

TRIPLE-S MANAGEMENT CORP

Form 10-Q/A

August 15, 2003

United States Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q/A
AMENDMENT NO. 1

(Mark One)

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

For the quarterly period ended June 30, 2003

OR

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER: 0-49762

TRIPLE-S MANAGEMENT CORPORATION

(Exact name of registrant as specified in its charter)

Puerto Rico
(State or other jurisdiction of incorporation or organization)

66-0555678
(I.R.S. Employer Identification No.)

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

00920
(Zip code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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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 June 30, 2003</u>
Common Stock, \$40.00 par value	9,210
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TRIPLE-S MANAGEMENT CORPORATION**FORM 10-Q**

For the Quarter Ended June 30, 2003

EXPLANATORY NOTE

This Amendment No. 1 to Form 10-Q for the quarter ended on June 30, 2003 (the Form 10-Q) is being filed for the purpose of correcting the following: (i) make the presentation on the Corporation's comprehensive income on pages 5 and 19 from January 1, 2003 to June 30, 2003; and (ii) amend the narrative presentation and tables of Note 8 to the Corporation's Consolidated Financial Statements as of June 30, 2003. No other changes are being made by means of this filing.

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Part I FINANCIAL INFORMATION**Item 1. Financial Statements****TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES***Consolidated Balance Sheets**(Dollar amounts in thousands)*

	(Unaudited) June 30, 2003	December 31, 2002
ASSETS		
Investments and cash:		
Securities held for trading, at fair value:		
Fixed maturities	\$ 70,471	50,317
Equity securities	49,804	44,621
Securities available for sale, at fair value:		
Fixed maturities	348,090	321,244
Equity securities	46,507	47,406
Securities held to maturity, at amortized cost:		
Fixed maturities	5,823	5,982
Cash and cash equivalents	80,436	82,776
Total investments and cash	<u>601,131</u>	<u>552,346</u>
Premiums and other receivables, net	110,754	88,027
Deferred policy acquisition costs	15,385	13,770
Property and equipment, net	36,394	36,721
Other assets	36,166	34,814
Total assets	<u>\$ 799,830</u>	<u>725,678</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Claim liabilities:		
Claims processed and incomplete	\$ 122,076	127,628
Unreported losses	111,441	103,310
Unpaid loss-adjustment expenses	14,580	13,644
Total claim liabilities	<u>248,097</u>	<u>244,582</u>
Unearned premiums	74,528	70,961
Individual retirement annuities	20,454	15,143
Liability to Federal Employees Health Benefits Program	16,829	7,066
Accounts payable and accrued liabilities	91,900	88,034
Income tax payable	63,669	716
Net deferred tax liability	6,124	8,048
Additional minimum pension liability	9,449	9,449
Loans payable to bank	49,332	50,015
Total liabilities	<u>580,382</u>	<u>494,014</u>
Stockholders equity:		
Common stock, \$40 par value. Authorized 12,500 shares; issued and outstanding 9,210 and 9,337 at June 30, 2003 and December 31, 2002, respectively	368	373

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Additional paid-in capital	150,407	150,406
Retained earnings	52,690	62,499
Accumulated other comprehensive income	15,983	18,386
	<hr/>	<hr/>
Total stockholders' equity	219,448	231,664
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 799,830	725,678
	<hr/>	<hr/>

See accompanying notes to unaudited consolidated financial statements.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES*Consolidated Statements of Operations (Unaudited)*

For the three months and six months periods ended June 30, 2003 and 2002

(Dollar amounts in thousands, except net income per share)

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
REVENUES:				
Premiums earned, net	\$ 313,789	308,478	629,345	618,320
Amounts attributable to self-funded arrangements	40,181	37,427	80,184	72,265
Less amounts attributable to claims under self-funded arrangements	(37,191)	(36,379)	(74,550)	(68,837)
	<u>316,779</u>	<u>309,526</u>	<u>634,979</u>	<u>621,748</u>
Net investment income	6,286	6,359	12,384	12,349
Net realized investment gains (losses)	6,644	6	3,621	(150)
Net unrealized investment gain (losses) on trading securities	7,276	(5,662)	9,368	(5,377)
Other income, net	1,524	211	2,374	424
	<u>338,509</u>	<u>310,440</u>	<u>662,726</u>	<u>628,994</u>
Total revenue				
BENEFITS AND EXPENSES:				
Claims incurred	259,172	260,878	530,003	532,651
Operating expenses, net of reimbursement for services	39,917	38,642	78,407	77,353
Interest expense	765	872	1,468	1,991
	<u>299,854</u>	<u>300,392</u>	<u>609,878</u>	<u>611,995</u>
Total benefits and expenses				
Income before taxes	38,655	10,048	52,848	16,999
	<u>38,655</u>	<u>10,048</u>	<u>52,848</u>	<u>16,999</u>
INCOME TAX EXPENSE (BENEFIT):				
Current	63,909	318	64,286	517
Deferred	(1,968)	463	(1,629)	764
	<u>61,941</u>	<u>781</u>	<u>62,657</u>	<u>1,281</u>
Total income taxes				
Net income (loss)	\$ (23,286)	9,267	(9,809)	15,718
	<u>\$ (23,286)</u>	<u>9,267</u>	<u>(9,809)</u>	<u>15,718</u>
Basic net income (loss) per share (see note 7)	\$ (2,514)	527	(1,055)	1,030
	<u>\$ (2,514)</u>	<u>527</u>	<u>(1,055)</u>	<u>1,030</u>

See accompanying notes to unaudited consolidated financial statements.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES

*Consolidated Statements of Stockholders' Equity and
Comprehensive Income (Unaudited)*

For the three months and six months periods
ended June 30, 2003 and 2002
(Dollar amounts in thousands)

	<u>2003</u>	<u>2002</u>
BALANCE AT JANUARY 1	\$ 231,664	186,028
Stock redemption	(4)	(4)
Comprehensive income:		
Net income (loss)	(9,809)	15,718
Net unrealized change in investment securities	(4,581)	5,249
Net change in minimum pension liability	2,715	
Net change in fair value of cash flow hedges	(537)	
	<u> </u>	<u> </u>
Total comprehensive income (loss)	(12,212)	20,967
	<u> </u>	<u> </u>
BALANCE AT JUNE 30	\$ 219,448	206,991
	<u> </u>	<u> </u>

See accompanying notes to unaudited consolidated financial statements.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES*Consolidated Statements of Cash Flows (Unaudited)*

For the six months periods ended June 30, 2003 and 2002

(Dollar amounts in thousands)

	Six months ended June 30,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Premiums collected	\$ 614,467	600,770
Cash paid to suppliers and employees	(83,675)	(72,893)
Claims, losses and benefits paid	(526,488)	(518,601)
Interest received	12,561	11,331
Proceeds from trading securities sold or matured:		
Fixed maturities sold	31,148	76,122
Equity securities	10,512	9,609
Acquisitions of investments in trading portfolio:		
Fixed maturities	(49,452)	(74,557)
Equity securities	(11,217)	(10,137)
Interest paid	(785)	(1,320)
Expense reimbursement from Medicare	6,270	5,982
Contingency reserve funds from FEHBP	13,023	
	<hr/>	<hr/>
Net cash provided by operating activities	16,364	26,306
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments sold or matured:		
Securities available for sale:		
Fixed maturities sold	42,555	15,597
Fixed maturities matured	124,619	57,392
Equity securities	9,675	2,642
Securities held to maturity:		
Fixed maturities matured	150	1,433
Acquisitions of investments:		
Securities available for sale:		
Fixed maturities	(193,820)	(96,264)
Equity securities	(4,010)	
Capital expenditures	(2,525)	(3,250)
Proceeds from sale of property and equipment	45	922
	<hr/>	<hr/>
Net cash used in investing activities	(23,311)	(21,528)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in outstanding checks in excess of bank balances	666	(151)
Payments of long term debt	(683)	(1,933)
Redemption of common stock	(4)	(4)
Proceeds from individual retirement annuities	5,716	791
Surrenders of individual retirement annuities	(1,088)	(4,425)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	4,607	(5,722)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(2,340)	(944)
Cash and cash equivalents at beginning of the period	82,776	80,970
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	\$ 80,436	80,026

See accompanying notes to unaudited consolidated financial statements.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

(1) Basis of Presentation

The accompanying consolidated interim financial statements prepared by Triple-S Management Corporation (TSM) and its subsidiaries (the Corporation) are unaudited, except for the balance sheet information as of December 31, 2002, which is derived from the Corporation's audited consolidated financial statements, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Accordingly, the consolidated interim financial statements do not include all of the information and the footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. These consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Corporation's Form 10-K for the year ended December 31, 2002.

Certain amounts in prior period financial statements were reclassified to conform to the 2003 presentation.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of such consolidated interim financial statements have been included. The results of operations for the three months and six months period ended June 30, 2003 are not necessarily indicative of the results for the full year.

(2) Segment Information

The following tables summarize the operations by major operating segment for the three months and six months period ended June 30, 2003 and 2002:

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

	Operating Segments					Total
	Health Insurance Commercial Program	Health Insurance Reform Program	Property and Casualty Insurance	Life and Disability Insurance	Other *	
THREE MONTHS PERIOD ENDED JUNE 30, 2003						
Premiums earned, net	\$ 168,478	122,852	18,254	4,205		313,789
Amounts attributable to self-funded arrangements	40,181					40,181
Less: Amounts attributable to claims under self-funded arrangements	(37,191)					(37,191)
Intersegment premiums earned/service revenues	551				11,027	11,578
	172,019	122,852	18,254	4,205	11,027	328,357
Net investment income	2,654	1,279	1,700	557		6,190
Realized gain on sale of securities	4,737	189	620	448		5,994
Unrealized gain (loss) on trading securities	5,028	1,385	956	(93)		7,276
Other	77	(8)	1,391	(98)		1,362
Total revenues	\$ 184,515	125,697	22,921	5,019	11,027	349,179
Net income	\$ 19,435	3,505	2,899	1,498	420	27,757
Claims incurred	\$ 138,164	108,786	10,645	1,577		259,172
Operating expenses	\$ 21,861	8,428	8,966	1,608	10,693	51,556
Depreciation expense, included in operating expenses	\$ 1,054		66	31		1,151
Interest expense	\$ 168	104		158		430
Income taxes	\$ 4,887	4,874	411	178	(86)	10,264

* Includes segments which are not required to be reported separately. These segments include the data processing services organization as well as the third party administrator of the health insurance services.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

	Operating Segments					Total
	Health Insurance Commercial Program	Health Insurance Reform Program	Property and Casualty Insurance	Life and Disability Insurance	Other *	
THREE MONTHS PERIOD ENDED JUNE 30, 2002						
Premiums earned, net	\$ 167,190	123,079	14,364	3,845		308,478
Amounts attributable to self-funded arrangements	37,427					37,427
Less: Amounts attributable to claims under self-funded arrangements	(36,379)					(36,379)
Intersegment premiums earned/service revenues	684				12,691	13,375
	168,922	123,079	14,364	3,845	12,691	322,901
Net investment income	2,759	1,297	1,656	571		6,283
Realized gain (loss) on sale of securities	113	(170)	71	(8)		6
Unrealized loss on trading securities	(4,442)	(387)	(833)			(5,662)
Other	62	(8)	30	29		113
Total revenues	\$ 167,414	123,811	15,288	4,437	12,691	323,641
Net income (loss)	\$ 6,898	(555)	1,411	1,523	207	9,484
Claims incurred	\$ 137,558	113,711	8,287	1,322		260,878
Operating expenses	\$ 22,752	10,465	5,141	1,274	12,337	51,969
Depreciation expense, included in operating expenses	\$ 1,739		117	14		1,870
Interest expense	\$ 206	190		173		569
Income taxes	\$		449	145	147	741

* Includes segments which are not required to be reported separately. These segments include the data processing services organization as well as the third party administrator of the health insurance services.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

	Operating Segments					Total
	Health Insurance Commercial Program	Health Insurance Reform Program	Property and Casualty Insurance	Life and Disability Insurance	Other *	
SIX MONTHS PERIOD ENDED JUNE 30, 2003						
Premiums earned, net	\$ 343,983	238,647	37,307	9,408		629,345
Amounts attributable to self-funded arrangements	80,184					80,184
Less: Amounts attributable to claims under self-funded arrangements	(74,550)					(74,550)
Intersegment premiums earned/service revenues	1,246				22,143	23,389
	<u>350,863</u>	<u>238,647</u>	<u>37,307</u>	<u>9,408</u>	<u>22,143</u>	<u>658,368</u>
Net investment income	5,273	2,553	3,344	1,080		12,250
Realized gain (loss) on sale of securities	2,434	(109)	195	451		2,971
Unrealized gain (loss) on trading securities	6,578	1,622	1,261	(93)		9,368
Other	109	(15)	2,097	(55)		2,136
	<u>365,257</u>	<u>242,698</u>	<u>44,204</u>	<u>10,791</u>	<u>22,143</u>	<u>685,093</u>
Total revenues	\$ 365,257	242,698	44,204	10,791	22,143	685,093
	<u>24,289</u>	<u>7,920</u>	<u>5,466</u>	<u>3,103</u>	<u>716</u>	<u>41,494</u>
Net income	\$ 24,289	7,920	5,466	3,103	716	41,494
	<u>292,721</u>	<u>212,953</u>	<u>20,455</u>	<u>3,874</u>		<u>530,003</u>
Claims incurred	\$ 292,721	212,953	20,455	3,874		530,003
	<u>43,020</u>	<u>16,746</u>	<u>17,485</u>	<u>3,166</u>	<u>21,351</u>	<u>101,768</u>
Operating expenses	\$ 43,020	16,746	17,485	3,166	21,351	101,768
	<u>2,034</u>		<u>202</u>	<u>60</u>		<u>2,296</u>
Depreciation expense, included in operating expenses	\$ 2,034		202	60		2,296
	<u>340</u>	<u>205</u>		<u>314</u>		<u>859</u>
Interest expense	\$ 340	205		314		859
	<u>4,887</u>	<u>4,874</u>	<u>798</u>	<u>334</u>	<u>76</u>	<u>10,969</u>
Income taxes	\$ 4,887	4,874	798	334	76	10,969

* Includes segments which are not required to be reported separately. These segments include the data processing services organization as well as the third party administrator of the health insurance services.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

	Operating Segments					Total
	Health Insurance Commercial Program	Health Insurance Reform Program	Property and Casualty Insurance	Life and Disability Insurance	Other *	
SIX MONTHS PERIOD ENDED JUNE 30, 2002						
Premiums earned, net	\$ 332,684	247,526	30,452	7,658		618,320
Amounts attributable to self-funded arrangements	72,265					72,265
Less: Amounts attributable to claims under self-funded arrangements	(68,837)					(68,837)
Intersegment premiums earned/service revenues	1,352				24,165	25,517
	337,464	247,526	30,452	7,658	24,165	647,265
Net investment income	5,317	2,485	3,234	1,161		12,197
Realized gain (loss) on sale of securities	(61)	(167)	16	62		(150)
Unrealized loss on trading securities	(4,056)	(653)	(668)			(5,377)
Other	97	(22)	100	53		228
Total revenues	\$ 338,761	249,169	33,134	8,934	24,165	654,163
Net income (loss)	\$ 10,425	(407)	3,143	2,287	475	15,923
Claims incurred	\$ 283,362	229,695	16,088	3,506		532,651
Operating expenses	\$ 44,555	19,464	13,267	2,550	23,395	103,231
Depreciation expense, included in operating expenses	\$ 2,830		240	27		3,097
Interest expense	\$ 419	417		395		1,231
Income taxes	\$		636	196	295	1,127

* Includes segments which are not required to be reported separately. These segments include the data processing services organization as well as the third party administrator of the health insurance services.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES*Notes to Consolidated Financial Statements*

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

Balance Sheet Items

	Operating Segments					Total
	Health Insurance Commercial Program	Health Insurance Reform Program	Property and Casualty Insurance	Life and Disability Insurance	Other *	
AS OF JUNE 30, 2003						
Segment assets	\$366,715	119,059	229,947	61,425	2,348	779,494
Significant noncash items:						
Net change in unrealized gain on securities available for sale	\$ (3,987)	(409)	(105)	289		(4,212)
Net change in minimum pension liability	2,715					2,715
AS OF DECEMBER 31, 2002						
Segment assets	\$324,628	115,499	205,753	51,354	1,633	698,867
Significant noncash items:						
Net change in unrealized gain on securities available for sale	\$ 3,928	598	652	613		5,791
Net change in minimum pension liability	(6,961)		(231)	(102)	(633)	(7,927)

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES*Notes to Consolidated Financial Statements*

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

**RECONCILIATION OF REPORTABLE SEGMENT TOTALS
WITH FINANCIAL STATEMENTS**

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
TOTAL REVENUES				
Total revenues for reportable segments	\$ 338,152	310,950	662,950	629,998
Total revenues for other segments	11,027	12,691	22,143	24,165
	<u>349,179</u>	<u>323,641</u>	<u>685,093</u>	<u>654,163</u>
Elimination of intersegment earned premiums	(551)	(684)	(1,246)	(1,352)
Elimination of intersegment service revenues	(11,027)	(12,691)	(22,143)	(24,165)
Unallocated amount revenues from external sources	908	174	1,022	348
	<u>(10,670)</u>	<u>(13,201)</u>	<u>(22,367)</u>	<u>(25,169)</u>
Consolidated total revenues	<u>\$ 338,509</u>	<u>310,440</u>	<u>662,726</u>	<u>628,994</u>
NET INCOME (LOSS)				
Net income for reportable segments	\$ 27,337	9,277	40,778	15,448
Net income for other segments	420	207	716	475
	<u>27,757</u>	<u>9,484</u>	<u>41,494</u>	<u>15,923</u>
Elimination of TSM charges:				
Rent expense	1,487	1,546	3,051	3,092
Interest expense	168	206	340	419
	<u>1,655</u>	<u>1,752</u>	<u>3,391</u>	<u>3,511</u>
Unallocated amounts related to TSM:				
Income tax expense	(51,677)		(51,688)	
General and administrative expenses	(1,426)	(1,594)	(3,079)	(2,731)
Interest expense	(503)	(509)	(949)	(1,179)
Other revenues from external sources	908	134	1,022	194
	<u>(52,698)</u>	<u>(1,969)</u>	<u>(54,694)</u>	<u>(3,716)</u>
Consolidated net income (loss)	<u>\$ (23,286)</u>	<u>9,267</u>	<u>(9,809)</u>	<u>15,718</u>

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES*Notes to Consolidated Financial Statements*

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

RECONCILIATION OF REPORTABLE SEGMENT TOTALS WITH FINANCIAL STATEMENTS**Three months period ended June 30, 2003**

	Segment Totals	Adjustments *	Consolidated Totals
Claims incurred	\$ 259,172		259,172
Operating expenses	51,556	(11,639)	39,917
Depreciation expense	1,151	278	1,429
Interest expense	430	335	765
Income taxes	10,264	51,677	61,941

Three months period ended June 30, 2002

	Segment Totals	Adjustments *	Consolidated Totals
Claims incurred	\$ 260,878		260,878
Operating expenses	51,969	(13,327)	38,642
Depreciation expense	1,870	291	2,161
Interest expense	569	303	872
Income taxes	741	40	781

Six months period ended June 30, 2003

	Segment Totals	Adjustments *	Consolidated Totals
Claims incurred	\$ 530,003		530,003
Operating expenses	101,768	(23,361)	78,407
Depreciation expense	2,296	556	2,852
Interest expense	859	609	1,468
Income taxes	10,969	51,688	62,657

Six months period ended June 30, 2002

	Segment Totals	Adjustments *	Consolidated Totals
Claims incurred	\$ 532,651		532,651
Operating expenses	103,231	(25,878)	77,353
Depreciation expense	3,097	576	3,673
Interest expense	1,231	760	1,991
Income taxes	1,127	154	1,281

* Adjustments represent TSM operations and the elimination of intersegment charges.

TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES*Notes to Consolidated Financial Statements*

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

RECONCILIATION OF REPORTABLE SEGMENT TOTALS WITH FINANCIAL STATEMENTS

	June 30, 2003	December 31, 2002
ASSETS		
Total assets for reportable segments	\$ 777,146	697,234
Total assets for other segments	2,348	1,633
	<u>779,494</u>	<u>698,867</u>
Elimination entries - intersegment receivables	(15,565)	(7,690)
Unallocated amounts:		
TSM cash, cash equivalents and investments	8,428	6,424
TSM net property and equipment	27,211	27,755
TSM other assets	262	322
	<u>35,901</u>	<u>34,501</u>
Consolidated assets	<u>\$ 799,830</u>	<u>725,678</u>

OTHER SIGNIFICANT ITEMS**As of June 30, 2003**

	Segment Totals	Adjustments *	Consolidated Totals
Significant noncash item:			
Net change in unrealized gain on securities available for sale	\$(4,212)	(369)	(4,581)
Net change in minimum pension liability	2,715		2,715

As of December 31, 2002

	Segment Totals	Adjustments *	Consolidated Totals
Significant noncash items:			
Net change in unrealized gain on securities available for sale	\$ 5,791	195	5,986
Net change in minimum pension liability	(7,927)	(187)	(8,114)

* Adjustments represent TSM operations and the elimination of intersegment charges.

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TRIPLE-S MANAGEMENT CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2003

(Dollar amounts in thousands)

(Unaudited)

(3) Investment in Securities

The Corporation's investment at June 30, 2003 and December 31, 2002, consist of the following:

	(Unaudited) June 30, 2003	December 31, 2002
Trading securities, at fair value	\$ 120,275	94,938
Available for sale, at fair value	394,597	368,650
Held to maturity, at amortized cost	5,823	5,982
	<u> </u>	<u> </u>
Total investments	<u>\$ 520,695</u>	<u>469,570</u>

The amortized cost for debt securities and equity securities, gross unrealized gain, gross unrealized losses, and estimated fair value for trading, available for sale and held to maturity securities by major security type and class of security at June 30, 2003 and December 31, 2002, were as follows:

	June 30, 2003 (Unaudited)			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Trading securities:				
Fixed maturities	\$ 66,456	4,229	(214)	70,471
Equity securities	48,881	4,833	(3,910)	49,804
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 115,337</u>	<u>9,062</u>	<u>(4,124)</u>	<u>120,275</u>

	June 30, 2003 (Unaudited)			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Securities available for sale:				
Fixed maturities	\$ 342,429	6,454		