6,895	\$ 6,895	\$ -
09/30/13	6,464	6,933	-	-	-	6,933	4,617	2,316
06/30/13	6,430	6,566	-	3,120	-	3,446	2,965	481
03/31/13	5,900	6,345	-	2,337	4,008	0	0	0
	\$ 26,739	\$ 26,739	\$ -	\$ 5,457	\$ 4,008	\$ 17,274	\$ 14,477	\$ 2,797
12/31/12	\$ 7,754	\$ 6,465	\$ -	\$ 2,472	\$ 3,456	\$ 538	\$ 422	\$ 116
09/30/12	6,364	6,369	-	1,015	5,353.54	(0)	(0)	(0)
06/30/12	7,402	6,460	-	2,180	4,280	(0)	(0)	(0)
03/31/12	4,282	6,476	-	928	5,548	(0)	(0)	(0)
	\$ 25,802	\$ 25,770	\$ -	\$ 6,595	\$ 18,637	\$ 538	\$ 422	\$ 116
12/31/11	\$ 6,822	\$ 6,344	\$ -	\$ 2,203	\$ 4,033	\$ 108	\$ 11	\$ 98
09/30/11	5,314	5,873	-	1,714	4,148.89	11	0	11
06/30/11	7,468	5,495	1,258	1,884	2,354	(1)	(12)	11
03/31/11	3,515	5,417	1,325	4,091	2	0	0	0
	\$ 23,119	\$ 23,130	\$ 2,582	\$ 9,891	\$ 10,538	\$ 118	\$ (1)	\$ 119

29. Participating Policies

Not Applicable

30. Premium Deficiency Reserves

No premiums deficiency reserve was deemed necessary at 12/31/13.

31. Anticipated Salvage and Subrogation

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?

If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes (X) No ()

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?

.....

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes () No (X)

2.2

If yes, date of change:

.....

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2011

3.2

State the as of date 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.

12/31/2011

3.3

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

.....

3.4

By what department or departments?
.....

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes (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)

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

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
---------------------	------------------------	------------------------

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

6.2 If yes, give full information:
.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes () No ()

7.2 If yes, 7.21 State the percentage of foreign control %

7.22 State the nationality(s) of the foregin person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
------------------	---------------------

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No ()

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No ()

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any 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
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GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Price Waterhouse Coopers, 254 Munoz Rivera Ave., 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 17A of the Model Regulation, or substantially similar state law or regulation?

Yes () No (X)
- 10.4

If the response to 10. 3 is yes , provide information related to this exemption:
.....
- 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:
.....
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
.....
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes () No (X)
12. 11

Name of real estate holding company
.....
12. 12

Number of parcels involved

.....
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
--	--	--	-----------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes (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:

\$ 23,061,322

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 security 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 (X) No ()

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

Pledged as collateral

\$

25.26

Placed under option agreements

\$

25.27

Letter stock or securities restricted as to sale

\$

25.28

On deposit with state or other regulatory body

\$ 1,013,083

25.29

Other

\$

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Restricted in event of liquidation	Bond	502,242
Restricted in event of liquidation	Certificate of deposit	510,841

- 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 () No (X)

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
---------------------------	--------------------------

Bank of New York One Mellon Center, Room 151-1035, Pittsburg, PA 15258-0001

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)
--------------	------------------	------------------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

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

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

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
--	--	---	------------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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	\$ 294,948,518	\$ 302,935,036	\$ 7,986,518
30.2 Preferred stocks	\$	\$	\$
30.3 Totals	\$ 294,948,518	\$ 302,935,036	\$ 7,986,518

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

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

32.2 If no, list exceptions:
.....
.....

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to Trade Associations , service organizations and statistical or Rating Bureaus , if any? \$

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
.....	\$
.....	\$
.....	\$
.....	\$

34.1 Amount of payments for legal expenses , if any? \$ 792,267

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
Casellas Alcover & Burgos	\$ 273,932
Pietrantoni Mendez & Alvarez	\$ 234,008
.....	\$
.....	\$

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 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes (X) No ()

1.2

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

\$ 31,129,270

1.3

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

\$

1.31

Reason for excluding:

.....

.....

1.4

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

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ 25,684,559

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 31,129,270

1.62

Total incurred claims

\$ 25,684,559

1.63

Number of covered lives

..... 25,079

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

\$ 1,443,106,245

\$ 1,485,806,218

2.2

Premium Denominator

\$ 1,454,337,353

\$ 1,497,518,401

2.3

Premium Ratio (2.1 / 2.2)

..... 0.992

..... 0.992

2.4

Reserve Numerator

\$ 220,493,048

\$ 239,289,129

2.5

Reserve Denominator

\$ 220,024,866

\$ 239,607,155

2.6

Reserve Ratio (2.4 / 2.5)

..... 1.002

..... 0.999

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes () No (X)

3.2

If yes, give particulars:

.....

.....

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes () No (X)

4.2

If not previously filed, furnish herewith a copy (ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes () No (X)

5.1

Does the reporting entity have stop-loss reinsurance?

Yes (X) No ()

5.2

If no, explain:

.....

.....

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 1,000,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$ 100,000

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

.....

.....

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes (X) No ()

7.2

If no, give details:

.....

.....

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

.....

8.2

Number of providers at end of reporting year

.....

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes (X) No ()

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

..... 28,501,580

9.22

Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold, or Bonus Arrangements in its provider contracts?

Yes () No (X)

10.2

If yes:

10.21

Maximum amount payable bonuses

\$

10.22

Amount actually paid for year bonuses

\$

10.23

Maximum amount payable withholds

\$

10.24

Amount actually paid for year withholds

\$

11.1

Is the reporting entity organized as:

11.12

A Medical Group / Staff Model,

Yes () No (X)

11.13

An Individual Practice Association (IPA) , or

Yes () No (X)

11.14

A Mixed Model (combination of above)?

Yes () No (X)

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes (X) No ()

11.3

If yes, show the name of the state requiring such net worth.

..... Puerto Rico

11.4

If yes, show the amount required.

\$ 1,000,000

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes () No (X)

11.6

If the amount is calculated, show the calculation

.....

.....

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

1
Name of Service Area
Puerto Rico
U.S. Virgin Islands
.....

13.1

Do you act as a custodian for health savings accounts?

Yes () No (X)

13.2

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

\$

13.3

Do you act as an administrator for health savings accounts?

Yes () No (X)

13.4

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

\$

FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2013	2012	2011	2010	2009
BALANCE SHEET (Page 2 and Page 3)					
1. Total admitted assets (Page 2, Line 28)	719,433,846	702,473,363	626,057,235	694,052,004	661,752,219
2. Total liabilities (Page 3, Line 24)	332,394,130	368,162,858	335,333,546	394,364,194	404,493,427
3. Statutory surplus	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4. Total capital and surplus (Page 3, Line 33)	387,039,715	334,310,505	290,723,690	299,687,807	257,258,796
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	1,455,123,560	1,497,200,630	1,416,750,484	1,700,252,264	1,678,127,617
6. Total medical and hospital expenses (Line 18)	1,281,468,531	1,317,363,339	1,225,141,692	1,497,754,898	1,509,231,550
7. Claims adjustment expenses (Line 20)	35,214,484	36,903,936	36,645,203	28,155,434	22,341,277
8. Total administrative expenses (Line 21)	133,781,388	108,791,810	127,942,802	135,666,593	106,064,500
9. Net underwriting gain (loss) (Line 24)	4,659,157	34,141,545	27,020,787	38,675,339	40,490,290
10. Net investment gain (loss) (Line 27)	14,004,519	14,191,428	26,821,744	19,165,403	17,648,663
11. Total other income (Line 28 plus Line 29)	3,056,272	3,548,913	2,039,612	2,185,441	3,809,782
12. Net income or (loss) (Line 32)	17,770,998	39,505,138	49,363,542	46,111,911	42,597,525
CASH FLOW (Page 6)					
13. Net cash from operations (Line 11)	22,296,350	55,782,981	95,180,424	(8,824,933)	(125,567,365)
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	387,039,715	334,310,505	290,723,690	299,687,807	257,258,796
15. Authorized control level risk-based capital	63,262,690	63,262,888	44,137,646	43,398,803	47,035,991
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	2,159,464	1,670,108	1,651,924	788,893	1,347,096
17. Total members months (Column 6, Line 7)	21,404,367	19,943,245	11,072,266	14,592,522	1,505,252
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	88.1	88.0	86.5	88.1	89.9
20. Cost containment expenses	1.2	0.9	1.5	0.2	0.3
21. Other claims adjustment expenses	1.3	1.5	1.0	1.4	1.0
22. Total underwriting deductions (Line 23)	99.7	97.7	98.1	97.7	97.6
23. Total underwriting gain (loss) (Line 24)	0.3	2.3	1.9	2.3	2.4
UNPAID CLAIMS ANALYSIS (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	221,660,840	210,309,504	224,432,367	247,010,542	223,351,715
25. Estimated liability of unpaid claims of prior year (Line 13, Column 6)	239,289,129	219,819,448	237,057,467	244,126,120	206,260,139
INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)	55,940,830	44,456,055	67,677,347		
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Line 26 to Line 31	55,940,830	44,456,055	67,677,347		
33. Total investment in parent included in Line 26 to Line 31 above					

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

Yes () No ()

If no, please explain:
.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1		Direct Business Only Year to Date							
	Active Status		2	3	4	5	6	7	8	9
			Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Column 2 Through Column 7	Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	L	785,367,494	512,427,136	81,580	152,496,016			1,450,372,226	
55. U.S. Virgin Islands	VI	L	12,469,985			2,808,742			15,278,727	
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate Other Alien	OT	X X X								
59. Subtotal		X X X	797,837,479	512,427,136	81,580	155,304,758			1,465,650,953	
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Total (Direct Business)	(a)	2	797,837,479	512,427,136	81,580	155,304,758			1,465,650,953	

DETAILS OF WRITE-INS

58001.										
58002.										
58003.										
58998.	Summary of remaining write-ins for Line 58 from overflow page									
58999.	Total (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)									

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud, Inc.
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Organizational Chart of Triple-S Management Corporation*

Triple-S Management Corporation

---A publicly-traded company---

Holding company of TSS

EIN – 66-0555678

NAIC GROUP CODE - 4802

<div>Triple-S Propiedad, Inc. (“TSP”)¹ A property and casualty insurance company EIN – 66-0437064</div>	<div>Clínica Las Américas Guaynabo Subsidiary of TSM (90.8% ownership) EIN – 66-0559600 NAIC CODE – N/A</div>	<div>Triple-S Salud, Inc. (“TSS”)¹ Holding company of SMSH EIN – 66-0555677 NAIC CODE – 55816</div>	<div>Triple-S Vida, Inc. (“TSV”)¹ A life insurance company EIN – 66-0258488 NAIC CODE – 73814</div>	<div>Interactive Systems, Inc. A technology service company EIN – 66-0482092 NAIC CODE – N/A</div>	<div>TSM International, LLC. An international banking entity EIN – 66-0749178</div>	<div>Fundación para el Desarrollo Profesional e Investigaciones en Puerto Rico, Inc. A non-profit organization EIN – 66-0819199 NAIC CODE – N/A</div>	<div>Triple-C, Inc. Currently inactive EIN – 66-0508158 NAIC CODE – N/A</div>	<div>NeoDeck Holding Corp. (“NDHC”) Not a subsidiary TSM owns 49% ownership EIN – 66-0749383 NAIC CODE – N/A DOMICILED - RI</div>
--	---	---	---	---	--	---	---	---

40

Triple-S Insurance
Agency, Inc.

Wholly-owned subsidiary
of TSP
EIN - 66-0286587
NAIC CODE – N/A

Socios Mayores en Salud
Holdings, Inc.
(“SMSH”)* Wholly-owned
subsidiary of TSS
EIN - 26-0133931
NAIC CODE – N/A

PR Life Services, Corp.

Wholly-owned
subsidiary of TSV

EIN – 66-0526558
NAIC CODE – N/A
DOMICILED - PR

Atlantic Southern
Insurance Co. (“ASICO”)

Wholly-owned
subsidiary of TSV
EIN – 66-0175224
NAIC CODE – N/A
DOMICILED - PR

Triple-S Advantage
Solutions, Inc. (“TSA”)

Wholly-owned
subsidiary of SMSI

EIN - 66-0650587

American Health, Inc.

Provider of MA
services Wholly-owned
subsidiary of TSA
EIN – 66-0593034
NAIC CODE - 11152

Notes:

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Triple-S Salud, Inc.
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

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

Health

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