

TRIPLE-S MANAGEMENT CORP  
Form 10-Q  
November 09, 2015

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_ to \_\_\_

COMMISSION FILE NUMBER: 001-33865

Triple-S Management Corporation

Puerto Rico 66-0555678  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1441 F.D. Roosevelt Avenue  
San Juan, Puerto Rico 00920  
(Address of principal executive offices) (Zip code)

(787) 749-4949  
(Registrant's telephone number, including area code)

Not applicable  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer   Accelerated filer  
Non-accelerated filer   Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes   No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Title of each class</u>	<u>Outstanding at September 30, 2015</u>
Common Stock Class A, \$1.00 par value	2,377,689
Common Stock Class B, \$1.00 par value	22,970,356

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For the Quarter Ended September 30, 2015

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## Part I – Financial Information

## Item 1. Financial Statements

Triple-S Management Corporation  
Condensed Consolidated Balance Sheets (Unaudited)  
(Dollar amounts in thousands, except per share data)

	September 30, 2015	December 31, 2014
Assets		
Investments and cash:		
Securities available for sale, at fair value:		
Fixed maturities	\$1,114,962	\$1,115,899
Equity securities	201,959	197,756
Securities held to maturity, at amortized cost:		
Fixed maturities	2,927	2,944
Policy loans	7,758	7,260
Cash and cash equivalents	194,457	110,037
Total investments and cash	1,522,063	1,433,896
Premiums and other receivables, net	282,758	315,622
Deferred policy acquisition costs and value of business acquired	187,028	184,100
Property and equipment, net	73,849	78,343
Deferred tax asset	70,520	68,695
Goodwill	25,397	25,397
Other assets	53,200	39,683
Total assets	\$2,214,815	\$2,145,736
Liabilities and Stockholders' Equity		
Claim liabilities	\$472,981	\$390,086
Liability for future policy benefits	345,703	328,293
Unearned premiums	78,440	82,656
Policyholder deposits	116,588	118,912
Liability to Federal Employees' Health Benefits Program (FEHBP)	23,698	15,666
Accounts payable and accrued liabilities	180,036	162,458
Deferred tax liability	21,561	28,456
Long-term borrowings	62,237	74,467
Liability for pension benefits	82,507	86,716
Total liabilities	1,383,751	1,287,710
Stockholders' equity:		
Triple-S Management Corporation stockholders' equity		
Common stock Class A, \$1 par value. Authorized 100,000,000 shares; issued and outstanding 2,377,689 at September 30, 2015 and December 31, 2014, respectively	2,378	2,378
Common stock Class B, \$1 par value. Authorized 100,000,000 shares; issued and outstanding 22,970,356 and 24,654,497 shares at September 30, 2015 and December 31, 2014, respectively	22,970	24,654
Additional paid-in capital	87,623	121,405
Retained earnings	699,301	661,345
Accumulated other comprehensive income	19,409	48,776

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Total Triple-S Management Corporation stockholders' equity	831,681	858,558
Non-controlling interest in consolidated subsidiary	(617 )	(532 )
Total stockholders' equity	831,064	858,026
Total liabilities and stockholders' equity	\$2,214,815	\$2,145,736

See accompanying notes to unaudited condensed consolidated financial statements.

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Triple-S Management Corporation

Condensed Consolidated Statements of Earnings (Unaudited)

(Dollar amounts in thousands, except per share data)

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	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenues:				
Premiums earned, net	\$746,718	\$520,766	\$2,033,383	\$1,606,353
Administrative service fees	6,163	30,253	39,835	89,509
Net investment income	10,618	11,816	32,534	35,314
Other operating revenues	862	939	2,656	3,283
Total operating revenues	764,361	563,774	2,108,408	1,734,459
Net realized investment gains (losses):				
Total other-than-temporary impairment losses on securities	(1,627 )	-	(4,489 )	(462 )
Net realized gains, excluding other-than-temporary impairment losses on securities	66	3,108	19,748	7,624
Total net realized investment gains (losses) on sale of securities	(1,561 )	3,108	15,259	7,162
Other income, net	2,289	367	5,131	1,188
Total revenues	765,089	567,249	2,128,798	1,742,809
Benefits and expenses:				
Claims incurred	634,909	433,853	1,705,237	