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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 March 31, 2016</u>
Common Stock Class A, \$1.00 par value	950,968
Common Stock Class B, \$1.00 par value	23,798,815

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Triple-S Management Corporation

FORM 10-Q

For the Quarter Ended March 31, 2016

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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 share data)

	March 31, 2016	December 31, 2015
Assets		
Investments and cash:		
Securities available for sale, at fair value:		
Fixed maturities	\$ 1,180,889	\$ 1,133,645
Equity securities	293,985	197,071
Securities held to maturity, at amortized cost:		
Fixed maturities	2,929	2,929
Policy loans	8,132	7,901
Cash and cash equivalents	112,466	197,818
Total investments and cash	1,598,401	1,539,364
Premiums and other receivables, net	316,802	282,646
Deferred policy acquisition costs and value of business acquired	187,560	190,648
Property and equipment, net	72,221	73,953
Deferred tax asset	51,496	52,361
Goodwill	25,397	25,397
Other assets	67,981	41,776
Total assets	\$ 2,319,858	\$ 2,206,145
Liabilities and Equity		
Claim liabilities	\$ 525,066	\$ 491,765
Liability for future policy benefits	306,925	289,530
Unearned premiums	75,873	80,260
Policyholder deposits	180,980	179,287
Liability to Federal Employees' Health Benefits Program (FEHBP)	28,358	26,695
Accounts payable and accrued liabilities	219,941	176,910
Deferred tax liability	17,976	15,070
Long-term borrowings	36,417	36,827
Liability for pension benefits	64,406	62,945
Total liabilities	1,455,942	1,359,289
Stockholders' equity:		
Triple-S Management Corporation stockholders' equity		
Common stock Class A, \$1 par value. Authorized 100,000,000 shares; issued and outstanding 950,968 at March 31, 2016 and December 31, 2015, respectively	951	951
Common stock Class B, \$1 par value. Authorized 100,000,000 shares; issued and outstanding 23,798,815 and 24,047,755 shares at March 31, 2016 and December 31, 2015, respectively	23,799	24,048
Additional paid-in capital	77,081	83,438
Retained earnings	716,922	713,466
Accumulated other comprehensive income	45,834	25,623
Total Triple-S Management Corporation stockholders' equity	864,587	847,526
Non-controlling interest in consolidated subsidiary	(671 )	(670 )

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Total stockholders' equity	863,916	846,856
Total liabilities and equity	\$2,319,858	\$ 2,206,145

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)

	Three months ended March 31,	
	2016	2015
Revenues:		
Premiums earned, net	\$738,534	\$532,558
Administrative service fees	5,083	29,123
Net investment income	11,358	10,918
Other operating revenues	812	1,153
Total operating revenues	755,787	573,752
Net realized investment gains (losses):		
Total other-than-temporary impairment losses on securities	-	(1,202 )
Net realized gains, excluding other-than-temporary impairment losses on securities	58	7,415
Total net investment gains on sale of securities	58	6,213
Other income, net	875	1,759
Total revenues	756,720	581,724
Benefits and expenses:		
Claims incurred	626,694	432,430
Operating expenses	122,980	127,375
Total operating costs	749,674	559,805
Interest expense	1,882	2,182
Total benefits and expenses	751,556	561,987
Income before taxes	5,164	19,737
Income taxes	1,709	4,931
Net income	3,455	14,806
Less: Net loss attributable to non-controlling interest	1	30
Net income attributable to Triple-S Management Corporation	\$3,456	\$14,836
Earnings per share attributable to Triple-S Management Corporation		
Basic net income per share	\$0.14	\$0.56
Diluted net income per share	\$0.14	\$0.56

See accompanying notes to unaudited condensed consolidated financial statements.

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Triple-S Management Corporation

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(dollar amounts in thousands)

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	Three months ended March 31,	
	2016	2015
Net income	\$ 3,455	\$ 14,806
Other comprehensive income (loss), net of tax:		
Net unrealized change in fair value of available for sale securities, net of taxes	19,577	1,794
Defined benefit pension plan:		
Actuarial loss, net	722	887
Prior service credit, net	(88 )	(61 )
Total other comprehensive income, net of tax	20,211	2,620
Comprehensive income	23,666	17,426
Comprehensive income attributable to non-controlling interest	1	30
Comprehensive income attributable to Triple-S Management Corporation	\$ 23,667	\$ 17,456

See accompanying notes to unaudited condensed consolidated financial statements.

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Triple-S Management Corporation

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

(dollar amounts in thousands)

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	2016	2015
Balance at January 1	\$847,526	\$858,558
Share-based compensation	1,421	1,883
Repurchase and retirement of common stock	(8,027 )	(14,997 )
Comprehensive income	23,667	17,456
Total Triple-S Management Corporation stockholders' equity	864,587	862,900
Non-controlling interest in consolidated subsidiary	(671 )	(562 )
Balance at March 31	\$863,916	\$862,338

See accompanying notes to unaudited condensed consolidated financial statements.



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Triple-S Management Corporation  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(dollar amounts in thousands)

	Three months ended March 31, 2016		2015
Cash flows from operating activities:			
Net income	\$ 3,455		\$ 14,806
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,700		4,174
Net amortization of investments	1,936		1,533
Additions to the allowance for doubtful receivables	1,531		5,554
Deferred tax benefit	(2,435 )		(379 )
Net realized investment gain on sale of securities	(58 )		(6,213 )
Interest credited to policyholder deposits	1,195		899
Share-based compensation	1,085		1,883
(Increase) decrease in assets:			
Premium and other receivables, net	(35,687 )		(11,567 )
Deferred policy acquisition costs and value of business acquired	(685 )		541
Deferred taxes	162		(1,282 )
Other assets	(26,485 )		(25,267 )
Increase (decrease) in liabilities:			
Claim liabilities	33,301		11,556
Liability for future policy benefits	17,395		6,323
Unearned premiums	(4,387 )		(7,473 )
Liability to FEHBP	1,663		1,114
Accounts payable and accrued liabilities	35,574		42,574

Net cash provided by operating activities	31,260	38,776
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Triple-S Management Corporation  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(dollar amounts in thousands)

	Three months ended March 31,	
	2016	2015
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Securities available for sale:		
Fixed maturities sold	\$90,328	\$139,115
Fixed maturities matured/called	699	30,320
Equity securities sold	11,257	28,566
Acquisition of investments:		
Securities available for sale:		
Fixed maturities	(118,039)	(126,895)
Equity securities	(92,956 )	(11,973 )
Increase in other investments	(182 )	(1,549 )
Net disbursements for policy loans	(231 )	(137 )
Net capital expenditures	(1,465 )	(1,463 )
Net cash (used in) provided by investing activities	(110,589)	55,984
Cash flows from financing activities:		
Change in outstanding checks in excess of bank balances	1,916	(2,428 )
Repayments of long-term borrowings	(410 )	(410 )
Repurchase and retirement of common stock	(8,027 )	(14,997 )
Proceeds from policyholder deposits	3,403	3,047
Surrenders of policyholder deposits	(2,905 )	(3,687 )
Net cash used in financing activities	(6,023 )	(18,475 )
Net (decrease) increase in cash and cash equivalents	(85,352 )	76,285
Cash and cash equivalents:		
Beginning of period	197,818	110,037
End of period	\$112,466	\$186,322

See accompanying notes to unaudited condensed consolidated financial statements.

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Triple-S Management Corporation  
Notes to Condensed Consolidated Financial Statements  
(dollar amounts in thousands, except per share data)  
(unaudited)

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(1) Basis of Presentation

The accompanying condensed consolidated interim financial statements prepared by Triple-S Management Corporation and its subsidiaries are unaudited. In this filing, the “Corporation”, the “Company”, “TSM”, “we”, “us” and “our” refer to Triple-S Management Corporation and its subsidiaries. The condensed consolidated interim financial statements do not include all of the information and the footnotes required by accounting principles generally accepted in the U.S. (GAAP) for complete financial statements. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2015.

In the opinion of management, all adjustments, consisting of a normal recurring nature necessary for a fair presentation of such condensed consolidated interim financial statements, have been included. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results for the full year ending December 31, 2016.

(2) Recent Accounting Standards

On January 5, 2016, the FASB issued guidance to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. Among the many targeted improvements to U.S. GAAP are (1) requiring equity investments, except those accounted for under the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net incomes; (2) simplifying the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; (3) eliminating the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities; and (4) clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity’s other deferred tax assets. This guidance applies to all entities that hold financial assets or owe financial liabilities. For public companies, these amendments are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently evaluating the impact the adoption of this guidance may have on the Company's consolidated financial statements.

On February 25, 2016, the FASB issued guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. This guidance sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessors and lessees. It requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The guidance requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. This guidance is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently evaluating the impact the adoption of this guidance may have on the Company's consolidated financial statements.

On March 30, 2016, the FASB issued guidance to reduce complexity in accounting standards. The areas for simplification involve several aspects of the accounting for share-based payment transactions, including (1) accounting for income taxes, (2) classification of excess tax benefits on the statement of cash flow, (3) forfeitures; (4) minimum statutory tax withholding requirements, (5) classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax withholding purposes; (6) the practical expedient for estimating the expected term, and (7) intrinsic value. For public companies, these amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. We are currently evaluating the impact the adoption of this guidance may have on the Company's consolidated financial statements.

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(dollar amounts in thousands, except per share data)  
(unaudited)

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Other than the accounting pronouncement disclosed above, there were no other new accounting pronouncements issued during the three months ended March 31, 2016 that could have a material impact on the Corporation's financial position, operating results or financials statement disclosures.

## (3) Investment in Securities

The amortized cost for debt securities and cost for equity securities, gross unrealized gains, gross unrealized losses, and estimated fair value for available-for-sale and held-to-maturity securities by major security type and class of security at March 31, 2016 and December 31, 2015, were as follows:

	March 31, 2016			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Securities available for sale:				
Fixed maturities:				
Obligations of government- sponsored enterprises	\$ 103,472	\$ 881	\$ -	\$ 104,353
U.S. Treasury securities and obligations of U.S.government instrumentalities	116,643	1,354	-	117,997
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	25,636	782	-	26,418
Municipal securities	642,621	48,559	-	691,180
Corporate bonds	202,032	16,121	(13 )	218,140
Residential mortgage-backed securities	826	51	-	877
Collateralized mortgage obligations	21,683	242	(1 )	21,924
Total fixed maturities	1,112,913	67,990	(14 )	1,180,889
Equity securities - Mutual funds	259,738	35,134	(887 )	293,985
Total	\$ 1,372,651	\$ 103,124	\$ (901 )	\$ 1,474,874

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Triple-S Management Corporation  
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(unaudited)

	December 31, 2015			
	Amortized	Gross	Gross	Estimated
	cost	unrealized	unrealized	fair value
		gains	losses	
Securities available for sale:				
Fixed maturities:				
Obligations of government- sponsored enterprises	\$ 115,965	\$ 301	\$ (26 )	\$ 116,240
U.S. Treasury securities and obligations of U.S.government instrumentality	163,322	234	(286 )	163,270
Obligations of the Commonwealth of Puerto Rico and its instrumentality	25,302	317	-	25,619
Municipal securities	612,225	35,418	(197 )	647,446
Corporate bonds	148,198	9,782	(572 )	157,408
Residential mortgage-backed securities	883	54	-	937
Collateralized mortgage obligations	22,363	368	(6 )	22,725
Total fixed maturities	1,088,258	46,474	(1,087 )	1,133,645
Equity securities - Mutual funds	169,593	27,851	(373 )	197,071
Total	\$ 1,257,851	\$ 74,325	\$ (1,460 )	\$ 1,330,716

	March 31, 2016			
	Amortized	Gross	Gross	Estimated
	cost	unrealized	unrealized	fair value
		gains	losses	
Securities held to maturity:				
U.S. Treasury securities and obligations of U.S.government instrumentality	\$ 620	\$ 214	\$ -	\$ 834
Residential mortgage-backed securities	191	17	-	208
Certificates of deposit	2,118	-	-	2,118
Total	\$ 2,929	\$ 231	\$ -	\$ 3,160

	December 31, 2015			
	Amortized	Gross	Gross	Estimated
	cost	unrealized	unrealized	fair value
		gains	losses	
Securities held to maturity:				
U.S. Treasury securities and obligations of U.S.government instrumentality	\$ 620	\$ 178	\$ -	\$ 798
Residential mortgage-backed securities	191	17	-	208
Certificates of deposit	2,118	-	-	2,118
Total	\$ 2,929	\$ 195	\$ -	\$ 3,124





The Corporation reviews the investment portfolios under the Corporation's impairment review policy. Given market conditions and the significant judgments involved, there is a continuing risk that declines in fair value may occur and material other-than-temporary impairments may be recorded in future periods. The Corporation from time to time may sell investments as part of its asset/liability management process or to reposition its investment portfolio based on current and expected market conditions.

**Corporate Bonds:** The unrealized losses of these bonds were principally caused by fluctuations in interest rates and general market conditions. All corporate bonds with an unrealized loss have investment grade ratings. Because the decline in estimated fair value is principally attributable to changes in interest rates; because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and because the Company expects to collect all contractual cash flows, these investments are not considered other-than-temporarily impaired.

**Collateralized mortgage obligations:** The unrealized losses on investments collateralized mortgage obligations ("CMOs") were mostly caused by fluctuations in interest rates and credit spreads. The contractual cash flows of these securities, other than private CMOs, are guaranteed by a U.S. government-sponsored enterprise. Any loss in these securities is determined according to the seniority level of each tranche, with the least senior (or most junior), typically the unrated residual tranche, taking any initial loss. The investment grade credit rating of our securities reflects the seniority of the securities that the Corporation owns. The Corporation does not consider these investments other-than-temporarily impaired because the decline in fair value is attributable to changes in interest rates and not credit quality; the Corporation does not intend to sell the investments and it is more likely than not that the Corporation will not be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and because the Corporation expects to collect all contractual cash flows.

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Triple-S Management Corporation  
 Notes to Condensed Consolidated Financial Statements  
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 (unaudited)

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Mutual Funds: Investments in mutual funds with unrealized losses are not considered other-than-temporarily impaired based on market conditions and the length of time the funds have been in a loss position.

Obligations of the Commonwealth of Puerto Rico and its Instrumentalities: Our holdings in Puerto Rico municipals can be divided in (1) escrowed bonds with a fair value of \$16,306 and a gross unrealized gain of \$46, and (2) bonds issued by the Puerto Rico Sales Tax Financing Corporation (Cofina) with a fair value of \$10,112 and a gross unrealized gain of \$736.

Besides holdings in escrowed bonds, which are backed by US Government securities and therefore have an implicit AA+/Aaa rating, our exposure is in senior lien bonds issued by Cofina.

There was no impairment on Cofina during the three months ended March 31, 2016. During the three months ended March 31, 2015, we recorded an other-than-temporary impairment related to these positions amounting to \$1,202.

Maturities of investment securities classified as available for sale and held to maturity were as follows:

	March 31, 2016	
	Amortized cost	Estimated fair value
Securities available for sale:		
Due in one year or less	\$54,942	\$55,431
Due after one year through five years	375,679	384,401
Due after five years through ten years	112,592	121,883
Due after ten years	547,191	596,373
Residential mortgage-backed securities	826	877
Collateralized mortgage obligations	21,683	21,924
	\$1,112,913	\$1,180,889
Securities held to maturity:		
Due in one year or less	\$2,118	\$2,118
Due after ten years	620	834
Residential mortgage-backed securities	191	208
	\$2,929	\$3,160

Expected maturities may differ from contractual maturities because some issuers have the right to call or prepay obligations with or without call or prepayment penalties.

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Triple-S Management Corporation  
 Notes to Condensed Consolidated Financial Statements  
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 (unaudited)

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Information regarding realized and unrealized gains and losses from investments is as follows:

	Three months ended March 31,	
	2016	2015
Realized gains (losses):		
Fixed maturity securities:		
Securities available for sale:		
Gross gains from sales	\$ 961	\$ 4,009
Gross losses from sales	(1,359 )	(275 )
Gross losses from other-than-temporary impairments	-	(1,202 )
Total fixed maturity securities	(398 )	2,532
Securities available for sale:		
Gross gains from sales	587	3,736
Gross losses from sales	(131 )	(55 )
	456	3,681
Total equity securities	456	3,681
Net realized gains on securities available for sale	\$ 58	\$ 6,213

The other-than-temporary impairments on fixed maturity securities are attributable to credit losses.

	Three months ended March 31,	
	2016	2015
Changes in net unrealized gains (losses):		
Recognized in accumulated other comprehensive income:		
Fixed maturities – available for sale	\$ 22,589	\$ 4,091
Equity securities – available for sale	6,769	(1,278 )
	\$ 29,358	\$ 2,813
Not recognized in the consolidated financial statements:		
Fixed maturities – held to maturity	\$ 36	\$ 17

The deferred tax liability on unrealized gains change recognized in accumulated other comprehensive income during the three months ended March 31, 2016 and 2015 was \$9,781 and \$1,019, respectively.

As of March 31, 2016 and December 31, 2015, no individual investment in securities exceeded 10% of stockholders' equity.

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Triple-S Management Corporation  
 Notes to Condensed Consolidated Financial Statements  
 (dollar amounts in thousands, except per share data)  
 (unaudited)

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## (4) Premiums and Other Receivables, Net

Premiums and other receivables, net as of March 31, 2016, and December 31, 2015 were as follows:

	March 31, 2016	December 31, 2015
Premium	\$ 118,298	\$ 92,600
Self-funded group receivables	69,761	73,552
FEHBP	13,105	13,859
Agent balances	22,207	25,424
Accrued interest	11,435	12,624
Reinsurance recoverable	59,160	48,506
Other	61,527	53,325
	355,493	319,890
Less allowance for doubtful receivables:		
Premium	30,270	28,944
Other	8,421	8,300
	38,691	37,244
Total premium and other receivables, net	\$ 316,802	\$ 282,646

As of March 31, 2016 and December 31, 2015, the Company had premiums and other receivables of \$90,046 and \$78,230, respectively, from the Government of Puerto Rico, including its agencies, municipalities and public corporations. The related allowance for doubtful receivables as of March 31, 2016 and December 31, 2015 were \$19,491 and \$19,133, respectively.

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Notes to Condensed Consolidated Financial Statements  
(dollar amounts in thousands, except per share data)  
(unaudited)

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## (5) Fair Value Measurements

Assets recorded at fair value in the condensed consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by current accounting guidance for fair value measurements and disclosures, are as follows:

Level	Input Definition:
Input:	
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 Corporation uses observable inputs when available. Fair value is based upon quoted market prices when available. The Corporation limits valuation adjustments to those deemed necessary to ensure that the security's fair value adequately represents the price that would be received or paid in the marketplace. Valuation adjustments may include consideration of counterparty credit quality and liquidity as well as other criteria. The estimated fair value amounts are subjective in nature and may involve uncertainties and matters of significant judgment for certain financial instruments. Changes in the underlying assumptions used in estimating fair value could affect the results. The fair value measurement levels are not indicative of risk of investment.

The fair value of investment securities is estimated 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.

The following tables summarize fair value measurements by level at March 31, 2016 and December 31, 2015 for assets measured at fair value on a recurring basis:

	March 31, 2016			Total
	Level 1	Level 2	Level 3	
Securities available for sale:				
Fixed maturity securities				
Obligations of government-sponsored enterprises	\$-	\$ 104,353	\$-	\$ 104,353
U.S. Treasury securities and obligations of U.S government instrumentalities	117,997	-	-	117,997
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	-	26,418	-	26,418
Municipal securities	-	691,180	-	691,180
Corporate bonds	-	218,140	-	218,140
Residential agency mortgage-backed securities	-	877	-	877
Collateralized mortgage obligations	-	21,924	-	21,924

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Total fixed maturities	117,997	1,062,892	-	1,180,889
Equity securities - Mutual funds	236,032	50,956	6,997	293,985
Total	\$354,029	\$1,113,848	\$6,997	\$1,474,874

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Triple-S Management Corporation

Notes to Condensed Consolidated Financial Statements

(dollar amounts in thousands, except per share data)

(unaudited)

	December 31, 2015			Total
	Level 1	Level 2	Level 3	
Securities available for sale:				
Fixed maturity securities				
Obligations of government-sponsored enterprises	\$-	\$116,240	\$-	\$116,240
U.S. Treasury securities and obligations of U.S government instrumentalities	163,270	-	-	163,270
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	-	25,619	-	25,619
Municipal securities	-	647,446	-	647,446
Corporate bonds	-	157,408	-	157,408
Residential agency mortgage-backed securities	-	937	-	937
Collateralized mortgage obligations	-	22,725	-	22,725
Total fixed maturities	163,270	970,375	-	1,133,645
Equity securities - Mutual funds	167,082	22,031	7,958	197,071
Total	\$330,352	\$992,406	\$7,958	\$1,330,716

The fair value of fixed maturity and equity securities included in the Level 2 category were based on market values obtained from independent pricing services, which utilize evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information and for structured securities, cash flow and when available loan performance data. Because many fixed income securities do not trade on a daily basis, the models used by independent pricing service providers to prepare evaluations apply available information, such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. For certain equity securities, quoted market prices for the identical security are not always available and the fair value is estimated by reference to similar securities for which quoted prices are available. The independent pricing service providers monitor market indicators, industry and economic events, and for broker-quoted only securities, obtain quotes from market makers or broker-dealers that they recognize to be market participants. The fair value of the investments in partnerships included in the Level 3 category was based on the net asset value (NAV) which is affected by the changes in the fair market value of the investments held in these partnerships.

Transfers into or out of the Level 3 category occur when unobservable inputs, such as the Company's best estimate of what a market participant would use to determine a current transaction price, become more or less significant to the fair value measurement. Transfers between levels, if any, are recorded as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers in and/or out of Level 3 and between Levels 1 and 2 during the three months ended March 31, 2016 and 2015.

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A reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31 is as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2016	2015
Beginning balance	\$ 7,958	\$ 13,349
Realized gains	151	1,412
Unrealized in other accumulated comprehensive income	(649 )	(2,602 )
Purchases	8	79
Capital distributions	(471 )	(2,047 )
Ending balance	\$ 6,997	\$ 10,191

In addition to the preceding disclosures on assets recorded at fair value in the condensed consolidated balance sheets, accounting guidance also requires the disclosure of fair values for certain other financial instruments for which it is practicable to estimate fair value, whether or not such values are recognized in the condensed consolidated balance sheets.

Non-financial instruments such as property and equipment, other assets, deferred income taxes and intangible assets, and certain financial instruments such as claim liabilities are excluded from the fair value disclosures. Therefore, the fair value amounts cannot be aggregated to determine our underlying economic value.

The carrying amounts reported in the condensed consolidated balance sheets for cash and cash equivalents, receivables, accounts payable and accrued liabilities, and short-term borrowings approximate fair value because of the short term nature of these items. These assets and liabilities are not listed in the table below.

The following methods, assumptions and inputs were used to estimate the fair value of each class of financial instrument:

## (i) Policy Loans

Policy loans have no stated maturity dates and are part of the related insurance contract. The carrying amount of policy loans approximates fair value because their interest rate is reset periodically in accordance with current market rates.

## (ii) Policyholder Deposits

The fair value of policyholder deposits is the amount payable on demand at the reporting date, and accordingly, the carrying value amount approximates fair value.

## (iii) Long-term Borrowings



The carrying amount of the loans payable to bank – variable approximates fair value due to its floating interest-rate structure. The fair value of the senior unsecured notes payable was determined using broker quotations.

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A summary of the carrying value and fair value by level of financial instruments not recorded at fair value on our condensed consolidated balance sheets at March 31, 2016 and December 31, 2015 are as follows:

	March 31, 2016				
	Carrying Value	Fair Value Level			Total
		1	Level 2	Level 3	
Assets:					
Policy loans	\$8,132	\$-	\$8,132	\$ -	\$8,132
Liabilities:					
Policyholder deposits	\$180,980	\$-	\$180,980	\$ -	\$180,980
Long-term borrowings:					
Loans payable to bank - variable	12,417	-	12,417	-	12,417
6.6% senior unsecured notes payable	24,000	-	19,800	-	19,800
Total long-term borrowings	36,417	-	32,217	-	32,217
Total liabilities	\$217,397	\$-	\$213,197	\$ -	\$213,197
December 31, 2015					
	Carrying Value	Fair Value Level			Total
		1	Level 2	Level 3	
Assets:					
Policy loans	\$7,901	\$-	\$7,901	\$ -	\$7,901
Liabilities:					
Policyholder deposits	\$179,287	\$-	\$179,287	\$ -	\$179,287
Long-term borrowings:					
Loans payable to bank - variable	12,827	-	12,827	-	12,827
6.6% senior unsecured notes payable	24,000	-	19,920	-	19,920
Total long-term borrowings	36,827	-	32,747	-	32,747
Total liabilities	\$216,114	\$-	\$212,034	\$ -	\$212,034

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## (6) Claim Liabilities

The activity in claim liabilities is as follows:

	Three months ended	
	March 31,	
	2016	2015
Claim liabilities at beginning of period	\$491,765	\$390,086
Reinsurance recoverable on claim liabilities	(40,714 )	(40,635 )
Net claim liabilities at beginning of period	451,051	349,451
Incurred claims and loss-adjustment expenses:		
Current period insured events	633,681	447,162
Prior period insured events	(13,749 )	(21,609 )
Total	619,932	425,553
Payments of losses and loss-adjustment expenses:		
Current period insured events	370,135	244,728
Prior period insured events	215,653	168,592
Total	585,788	413,320
Net claim liabilities at end of period	485,195	361,684
Reinsurance recoverable on claim liabilities	39,871	39,958
Claim liabilities at end of period	\$525,066	\$401,642

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

The favorable developments in the claims incurred and loss-adjustment expenses for prior period insured events for the three months ended March 31, 2016 and 2015 are due primarily to better than expected utilization trends. Reinsurance recoverable on unpaid claims is reported as premium and other receivables, net in the accompanying consolidated financial statements.

The claims incurred disclosed in this table exclude the portion of the change in the liability for future policy benefits expense, which amounted to \$6,762 and \$6,877 during the three months ended March 31, 2016 and 2015, respectively.

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## (7) Long-Term Borrowings

On March 11, 2016, Triple-S Salud, Inc. (TSS) entered into a \$30,000 revolving loan agreement with a commercial bank in Puerto Rico. This unused line of credit has an interest rate of LIBOR plus 220 basis points, matures on March 11, 2017, and contains certain financial and non-financial covenants that are customary for this type of facility.

## (8) Pension Plan

The components of net periodic benefit cost for the three months ended March 31 were as follows:

	Three months ended	
	March 31, 2016	2015
Components of net periodic benefit cost:		
Service cost	\$ 1,250	\$ 897
Interest cost	2,762	1,900
Expected return on assets	(2,926 )	(1,864 )
Amortization of prior service benefit	(144 )	(100 )
Amortization of actuarial loss	1,183	1,454
Net periodic benefit cost	\$ 2,125	\$ 2,287

Employer Contributions: The Corporation disclosed in its audited consolidated financial statements for the year ended December 31, 2015 that it expected to contribute \$8,000 to the pension program in 2016. As of March 31, 2016, the Corporation has not made contributions to the pension program.

## (9) Stock Repurchase Program

The Company repurchases shares through open-market purchases of Class B shares only, in accordance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended, under repurchase programs authorized by the Board of Directors.

In November 2015 the Company's Board of Directors authorized a \$25,000 repurchase program of its Class B common stock. During the three months ended March 31, 2016, the Company repurchased and retired under this program 367,101 shares at an average per share price of \$21.99, for an aggregate cost of \$8,027.

## (10) Comprehensive Income

The accumulated balances for each classification of other comprehensive income, net of tax, are as follows:

March 31, 2016	
Net	Accumulated
unrealized	other
Liability for	comprehensive
gain on pension	income
securities benefits	

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Balance at January 1, 2016	\$62,478	\$ (36,855 )	\$ 25,623
Other comprehensive income before reclassifications	19,623	-	19,623
Amounts reclassified from accumulated other comprehensive income	(46 )	634	588
Net current period change	19,577	634	20,211
Balance at March 31, 2016	\$82,055	\$ (36,221 )	\$ 45,834

	March 31, 2015		
	Net unrealized gain on securities	Liability for pension benefits	Accumulated other comprehensive income
Balance at January 1, 2015	\$101,467	\$ (52,691 )	\$ 48,776
Other comprehensive income before reclassifications	832	-	832
Amounts reclassified from accumulated other comprehensive income	962	826	1,788
Net current period change	1,794	826	2,620
Balance at March 31, 2015	\$103,261	\$ (51,865 )	\$ 51,396

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## (11) Share-Based Compensation

Share-based compensation expense recorded during the three months ended March 31, 2016 and 2015 was \$1,085 and \$1,883, respectively. There were no stock option exercises during the three months ended March 31, 2016 and 2015.

## (12) Net Income Available to Stockholders and Net Income per Share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended March 31:

	Three months ended March 31,	
	2016	2015
Numerator for earnings per share:		
Net income attributable to TSM available to stockholders	\$3,456	\$14,836
Denominator for basic earnings per share:		
Weighted average of common shares	24,587,681	26,497,642
Effect of dilutive securities	72,353	97,576
Denominator for diluted earnings per share	24,660,034	26,595,218
Basic net income per share attributable to TSM	\$0.14	\$0.56
Diluted net income per share attributable to TSM	\$0.14	\$0.56

## (13) Contingencies

The following information supplements and amends, as applicable, the disclosures in Note 24 to the Consolidated Financial Statements of the Company's 2015 Annual Report on Form 10-K. Our business is subject to numerous laws and regulations promulgated by Federal, Puerto Rico, USVI, Costa Rica, BVI, and Anguilla governmental authorities. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. The Commissioner of Insurance of Puerto Rico, as well as other Federal, Puerto Rico, USVI, Costa Rica, BVI, and Anguilla government authorities, regularly make inquiries and conduct audits concerning the Company's compliance with such laws and regulations. Penalties associated with violations of these laws and regulations may include significant fines and exclusion from participating in certain publicly funded programs and may require the Company to comply with corrective action plans or changes in our practices.

We are involved in various legal actions arising in the ordinary course of business. We are also defendants in various other litigations and proceedings, some of which are described below. Where the Company believes that a loss is both probable and estimable, such amounts have been recorded. Although we believe our estimates of such losses are reasonable, these estimates could change as a result of further developments in these matters. 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. The outcome of legal proceedings is inherently uncertain and pending matters for which accruals have not been established have not progressed sufficiently to enable us to estimate a range of possible loss, if any. Given the inherent unpredictability of these matters, it is possible that an

adverse outcome in one or more of these matters could have a material adverse effect on the consolidated financial condition, operating results and/or cash flows of the Company.

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Additionally, we may face various potential litigation claims that have not been asserted to date, including claims from persons purporting to have rights to acquire shares of the Company on favorable terms pursuant to agreements previously entered by our predecessor managed care subsidiary, Seguros de Servicios de Salud de Puerto Rico, Inc. (SSS), with physicians or dentists who joined our provider network to sell such new provider shares of SSS at a future date (Share Acquisition Agreements) or to have inherited such shares notwithstanding applicable transfer and ownership restrictions.

Claims by Heirs of Former Shareholders

The Company and TSS are defending nine individual lawsuits, all filed in state court, from persons who claim to have inherited a total of 124 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.

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 Puerto Rico's Court of First Instance dismissed the claim and determined it was time barred under the local securities law. On January 27, 2012, the Puerto Rico Court of Appeals upheld the dismissal. On October 1, 2013, the Puerto Rico Supreme Court reversed the dismissal, holding that the two-year statute of limitations contained in the local securities law did not apply and returning it to the Court of First Instance. After returning to the Court of First Instance, the parties have been conducting discovery. On December 16, 2015, the Company filed a motion for summary judgement. The parties are awaiting further proceedings.

In the second case, entitled Olivella Zalduondo, et al, v. Seguros de Servicios de Salud, et al, the Puerto Rico's 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 local securities laws. On appeal, the Court of Appeals affirmed the decision of the lower court. On January 8, 2013, the Puerto Rico Supreme Court ruled that the applicable statute of limitations is the fifteen-year period of the Puerto Rico's 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 their complaint, which was answered by the Company 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 Puerto Rico 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 Puerto Rico's Court of First Instance and denied a subsequent plea for reconsideration. Both parties have filed motions for summary judgment and, consequently, their respective oppositions. The parties are awaiting the Court's decision on their respective motions for summary judgment.

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, which was denied by the Court on January 24, 2013. After two amendments to plaintiff's complaint, the Company filed its response on June 13, 2013. A status conference is scheduled for May 24, 2016. 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 statute of limitations 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, which was denied by the court. On November 2, 2015, the Company filed a Petition for a Writ of Certiorari with the Puerto Rico Court of Appeals, which was denied on March 8, 2016. On March 23, 2016, the Company filed with the Puerto Rico Court of Appeals a request for reconsideration, which the plaintiff opposed. The parties are awaiting the Court of Appeals' decision on Motion for Reconsideration.

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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. After several pleas, including a motion to dismiss filed by the Company, plaintiffs amended their complaint. On November 5, 2013, the Company moved to dismiss the first amended complaint. On May 16, 2014, plaintiffs filed a motion for summary judgment, which the Company opposed on May 28, 2014. On June 16, 2014, the Court ordered plaintiffs to file a memorandum of law and struck plaintiff's motion for summary judgment. On September 18, 2014, the Court denied the Company's motion to dismiss the amended complaint. On September 29, 2014, the Company filed a motion for reconsideration, which was denied by the Court on November 4, 2014. On December 4, 2014, the Company filed a Petition for a Writ of Certiorari with the Puerto Rico Court of Appeals, which was denied on April 1, 2015. A pretrial hearing is scheduled for June 16, 2016. Discovery is ongoing.

The seventh case, entitled Allende Santos, et al, v. Triple-S Salud, et al, was filed on March 28, 2014. On July 2, 2014, the Company filed its response. A status conference is scheduled for May 19, 2016. Discovery is ongoing.

The eighth case, entitled Gallardo Mendez, et al, v. Triple-S Management Corporation, was filed on December 30, 2014. On March 13, 2015, the Company filed a motion to dismiss. After an extension of time granted by the Court, plaintiff did not file an opposition. Therefore, on June 16, 2015, the Court deemed the Company's motion to dismiss unopposed. On March 18, 2016, the court dismissed the complaint with prejudice.

The ninth case, entitled Ruiz de Porras, et al, v. Triple-S Salud, Inc., was filed on January 7, 2016. On March 28, 2016, the Company filed a Motion to Dismiss on the grounds that the complaint is time-barred. On April, 19, 2016, the Court ordered the Plaintiff to oppose to the Company's Motion to Dismiss within 30 days.

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 Puerto Rico Supreme Court's decision to deny the applicability of the statute of limitations contained in the local securities law, some of these claims will likely be litigated on their merits.

Joint Underwriting Association Litigations

On August 19, 2011, plaintiffs, purportedly a class of motor vehicle owners, filed an action in the United States District Court for the District of Puerto Rico against the Puerto Rico Joint Underwriting Association (JUA) and 18 other defendants, including TSP, alleging violations under the Puerto Rico Insurance Code, the Puerto Rico Civil Code, the Racketeer Influenced and Corrupt Organizations Act (RICO) and the local statute against organized crime and money laundering. JUA is a private association created by law to administer a compulsory public liability insurance program for motor vehicles in Puerto Rico (CLI). As required by its enabling act, JUA is composed of all the insurers that underwrite private motor vehicle insurance in Puerto Rico and exceed the minimum underwriting percentage established in such act. TSP is a member of JUA.

In this lawsuit, entitled Noemí Torres Ronda, et al v. Joint Underwriting Association, et al., plaintiffs allege that the defendants illegally charged and misappropriated a portion of the CLI premiums paid by motor vehicle owners in violation of the Puerto Rico Insurance Code. Specifically, they claim that because the defendants did not incur acquisition or administration costs allegedly totaling 12% of the premium dollar, charging for such costs constitutes the illegal traffic of premiums. Plaintiffs also claim that the defendants, as members of JUA, violated RICO through

various inappropriate actions designed to defraud motor vehicle owners located in Puerto Rico and embezzle a portion of the CLI premiums for their benefit.

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Plaintiffs seek the reimbursement of funds for the class amounting to \$406,600, treble damages under RICO, and equitable relief, including a permanent injunction and declaratory judgment barring defendants from their alleged conduct and practices, along with costs and attorneys' fees. Discovery has been completed.

Since 2011, TSP has been defending this claim and, jointly with other defendants, has filed several pleas in connection with the certification of the class and the dismissal of the claim. On December 17, 2015, three defendants filed a joint motion informing the court that said defendants are conducting negotiations to settle the claim and requested a 60-day period in order to continue the negotiations. Subsequently, the term to continue negotiations was extended until April 17, 2016. On April 22, 2016, plaintiff and negotiating defendants filed a stipulation of settlement and release which is subject to approval of the court. TSP is evaluating the terms of the proposed settlement and release to determine further actions.

(14) Segment Information

The operations of the Corporation are conducted principally through three business segments: Managed Care, Life Insurance, and Property and Casualty Insurance. The Corporation evaluates performance based primarily on the operating revenues and operating income of each segment. Operating revenues include premiums earned, net, administrative service fees, net investment income, and revenues derived from other segments. Operating costs include claims incurred and operating expenses. The Corporation calculates operating income or loss as operating revenues less operating costs.

The Managed Care segment participates in the Commonwealth of Puerto Rico Health Insurance Plan (similar to Medicaid) (Medicaid) program to provide health coverage to medically indigent citizens in Puerto Rico, as defined by the laws of the government of Puerto Rico, by administering the provision of the physical health component in designated service regions in Puerto Rico. We served all eight service regions on an administrative service only basis (ASO) until March 31, 2015. Administrative service fees during the three months ended March 31, 2015 amounted to \$23,642. Effective April 1, 2015, we started to provide healthcare services to only two regions of the Medicaid program on a risk based model.

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The following tables summarize the operations by reportable segment for the three months ended March 31, 2016 and 2015:

	Three months ended	
	March 31,	
	2016	2015
Operating revenues:		
Managed Care:		
Premiums earned, net	\$678,380	\$472,167
Administrative service fees	5,083	29,123
Intersegment premiums/service fees	1,485	1,193
Net investment income	3,480	2,998
Total managed care	688,428	505,481
Life Insurance:		
Premiums earned, net	38,966	37,780
Intersegment premiums	137	61
Net investment income	5,914	5,781
Total life insurance	45,017	43,622
Property and Casualty Insurance:		
Premiums earned, net	21,188	22,611
Intersegment premiums	153	153
Net investment income	1,929	2,090
Total property and casualty insurance	23,270	24,854
Other segments: *		
Intersegment service revenues	2,545	2,383
Operating revenues from external sources	856	1,183
Total other segments	3,401	3,566
Total business segments	760,116	577,523
TSM operating revenues from external sources	4	14
Elimination of intersegment premiums/service fees	(1,775 )	(1,407 )
Elimination of intersegment service revenues	(2,545 )	(2,383 )
Other intersegment eliminations	(13 )	5
Consolidated operating revenues	\$755,787	\$573,752

\* Includes segments that are not required to be reported separately, primarily the data processing services organization and the health clinic.

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	Three months ended March 31,	
	2016	2015
Operating income (loss):		
Managed care	\$ (641 )	\$ 10,972
Life insurance	5,598	4,816
Property and casualty insurance	2,111	1,506
Other segments *	(179 )	(163 )
Total business segments	6,889	17,131
TSM operating revenues from external sources	4	14
TSM unallocated operating expenses	(3,167 )	(5,603 )
Elimination of TSM intersegment charges	2,387	2,405
Consolidated operating income	6,113	13,947
Consolidated net realized investment gains	58	6,213
Consolidated interest expense	(1,882 )	(2,182 )
Consolidated other income, net	875	1,759
Consolidated income before taxes	\$ 5,164	\$ 19,737
Depreciation and amortization expense:		
Managed care	\$ 2,934	\$ 3,479
Life insurance	255	270
Property and casualty insurance	161	102
Other segments*	153	126
Total business segments	3,503	3,977
TSM depreciation expense	197	197
Consolidated depreciation and amortization expense	\$ 3,700	\$ 4,174

\* Includes segments that are not required to be reported separately, primarily the data processing services organization and the health clinic.

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	March 31, 2016	December 31, 2015
Assets:		
Managed care	\$1,120,881	\$1,034,725
Life insurance	808,929	770,721
Property and casualty insurance	355,090	350,514
Other segments *	25,979	25,629
Total business segments	2,310,879	2,181,589
Unallocated amounts related to TSM:		
Cash, cash equivalents, and investments	154	12,304
Property and equipment, net	22,996	23,219
Other assets	30,608	31,732
	53,758	67,255
Elimination entries-intersegment receivables and others	(44,779 )	(42,699 )
Consolidated total assets	\$2,319,858	\$2,206,145

\* Includes segments that are not required to be reported separately, primarily the data processing services organization and the health clinic.

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(15) Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued. No events, other than those described in these notes, have occurred that require adjustment or disclosure pursuant to current Accounting Standards Codification.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), the "Corporation", the "Company", "TSM", "we", "us" and "our" refers to Triple-S Management Corporation and its subsidiaries. MD&A included in this Quarterly Report on Form 10-Q is intended to update the reader on matters affecting the financial condition and results of operations for the three months ended March 31, 2016. Therefore, the following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K filed with the United States Securities and Exchange Commission as of and for the year ended December 31, 2015 and the MD&A included therein, and our unaudited consolidated financial statements and accompanying notes as of and for the three months ended March 31, 2016 included in this Quarterly Report on Form 10-Q.

Cautionary Statement Regarding Forward-Looking Information

This Quarterly Report on Form 10-Q and other of our publicly available documents may include statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, among other things: statements concerning our business and our financial condition and results of operations. These statements are not historical, but instead represent our belief regarding future events, any of which, by their nature, are inherently uncertain and outside of our control. These statements may address, among other things, future financial results, strategy for growth, and market position. It is possible that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. The factors that could cause actual results to differ from those in the forward-looking statements are discussed throughout this form. We are not under any obligation to update or alter any forward-looking statement (and expressly disclaims any such obligations), whether as a result of new information, future events or otherwise. Factors that may cause actual results to differ materially from those contemplated by such forward looking statements include, but are not limited to, rising healthcare costs, business conditions and competition in the different insurance segments, government action and other regulatory issues.

Overview

We are one of the most significant players in the managed care industry in Puerto Rico and have over 50 years of experience in this industry. We offer a broad portfolio of managed care and related products in the Commercial, Medicaid and Medicare Advantage markets. In the Commercial market we offer products to corporate accounts, U.S. federal government employees, local government employees, individual accounts and Medicare Supplement. We also participate in the Government of Puerto Rico Health Insurance Plan (a government of Puerto Rico-funded managed care program for the medically indigent that is similar to the Medicaid program in the U.S.) (Medicaid), by administering the provision of the physical health component in designated service regions in Puerto Rico. We served all eight regions on an administrative service only basis (ASO) until March 31, 2015. Effective April 1, 2015, the government changed the Medicaid delivery model from ASO to a risk-based model that include the physical and mental health components. We elected to participate in this sector as a fully-insured provider in only two regions of Puerto Rico. See details of the Medicaid contract in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2015 under the sub-caption "We are dependent on a small number of government contracts to generate a significant amount of the revenues of our managed care business."

We have the exclusive right to use the Blue Cross Blue Shield (BCBS) name and mark throughout Puerto Rico, the U.S. Virgin Islands, Costa Rica, the British Virgin Islands and Anguilla. As of March 31, 2016, we served approximately 1,067,000 members across all regions of Puerto Rico. For the three months ended March 31, 2016 and 2015 respectively, our managed care segment represented approximately 92% and 89% of our total consolidated premiums earned. We also have significant positions in the life insurance and property and casualty insurance markets.



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We participate in the managed care market through our subsidiaries, Triple-S Salud, Inc. (TSS) and Triple-S Advantage, Inc. (TSA). TSS, TSA and Triple-S Blue, Inc. (TSB) are Blue Cross Blue Shield Association (BCBSA) BCBSA licensees, which provides us with exclusive use of the Blue Cross and Blue Shield name and mark throughout Puerto Rico, the U.S. Virgin Islands, Costa Rica, British Virgin Islands, and Anguilla.

We participate in the life insurance market through our subsidiary, Triple-S Vida, Inc., and in the property and casualty insurance market through our subsidiary, Triple-S Propiedad, Inc. (TSP).

Intersegment revenues and expenses are reported on a gross basis in each of the operating segments but eliminated in the consolidated results. Except as otherwise indicated, the numbers for each segment presented in this Quarterly Report on Form 10-Q do not reflect intersegment eliminations. These intersegment revenues and expenses affect the amounts reported on the financial statement line items for each segment, but are eliminated in consolidation and do not change net income. See note 14 of the Condensed Consolidated Financial Statements included in Quarterly Report on Form 10-Q.

Our revenues primarily consist of premiums earned, net and administrative service fees. These revenues are derived from the sale of managed care products in the Commercial market to employer groups, individuals and government-sponsored programs, principally Medicare and the Government of Puerto Rico Health Insurance Plan. Premiums are derived from insurance contracts and administrative service fees are derived from self-funded contracts, under which we provide a range of services, including claims administration, billing and membership services, among others. Revenues also include premiums earned from the sale of property and casualty and life insurance contracts, and investment income and revenues derived from other segments. Substantially all of our earnings are generated in Puerto Rico.

Claims incurred include the payment of benefits and losses, mostly to physicians, hospitals and other service providers, and to policyholders. Each segment's results of operations depend to a significant extent on their ability to accurately predict and effectively manage claims. A portion of the claims incurred for each period consists of claims reported but not paid during the period, as well as a management and actuarial estimate of claims incurred but not reported during the period. Operating expenses consist primarily of compensation, commission payments to brokers and other overhead business expenses. Operating expenses also includes the Health Insurance Providers Fee paid under the Affordable Care Act (ACA).

We use operating income as a measure of performance of the underwriting and investment functions of our segments. We also use the loss ratio and the operating expense ratio as measures of performance. The loss ratio is claims incurred divided by premiums earned, net, multiplied by 100. The operating expense ratio is operating expenses divided by premiums earned; net and administrative service fees, multiplied by 100.

### Recent Developments

During recent years, Puerto Rico has been facing economic and fiscal challenges and its economy has been contracting. On January 1, 2016, Puerto Rico missed payments on \$35.9 million Puerto Rico Infrastructure Financing Authority debt and \$1.4 million Puerto Rico Public Finance Corporation debt. On the same day, all other debt service payments due were made, including those on general obligation and COFINA bonds.

On March 21, 2016, Standard & Poor's (S&P) affirmed a CC rating for both general obligation bonds and tax-backed debt, combined with a negative outlook. The rating agency recognized that the COFINA bond trustee holds sufficient funds for the upcoming August 2016 debt service payment. However, it also noted that this may not be the case for the next fiscal year due to the liquidity issues and the perceived unwillingness of the Government of Puerto Rico to prioritize debt service over other operating costs.

On March 22, 2016, the U.S. Supreme Court conducted oral arguments on the Puerto Rico Public Corporations Debt Enforcement and Recovery Act (“the Recovery Act”), which was previously ruled unconstitutional by the U.S. District Court of Puerto Rico. The Recovery Act would allow certain Puerto Rico public corporations to restructure their debt and would give the Government of Puerto Rico additional leverage in its negotiations with creditors.

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On March 24, 2016, the Natural Resources Committee of the U.S. House of Representatives circulated a draft bill that would create a federal control board with the legal authority over the budget of the Government of Puerto Rico and would allow the restructuring of certain obligations of the Government of Puerto Rico and its instrumentalities. On April 12, 2016, the U.S. House of Representatives released a second draft of the bill, which is expected to suffer additional amendments. It is unclear when a definitive bill will be approved.

On April 4, 2016, a group of investors holding debt from the Government Development Bank for Puerto Rico (“GDB”) sued to impede GDB from making payments to government agencies.

On April 7, 2016, the Government of Puerto Rico enacted a law that would allow the Governor of Puerto Rico to declare an emergency period for certain government entities and place a moratorium on debt payments. On April 9, 2016 the Governor signed an executive order declaring an emergency period for GDB and established a procedure with respect to governmental withdrawals, payments, and transfer requests of funds held on deposit at GDB and for loan disbursements made by GDB.

On May 2, 2016, the Governor of Puerto Rico declared a debt moratorium and the Government Development Bank defaulted on a \$422 million bond payment. This default could have consequences for the upcoming debt service payments due on July 1, 2016, when Puerto Rico would have to pay \$2 billion, which amount includes the payment of \$805 million for General Obligation bonds.

If the liquidity of the Government of Puerto Rico, its agencies, municipalities and public corporations becomes significantly affected as a result of their inability to raise funding in the market or generate enough revenues, we may face credit losses in our premium and fees receivables from these and other government related entities. As of March 31, 2016, the Company had premiums and other receivables of \$90.0 million from the Government of Puerto Rico, including its agencies, municipalities and public corporations with a related allowance for doubtful receivables of \$19.5 million.

See Item 1A. Risk Factors—Risks Related to Our Business – “We are dependent on a small number of government contracts to generate a significant amount of the revenues of our managed care business.” included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Recent Accounting Standards

For a description of recent accounting standards, see note 2 to the unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.

Table of ContentsManaged Care Membership

	As of March 31,	
	2016	2015
Managed care enrollment:		
Commercial <sup>1</sup>	544,846	568,422
Medicare	119,224	116,292
Medicaid <sup>2</sup>	402,933	1,407,045
Total	1,067,003	2,091,759
Managed care enrollment by funding arrangement:		
Fully-insured	886,547	494,090
Self-insured	180,456	1,597,669
Total	1,067,003	2,091,759

(1) Commercial membership includes corporate accounts, self-funded employers, individual accounts, Medicare Supplement, Federal government employees and local government employees.

Membership for 2016 is on at-risk basis and for 2015 on a self-insured basis. Effective April 1, 2015, membership (2) decreased since we elected to provide services to only two regions when the delivery model changed to an at-risk basis.

Consolidated Operating Results

The following table sets forth the Corporation's consolidated operating results. Further details of the results of operations of each reportable segment are included in the analysis of operating results for the respective segments.

(dollar amounts in millions)	Three months ended	
	March 31,	
	2016	2015
Revenues:		
Premiums earned, net	\$ 738.5	\$ 532.6
Administrative service fees	5.1	29.1
Net investment income	11.4	10.9
Other operating revenues	0.8	1.2
Total operating revenues	755.8	573.8
Net realized investment gains	-	6.2
Other income, net	0.9	1.7
Total revenues	756.7	581.7
Benefits and expenses:		
Claims incurred	626.7	432.4
Operating expenses	123.0	127.4
Total operating expenses	749.7	559.8
Interest expense	1.9	2.2
Total benefits and expenses	751.6	562.0
Income before taxes	5.1	19.7
Income taxes	1.7	4.9
Net income attributable to TSM	\$ 3.4	\$ 14.8

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Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Operating Revenues

Consolidated premiums earned, net for the three months ended March 31, 2016 increased by \$205.9 million, or 38.7%, to \$738.5 million when compared to the three months ended March 31, 2015. This increase primarily reflects higher premiums in the Managed Care segment by \$206.2 million after the change in the Medicaid business model from an ASO agreement to a fully insured model effective April 1, 2015, which generated premiums of \$202.2 million in this quarter, as well as higher premiums in the Medicare and Commercial businesses.

The consolidated administrative service fees decreased by \$24.0 million, or 82.5%, when compared to the same period in 2015, mostly as a result of the previously mentioned change in the Medicaid contract model. Total administrative fees related to the previous Medicaid ASO agreement during the 2015 period amounted to \$23.6 million.

Net Realized Investment Gains

Net realized investment gains are the result of the sale of debt and equity securities classified as available for sale, following our asset/liability management and tax planning strategies.

Claims Incurred

Consolidated claims incurred increased by \$194.3 million, or 44.9%, to \$626.7 million during the three months ended March 31, 2016 when compared to the claims incurred during the three months ended March 31, 2015, mostly due to higher claims in the Managed Care segment. This increase primarily reflects the claims incurred in the segment's Medicaid business after the change from an ASO model to a fully insured model as well as an increase in the claims of the Medicare business. The consolidated loss ratio increased by 370 basis points to 84.9%.

Operating Expenses

Consolidated operating expenses during the three months ended March 31, 2016 decreased by \$4.4 million, or 3.5%, to \$123.0 million as compared to the operating expenses during the three months ended March 31, 2015. The decrease reflects lower expenses related to the change in the Medicaid membership after we elected to decrease the number of regions we serve from eight regions under an ASO agreement to only two regions when the contract was changed to a fully-insured model, as well as lower professional services incurred. The lower operating expenses also reflects a decrease in the provision for doubtful accounts, mostly reflecting the strengthening of the allowance for doubtful receivables in the 2015 period. This decrease in the operating expenses was partially offset by a new business-to-business tax implemented in Puerto Rico during the third quarter 2015 and an increase in the Health Insurance Providers Fee, reflecting the higher fully insured member month enrollment after the Medicaid model change. For the three months ended March 31, 2016, the consolidated operating expense ratio decreased 620 basis points to 16.5%, reflecting higher premiums revenue during this year and lower membership in our Medicaid business.

Income Taxes

Consolidated income taxes decreased by \$3.2 million, to \$1.7 million for the three months ended March 31, 2016. The year over year change in income taxes primarily results from decreased capital gains, which are taxed at a lower tax rate, and a decline in the Managed Care segment's income before tax in 2016.

Table of ContentsManaged Care Operating Results

(dollar amounts in millions)	Three months ended			
	March 31,			
	2016	2015		
Operating revenues:				
Medical premiums earned, net:				
Commercial	\$215.5	\$212.5		
Medicare	261.0	260.0		
Medicaid	202.2	-		
Medical premiums earned, net	678.7	472.5		
Administrative service fees	6.3	30.0		
Net investment income	3.5	3.0		
Total operating revenues	688.5	505.5		
Medical operating costs:				
Medical claims incurred	596.3	400.1		
Medical operating expenses	92.8	94.4		
Total medical operating costs	689.1	494.5		
Medical operating (loss) income	\$(0.6	)	\$11.0	
Additional data:				
Member months enrollment:				
Commercial:				
Fully-insured	1,091,415	1,143,729		
Self-funded	543,026	574,334		
Total Commercial member months	1,634,441	1,718,063		
Medicare member months	364,427	347,082		
Medicaid:				
Fully-insured	1,221,892	-		
Self-insured	-	4,229,082		
Total Medicaid member months	1,221,892	4,229,082		
Total member months	3,220,760	6,294,227		
Medical loss ratio	87.9	%	84.7	%
Operating expense ratio	13.5	%	18.8	%
Operating income margin	-0.1	%	2.2	%

## Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

## Medical Operating Revenues

Medical premiums earned for the three months ended March 31, 2016 increased by \$206.2 million, or 43.6%, to \$678.7 million when compared to the medical premiums earned during the three months ended March 31, 2015. This increase is principally the result of the following:

• Medical premiums generated by the Medicaid business amounted to \$202.2 million after the change in the Medicaid service model, from an ASO agreement to a fully insured model effective April 1, 2015.

Medical premiums generated by the Commercial business increased by \$3.0 million, or 1.4%, to \$215.5 million. This fluctuation is primarily the result of approximately 6% year over year increase in average premium rates, partially offset by a decrease in fully insured member month enrollment.



Medical premiums generated by the Medicare business increased by \$1.0 million, or 0.4%, to \$261.0 million. This fluctuation primarily results from higher member month enrollment in Medicare Advantage products as compared with 2015, offset in part by the expected 5% reduction in 2016 Medicare reimbursement and a change in the business mix from duals to non-dual, which have lower per member per month premiums.

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Administrative service fees decreased by \$23.7 million, or 79.0%, to \$6.3 million mainly due to the previously mentioned change in the Medicaid contract effective April 1, 2015.

Medical Claims Incurred

Medical claims incurred during the three months ended March 31, 2016 increased by \$196.2 million, or 49.0%, to \$596.3 million when compared to the three months ended March 31, 2015. The medical loss ratio (MLR) of the segment increased 320 basis points during the 2016 period, to 87.9%. This fluctuation is primarily attributed to the net effect of the following:

Effective April 1, 2015, the Medicaid delivery model changed from an ASO contract to a fully insured model. The medical claims incurred related to this contract for the three months ended March 31, 2016 amounted \$182.2 million. The medical loss ratio of this segment was 90.1%, similar to our bid.

The medical claims incurred of the Medicare business increased by \$12.3 million, or 5.5%, during the 2016 period and its MLR increased by 430 basis points, to 90.1%, primarily reflecting the reduction in Medicare reimbursement rates and higher claims cost associated to the performance of Health Risk Assessments (HRA) in the current year. In 2016 we have been able to complete a higher number of HRAs when compared to the same quarter last year. Adjusting for the effect of prior period reserve developments, premium and claim adjustments, and the increased HRA expenses, our Medicare MLR would have been approximately 88% this quarter, about 150 basis points higher than last year.

The medical claims incurred of the Commercial business increased by \$1.7 million, or 1.0%, during the 2016 period mostly reflecting the impact of prior period reserve development. The Commercial MLR was 82.8%, which is 40 basis points lower than the MLR for the prior year. Excluding the effect of prior period reserve developments in 2016 and 2015, the MLR would have decreased by 640 basis points, reflecting the continuity of our underwriting discipline, which has resulted in premium trends higher than claims trends.

Medical Operating Expenses

Medical operating expenses for the three months ended March 31, 2016 decreased by \$1.6 million, or 1.7%, to \$92.8 million when compared to the three months ended March 31, 2015. The operating expense ratio decreased by 530 basis points to 13.5% in 2016 as a result of the increase in premiums revenue and lower expenses. The decrease mostly reflects higher premiums and lower expenses related to the change in the Medicaid membership after we elected to decrease the number of regions we serve from eight to only two regions when the contract was changed to a fully insured model. This decrease in the operating expenses was partially offset by an increase in the Health Insurance Providers Fee and professional services incurred during the 2016 period.

Table of ContentsLife Insurance Operating Results

(dollar amounts in millions)	Three months ended	
	March 31,	
	2016	2015
Operating revenues:		
Premiums earned, net:		
Premiums earned	\$ 39.8	\$ 38.7
Assumed earned premiums	1.5	1.6
Ceded premiums earned	(2.2 )	(2.5 )
Premiums earned, net	39.1	37.8
Net investment income	5.9	5.8
Total operating revenues	45.0	43.6
Operating costs:		
Policy benefits and claims incurred	21.4	21.5
Underwriting and other expenses	18.0	17.3
Total operating costs	39.4	38.8
Operating income	\$ 5.6	\$ 4.8
Additional data:		
Loss ratio	54.7 %	56.9 %
Operating expense ratio	46.0 %	45.8 %

## Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

## Operating Revenues

Premiums earned, net increased by \$1.3 million, or 3.4% to \$39.1 million as the result of premium growth in the segment's Individual Life and Cancer lines of business.

## Policy Benefits and Claims Incurred

Policy benefits and claims incurred remained in line, decreasing only \$0.1 million, or 0.5%, to \$21.4 million. The loss ratio for the period decreased from 56.9% in 2015 to 54.7% in 2016, or 220 basis points, mostly reflecting higher premium revenue.

## Underwriting and Other Expenses

Underwriting and other expenses increase mostly reflects higher commission expenses and increased general expenses related to the development of the Costa Rica operations. The segment's operating expense ratio increased 20 basis points from 45.8% in 2015 to 46.0% in 2016.

Table of ContentsProperty and Casualty Insurance Operating Results

(dollar amounts in millions)	Three months ended	
	2016	2015
Operating revenues:		
Premiums earned, net:		
Premiums written	\$ 27.6	\$ 27.9
Premiums ceded	(10.4 )	(10.8 )
Change in unearned premiums	4.1	5.7
Premiums earned, net	21.3	22.8
Net investment income	1.9	2.1
Total operating revenues	23.2	24.9
Operating costs:		
Claims incurred	9.7	11.3
Underwriting and other expenses	11.4	12.1
Total operating costs	21.1	23.4
Operating income	\$ 2.1	\$ 1.5
Additional data:		
Loss ratio	45.5 %	49.6 %
Operating expense ratio	53.5 %	53.1 %

## Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

## Operating Revenues

Total premiums written decreased by \$0.3 million, or 1.1%, to \$27.6 million, mostly resulting from lower sales of Commercial products and Hospital Malpractice, offset in part by an increase in Compulsory Liability insurance product.

The change in unearned premiums presents a decrease of \$1.6 million mostly reflecting the segments lower volume of premiums written during the last twelve months.

## Claims Incurred

Claims incurred decreased by \$1.6 million, or 14.2%, to \$9.7 million. The loss ratio decreased by 410 basis points, to 45.5% during this period, primarily as a result of favorable loss experience in the Commercial Auto and Commercial Package lines of business.

## Underwriting and Other Expenses

Underwriting and other operating expenses decreased by \$0.7 million, or 5.8%, to \$11.4 million mostly due to a decrease in net commission expenses driven by a lower level of premiums earned.

Table of ContentsLiquidity and Capital Resources

## Cash Flows

A summary of our major sources and uses of cash for the periods indicated is presented in the following table:

(dollar amounts in millions)	Three months ended	
	March 31,	
	2016	2015
Sources of cash:		
Cash provided by operating activities	\$ 31.3	\$ 38.8
Net proceeds of investment securities	-	57.6
Proceeds from policyholder deposits	3.4	3.0
Other	1.6	-
Total sources of cash	36.3	99.4
Uses of cash:		
Net purchases of investment securities	(108.9 )	-
Net capital expenditures	(1.5 )	(1.5 )
Payments of long-term borrowings	(0.4 )	(0.4 )
Surrenders of policyholder deposits	(2.9 )	(3.7 )
Repurchase and retirement of common stock	(8.0 )	(15.0 )
Other	-	(2.5 )
Total uses of cash	(121.7 )	(23.1 )
Net (decrease) increase in cash and cash equivalents	\$ (85.4 )	\$ 76.3

Cash flow from operating activities decreased by \$7.5 million for the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, principally due to higher claims paid by \$172.0 million and an increase in cash paid to suppliers and employees of \$13.0 million, offset in part by an increase in premium collections of \$177.1 million. The increase in claims paid and premiums collected is principally the result of the change in the Medicaid delivery model from ASO agreement to a fully insured model.

During the three months ended March 31, 2016, we had \$1.6 million of other sources of cash, while in the 2015 period we had a net balance of other uses of cash of \$2.5 million. The fluctuation in the other sources/uses of cash is attributed to changes in the amount of outstanding checks over bank balances.

Net purchases of sales of investment securities were \$108.9 million during the three months ended March 31, 2016, primarily resulting from the net cash flows disbursed on the purchases and sales of investment securities during the 2016 period following our asset/liability management strategy. During the three months ended March 31, 2015 we had net proceeds of investments of \$57.6 million.

## Share Repurchase Program

In November 2015 the Company's Board of Directors authorized a \$25.0 million repurchase program of our Class B common stock. Repurchases were conducted through open-market purchases of Class B shares only, in accordance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the three months ended March 31, 2016, the Company repurchased and retired 367,101 shares of our Class B Common Stock at an average per share price of \$21.99, for an aggregate cost of \$8.0 million.

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Financing and Financing Capacity

We have several short-term facilities available to address timing differences between cash receipts and disbursements. These short-term facilities are mostly in the form of arrangements to sell securities under repurchase agreements. As of March 31, 2016, we had \$90.0 million of available credit under these facilities. There are no outstanding short-term borrowings under these facilities as of March 31, 2016.

On December 21, 2005, we issued and sold \$60.0 million of our 6.6% senior unsecured notes due December 2020 (the 6.6% notes). On October 1, 2010 and May 14, 2015 we repaid \$25.0 million and \$11.0 million, respectively, of the principal of these senior unsecured notes. Amount currently outstanding is \$24.0 million. The 6.6% notes contain certain non-financial covenants. At March 31, 2016, we are in compliance with these covenants.

In addition, we are a party to a secured term loan with a commercial bank in Puerto Rico. This secured loan, with original principal balance of \$41.0 million, bears interest at a rate equal to the London Interbank Offered Rate (LIBOR) plus 100 basis points and requires monthly principal repayments of \$0.1 million. As of March 31, 2016, this secured loan had an outstanding balance of \$12.4 million and average annual interest rate of 1.37%. This secured loan is guaranteed by a first lien on our land, buildings and substantially all leasehold improvements, as collateral for the term of the agreements under a continuing general security agreement. This secured loan contains certain non-financial covenants that are customary for this type of facility, including, but not limited to, restrictions on the granting of certain liens, limitations on acquisitions and limitations on changes in control. As of March 31, 2016 we are in compliance with these covenants. Failure to meet these covenants may trigger the accelerated payment of the outstanding balance.

On November 4, 2015, TSS entered into a \$50.0 million revolving loan agreement with a commercial bank in Puerto Rico. This unused line of credit has an interest rate of LIBOR plus 250 basis points, matures on November 4, 2016, and contains certain financial and non-financial covenants that are customary for this type of facility. The agreement stipulates that any unused balance would become unavailable should TSS stop collecting payments under the Medicaid contract for four consecutive weeks.

On March 11, 2016, TSS entered into a \$30.0 million revolving loan agreement with a commercial bank in Puerto Rico. This unused line of credit has an interest rate of LIBOR plus 220 basis points, matures on March 11, 2017, and contains certain financial and non-financial covenants that are customary for this type of facility.

We anticipate that we will have sufficient liquidity to support our currently expected needs.

Further details regarding the senior unsecured notes and the credit agreements are incorporated by reference to “Item 7.—Management Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2015.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks that are inherent in our financial instruments, which arise from transactions entered into in the normal course of business. We have exposure to market risk mostly in our investment activities. For purposes of this disclosure, “market risk” is defined as the risk of loss resulting from changes in interest rates and equity prices. No material changes have occurred in our exposure to financial market risks since December 31, 2015. A discussion of our market risk is incorporated by reference to “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” of our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-Q, management, under the supervision and with the participation of the chief executive officer and chief financial officer, conducted an evaluation of the effectiveness of the “disclosure controls and procedures” (as such term is defined under Exchange Act Rule 13a-15(e)) of the Corporation and its subsidiaries. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility that judgments in decision-making can be faulty, and breakdowns as a result of simple errors or mistake. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on this evaluation, our chief executive officer and chief financial officer have concluded that as of March 31, 2016, which is the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective to a reasonable level of assurance.

There were no significant changes in our disclosure controls and procedures, or in factors that could significantly affect internal controls, subsequent to the date the chief executive officer and chief financial officer completed the evaluation referred to above.

Changes in Internal Controls Over Financial Reporting

No changes in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) occurred during the fiscal quarter ended March 31, 2016 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

For a description of legal proceedings that have experienced significant developments during this quarter, see note 13 to the unaudited condensed consolidated financial statements included in this quarterly report on Form 10-Q.

Item 1A. Risk Factors

For a description of our risk factors see Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2015.

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## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer

The following table presents information related to our repurchases of common stock for the period indicated:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs <sup>1</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
(Dollar amounts in millions, except per share data)				
January 1, 2016 to January 31, 2016	178,200	\$ 22.47	178,200	\$ 18.1
February 1, 2016 to February 29, 2016	187,700	21.30	187,700	14.1
March 1, 2016 to March 31, 2016	1,201	23.99	1,201	14.1

<sup>1</sup> In November 2015 the Company's Board of Directors authorized a \$25.0 million Share Repurchase Program of its Class B common stock.

## Item 3. Defaults Upon Senior Securities

Not applicable.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

Not applicable.

## Item 6. Exhibits

## Exhibits Description

<sup>11</sup> Statement re computation of per share earnings; an exhibit describing the computation of the earnings per share for the three months ended March 31, 2016 and 2015 has been omitted as the detail necessary to determine the computation of earnings per share can be clearly determined from the material contained in Part I of this Quarterly Report on Form 10-Q.

31.1\* Certification of the President and Chief Executive Officer required by Rule 13a-14(a)/15d-14(a).

31.2\* Certification of the Executive Vice President and Chief Financial Officer required by Rule 13a-14(a)/15d-14(a).

32.1\* Certification of the President and Chief Executive Officer required pursuant to 18 U.S.C Section 1350.

32.2\* Certification of the Executive Vice President and Chief Financial Officer required pursuant to 18 U.S.C Section 1350.

All other exhibits for which provision is made in the applicable accounting regulation of the United States Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

\* Filed herein.

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SIGNATURES

Pursuant to the requirements of the United States Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Triple-S Management Corporation  
Registrant

Date: May 6, 2016 By: /s/ Roberto García-Rodríguez  
Roberto García-Rodríguez  
President and Chief Executive Officer

Date: May 6, 2016 By: /s/ Juan J. Román-Jiménez  
Juan J. Román-Jiménez  
Executive Vice President and Chief Financial Officer