JOHNSON LAMBERT LLP

MedMal Direct Insurance Company

Audited Financial Statements - Statutory Basis

Years ended December 31, 2013 and 2012
with Report of Independent Auditors

MedMal Direct Insurance Company

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Years ended December 31, 2013 and 2012

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JOHNSON LAMBERT LLP

Report of Independent Auditors

Board of Directors
MedMal Direct Insurance Company

We have audited the accompanying statutory basis financial statements of MedMal Direct Insurance Company ("the Company"), which comprise the statutory statements of admitted assets, liabilities, surplus and other funds as of December 31, 2013 and 2012, and the related statutory statements of income, changes in surplus, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the Florida Office of Insurance Regulation ("statutory accounting practices"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statutory basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A to the financial statements, the Company prepared these financial statements using statutory accounting practices, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the previous paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of MedMal Direct Insurance Company as of December 31, 2013 and 2012, or the results of its operations or cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, surplus and other funds of MedMal Direct Insurance Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note A.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risk Interrogatories of the Company as of December 31, 2013, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Florida Office of Insurance Regulation. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audits of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the statutory basis financial statements as a whole.

Johnson Lambert LLP

Jacksonville, Florida
May 29, 2014

MedMal Direct Insurance Company

Statements of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory Basis

	As of December 31, 2013	As of December 31, 2012
Admitted assets		
Bonds	$ 14,199,163	$ 9,529,926
Common stocks	2,009,644	1,650,427
Preferred stocks	271,071	-
Cash and short term investments	2,944,539	3,476,203
Total cash and invested assets	19,424,417	14,656,556
Accrued interest and dividends	76,899	16,874
Premium receivable	2,746,301	1,883,164
Net deferred tax asset	669,252	879,393
Guaranty funds on deposit	18,087	33,009
Total admitted assets	$ 22,934,956	$ 17,468,996
Liabilities, surplus and other funds		
Liabilities:		
Reserve for losses	$ 5,972,774	$ 3,032,863
Reserve for loss adjustment expenses	1,615,757	896,208
Unearned premiums	4,708,968	3,729,734
Advance premiums	633,954	547,660
Ceded reinsurance premiums payable	(1,111,704)	(985,998)
Current federal income tax payable	3,409	-
Other accrued expenses	585,855	144,248
Taxes, licenses and fees payable	40,965	32,622
Payable to affiliates	34,495	-
Payable for securities	-	1,150,579
Total liabilities	12,484,473	8,547,916
Surplus and other funds:		
Common stock, $.50 and $1 par value, 10,000,000 shares authorized, 9,500,360 and 9,500,120 shares issued and outstanding at 2013 and 2012 respectively	4,750,180	9,500,120
Gross paid in and contributed surplus	7,149,820	1,199,880
Unassigned funds	(1,449,517)	(1,778,920)
Total surplus and other funds	10,450,483	8,921,080
Total liabilities, surplus and other funds	$ 22,934,956	$ 17,468,996

See accompanying notes to the statutory basis financial statements

MedMal Direct Insurance Company

Statements of Income - Statutory Basis

	Years ended December 31, 2013	2012
Underwriting income		
Premiums earned	$ 9,532,989	$ 6,268,820
Deductions:		
Losses incurred	3,668,912	2,821,216
Loss adjustment expenses incurred	2,007,655	1,252,873
Other underwriting expenses incurred	3,749,302	3,337,012
Total underwriting deductions	9,425,869	7,411,101
Net underwriting gain (loss)	107,120	(1,142,281)
Investment income		
Net investment income	359,624	235,241
Net realized capital gains	321,711	311,057
Net investment gain	681,335	546,298
Other income		
Other miscellaneous income	-	18,215
Total other income	-	18,215
Net income (loss) before federal income tax expense	788,455	(577,768)
Federal income tax expense	(15,409)	-
Net income (loss)	$ 773,046	$ (577,768)

See accompanying notes to the statutory basis financial statements

MedMal Direct Insurance Company

Statements of Changes in Surplus - Statutory Basis

	Years ended December 31, 2013	2012
Surplus, beginning of year	$ 8,921,080	$ 5,513,526
Net income (loss)	773,046	(577,768)
Change in net deferred tax asset	(211,060)	268,645
Change in non-admitted assets	(97,312)	(188,143)
Change in unrealized capital gains	(135,271)	(28,515)
Issuance of common stock	120	2,500,120
Gross paid in and contributed surplus	1,199,880	1,199,880
Effect of new accounting pronouncement	-	233,335
Surplus, end of year	$ 10,450,483	$ 8,921,080

See accompanying notes to the statutory basis financial statements

MedMal Direct Insurance Company

Statements of Cash Flows - Statutory Basis

	Years ended December 31, 2013	2012
Cash flows from operating activities		
Premiums collected	$ 9,609,675	$ 6,031,264
Net investment income	314,278	243,620
Miscellaneous income	-	18,215
Benefits and loss related payments, net	(729,000)	(893,000)
Commissions, expenses, paid and aggregate write-ins for deductions	(4,587,459)	(3,966,763)
Federal income taxes paid	(12,000)	-
Net cash from operating activities	4,595,494	1,433,336
Cash flows from investing activities		
Proceeds from investments sold, matured, or repaid:		
Bonds	3,980,636	9,963,925
Stocks	6,651,072	1,792,685
Miscellaneous proceeds	-	1,150,579
Total investment proceeds	10,631,708	12,907,189
Cost of investments acquired:		
Bonds	8,808,305	15,114,102
Stocks	7,020,851	2,568,410
Miscellaneous applications	1,150,579	-
Total investments acquired	16,979,735	17,682,512
Net cash from investing activities	(6,348,027)	(4,775,323)
Cash flows from financing activities		
Capital and paid in surplus	1,200,000	3,700,000
Other cash provided (applied)	20,869	(162,978)
Net cash from financing activities	1,220,869	3,537,022
Net change in cash and short term investments	(531,664)	195,035
Cash and short term investments, beginning of period	3,476,203	3,281,168
Cash and short term investments, end of year	$ 2,944,539	$ 3,476,203

See accompanying notes to the statutory basis financial statements

Note A - Organization and Significant Accounting Policies

Organization
MedMal Direct Insurance Company (“the Company”) was organized to provide medical professional liability insurance directly to physicians and surgeons of all specialties, corporations of physicians and surgeons and ancillary clinical personnel within the states of Florida, Georgia, Texas, and North Carolina. The Company received its Certificate of Authority to write in the State of Florida on June 17, 2010. The Company is 100% owned by MedMal Direct Insurance Group, LLC (“Parent”).

Basis of Reporting
For regulatory purposes, the Company prepares its statutory financial statements in accordance with accounting practices prescribed or permitted by the Florida Office of Insurance Regulation ("statutory basis"). Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners ("NAIC"), as well as state laws, regulations and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The NAIC Accounting Practices and Procedures Manual ("NAIC Statutory Accounting Practices") has been adopted as a component of prescribed or permitted practices by the Florida Office of Insurance Regulation ("FOIR"). There are no differences between statutory capital and surplus as presented in these financial statements as prescribed or permitted by the FOIR and NAIC Statutory Accounting Practices.

Statutory accounting practices vary from accounting principles generally accepted in the United States of America ("GAAP"). The more significant variances from GAAP are as follows:

- Under SAP, investments in bonds are generally carried at amortized cost. Under GAAP, investments in bonds are classified as held-to-maturity, available-for-sale or trading securities. Securities classified as held-to-maturity are recorded at amortized cost. Securities classified as available-for-sale are recorded at fair value with unrealized holding gains and losses reported as a separate component of shareholders' equity. Securities classified as trading securities are also recorded at fair value with unrealized holding gains and losses recorded as a component of earnings.
- Policy acquisition costs are charged to operations in the year such costs are incurred, rather than being deferred and amortized as premiums are earned over the terms of the policies as would be required under GAAP.
- Certain assets, including prepaid expenses, furniture and equipment, certain receivables and portions of the deferred income tax asset are non-admitted for statutory purposes. Changes in non-admitted assets are charged directly to surplus.

Note A - Organization and Significant Accounting Policies (Continued)

- Reserves for losses, loss adjustment expenses and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as would be required under GAAP.
- For statutory purposes, changes in deferred income taxes relating to temporary differences between net income for financial reporting purposes and taxable income are recognized as a separate component of gains and losses in surplus rather than included in income tax expense or benefit as would be required under GAAP.
- The statutory statement of cash flows does not classify cash flow consistent with GAAP, and a reconciliation of net income to net cash provided by operating activities is not included.

Use of Estimates
The preparation of statutory basis financial statements requires the Company to use estimates and assumptions that affect the reported amounts of admitted assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments
Investments are valued in accordance with the requirements of the NAIC. In general, bonds with NAIC designations of 1 or 2 are carried at amortized cost. Bonds with NAIC designations of 3 or greater are carried at the lower of cost or fair value. Common stocks of unaffiliated companies and perpetual preferred stocks are carried at fair value based on quoted market prices with changes in fair value reflected as a direct credit or charge to surplus, net of tax. Interest income on bonds is recognized when earned; dividends are recorded when declared. Realized gains and losses on sales of invested assets are determined on the basis of specific identification.

When, in the opinion of management, a decline in the estimated fair value of an investment is considered to be other-than-temporary, the investment is written down to its estimated fair value as a realized loss. The determination of other-than-temporary declines in value includes, among other things, consideration of the nature of the individual issue and the severity and duration of the impairment. For the years ended December 31, 2013 and 2012, the Company did not determine any investments to be other than temporarily impaired.

Note A - Organization and Significant Accounting Policies (Continued)

Cash and Short Term Investments
Cash includes demand deposits and is carried at cost, which approximates fair value. Short term investments include money market funds and investments with maturities of less than one year at the date of acquisition, and are reported at amortized cost, which approximates fair value. The Federal Deposit Insurance Corporation ("FDIC") insures amounts on deposit with each financial institution up to limits as prescribed by law. The Company may hold funds with financial institutions in excess of the FDIC insured amount, however, the Company has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Guaranty Fund Assessments
The Company is subject to guaranty fund assessments in the states where it operates. The Company's policy is to recognize its obligations for these assessments when the Company has the information available to reasonably estimate its liabilities. Assessments are generally available for recoupment from policyholders or against future premium taxes; and as such, amounts assessed have been recorded as a recoverable asset. No assessments were charged to expense for the years ended December 31, 2013 and 2012.

Reinsurance
The Company relies on ceded reinsurance to limit its retained insurance risk as described further in Note B. In entering into reinsurance agreements, management considers a variety of factors including the creditworthiness of reinsurers. In preparing financial statements, management makes estimates of amounts receivable from reinsurers, which includes consideration of amounts, if any, estimated to be uncollectible based on an assessment of factors including an assessment of the creditworthiness of the reinsurers. Management has determined that no provision for uncollectible reinsurance is necessary as of December 31, 2013 and 2012.

Reinsurance contracts do not relieve the Company from its obligations to policyholders. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

Liability for Losses and Loss Adjustment Expenses
The liabilities for losses and loss adjustment expenses ("LAE") represent the estimated ultimate cost of all reported and unreported losses that are unpaid as of the balance sheet date. Such amounts are estimated using individual case-basis valuations and statistical analyses, and are not discounted. Although considerable variability is inherent in such estimates, management believes that the recorded liabilities for losses and loss adjustment expenses are adequate. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are made as necessary. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Note A - Organization and Significant Accounting Policies (Continued)

Premiums
Premiums written are earned ratably over the terms of the policies. Premiums written relating to the unexpired portion of policies in force at the balance sheet date are recorded as unearned premiums. Advance premiums represent cash received from policyholders related to policies that are not yet in effect.

If anticipated losses, loss adjustment expenses and maintenance costs exceed the recorded unearned premium reserve, a premium deficiency is recognized by recording an additional liability equal to the deficiency. The Company anticipates investment income as a factor in the assessment of premium deficiency reserves. No premium deficiency reserve has been recorded as of December 31, 2013 or 2012.

Income Taxes
The Company files separate, stand alone federal and state tax returns. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying values of existing assets and liabilities and their respective tax basis, as well as for various tax carryforwards. Gross deferred tax assets are reduced by non-admitted amounts, generally those expected to be realized beyond three years from the financial statement date. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. For statutory purposes, the change in the net deferred tax asset is credited or charged directly to surplus.

The Company has analyzed filing positions in the federal and state jurisdictions where it is required to file a tax return. The Company believes that its federal income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain federal income tax positions have been recorded.

Reclassifications
Certain balances in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Subsequent Events
The Company has evaluated subsequent events for disclosure and recognition through May 29, 2014, the date on which these financial statements were available to be issued.

Note B - Insurance Activity

Premium activity for the years ended December 31, are summarized as follows:

	Direct	Ceded	Net
2013			
Premiums written	$ 10,940,473	$ (428,250)	$ 10,512,223
Change in unearned premiums	(979,234)	-	(979,234)
Net premiums earned	$ 9,961,239	$ (428,250)	$ 9,532,989

	Direct	Ceded	Net
2012			
Premiums written	$ 8,120,879	$ (301,373)	$ 7,819,506
Change in unearned premiums	(1,550,686)	-	(1,550,686)
Net premiums earned	$ 6,570,193	$ (301,373)	$ 6,268,820

Activity in the liability for losses and LAE is summarized as follows:

	2013	2012
Net balance, beginning of year	$ 3,929,071	$ 1,398,309
Add provision for claims, net of reinsurance		
Incurred related to:		
Current year	6,196,000	4,112,000
Prior years	(519,433)	(37,911)
Total incurred during the year	5,676,567	4,074,089
Deduct payments for claims, net of reinsurance		
Paid related to:		
Current year	950,000	1,300,000
Prior years	1,067,107	243,327
Total paid	2,017,107	1,543,327
Net balance, end of year	$ 7,588,531	$ 3,929,071

The estimate of the liability for losses and loss adjustment expenses is subject to change based on the future dynamics of each individual claim until said claim is closed. As a result of changes in estimates and insured events in prior years, the net loss and loss adjustment expenses incurred decreased due to favorable case closures and refinements to prior years' ultimate loss projections.

Note B - Insurance Activity (Continued)

The components of the liability for losses and LAE are as follows:

	2013	2012
Case-basis reserves	$ 3,187,803	$ 1,245,703
Supplemental reserves	4,400,728	2,683,368
	$ 7,588,531	$ 3,929,071

The Company writes certain high deductible policies. Under SAP, reserves for losses and LAE are to be established net of the reserves for claims arising under high deductible policies expected to be reimbursed by the insured. Reserves for losses and LAE are net of a deductible credit of approximately $253,000 and $302,500 related to reserves that are the responsibility of certain insured's under the terms of the related deductible plans as of December 31, 2013 and 2012, respectively. During 2013, $150,000 of high deductibles were billed and collected.

During 2011, the Company purchased excess of loss reinsurance coverage from private reinsurers in order to limit its financial exposure to large claims. The treaty period covers claims made from March 1, 2011 through March 1, 2014. Under the per risk coverage, the reinsurers shall pay up to $750,000 per loss, per insured, in excess of $250,000. Under the clash coverage, the reinsurers shall pay up to $500,000 per loss occurrence, in excess of $500,000 per loss occurrence. Each loss occurrence under the clash coverage provision must be comprised of at least three insureds. Under the excess coverage, the reinsurers shall pay up to $2,000,000 per loss, per insured, in excess of $1,000,000. The reinsurance treaty provides for adjustable premiums based on ceded losses. Management periodically re-evaluates ceded premiums based on ceded incurred losses. Such adjustments are recorded in the period when they become known. There were no ceded incurred losses during the years ended December 31, 2013 and 2012.

MedMal Direct Insurance Company

Notes to Statutory Basis Financial Statements (Continued)

Note C - Investments

The amortized cost/ cost, gross unrealized gains, gross unrealized losses and fair value of investments as of December 31, are summarized as follows:

2013	Amortized Cost/ Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
Political subdivisions of states, territories, and possessions	$ 6,163,003	$ 3,568	$ (348,726)	$ 5,817,845
Special revenue	3,695,608	5,657	(7,957)	3,693,308
Mortgage-backed securities	998,365	2,875	-	1,001,240
Bank certificate of deposits	2,750,000	-	-	2,750,000
Industrial and miscellaneous	592,187	-	(32,048)	560,139
Total bonds	$ 14,199,163	$ 12,100	$ (388,731)	$ 13,822,532
Common stocks	$ 2,133,072	$ 48,599	$ (172,027)	$ 2,009,644
Preferred stocks	$ 299,922	$ -	$ (28,851)	$ 271,071

2012	Amortized Cost/ Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
Political subdivisions of states, territories, and possessions	$ 4,736,026	$ 1,902	$ (67,283)	$ 4,670,645
Bank certificate of deposits	3,496,000	-	-	3,496,000
Industrial and miscellaneous	1,297,900	12,995	(3,508)	1,307,387
Total bonds	$ 9,529,926	$ 14,897	$ (70,791)	$ 9,474,032
Common stocks	$ 1,671,485	$ 14,950	$ (36,008)	$ 1,650,427

Note C - Investments (Continued)

The summary of the amortized cost and fair value of the Company's investment in bonds at December 31, 2013 by contractual maturity, is shown below:

	Amortized Cost	Fair Value
Maturity:		
In 2014	$ 125,000	$ 125,000
In 2015-2018	6,111,116	6,114,451
In 2019-2023	1,405,735	1,401,755
Mortgage-backed securities	998,365	1,001,240
Exchange-traded funds	5,558,947	5,180,086
Total bonds	$ 14,199,163	$ 13,822,532

The actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Proceeds from sales or maturities of bonds during 2013 and 2012 were $3,980,636 and $9,963,925, respectively. Gross gains of $29,656 and $195,801 were realized on those transactions, respectively. No losses were realized on those transactions.

Proceeds from sales of common stock during 2013 and 2012 were $6,651,072 and $1,792,685, respectively. Gross gains of $292,055 and $115,256 were realized on those transactions, respectively. No losses were realized on those transactions.

There were no proceeds from sales of preferred stock during 2013 and 2012.

Amounts on deposit with state insurance departments in accordance with statutory reserve deposit requirements, were valued at $2,472,347 and $250,000 as of December 31, 2013 and 2012, respectively. The amounts on deposit with the state represent 10.63% of total assets and 10.78% of total admitted assets.

Note C - Investments (Continued)

The following table shows the fair value and gross unrealized losses aggregated by investment category and length of time securities have been in a continuous unrealized loss position, as of December 31:

2013	Less than 12 Months		12 Months or More	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds:				
Political subdivisions of states, territories, and possessions	$ 4,553,296	$ (348,726)	$ -	$ -
Special revenue	1,276,354	(7,957)	-	-
Industrial and miscellaneous	560,139	(32,048)	-	-
Total bonds	$ 6,389,789	$ (388,731)	$ -	$ -
Common stocks	$ 626,743	$ (172,027)	$ -	$ -
Preferred stocks	$ -	$ -	$ 271,071	$ (28,251)

2012	Less than 12 Months		12 Months or More	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds:				
Political subdivisions of states, territories, and possessions	$ 3,931,427	$ (67,283)	$ -	$ -
Industrial and miscellaneous	488,679	(3,508)	-	-
Total bonds	$ 4,420,106	$ (70,791)	$ -	$ -
Common stocks	$ 910,460	$ (36,008)	$ -	$ -

Major categories of the Company's net investment income for the years ended December 31, 2013 and 2012, are summarized as follows:

	2013	2012
Bonds	$ 303,994	$ 68,273
Common stocks	54,623	67,126
Cash and short term investments	9,251	99,907
Gross investment income	367,868	235,306
Investment expenses	(8,244)	(65)
Net investment income	$ 359,624	$ 235,241

Note C - Investments (Continued)

The Company's estimates of fair value for financial assets are based on the framework established by SSAP No. 100 - Fair Value Measurements in the Fair Value Measurements and Disclosures accounting guidance. The framework gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

The Company discloses and consistently follows its policy for determining when transfers between levels are recognized. The policy about the timing of recognizing transfers is the same for transfers into the levels as that for transfers out of the levels. The Company recognizes transfers between levels at the end of the reporting period. There were no transfers between levels during the years ended December 31, 2013 and 2012.

The following shows how the Company's investments are categorized in accordance with SSAP No. 100, as of December 31:

2013	Level 1	Level 2	Level 3	Total
Bonds	$ 7,930,086	$ 5,892,446	$ -	$ 13,822,532
Common stocks	2,009,644	-	-	2,009,644
Preferred stocks	271,071	-	-	271,071
Total	$ 10,210,801	$ 5,892,446	$ -	$ 16,103,247

2012	Level 1	Level 2	Level 3	Total
Bonds	$ 9,150,911	$ 323,121	$ -	$ 9,474,032
Common stocks	1,650,427	-	-	1,650,427
Total	$ 10,801,338	$ 323,121	$ -	$ 11,124,459

Note D - Federal Income Taxes

As of December 31, 2013 and 2012, the Company incurred a provision for federal income taxes of $15,409 and $0, respectively. The provision for federal income taxes incurred is different from that which would be obtained by applying the federal income tax rate to statutory income before income taxes. The items causing this difference relate primarily to the change in non-admitted assets and tax exempt interest.

The components of net deferred tax assets ("DTA's") and deferred tax liabilities ("DTL's") by tax character at December 31, are as follows:

	2013	2012
Gross deferred tax assets	$ 839,363	$ 962,972
Deferred tax assets non-admitted	(126,939)	(58,173)
Total deferred tax assets admitted	712,424	904,799
Deferred tax liabilities	(43,172)	(25,406)
Net admitted deferred tax asset	$ 669,252	$ 879,393

All components of the Company's net deferred tax asset are generated from ordinary income sources with the exception of $79,381 and $10,786 of gross deferred tax assets that are capital in nature at December 31, 2013 and 2012, respectively.

After the Company calculated the amount of its gross deferred tax assets and deferred tax liabilities, it applied the gross deferred tax admissibility test to determine the amount of deferred tax asset that could be admitted under statutory accounting principles. The amount of each result or component of the Company's admissibility calculation at December 31 is as follows:

	2013	2012
Available for recovery from loss carrybacks	$ -	$ -
The lesser of:		
Expected to be realized following the balance sheet date	669,252	879,393
Allowed per limitation threshold	1,467,185	1,206,253
Adjusted gross DTA's offset against existing DTL's	43,172	25,406

Note D - Federal Income Taxes (Continued)

The ratio and amount of adjusted capital and surplus used to determine the recovery period and threshold limitation are as follows:

	December 31, 2013	December 31, 2012
Ratio % used to determine recovery period and threshold limitation amount	470 %	464 %
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation amount	$ 9,781,231	$ 8,041,687

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2013	2012
Deferred tax assets:		
Discounting of unpaid losses and LAE	$ 219,252	$ 123,865
Unearned premiums	365,990	290,863
Net operating loss carryforward	112,451	473,320
Tax credits	15,409	-
Non-admitted assets	46,880	64,138
Unrealized capital losses	79,381	10,786
Total deferred tax assets	839,363	962,972
Non-admitted deferred tax assets	(126,939)	(58,173)
Admitted deferred tax asset	712,424	904,799
Deferred tax liabilities:		
Fixed assets	27,431	9,288
Other	15,741	16,118
Total deferred tax liability	43,172	25,406
Net admitted deferred tax asset	$ 669,252	$ 879,393

The change in net deferred income taxes comprises the following, before consideration of non-admitted deferred tax assets:

	2013	2012	Change
Total deferred tax assets	$ 839,363	$ 962,972	$ (123,609)
Total deferred tax liabilities	(43,172)	(25,406)	(17,766)
Net deferred tax asset	$ 796,191	$ 937,566	(141,375)
Tax effect of unrealized gains			(69,685)
Change in net deferred income tax			$ (211,060)

Note D - Federal Income Taxes (Continued)

As of December 31, 2013, the Company had $330,738 of net operating losses available to offset future taxable income that will begin to expire in 2031. Federal and state taxing authorities have the authority to examine the Company's filings per their governing statutes.

Note E - Related Party Transactions

During 2013 and 2012, the Company received $1,200,000 and $3,700,000, respectively, in capital contributions from its Parent. In addition, the Company and Parent are parties to a service agreement dated June 11, 2010. Under the agreement, the Parent is to provide personnel to perform certain services including, but not limited to, sales and marketing, corporate accounting, and various other operational services on behalf of the Company.

In exchange for the services provided, the Parent is reimbursed for all compensation and personnel related costs incurred. In addition, the Parent receives, as compensation, a percentage of the compensation and personnel costs incurred for the year which are considered service fees.

	2013	2012
Reimbursement of personnel costs	$ 2,346,811	$ 1,932,948
Service fees	302,808	269,445
Total	$ 2,649,619	$ 2,202,393

Note F - Leases

Effective August 1, 2012, the Company entered into a new lease agreement for office space and facilities. Rent expense was $159,659 and $143,512 for the years ended December 31, 2013 and 2012, respectively. The Company's approximate future minimum lease payments under the new agreement are as follows:

2014	$ 143,217
2015	143,217
2016	143,217
2017	83,544
Total	$ 513,195

Effective August 1, 2010, the Company subleased office space to an unaffiliated party. As of December 31, 2013, the sublease agreement is no longer in effect. Rental income related to the agreement was $0 and $18,215 for the years ended December 31, 2013 and 2012, respectively.

Note G - Commitments and Contingencies

The Company is subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of claims regarding insurance coverage. It is management's opinion, after consultation with counsel and review of the facts, that it is improbable that the ultimate liability, if any, arising from such contingencies will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Note H - Capital and Surplus and Other Regulatory Requirements

The maximum amount of dividends which can be paid without prior approval of the FOIR is subject to restrictions relating to statutory surplus. For the years ended December 31, 2013 and 2012, no dividends were declared or paid to shareholders.

Per statute, the Company is required to maintain a minimum surplus of the greater of $4 million or 10% of total liabilities. The Company was in compliance at December 31, 2013 and 2012.

The Company is subject to a risk-based capital ("RBC") requirement as specified by the NAIC. Under this requirement, RBC is calculated by applying factors to various assets, liabilities and premium amounts. The capital requirements are higher for those items with greater underlying risk, and correspondingly lower as the risk level decreases. The adequacy of an insurer's statutory capital and surplus is measured against the RBC as determined by formula. Regulators use the RBC calculations in the monitoring of the Company. At December 31, 2013 and 2012, the Company's RBC ratio was in excess of all action levels.

In 2013, the Company amended its Articles of Incorporation by reducing the par value of its common stock from $1.00 to $0.50 per share. The result of this change was a reclassification of $4,750,060 from common stock to additional paid in capital on the balance sheet.

MedMal Direct Insurance Company

Other Financial Information

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities		0.0			0	0.0
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies		0.0			0	0.0
1.22 Issued by U.S. government sponsored agencies		0.0			0	0.0
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)		0.0			0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations	5,853,769	30.1	5,853,769		5,853,769	30.1
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	309,235	1.6	309,235		309,235	1.6
1.43 Revenue and assessment obligations	4,693,973	24.2	4,693,973		4,693,973	24.2
1.44 Industrial development and similar obligations		0.0			0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA		0.0			0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC		0.0			0	0.0
1.513 All other		0.0			0	0.0
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0			0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-based securities issued or guaranteed by agencies shown in Line 1.521		0.0			0	0.0
1.523 All other		0.0			0	0.0
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	3,342,187	17.2	3,342,187		3,342,187	17.2
2.2 Unaffiliated non-U.S. securities (including Canada)		0.0			0	0.0
2.3 Affiliated securities		0.0			0	0.0
3. Equity interests:						
3.1 Investments in mutual funds		0.0			0	0.0
3.2 Preferred stocks:						
3.21 Affiliated		0.0			0	0.0
3.22 Unaffiliated	271,071	1.4	271,071		271,071	1.4
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated		0.0			0	0.0
3.32 Unaffiliated	2,009,644	10.3	2,009,644		2,009,644	10.3
3.4 Other equity securities:						
3.41 Affiliated		0.0			0	0.0
3.42 Unaffiliated		0.0			0	0.0
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated		0.0			0	0.0
3.52 Unaffiliated		0.0			0	0.0
4. Mortgage loans:						
4.1 Construction and land development		0.0			0	0.0
4.2 Agricultural		0.0			0	0.0
4.3 Single family residential properties		0.0			0	0.0
4.4 Multifamily residential properties		0.0			0	0.0
4.5 Commercial loans		0.0			0	0.0
4.6 Mezzanine real estate loans		0.0			0	0.0
5. Real estate investments:						
5.1 Property occupied by company		0.0			0	0.0
5.2 Property held for production of income (including $..........0 of property acquired in satisfaction of debt)		0.0			0	0.0
5.3 Property held for sale (including $.........0 property acquired in satisfaction of debt)		0.0			0	0.0
6. Contract loans		0.0			0	0.0
7. Derivatives		0.0			0	0.0
8. Receivables for securities		0.0			0	0.0
9. Securities lending (Line 10, Asset Page reinvested collateral)		0.0		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	2,944,539	15.2	2,944,539		2,944,539	15.2
11. Other invested assets		0.0			0	0.0
12. Total invested assets	19,424,418	100.0	19,424,418	0	19,424,418	100.0

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2013

(To be filed by April 1)

Of MedMal Direct Insurance Company

Address (City, State, Zip Code): Jacksonville FL 32202

NAIC Group Code.....0 NAIC Company Code.....13793 Employer's ID Number.....27-2813188

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $........22,934,956

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	ISHARES S&P NATIONAL AMT-FREE MUNICIPAL BOND FUND	Bond ETF	$........2,498,997	............10.896 %
2.02	SPDR NUVEEN BARCLAYS MUNICIPAL BOND ETF	Bond ETF	$........1,999,993	..............8.720 %
2.03	FIRSTATLANTIC BANK	Cash	$........1,887,802	..............8.231 %
2.04	FEDERAL FARM CREDIT BANK 4.40% DUE 10/16/2015	Bond	$..........998,980	..............4.356 %
2.05	FANNIE MAE 4.80% DUE 11/25/2015	Bond	$..........998,365	..............4.353 %
2.06	SPDR NUVEEN S AND P HIGH YIELD MUNICIPAL BOND FUND	Bond ETF	$..........517,698	..............2.257 %
2.07	ISHARES IBOXX $ INVT GRADE CORP BD FUND	Bond ETF	$..........492,187	..............2.146 %
2.08	MERRILL LYNCH	Cash	$..........327,363	..............1.427 %
2.09	POWERSHARES PREFERRED PORTFOLIO ETF	Preferred Stock ETF	$..........271,071	..............1.182 %
2.10	EVERBANK	Cash	$..........254,053	..............1.108 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2
3.01	NAIC-1	$......13,089,278	............57.071 %
3.02	NAIC-2	$..........592,187	..............2.582 %
3.03	NAIC-3	$..........517,698	..............2.257 %
3.04	NAIC-4	$........................	..............0.000 %
3.05	NAIC-5	$........................	..............0.000 %
3.06	NAIC-6	$........................	..............0.000 %
	Preferred Stocks	3	4
3.07	P/RP-1	$........................	..............0.000 %
3.08	P/RP-2	$........................	..............0.000 %
3.09	P/RP-3	$..........271,071	..............1.182 %
3.10	P/RP-4	$........................	..............0.000 %
3.11	P/RP-5	$........................	..............0.000 %
3.12	P/RP-6	$........................	..............0.000 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5-10.

4.02	Total admitted assets held in foreign investments	$..........128,826	..............0.562 %
4.03	Foreign-currency-denominated investments	$........................	..............0.000 %
4.04	Insurance liabilities denominated in that same foreign currency	$........................	..............0.000 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$........................	..............0.000 %
5.02	Countries designated NAIC-2	$........................	..............0.000 %
5.03	Countries designated NAIC-3 or below	$........................	..............0.000 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC-1:		
6.01	Country 1:	$	0.000 %
6.02	Country 2:	$	0.000 %
	Countries designated NAIC-2:		
6.03	Country 1:	$	0.000 %
6.04	Country 2:	$	0.000 %
	Countries designated NAIC-3 or below:		
6.05	Country 1:	$	0.000 %
6.06	Country 2:	$	0.000 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$	0.000 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$	0.000 %
8.02	Countries designated NAIC-2	$	0.000 %
8.03	Countries designated NAIC-3 or below	$	0.000 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC-1:		
9.01	Country 1:	$	0.000 %
9.02	Country 2:	$	0.000 %
	Countries designated NAIC-2:		
9.03	Country 1:	$	0.000 %
9.04	Country 2:	$	0.000 %
	Countries designated NAIC-3 or below:		
9.05	Country 1:	$	0.000 %
9.06	Country 2:	$	0.000 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$	0.000 %
10.02			$	0.000 %
10.03			$	0.000 %
10.04			$	0.000 %
10.05			$	0.000 %
10.06			$	0.000 %
10.07			$	0.000 %
10.08			$	0.000 %
10.09			$	0.000 %
10.10			$	0.000 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

11.02	Total admitted assets held in Canadian Investments	$41,056	0.179 %
11.03	Canadian currency-denominated investments	$	0.000 %
11.04	Canadian-denominated insurance liabilities	$	0.000 %
11.05	Unhedged Canadian currency exposure	$	0.000 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.000 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.000 %
12.04		$	0.000 %
12.05		$	0.000 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer	2	3
13.02	POWERSHARES PREFERRED PORTFOLIO	$271,071	1.182 %
13.03	MARKET VECTORS GOLD MINERS ETF	$116,891	0.510 %
13.04	JPMORGAN CHASE & CO	$62,924	0.274 %
13.05	GENERAL ELECTRIC CO	$58,723	0.256 %
13.06	EXXON MOBIL CORP	$51,005	0.222 %
13.07	WELLS FARGO & CO	$50,621	0.221 %
13.08	CHEVRON CORP	$46,841	0.204 %
13.09	VERIZON COMMUNICATIONS INC	$46,241	0.202 %
13.10	TRAVELLERS COS INC/THE	$45,270	0.197 %
13.11	BRISTOL-MYERS SQUIBB CO	$45,124	0.197 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.000 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.000 %
14.04		$	0.000 %
14.05		$	0.000 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.000 %
	Largest three investments in general partnership interests:		
15.03		$	0.000 %
15.04		$	0.000 %
15.05		$	0.000 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.000 %
16.03		$	0.000 %
16.04		$	0.000 %
16.05		$	0.000 %
16.06		$	0.000 %
16.07		$	0.000 %
16.08		$	0.000 %
16.09		$	0.000 %
16.10		$	0.000 %
16.11		$	0.000 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	0.000 %
16.13	Mortgage loans over 90 days past due	$	0.000 %
16.14	Mortgage loans in the process of foreclosure	$	0.000 %
16.15	Mortgage loans foreclosed	$	0.000 %
16.16	Restructured mortgage loans	$	0.000 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential 1	2	Commercial 3	4	Agricultural 5	6
17.01 above 95%	$	0.000 %	$	0.000 %	$	0.000 %
17.02 91% to 95%	$	0.000 %	$	0.000 %	$	0.000 %
17.03 81% to 90%	$	0.000 %	$	0.000 %	$	0.000 %
17.04 71% to 80%	$	0.000 %	$	0.000 %	$	0.000 %
17.05 below 70%	$	0.000 %	$	0.000 %	$	0.000 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate:

	Description	2	3
18.02		$	0.000 %
18.03		$	0.000 %
18.04		$	0.000 %
18.05		$	0.000 %
18.06		$	0.000 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans	$	0.000 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.000 %
19.04		$	0.000 %
19.05		$	0.000 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.000 %	$	$	$
20.02 Repurchase agreements	$	0.000 %	$	$	$
20.03 Reverse repurchase agreements	$	0.000 %	$	$	$
20.04 Dollar repurchase agreements	$	0.000 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.000 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	Owned		Written	
	1	2	3	4
21.01 Hedging	$	0.000 %	$	0.000 %
21.02 Income generation	$	0.000 %	$	0.000 %
21.03 Other	$	0.000 %	$	0.000 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	0.000 %	$	$	$
22.02 Income generation	$	0.000 %	$	$	$
22.03 Replications	$	0.000 %	$	$	$
22.04 Other	$	0.000 %	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	0.000 %	$	$	$
23.02 Income generation	$	0.000 %	$	$	$
23.03 Replications	$	0.000 %	$	$	$
23.04 Other	$	0.000 %	$	$	$