Section 1: 10-Q (10-Q)

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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

or

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

For the transition period from ____________to ___________

COMMISSION FILE NUMBER: 001-33865

TRIPLE-S MANAGEMENT CORPORATION

Puerto Rico	**66-0555678**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1441 F.D. Roosevelt Avenue **San Juan, Puerto Rico**	**00920**
(Address of principal executive offices)	(Zip code)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock Class B, $1.00 par value	GTS	New York Stock Exchange (NYSE)

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

☑ Yes ☐ No

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

☑ Yes ☐ No

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

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

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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.

Title of each class	Outstanding at June 30, 2019
Common Stock Class A, $1.00 par value	950,968
Common Stock Class B, $1.00 par value	22,200,045

Triple-S Management Corporation

FORM 10-Q

For the Quarter Ended March 31, 2019

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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)

	June 30, 2019	December 31, 2018
Assets		
Investments and cash:		
Fixed maturities available for sale, at fair value	$ 1,198,898	$ 1,199,402
Fixed maturities held to maturity, at amortized cost	1,853	2,492
Equity investments, at fair value	300,750	279,164
Other invested assets, at net asset value	88,439	74,015
Policy loans	10,240	9,469
Cash and cash equivalents	166,272	117,544
Total investments and cash	1,766,452	1,682,086
Premiums and other receivables, net	609,523	628,444
Deferred policy acquisition costs and value of business acquired	225,989	215,159
Property and equipment, net	85,710	81,923
Deferred tax asset	60,515	79,010
Goodwill	25,397	25,397
Other assets	63,479	48,229
Total assets	$ 2,837,065	$ 2,760,248
Liabilities and Stockholders' Equity		
Claim liabilities	$ 865,427	$ 936,789
Liability for future policy benefits	374,659	361,495
Unearned premiums	82,469	82,990
Policyholder deposits	173,703	174,110
Liability to Federal Employees' Health Benefits and Federal Employees' Programs	49,165	44,926
Accounts payable and accrued liabilities	305,256	275,228
Deferred tax liability	8,692	3,245
Long-term borrowings	27,289	28,883
Liability for pension benefits	29,016	31,274
Total liabilities	1,915,676	1,938,940
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 June 30, 2019 and December 31, 2018, respectively	951	951
Common stock Class B, $1 par value. Authorized 100,000,000 shares; issued and outstanding 22,200,045 and 21,980,492 shares at June 30, 2019 and December 31, 2018, respectively	22,200	21,980
Additional paid-in capital	39,691	34,021
Retained earnings	827,687	761,970
Accumulated other comprehensive income	31,544	3,062
Total Triple-S Management Corporation stockholders' equity	922,073	821,984
Non-controlling interest in consolidated subsidiary	(684)	(676)
Total stockholders' equity	921,389	821,308
Total liabilities and stockholders' equity	$ 2,837,065	$ 2,760,248

See accompanying notes to unaudited condensed consolidated financial statements.

Triple-S Management Corporation
Condensed Consolidated Statements of Earnings (Unaudited)
(dollar amounts in thousands, except per share data)

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Revenues:				
Premiums earned, net	$ 859,493	$ 741,770	$ 1,627,495	$ 1,493,804
Administrative service fees	2,456	4,066	5,088	7,414
Net investment income	15,062	15,707	30,438	29,462
Other operating revenues	1,591	1,588	3,168	2,659
Total operating revenues	878,602	763,131	1,666,189	1,533,339
Net realized investment gains (losses)	2,364	(921)	3,679	2,021
Net unrealized investment gains (losses) on equity investments	3,323	(776)	22,992	(16,975)
Other income, net	1,705	494	2,874	1,657
Total revenues	885,994	761,928	1,695,734	1,520,042
Benefits and expenses:				
Claims incurred	706,304	692,138	1,329,494	1,311,127
Operating expenses	134,084	134,612	266,747	267,746
Total operating costs	840,388	826,750	1,596,241	1,578,873
Interest expense	1,831	1,825	3,619	3,515
Total benefits and expenses	842,219	828,575	1,599,860	1,582,388
Income (loss) before taxes	43,775	(66,647)	95,874	(62,346)
Income tax expense (benefit)	12,849	(27,901)	30,165	(27,514)
Net income (loss)	30,926	(38,746)	65,709	(34,832)
Net (loss) income attributable to non-controlling interest	(5)	1	(8)	1
Net income (loss) attributable to Triple-S Management Corporation	$ 30,931	$ (38,747)	$ 65,717	$ (34,833)
Earnings per share attributable to Triple-S Management Corporation				
Basic net income (loss) per share	$ 1.35	$ (1.68)	$ 2.88	$ (1.50)
Diluted net income (loss) per share	$ 1.35	$ (1.68)	$ 2.87	$ (1.50)

See accompanying notes to unaudited condensed consolidated financial statements.

Triple-S Management Corporation
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(dollar amounts in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Net income (loss)	$ 30,926	$ (38,746)	$ 65,709	$ (34,832)
Other comprehensive income (loss), net of tax:				
Net unrealized change in fair value of available for sale securities, net of taxes	14,929	(8,202)	28,370	(15,096)
Defined benefit pension plan:				
Actuarial loss, net	56	131	112	262
Total other comprehensive income (loss), net of tax	14,985	(8,071)	28,482	(14,834)
Comprehensive income (loss)	45,911	(46,817)	94,191	(49,666)
Comprehensive (loss) income attributable to non-controlling interest	(5)	1	(8)	1
Comprehensive income (loss) attributable to Triple-S Management Corporation	$ 45,916	$ (46,818)	$ 94,199	$ (49,667)

See accompanying notes to unaudited condensed consolidated financial statements.

Triple-S Management Corporation
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(dollar amounts in thousands)

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Triple-S Management Corporation Stockholders' Equity	Non-controlling Interest in Consolidated Subsidiary	Total Stockholders' Equity
Balance, December 31, 2018	$ 951	$ 21,980	$ 34,021	$ 761,970	$ 3,062	$ 821,984	$ (676)	$ 821,308
Share-based compensation	-	177	1,409	-	-	1,586	-	1,586
Repurchase and retirement of common stock	-	(1)	(15)	-	-	(16)	-	(16)
Comprehensive income (loss)	-	-	-	34,786	13,497	48,283	(3)	48,280
Balance, March 31, 2019	$ 951	$ 22,156	$ 35,415	$ 796,756	$ 16,559	$ 871,837	$ (679)	$ 871,158
Share-based compensation	-	44	4,276	-	-	4,320	-	4,320
Repurchase and retirement of common stock	-	-	-	-	-	-	-	-
Comprehensive income (loss)	-	-	-	30,931	14,985	45,916	(5)	45,911
Balance, June 30, 2019	$ 951	$ 22,200	$ 39,691	$ 827,687	$ 31,544	$ 922,073	$ (684)	$ 921,389
Balance, December 31, 2017	$ 951	$ 22,627	$ 53,142	$ 785,390	$ 51,254	$ 913,364	$ (682)	$ 912,682
Share-based compensation	-	285	106	-	-	391	-	391
Repurchase and retirement of common stock	-	(580)	(14,095)	-	-	(14,675)	-	(14,675)
Comprehensive income (loss)	-	-	-	3,914	(6,763)	(2,849)	-	(2,849)
Cumulative effect adjustment due to implementation of ASU 2016-01	-	-	-	39,882	(39,882)	-	-	-
Balance, March 31, 2018	$ 951	$ 22,332	$ 39,153	$ 829,186	$ 4,609	$ 896,231	$ (682)	$ 895,549
Share-based compensation	-	-	2,151	-	-	2,151	-	2,151
Repurchase and retirement of common stock	-	(89)	(2,254)	-	-	(2,343)	-	(2,343)
Comprehensive loss	-	-	-	(38,747)	(8,071)	(46,818)	-	(46,818)
Cumulative effect adjustment due to implementation of ASU 2016-01	-	-	-	-	-	-	1	1
Balance, June 30, 2018	$ 951	$ 22,243	$ 39,050	$ 790,439	$ (3,462)	$ 849,221	$ (681)	$ 848,540

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Six months ended June 30,	
	2019	**2018**
Cash flows from operating activities:		
Net income (loss)	$ 65,709	$ (34,832)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	7,045	6,986
Net amortization of investments	847	3,116
Additions to the allowance for doubtful receivables	246	1,729
Deferred tax expense (benefit)	16,592	(29,292)
Net realized investment gain on sale of securities	(3,679)	(2,021)
Net unrealized (gains) losses on equity investments	(22,992)	16,975
Interest credited to policyholder deposits	2,811	2,157
Share-based compensation	5,907	2,543
Decrease (increase) in assets:		
Premium and other receivables, net	18,674	155,542
Deferred policy acquisition costs and value of business acquired	(12,475)	(2,355)
Deferred taxes	69	522
Other assets	(4,767)	(32,997)
(Decrease) increase in liabilities:		
Claim liabilities	(71,362)	4,568
Liability for future policy benefits	13,164	9,669
Unearned premiums	(521)	83,189
Liability to Federal Employees' Health Benefits and Federal Employees' Programs	4,239	8,841
Accounts payable and accrued liabilities	6,798	(63,617)
Net cash provided by operating activities	26,305	130,723

	Six months ended June 30,	
	2019	2018
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Securities available for sale:		
Fixed maturities sold	$ 315,495	$ 768,789
Fixed maturities matured/called	14,420	10,656
Securities held to maturity:		
Fixed maturities matured/called	1,178	728
Equity investments sold	70,054	123,197
Other invested assets sold	2,096	1,788
Acquisition of investments:		
Securities available for sale:		
Fixed maturities	(291,533)	(829,010)
Securities held to maturity:		
Fixed maturities	(539)	(893)
Equity investments	(67,560)	(99,944)
Other invested assets	(15,424)	(18,649)
(Increase) decrease in other investments	(2,692)	1,817
Net change in policy loans	(771)	(372)
Net capital expenditures	(10,659)	(9,116)
Net cash provided by (used in) investing activities	14,065	(51,009)
Cash flows from financing activities:		
Change in outstanding checks in excess of bank balances	13,189	(1,564)
Repayments of long-term borrowings	(1,613)	(1,618)
Repurchase and retirement of common stock	(1)	(16,395)
Proceeds from policyholder deposits	8,204	11,606
Surrenders of policyholder deposits	(11,421)	(14,705)
Net cash provided by (used in) financing activities	8,358	(22,676)
Net increase in cash and cash equivalents	48,728	57,038
Cash and cash equivalents:		
Beginning of period	117,544	198,941
End of period	$ 166,272	$ 255,979

See accompanying notes to unaudited condensed consolidated financial statements.

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

(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 the information and the footnotes required by accounting principles generally accepted in the United States of America (GAAP or U.S. GAAP) for complete financial statement presentation pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). 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, 2018.

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 and six months ended June 30, 2019 are not necessarily indicative of the results for the full year ending December 31, 2019.

(2) Significant Accounting Policies

Recently Adopted Accounting Standards

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued guidance to increase transparency and comparability among organizations by requiring the recognition of a lease right-of-use (ROU) asset and a lease liability, initially measured at the present value of the lease payment on the balance sheet, for both finance and operating leases with lease terms of more than 12 months. The classification of finance or operating 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. Lessors are required to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. In July 2018, the FASB issued the following guidance "Leases – Targeted Improvements" and "Codification Improvement to Leases" to assist in the implementation of leases and address certain technical corrections and improvement to the recently issued lease standard. Amendments include an additional transition method that allows entities to apply the new standard on the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings, as well as a new practical expedient for lessors and other implementation considerations. For public companies, the amended guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted the standard effective January 1, 2019 recognizing approximately $8,800 in ROU assets and lease liabilities for its operating leases in its condensed consolidated balance sheet. ROU assets are included within the other assets and the lease liabilities are included within the accounts payable and accrued liabilities line items in the accompanying condensed consolidated balance sheet. No cumulative effect adjustment to opening balance of retained earnings on the adoption date was required. Most of the operating leases are related to real estate. The Company adopted the following two accounting policies as a result of the adoption of the standard: (1) to not separate lease components from nonlease components and (2) to not apply the recognition requirements of ASC 842 to short-term leases. In addition, the Company implemented control processes and procedures, as necessary, based on changes resulting from the new standard.

Future Adoptions of Accounting Standards

On April 25, 2019, the FASB issued Accounting Standard Update (ASU) 2019-04: Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments. The amendment in this update represent changes to clarify, correct errors in or improve the codification. Such amendments should make the codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications. Within the clarifications was the FASB's intent to include all reinsurance recoverables within the scope of ASU 2016-13 (Topic 326). For public companies, the improvements related to ASU 2016-13 (Topic 326) and ASU 2016-01 (Topic 825) are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We are currently evaluating the impact the adoption of this guidance may have on the Company's condensed consolidated financial statements.

Other than the accounting pronouncement disclosed above, there were no other new accounting pronouncements issued during the three months ended June 30, 2019 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 the Company's investments in securities by major security type and class of security at June 30, 2019 and December 31, 2018, were as follows:

	June 30, 2019			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Fixed maturities available for sale				
Obligations of government-sponsored enterprises	$ 35,886	$ 1,013	$ -	$ 36,899
U.S. Treasury securities and obligations of U.S. government instrumentalities	111,508	5,149	-	116,657
Municipal securities	631,722	36,458	-	668,180
Corporate bonds	173,677	19,409	-	193,086
Residential mortgage-backed securities	169,044	5,057	(7)	174,094
Collateralized mortgage obligations	9,477	505	-	9,982
Total fixed maturities available for sale	$ 1,131,314	$ 67,591	$ (7)	$ 1,198,898

	June 30, 2019			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Fixed maturities held to maturity				
U.S. Treasury securities and obligations of U.S. government instrumentalities	$ 616	$ 161	$ -	$ 777
Residential mortgage-backed securities	165	2	-	167
Certificates of deposit	1,072	-	-	1,072
Total	$ 1,853	$ 163	$ -	$ 2,016

	June 30, 2019			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Other invested assets - Alternative investments	$ 86,379	$ 2,461	$ (401)	$ 88,439

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available for sale				
Fixed maturities				
Obligations of government- sponsored enterprises	$ 21,470	$ 120	$ (1)	$ 21,589
U.S. Treasury securities and obligations of U.S. government instrumentalities	174,675	2,349	-	177,024
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	8,295	-	-	8,295
Municipal securities	692,205	18,112	(538)	709,779
Corporate bonds	186,085	9,724	(239)	195,570
Residential mortgage-backed securities	75,373	1,298	-	76,671
Collateralized mortgage obligations	10,266	208	-	10,474
Total fixed maturities	$ 1,168,369	$ 31,811	$ (778)	$ 1,199,402

	December 31, 2018			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Securities held to maturity:				
U.S. Treasury securities and obligations of U.S. government instrumentalities	$ 617	$ 125	$ -	$ 742
Residential mortgage-backed securities	190	2	-	192
Certificates of deposit	1,685	-	-	1,685
Total	$ 2,492	$ 127	$ -	$ 2,619

	December 31, 2018			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Other invested assets - Alternative investments	$ 72,627	$ 2,042	$ (654)	$ 74,015

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Gross unrealized losses on investment securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of June 30, 2019 and December 31, 2018 were as follows:

	June 30, 2019								
	Less than 12 months			12 months or longer			Total		
	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities
Fixed maturities available for sale									
Residential mortgage-backed securities	$ 10,180	$ (7)	2	-	-	-	$ 10,180	$ (7)	2
Total fixed maturitie	$ 10,180	$ (7)	2	$ -	$ -	-	$ 10,180	$ (7)	2
Other invested assets - Alternative investments	$ 20,031	$ (265)	6	$ 9,867	$ (136)	1	$ 29,898	$ (401)	7

	December 31, 2018								
	Less than 12 months			12 months or longer			Total		
	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities
Fixed maturities available for sale									
Obligations of governmen - sponsored enterprises	$ 1,469	$ (1)	1	$ -	$ -	-	$ 1,469	$ (1)	1
Municipal securities	62,328	(349)	10	17,648	(189)	3	79,976	(538)	13
Corporate bonds	52,539	(239)	18	-	-	-	52,539	(239)	18
Total fixed maturitie	$ 116,336	$ (589)	29	$ 17,648	$ (189)	3	$ 133,984	$ (778)	32
Other invested assets - Alternative investments	$ 7,399	$ (351)	3	$ 10,447	$ (303)	2	$ 17,846	$ (654)	5

The Company reviews the available for sale and other invested assets portfolios under the Company'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.

Residential mortgage-backed securities: The unrealized losses on these investments were mostly caused by fluctuations in interest rates and credit spreads. The contractual cash flows of these securities 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 Company owns. The Company 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 Company does not intend to sell the investments and it is more likely than not that the Company will not 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.

Alternative investments: As of June 30, 2019, alternative investments 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.

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

	June 30, 2019	
	Amortized cost	Estimated fair value
Fixed maturities available for sale		
Due in one year or less	$ 2,623	$ 2,641
Due after one year through five years	405,075	419,406
Due after five years through ten years	316,779	336,392
Due after ten years	228,316	256,383
Residential mortgage-backed securities	169,044	174,094
Collateralized mortgage obligations	9,477	9,982
	$ 1,131,314	$ 1,198,898
Fixed maturities held to maturity		
Due in one year or less	$ 1,072	$ 1,072
Due after ten years	616	777
Residential mortgage-backed securities	165	167
	$ 1,853	$ 2,016

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.

(4) Realized and Unrealized Gains (Losses)

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

	Three months ended June 30,		Six months ended June 30	
	2019	2018	2019	2018
Realized gains (losses)				
Fixed maturity securities:				
Securities available for sale:				
Gross gains	$ 1,775	$ 1,340	$ 2,647	$ 1,512
Gross losses	(1)	(2,873)	(319)	(10,803)
Total fixed securities	1,774	(1,533)	2,328	(9,291)
Equity investments:				
Gross gains	829	551	2,131	8,754
Gross losses	(408)	(525)	(1,045)	(1,024)
Total equity investments	421	26	1,086	7,730
Other invested assets:				
Gross gains	189	586	321	3,793
Gross losses	(20)	-	(56)	(211)
Total other invested assets	169	586	265	3,582
Net realized investment gains (losses)	$ 2,364	$ (921)	$ 3,679	$ 2,021

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Changes in net unrealized gains (losses):				
Recognized in accumulated other comprehensive income (loss):				
Fixed maturities – available for sale	$ 19,461	$ (11,035)	$ 36,551	$ (21,257)
Other invested assets	99	464	672	439
	$ 19,560	$ (10,571)	$ 37,223	$ (20,818)
Not recognized in the consolidated financial statements:				
Fixed maturities – held to maturity	$ 21	$ (10)	$ 36	$ (33)

The change in deferred tax liability on unrealized gains recognized in accumulated other comprehensive income (loss) during the six months ended June 30, 2019 and 2018 was $7,446 and $6,147, respectively.

As of June 30, 2019, and December 31, 2018, no individual investment in securities exceeded 10% of stockholders' equity.

(5) Premiums and Other Receivables, Net

Premiums and other receivables, net were as follows:

	June 30, 2019	December 31, 2018
Premium	$ 148,316	$ 94,613
Self-funded group receivables	27,065	31,184
FEHBP	14,066	14,030
Agent balances	36,588	30,224
Accrued interest	11,544	12,426
Reinsurance recoverable	303,321	399,202
Other	108,120	88,807
	649,020	670,486
Less allowance for doubtful receivables:		
Premium	27,358	32,487
Other	12,139	9,555
	39,497	42,042
Total premium and other receivables, net	$ 609,523	$ 628,444

As of June 30, 2019, and December 31, 2018, the Company had premiums and other receivables of $92,120 and $54,329, respectively, from the Government of Puerto Rico, including its agencies, municipalities and public corporations. The related allowance for doubtful receivables as of June 30, 2019 and December 31, 2018 were $14,703 and $20,984, respectively.

(6) Fair Value Measurements

Our condensed consolidated balance sheets include the following financial instruments: securities available for sale, equity investments, policy loans, policyholder deposits, and long-term borrowings. We consider the carrying amounts of policy loans, policyholder deposits, and long-term borrowings to approximate their fair value. Certain assets are measured at fair value on a recurring basis and are disclosed below. These assets are classified into one of three levels of a hierarchy defined by GAAP. For a description of the methods and assumptions that are used to estimate the fair value and determine the fair value hierarchy classification of each class of financial instrument, see the consolidated financial statements and notes thereto included in our 2018 Annual Report on Form 10-K.

The following tables summarize fair value measurements by level for assets measured at fair value on a recurring basis:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Fixed maturity securities available for sale				
Obligations of government-sponsored enterprises	$ -	$ 36,899	$ -	$ 36,899
U.S. Treasury securities and obligations of U.S government instrumentalities	116,657	-	-	116,657
Municipal securities	-	668,180	-	668,180
Corporate bonds	-	193,086	-	193,086
Residential agency mortgage-backed securities	-	174,094	-	174,094
Collateralized mortgage obligations	-	9,982	-	9,982
Total fixed maturities	$ 116,657	$ 1,082,241	$ -	$ 1,198,898
Equity investments	$ 153,567	$ 142,053	$ 5,130	$ 300,750

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Fixed maturity securities				
Obligations of government-sponsored enterprises	$ -	$ 21,589	$ -	$ 21,589
U.S. Treasury securities and obligations of U.S government instrumentalities	177,024	-	-	177,024
Obligations of the Commonwealth of Puerto Rico and its instrumentalities	-	8,295	-	8,295
Municipal securities	-	709,779	-	709,779
Corporate bonds	-	195,570	-	195,570
Residential agency mortgage-backed securities	-	76,671	-	76,671
Collateralized mortgage obligations	-	10,474	-	10,474
Total fixed maturities	$ 177,024	$ 1,022,378	$ -	$ 1,199,402
Equity investments	$ 147,348	$ 128,011	$ 3,805	$ 279,164

There were no transfers between Levels 1 and 2 during the three and six months ended June 30, 2019 and 2018.

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 and six months ended June 30 is as follows:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Three months ended June 30, 2019	Six months ended June 30, 2019
Beginning Balance	$ 5,049	$ 3,805
Realized gains	-	-
Unrealized in other accumulated comprehensive income	81	75
Purchases	-	1,250
Sales	-	-
Capital Distributions	-	-
Ending Balance	$ 5,130	$ 5,130

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.

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 June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Policy loans	$ 10,240	$ -	$ 10,240	$ -	$ 10,240
Liabilities:					
Policyholder deposits	$ 173,703	$ -	$ 173,703	$ -	$ 173,703
Long-term borrowings:					
Loans payable to bank - variable	27,497	-	27,497	-	27,497
Total liabilities	$ 201,200	$ -	$ 201,200	$ -	$ 201,200

	December 31, 2018				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Policy loans	$ 9,469	$ -	$ 9,469	$ -	$ 9,469
Liabilities:					
Policyholder deposits	$ 174,110	$ -	$ 174,110	$ -	$ 174,110
Long-term borrowings:					
Loans payable to bank - variable	29,114	-	29,114	-	29,114
Total liabilities	$ 203,224	$ -	$ 203,224	$ -	$ 203,224

(7) Claim Liabilities

A reconciliation of the beginning and ending balances of claim liabilities is as follows:

	Six months ended June 30, 2019		
	Managed Care	Other Business Segments *	Consolidated
Claim liabilities at beginning of period	$ 394,226	$ 542,563	$ 936,789
Reinsurance recoverable on claim liabilities	-	(315,543)	(315,543)
Net claim liabilities at beginning of period	394,226	227,020	621,246
Claims incurred			
Current period insured events	1,288,235	57,020	1,345,255
Prior period insured events	(27,588)	(6,167)	(33,755)
Total	1,260,647	50,853	1,311,500
Payments of losses and loss-adjustment expenses			
Current period insured events	954,147	23,429	977,576
Prior period insured events	277,624	26,581	304,205
Total	1,231,771	50,010	1,281,781
Net claim liabilities at end of period	423,102	227,863	650,965
Reinsurance recoverable on claim liabilities	-	214,462	214,462
Claim liabilities at end of period	$ 423,102	$ 442,325	$ 865,427

* Other Business Segments include the Life Insurance and Property and Casualty segments, as well as intersegment eliminations.

	Six months ended June 30, 2018		
	Managed Care	Other Business Segments *	Consolidated
Claim liabilities at beginning of period	$ 367,357	$ 739,519	$ 1,106,876
Reinsurance recoverable on claim liabilities	-	(633,099)	(633,099)
Net claim liabilities at beginning of period	367,357	106,420	473,777
Claims incurred			
Current period insured events	1,198,689	57,434	1,256,123
Prior period insured events	(31,126)	72,537	41,411
Total	1,167,563	129,971	1,297,534
Payments of losses and loss-adjustment expenses			
Current period insured events	873,736	22,690	896,426
Prior period insured events	223,726	34,071	257,797
Total	1,097,462	56,761	1,154,223
Net claim liabilities at end of period	437,458	179,630	617,088
Reinsurance recoverable on claim liabilities	-	494,356	494,356
Claim liabilities at end of period	$ 437,458	$ 673,986	$ 1,111,444

* Other Business Segments include the Life Insurance and Property and Casualty segments, as well as intersegment eliminations.

The actual amounts of claims incurred in connection with insured events occurring in a prior period typically differ from estimates of such claims made in the prior period. Amounts included as incurred claims for prior period insured events reflect the aggregate net amount of these differences.

The claims incurred disclosed in this table exclude the portion of the change in the liability for future policy benefits expense, which amounted to $9,297 and $17,994 during the three months and six months ended June 30, 2019, respectively. The change in the liability for future policy benefits during the three months and six months ended June 30, 2018 amounted to $7,414 and $13,593, respectively.

The following is information about total incurred but not reported (IBNR) liabilities plus expected development on reported claims included in the liability for unpaid claims adjustment expenses for the Managed Care segment as of June 30, 2019.

Incurred Year	Total of IBNR Liabilities Plus Expected Development on Reported Claims
2018	$ 30,365
2019	334,088

(8) Pension Plan

The components of net periodic benefit cost were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Components of net periodic benefit cost:				
Interest cost	$ 1,741	$ 1,693	$ 3,482	$ 3,386
Expected return on assets	(2,217)	(2,281)	(4,434)	(4,562)
Amortization of actuarial loss	90	215	179	430
Settlement loss	375	325	750	650
Net periodic benefit cost	$ (11)	$ (48)	$ (23)	$ (96)

Employer Contributions: The Company disclosed in its audited consolidated financial statements for the year ended December 31, 2018 that it expected to contribute $2,000 to the pension program in 2019. As of June 30, 2019, the Company has contributed $2,000 to the pension program.

(9) Reinsurance

Triple-S Propiedad, Inc. (TSP) uses facultative reinsurance, pro rata, and excess of loss reinsurance treaties to manage its exposure to losses, including those from catastrophe events. TSP has geographic exposure to catastrophe losses from hurricanes and earthquakes. The incidence and severity of catastrophes are inherently unpredictable. Under these treaties, TSP ceded premiums written were $10,245 and $12,688 for the three months ended June 30, 2019 and 2018, respectively, and $ 23,674 and $27,466 for the six months ended June 30, 2019, and 2018, respectively. During the six months ended June 30, 2019 and 2018, TSP ceded claims incurred amounting to $679 and $69,594, respectively, related to losses caused by Hurricanes Irma and Maria.

Principal reinsurance agreements are as follows:

- Casualty excess of loss treaty provides reinsurance for losses up to $12,000, subject to a retention of $225.
- Medical malpractice excess of loss treaty provides reinsurance for losses up to $3,000, subject to a retention of $150.
- Property reinsurance treaty includes proportional cessions and a per risk excess of loss contract limiting losses to $375 in $30,000 risks.
- Catastrophe protection is purchased limiting losses to $5,000 per event with losses up to approximately $775,000. After this, there is a retention of $24,500 from the next $70,000, for a total protection of $815,000 in an $845,000 event.

All principal reinsurance contracts are for a period of one year and are subject to modifications and negotiations in each renewal. TSP’s current property and catastrophe reinsurance program was renewed effective April 1, 2019 for a twelve months period ending March 31, 2020. Other contracts were renewed as expiring on January 1, 2019.

(10) Comprehensive Income (Loss)

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net Unrealized Gain on Securities Beginning Balance	$ 40,749	$ 29,462	$ 27,308	$ 76,238
Unrealized loss reclassified to beginning retained earnings as a result of implementation new accounting pronouncement	-	-	-	(39,882)
Other comprehensive income (loss) before reclassifications	16,820	(8,939)	31,313	(13,479)
Amounts reclassified from accumulated other comprehensive (loss) income	(1,891)	737	(2,943)	(1,617)
Net current period change	14,929	(8,202)	28,370	(15,096)
Ending Balance	55,678	21,260	55,678	21,260
Liability for Pension Benefits Beginning Balance	(24,190)	(24,853)	(24,246)	(24,984)
Amounts reclassified from accumulated other comprehensive income	56	131	112	262
Ending Balance	(24,134)	(24,722)	(24,134)	(24,722)
Accumulated Other Comprehensive Income (Loss) Beginning Balance	16,559	4,609	3,062	51,254
Unrealized loss reclassified to beginning retained earnings as the result of implementing new accounting pronouncement	-	-	-	(39,882)
Other comprehensive income (loss) before reclassifications	16,820	(8,939)	31,313	(13,479)
Amounts reclassified from accumulated other comprehensive (loss) income	(1,835)	868	(2,831)	(1,355)
Net current period change	14,985	(8,071)	28,482	(14,834)
Ending Balance	$ 31,544	$ (3,462)	$ 31,544	$ (3,462)

(11) Share-Based Compensation

Share-based compensation expense recorded during the three months ended June 30, 2019 and 2018 was $4,320 and $2,151, respectively. Share-based compensation expense recorded during the six months ended June 30, 2019 and 2018 was $5,907 and $2,543, respectively. During the six months ended June 30, 2019, 602 shares were repurchased and retired as the result of non-cash tax withholdings upon vesting of shares. There were no non-cash tax withholdings during the three months ended June 30, 2019. During the three months and six months ended June 30, 2018, 8,525 and 24,796 shares, respectively, were repurchased and retired as the result of non-cash tax withholdings upon vesting of shares.

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

The following table sets forth the computation of basic and diluted earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Numerator for earnings per share:				
Net income (loss) attributable to TSM available to stockholders	$ 30,931	$ (38,747)	$ 65,717	$ (34,833)
Denominator for basic earnings per share:				
Weighted average of common shares	22,830,399	23,016,447	22,794,297	23,146,318
Effect of dilutive securities	64,601	-	72,394	-
Denominator for diluted earnings per share	22,895,000	23,016,447	22,866,691	23,146,318
Basic net income (loss) per share attributable to TSM	$ 1.35	$ (1.68)	$ 2.88	$ (1.50)
Diluted net income (loss) per share attributable to TSM	$ 1.35	$ (1.68)	$ 2.87	$ (1.50)

The Company excluded the effect of dilutive securities during the three months and six months ended June 30, 2018 because their effect would have been anti-dilutive given the net loss attributable to stockholders in those periods. If the Company had generated income from continuing operations during the three months and six months ended June 30, 2018, the effect of restricted stock awards on the diluted shares calculation would have been an increase in shares of 80,929 and 92,933 shares, respectively.

(13) Contingencies

The following information supplements and amends, as applicable, the disclosures in Note 24 to the Consolidated Financial Statements of the Company’s 2018 Annual Report on Form 10-K. The Company’s business is subject to numerous laws and regulations promulgated by Federal, Puerto Rico, U.S. Virgin Islands (USVI), Costa Rica, British Virgin Islands (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.

The Company is 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.

Additionally, the Company 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 five individual lawsuits: Vera Sanchez, et al, v. Triple-S; Olivella Zalduondo, et al, v. Seguros de Servicios de Salud, et al; Montilla Lopez, et al v. Seguros de Servicio de Salud, et al; Cebollero Santamaria v. Triple-S Salud, Inc., et al; and Ruiz de Porras, et al, v. Triple-S Salud, Inc. All claims were filed in the Puerto Rico Court of First Instance by persons who claim to have inherited a total of 62 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. Consequently, the remedy requested by the plaintiffs to be recognized as shareholders of the Company in the corresponding proportion.

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, these claims are being litigated on their merits.

On January 11, 2019, local Court of Appeals confirmed Court of First Instance's partial summary judgement in Wanda Irizarry Antonmattei, et al., v. Seguros de Servicios de Salud de Puerto Rico, Inc., et al. ordering the Company to issue 63,000 stock shares in favor of Plaintiffs. On April 23, 2019, the Supreme Court denied the Company's petition for certiorari. The Company and Plaintiffs entered into a private settlement agreement on July 11, 2019 under which the Company issued Plaintiffs 48,602 shares of Class A common stock thus concluding this litigation.

In Montilla López, et al. v. Seguros de Servicios de Salud, et al. local Court of First Instance entered summary judgment in favor of Company dismissing all claims on November 2, 2018. Plaintiffs filed an Appeal before Puerto Rico Court of Appeals and the Puerto Rico Supreme Court, both of which have been denied. Plaintiff's request for reconsideration is pending before the Supreme Court.

In re Blue Cross Blue Shield Antitrust Litigation

TSS is a co-defendant with multiple Blue Plans and the Blue Cross Blue Shield Association (BCBSA) in a multi-district class action litigation filed by a group of providers and subscribers on July 24, 2012 and October 1, 2012, respectively, that has since been consolidated by the United States District Court for the Northern District of Alabama, Southern Division, in the case captioned *In re Blue Cross Blue Shield Association Antitrust Litigation*. Essentially, provider plaintiffs allege that the exclusive service area requirements of the Primary License Agreements with the Blue Plans constitute an illegal horizontal market allocation under federal antitrust laws. As per provider plaintiffs, the *quid pro quo* for said "market allocation" is a horizontal price fixing and boycott conspiracy implemented through BCBSA and whose benefits are allegedly derived through the BCBSA's BlueCard/National Accounts Program. Among the remedies sought, provider plaintiffs seek increased compensation rates and operational changes. In turn, subscriber plaintiffs allege that the alleged conspiracy to allocate markets have prevented subscribers from being offered competitive prices and resulted in higher premiums for Blue Plan subscribers. Subscribers seek damages for the amounts that the Blue Plan premiums allegedly have been artificially inflated as a result of the alleged antitrust violations. Both actions seek injunctive relief.

Prior to consolidation, motions to dismiss were filed by several plans, including TSS - whose request was ultimately denied by the court without prejudice. On April 6, 2015, plaintiffs filed suit in the United States District Court of Puerto Rico against TSS. Said complaint, nonetheless, is believed not to preclude TSS' jurisdictional arguments. Since inception, the Company has joined BCBSA and other Blue Plans in vigorously contesting these claims. On April 5, 2018, the United States District Court for the Northern District of Alabama, Southern Division, issued it's ruling on the parties' respective motions for partial summary judgment on the standard of review applicable to plaintiffs' claims under Section 1 of the Sherman Act and subscriber plaintiffs' motion for partial summary judgment on the Blue Plan's single entity defense. After considering the "undisputed" facts (for summary judgment purposes only) and evidence currently on record in the light most favorable to defendants, the court essentially found that: (a) the combination of Exclusive Service Areas and the National Best Efforts Rule are subject to the *Per Se* standard of review; (b) there remain genuine issues of material fact as to whether defendants' conduct can be shielded by the "single entity" defense; and (c) claims concerning the BlueCard Program and uncoupling rules are due to be analyzed under the *Rule of Reason* standard.

On April 16, 2018 Defendants moved the Federal District Court for the Northern District of Alabama to certify for immediate interlocutory appeal the court's April 5, 2018 Standard of Review Ruling. On June 12, 2018 Hon. Judge Proctor agreed to grant Defendant's motion for certification pursuant to 28 U.S.C. §1292(b). Defendants filed their Notice of Appeal on July 12, 2018. On December 12, 2018, the Court of Appeals for the Eleventh Circuit denied Defendants' petition to appeal the District Court's Standard of Review Ruling. The parties re-commenced mediation in April 2019.

(14) Segment Information

The Company's operations are conducted principally through three business segments: Managed Care, Life Insurance, and Property and Casualty Insurance. The Company 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 following tables summarize the operations by reportable segment for the three months and six months ended June 30, 2019 and 2018:

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Operating revenues:				
Managed Care:				
Premiums earned, net	$ 793,355	$ 677,994	$ 1,498,405	$ 1,364,596
Administrative service fees	2,456	4,066	5,088	7,414
Intersegment premiums/service fees	1,645	1,323	3,129	2,671
Net investment income	5,479	5,914	11,357	10,771
Total managed care	802,935	689,297	1,517,979	1,385,452
Life Insurance:				
Premiums earned, net	44,511	41,180	88,233	82,269
Intersegment premiums	508	216	986	597
Net investment income	6,822	6,619	13,382	12,677
Total life insurance	51,841	48,015	102,601	95,543
Property and Casualty Insurance:				
Premiums earned, net	21,627	22,596	40,857	46,659
Intersegment premiums	154	154	307	307
Net investment income	2,384	2,764	4,871	5,206
Total property and casualty insurance	24,165	25,514	46,035	52,172
Other segments: *				
Intersegment service revenues	2,007	49	3,973	288
Operating revenues from external sources	1,591	1,588	3,168	2,659
Total other segments	3,598	1,637	7,141	2,947
Total business segments	882,539	764,463	1,673,756	1,536,114
TSM operating revenues from external sources	377	410	828	808
Elimination of intersegment premiums/service fees	(2,307)	(1,693)	(4,422)	(3,295)
Elimination of intersegment service revenues	(2,007)	(49)	(3,973)	(288)
Consolidated operating revenues	$ 878,602	$ 763,131	$ 1,666,189	$ 1,533,339

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Operating income (loss):				
Managed care	$ 29,302	$ 1,417	$ 51,412	$ 12,035
Life insurance	5,215	5,331	10,855	8,956
Property and casualty insurance	4,784	(71,019)	8,338	(67,940)
Other segments *	(730)	427	(1,122)	602
Total business segments	38,571	(63,844)	69,483	(46,347)
TSM operating revenues from external sources	377	410	828	808
TSM unallocated operating expenses	(3,137)	(2,585)	(5,169)	(4,795)
Elimination of TSM intersegment charges	2,403	2,400	4,806	4,800
Consolidated operating income (loss)	38,214	(63,619)	69,948	(45,534)
Consolidated net realized investment gains (losses)	2,364	(921)	3,679	2,021
Consolidated net unrealized investment gains (losses) on equity investments	3,323	(776)	22,992	(16,975)
Consolidated interest expense	(1,831)	(1,825)	(3,619)	(3,515)
Consolidated other income, net	1,705	494	2,874	1,657
Consolidated income (loss) before taxes	$ 43,775	$ (66,647)	$ 95,874	$ (62,346)
Depreciation and amortization expense:				
Managed care	$ 2,792	$ 2,804	$ 5,549	$ 5,445
Life insurance	273	296	545	596
Property and casualty insurance	86	108	180	212
Other segments*	193	172	378	340
Total business segments	3,344	3,380	6,652	6,593
TSM depreciation expense	196	196	393	393
Consolidated depreciation and amortization expense	$ 3,540	$ 3,576	$ 7,045	$ 6,986

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

	June 30, 2019	December 31, 2018
Assets:		
Managed care	$ 1,237,890	$ 1,078,262
Life insurance	912,550	863,470
Property and casualty insurance	648,292	747,583
Other segments *	25,307	20,705
Total business segments	2,824,039	2,710,020
Unallocated amounts related to TSM:		
Cash, cash equivalents, and investments	32,541	57,818
Property and equipment, net	23,159	21,733
Other assets	32,492	22,521
	88,192	102,072
Elimination entries-intersegment receivables and others	(75,166)	(51,844)
Consolidated total assets	$ 2,837,065	$ 2,760,248

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

(15) Subsequent Events

On July 16, 2019, the Company announced that its Board of Directors authorized the conversion (Conversion) of the Company's remaining issued and outstanding Class A common shares into Class B common shares, effective August 7, 2019.

As the result of a recent litigation settlement, the Company will issue 48,602 Class A shares to the heirs of a former shareholder preceding the Conversion. The issuance of these new Class A shares will entitle all Class B shareholders to certain anti-dilution rights; therefore, all holders of Class B shares at the close of business on July 26, 2019 (Record Date) will receive a share dividend of 0.051107 Class B shares for every Class B share they own as of that time, as determined by the anti-dilution formula in the Company's articles of incorporation. The Class B share dividend will be payable on August 6, 2019; cash will be paid in lieu of fractional shares so that shareholders receive a whole number of shares of common stock. After the issuance of the Class A shares described above and the Class B share dividend, the Company's total outstanding common stock is expected to be approximately 24,334,000 shares.

Effective upon the Company's public announcement on August 7, 2019, all Class A holders of record will receive one Class B share for each Class A share held. Upon the Conversion, all remaining outstanding Class A shares will be automatically cancelled and extinguished, and the Company will maintain a single class of common shares.

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. The 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 and six months ended June 30, 2019. 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, 2018 and the MD&A included therein, and our condensed consolidated financial statements and accompanying notes as of and for the three months and six months ended June 30, 2019 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 60 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 health benefits. 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, 2018 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 (USVI), Costa Rica, the British Virgin Islands (BVI) and Anguilla. As of June 30, 2019, we served approximately 930,000 managed care members across all regions of Puerto Rico. For the six months ended June 30, 2019 and 2018, our managed care segment represented approximately 92% of our total consolidated premiums earned. We also have significant positions in the life insurance and property and casualty insurance markets.

We participate in the managed care market through our subsidiaries, Triple-S Salud, Inc. (TSS); Triple-S Advantage, Inc. (TSA), and Triple-S Blue, Inc. I.I. (TSB). TSS, TSA and TSB are Blue Cross Blue Shield Association (BCBSA) licensees, which provides us with exclusive use of the Blue Cross and Blue Shield name and mark throughout Puerto Rico, the USVI, Costa Rica, the BVI, 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 Medicaid. 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, investment income, and revenues derived from other non-reportable segments. Substantially all 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 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.

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

Puerto Rico Economy

In August 2016, President Obama appointed the seven voting members of the Oversight Board through the process established in the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), which authorized the President to select the members from several lists required to be submitted by congressional leaders. On February 15, 2019, the First Circuit of the U.S. Court of Appeals (the First Circuit) declared such appointments unconstitutional upon concluding that they did not comply with the Appointments Clause of the U.S. Constitution, which requires that principal federal officers be appointed by the President, with the advice and consent of the U.S. Senate. The First Circuit's decision, which is currently stayed pending review by the U.S. Supreme Court, did not eliminate otherwise valid actions taken by the Oversight Board. Moreover, U.S. President Donald Trump recently nominated the current Oversight Board members to serve their terms through the end of August. Such appointments, however, are pending confirmation by the U.S. Senate.

The Oversight Board has certified several fiscal plans for the Commonwealth since 2017. The most recent fiscal plan for the Commonwealth certified by the Oversight Board is dated May 9, 2019 (the Commonwealth Fiscal Plan). The Commonwealth Fiscal Plan estimates a 4.7% contraction in real GNP in fiscal year 2018, after accounting for the impact of disaster relief funding and the measures and structural reforms contemplated by the plan. It also projects that disaster relief spending will have a short-term stimulative effect on the economy, which, combined with the estimated effects of the proposed fiscal measures and structural reforms, will result in real GNP growth of approximately 4% and 1.5% in fiscal years 2019 and 2020, respectively. The Commonwealth Fiscal Plan estimates that the Commonwealth's population will continue to decline at rates of approximately 1% to 2% annually through fiscal year 2024.

The indictment of two senior Puerto Rico government officials on fraud and related charges in July 2019, as well as other recent scandals involving former Puerto Rico Governor, Ricardo Rosselló Nevares, and other senior government officials led to massive protests and, ultimately, Rosselló's resignation, which became effective on August 2, 2019. Pedro Pierluisi, a former Resident Commissioner of Puerto Rico in the U.S. Congress, was nominated by Rosselló on July 31, 2019 to serve as the Puerto Rico Secretary of State (who is first in line to succeed the Governor upon a vacancy under the Puerto Rico Constitution) and was sworn in as the new Governor after Rosselló's resignation became effective. However, on August 7, 2019, Pierluisi's accession to the governorship was declared unconstitutional by the Puerto Rico Supreme Court and the Secretary of Justice (who is second in line to succeed the Governor upon a vacancy under applicable law), Wanda Vázquez Garced, was sworn in as Governor. It is still too early to assess whether the current political instability will continue for a prolonged period and, therefore, whether it could have an adverse impact on economic activity in Puerto Rico, including by affecting receipt of federal funding or ongoing debt restructuring efforts.

See Item 1A. Risk Factors – Risks Related to our Business – "Our business is geographically concentrated in Puerto Rico and weakness in the economy and the fiscal health of the government has adversely impacted and may continue to adversely impact us." included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Medicaid

The U.S. House of Representatives' Committee on Energy and Commerce recently approved the "Territories Health Care Improvement Act" as part of H.R. 2328 and forwarded it to the full House for consideration. The bill provides for approximately $12 billion in funding over four years for the Puerto Rico Medicaid program. However, in light of recent allegations of public corruption, including the indictment of the former executive director of the Puerto Rico Health Insurance Administration (ASES by its Spanish acronym) on federal fraud and related charges, members of the U.S. Congress have requested the inclusion of accountability measures to ensure the proper use of funds in the bill, and have requested additional information concerning Puerto Rico's Medicaid program to the U.S. Department of Health and Human Services.

Conversion of Remaining Class A Shares into Class B Shares and Elimination of Dual Class Equity Structure

On July 16, 2019, the Company announced that its Board of Directors authorized the conversion (Conversion) of the Company's remaining issued and outstanding Class A common shares into Class B common shares, effective August 7, 2019.

As the result of a recent litigation settlement, the Company issued 48,602 Class A shares to the heirs of a former shareholder preceding the Conversion. The issuance of these new Class A shares entitle all Class B shareholders to certain anti-dilution rights; therefore, all holders of Class B shares at the close of business on July 26, 2019 (Record Date) received a share dividend of 0.051107 Class B shares for every Class B share they owned as of that time, as determined by the anti-dilution formula in the Company's articles of incorporation. The Class B share dividend became payable on August 6, 2019; cash was paid in lieu of fractional shares so that shareholders receive a whole number of shares of common stock. After the issuance of the Class A shares described above and the Class B share dividend, the Company's total outstanding common stock is expected to be 24.334 million shares.

Effective upon the Company's public announcement on August 7, 2019, all Class A holders of record received one Class B share for each Class A share held. Upon the Conversion, all remaining outstanding Class A shares were automatically cancelled and extinguished, and the Company will maintain a single class of common shares.

Recent Accounting Standards

For a description of recent accounting standards, see Note 2 to the unaudited condensed consolidated financial statements included in this quarterly report on Form 10-Q.

Managed Care Membership

	As of June 30,	
	2019	**2018**
Managed care enrollment:		
Commercial [1]	**436,407**	457,089
Medicare	**128,670**	111,667
Medicaid	**364,495**	404,338
Total	**929,572**	973,094
Managed care enrollment by funding arrangement:		
Fully-insured	**811,594**	828,054
Self-insured	**117,978**	145,040
Total	**929,572**	973,094

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

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.

	Three months ended June 30,		Six months ended June 30,	
(dollar amounts in millions)	**2019**	**2018**	**2019**	**2018**
Revenues:				
Premiums earned, net	**$ 859.5**	$ 741.8	**$ 1,627.5**	$ 1,493.8
Administrative service fees	**2.5**	4.1	**5.1**	7.4
Net investment income	**15.0**	15.7	**30.4**	29.5
Other operating revenues	**1.6**	1.5	**3.2**	2.6
Total operating revenues	**878.6**	763.1	**1,666.2**	1,533.3
Net realized investment gains (losses)	**2.4**	(0.9)	**3.6**	2.0
Net unrealized investment gains (losses) on equity investments	**3.3**	(0.8)	**23.0**	(17.0)
Other income, net	**1.7**	0.5	**2.9**	1.7
Total revenues	**886.0**	761.9	**1,695.7**	1,520.0
Benefits and expenses:				
Claims incurred	**706.3**	692.1	**1,329.5**	1,311.1
Operating expenses	**134.1**	134.6	**266.7**	267.7
Total operating expenses	**840.4**	826.7	**1,596.2**	1,578.8
Interest expense	**1.8**	1.8	**3.6**	3.5
Total benefits and expenses	**842.2**	828.5	**1,599.8**	1,582.3
Income (loss) before taxes	**43.8**	(66.6)	**95.9**	(62.3)
Income tax expense (benefit)	**12.9**	(27.9)	**30.2**	(27.5)
Net income (loss) attributable to TSM	**$ 30.9**	$ (38.7)	**$ 65.7**	$ (34.8)

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Operating Revenues

Consolidated premiums earned, net increased by $117.7 million, or 15.9%, to $859.5 million. This increase primarily reflects higher premiums in the Managed Care segment by $115.5 million due to higher average premiums rates across all Managed Care lines of business and an increase in Medicare membership. The increase was partially offset by lower Medicaid membership.

Claims Incurred

Consolidated claims incurred increased by $14.2 million, or 2.1%, to $706.3 million mostly due to higher claims in the Managed Care segment. The increase in Managed Care claims primarily reflects higher enrollment in the segment's Medicare business, offset in part by favorable prior period reserve developments. This increase was partially offset by $76.4 million of unfavorable prior period reserve development recognized by the Property and Casualty segment during prior year quarter in claims related to Hurricane Maria. The consolidated loss ratio decreased by 1,110 basis points to 82.2%. Adjusting for the Managed Care prior period reserve developments in 2019 and 2018, moving the Medicare risk score revenue to its corresponding period, and excluding the Property and Casualty hurricane related unfavorable prior period reserve in 2019, the consolidated loss ratio would have been approximately 82.8%, 20 basis points lower than last year.

Operating Expenses

Consolidated operating expenses decreased by $0.5 million, or 0.4%, to $134.1 million. The decrease in operating expenses mostly results from the suspension in 2019 of the Health Insurance Providers Fee (HIP fee) of $12.2 million, offset in part by higher personnel cost and commission expense. For the three months ended June 30, 2019, the consolidated operating expense ratio decreased 240 basis points to 15.6%.

Income Taxes

Consolidated income tax expense for the three months ended June 30, 2019 was $12.9 million, compared to a benefit of $27.9 million during the three months ended June 30, 2018. The year over year change in income taxes reflects the loss before taxes in the 2018 period in the Property and Casualty segment.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Operating Revenues

Consolidated premiums earned, net increased by $133.7 million, or 8.9%, to $1,627.5 million. This increase primarily reflects higher premiums in the Managed Care segment by $134.0 million due to higher average premiums rates across all Managed Care lines of business and an increase in Medicare membership. The increase was partially offset by lower Medicaid membership.

Net unrealized investment gains (losses) on equity investments

The $23.0 million in consolidated net unrealized investment gains reflects the impact of changes in equity markets.

Claims Incurred

Consolidated claims incurred increased by $18.4 million, or 1.4%, to $1,329.5 million due to higher claims in the Managed Care segment. The increase in Managed Care claims primarily reflects higher enrollment in the segment's Medicare business, offset in part by favorable prior period reserve developments. This increase was partially offset by $76.4 million of unfavorable prior period reserve development recognized by the Property and Casualty segment during the prior year in claims related to Hurricane Maria. The consolidated loss ratio decreased by 610 basis points to 81.7%. Adjusting for the Managed Care prior period reserve developments in 2019 and 2018, moving the Medicare risk score revenue to its corresponding period, and excluding the Property and Casualty hurricane related unfavorable prior period reserve in 2019, the consolidated loss ratio would have been approximately 82.0%, 80 basis points lower than last year.

Operating Expenses

Consolidated operating expenses decreased by $1.0 million, or 0.4%, to $266.7 million. The decrease in operating expenses mostly result from the suspension of the HIP fee of $23.9 million offset in part by higher personnel costs and commission expense as well as to an increase in the provision for doubtful accounts. For the six months ended June 30, 2019, the consolidated operating expense ratio decreased 150 basis points to 16.3%.

Income Taxes

Consolidated income tax expense for the six months ended June 30, 2019 was $30.2 million, compared to a benefit of $27.5 million during the six months ended June 30, 2018. The year over year change in income taxes reflects the loss before taxes in the 2018 period in the Property and Casualty segment.

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Managed Care Operating Results

(dollar amounts in millions)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Operating revenues:				
Medical premiums earned, net:				
Commercial	**$ 200.8**	$ 194.7	**$ 399.3**	$ 393.5
Medicare	**366.0**	279.8	**698.6**	567.7
Medicaid	**227.0**	203.8	**401.4**	404.1
Medical premiums earned, net	**793.8**	678.3	**1,499.3**	1,365.3
Administrative service fees	**3.6**	5.1	**7.3**	9.4
Net investment income	**5.5**	5.9	**11.4**	10.8
Total operating revenues	**802.9**	689.3	**1,518.0**	1,385.5
Medical operating costs:				
Medical claims incurred	**670.7**	583.8	**1,260.7**	1,167.6
Medical operating expenses	**102.9**	104.1	**205.9**	205.9
Total medical operating costs	**773.6**	687.9	**1,466.6**	1,373.5
Medical operating income	**$ 29.3**	$ 1.4	**$ 51.4**	$ 12.0
Additional data:				
Member months enrollment:				
Commercial:				
Fully-insured	**955,463**	940,484	**1,908,515**	1,901,774
Self-funded	**353,961**	439,675	**716,451**	889,453
Total commercial	**1,309,424**	1,380,159	**2,624,966**	2,791,227
Medicare	**385,835**	334,887	**769,443**	673,227
Medicaid	**1,092,132**	1,201,743	**2,121,868**	2,373,088
Total member months	**2,787,391**	2,916,789	**5,516,277**	5,837,542
Medical loss ratio	**84.5%**	86.1%	**84.1%**	85.5%
Operating expense ratio	**12.9%**	15.2%	**13.7%**	15.0%

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Medical Operating Revenues

Medical premiums earned increased by $115.5 million, or 17.0%, to $793.8 million. This increase is principally the result of the following:

- Medical premiums generated by the Medicare business increased by $86.2 million, or 30.8% to $366.0 million, primarily reflecting an increase in enrollment by approximately 51,000 member months, and higher average premium rates reflecting an increase in the average membership risk score.

- Medical premiums generated by the Medicaid business increased by $23.2 million, or 11.4% to $227.0 million, primarily reflecting higher average premium rates in 2019 offset in part by a decrease in membership of approximately 110,000 member months, and $3.6 million related to the suspension of the HIP fee pass-through in 2019. The decrease in membership follows the lower membership assigned to us by ASES when implementing the new contract effective November 1, 2018. The increase in average premium rates is due to the change in model brought by the new contract, where we now insure members across Puerto Rico which have a higher average premium rates per member, compared to the previous contract where we covered only two service regions with lower premium rates per member.

- Medical premiums generated by the Commercial business increased by $6.1 million, or 3.1%, to $200.8 million. This fluctuation primarily reflects higher enrollment during the quarter by approximately 15,000 member months, and higher average premium rates, offset in part by $3.0 million related to the suspension of the HIP fee pass-through in 2019.

Medical Claims Incurred

Medical claims incurred increased by $86.9 million, or 14.9%, to $670.7 million when compared to the three months ended June 30, 2018. The medical loss ratio (MLR) of the segment decreased 160 basis points during the 2019 period, to 84.5%. This fluctuation is primarily attributed to the net effect of the following:

- The medical claims incurred in the Medicare business increased by $54.2 million, or 21.9%, during the 2019 period mostly driven by higher enrollment. The MLR, at 82.4% was 600 basis points lower than the same period last year. Adjusting for the effect of prior period reserve developments in 2019 and 2018 and moving the risk score revenue adjustments to their corresponding period, the Medicare MLR would have been approximately 83.2% this quarter, about 70 basis points higher than last year reflecting higher premiums during the 2019 period and the impact of cost containment initiatives.

- The medical claims incurred in the Medicaid business increased by $26.5 million, or 14.7%, during the 2019 period. The MLR, at 91.1%, was 260 basis point higher than the same period last year. Adjusting for the effect of prior period reserve developments, the Medicaid MLR would have been approximately 91.1%, for the quarter, 530 basis points higher than the adjusted MLR for last year reflecting the higher required target MLR of the current Medicaid contract and the impact of the elimination in 2019 of the HIP fee. The current Medicaid contract requires a minimum MLR of 92%, including allocation of healthcare quality improvement expenses.

- The medical claims incurred in the Commercial business increased by $6.3 million, or 4.0%, during the 2019 period. The MLR, at 80.9% was 70 basis points higher than the same period last year. Adjusting for the effect of prior period reserve developments, the Commercial MLR would have been 82.6%, 140 basis points lower than the adjusted MLR for last year.

Medical Operating Expenses

Medical operating expenses decreased by $1.2 million, or 1.2%, to $102.9 million. The operating expense ratio decreased by 230 basis points to 12.9% in 2019. The lower operating expenses and expense ratio are mostly driven by a $12.2 million decrease in the HIP Fee due to the moratorium of the fee in 2019, offset in part by higher personnel costs and commission expense.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Medical Operating Revenues

Medical premiums earned increased by $134.0 million, or 9.8%, to $1,499.3 million. This increase is principally the result of the following:

- Medical premiums generated by the Medicare business increased by $130.9 million, or 23.1%, to $698.6 million, primarily reflecting an increase in member months enrollment by approximately 96,000 and higher average premium rates, mainly reflecting higher membership risk score in 2019.

- Medical premiums generated by the Commercial business increased by $5.8 million, or 1.5%, to $399.3 million. This fluctuation primarily reflects higher member enrollment during the year by approximately 7,000 member months and higher average premium rates, offset in part by $6.0 million related to the suspension of the HIP fee pass-through in 2019.

- Medical premiums generated by the Medicaid business decreased by $2.7 million or 0.7% to $401.4 million. This decrease primarily reflects lower enrollment by approximately 251,000 member months, the impact of the profit sharing accrual, which lowered 2019 premiums by $5.2 million, and $7.3 million related to the suspension of the HIP fee pass-through in 2019. The decrease in membership follows the lower membership assigned to us by ASES when implementing the new Medicaid contract effective November 1, 2018. The increase in average premium rates is due to the change in model brought by the new contract, where we now insure members across Puerto Rico which have a higher average premium rates per member, compared to the previous contract where we covered only two service regions with lower premium rates per member.

Medical Claims Incurred

Medical claims incurred increased by $93.1 million, or 8.0%, to $1,260.7 million when compared to the six months ended June 30, 2018. The MLR of the segment decreased 140 basis points during 2019, to 84.1%. This fluctuation is primarily attributed to the net effect of the following:

- The medical claims incurred in the Medicare business increased by $78.8 million, or 16.0%, during the 2019 period mostly driven by higher enrollment. The MLR, at 81.5% was 490 basis points lower than the same period last year. Adjusting for the effect of prior period reserve developments in 2019 and 2018 and moving the risk score revenue adjustments to their corresponding period, the Medicare MLR would have been approximately 84.3% this year, about 210 basis points higher than last year reflecting higher premiums during the 2019 period and the impact of cost containment initiatives.

- The medical claims incurred in the Commercial business increased by $9.1 million, or 2.9%, during the 2019 period. The MLR, at 81.9%, was 110 basis point higher than the same period last year. Adjusting for the effect of prior period reserve developments, the Commercial MLR would have been 82.3%, 110 basis points lower than the adjusted MLR for last year.

- The medical claims incurred in the Medicaid business increased by $5.2 million, or 1.4%, during the 2019 period. The MLR, at 90.7%, was 180 basis point higher than the same period last year. Adjusting for the effect of prior period reserve developments, the Medicaid MLR would have been approximately 91.4% this period, 470 basis points higher than the adjusted MLR for last year reflecting the higher required target MLR of the current Medicaid contract and the impact of the elimination in 2019 of the HIP fee.

Medical Operating Expenses

Total medical operating expenses, at $205.9 million, did not change when compared to the prior period, while the operating expense ratio decreased by 130 basis points to 13.7% in 2019. The lower operating expense ratio reflects the suspension of the HIP fee in 2019, resulting in a decrease of $23.9 million, offset by increases in personnel costs, commission expense, and in the provision for doubtful accounts.

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Life Insurance Operating Results

(dollar amounts in millions)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Operating revenues:				
Premiums earned, net:				
Premiums earned	**$ 46.8**	$ 43.1	**$ 92.4**	$ 86.1
Assumed earned premiums	**0.3**	0.5	**1.0**	1.3
Ceded premiums earned	**(2.1)**	(2.2)	**(4.2)**	(4.5)
Premiums earned, net	**45.0**	41.4	**89.2**	82.9
Net investment income	**6.8**	6.6	**13.4**	12.7
Total operating revenues	**51.8**	48.0	**102.6**	95.6
Operating costs:				
Policy benefits and claims incurred	**27.3**	23.5	**53.3**	48.5
Underwriting and other expenses	**19.3**	19.2	**38.4**	38.1
Total operating costs	**46.6**	42.7	**91.7**	86.6
Operating income	**$ 5.2**	$ 5.3	**$ 10.9**	$ 9.0
Additional data:				
Loss ratio	**60.7%**	56.8%	**59.8%**	58.5%
Operating expense ratio	**42.9%**	46.4%	**43.0%**	46.0%

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Operating Revenues

Premiums earned, net increased by $3.6 million, or 8.7%, to $45.0 million, mainly as the result of higher sales and improved policy retention in the Individual Life and Cancer lines of business.

Policy Benefits and Claims Incurred

Policy benefits and claims incurred increased by $3.8 million, or 16.2%, to $27.3 million, mostly as the result of higher actuarial reserves following improved portfolio persistency during the period and higher claim levels through all lines of business. As a result, the segment's loss ratio increased 390 basis point to 60.7%.

Underwriting and Other Expenses

Underwriting and other expenses, at $19.3 million, were in line with previous year. The segment's operating expense ratio improved 350 basis points to 42.9%.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Operating Revenues

Premiums earned, net increased by $6.3 million, or 7.6%, to $89.2 million, mainly as the result of higher sales and improved policy retention in the Individual Life and Cancer lines of business.

Policy Benefits and Claims Incurred

Policy benefits and claims incurred increased by $4.8 million, or 9.9%, to $53.3 million, mostly as the result of higher actuarial reserves following improved portfolio persistency during the period and a growing trend of cancer claims. As a result, the segment's loss ratio increased 130 basis point to 59.8%.

Underwriting and Other Expenses

Underwriting and other expenses were in line with previous year, increasing $0.3 million, or 0.8%, to $38.4 million mostly reflecting the segment's higher volume of business offset in part by a lower amortization of deferred acquisition costs reflecting the segment's improved portfolio persistency. As a result, the segment's operating expense ratio improved 300 basis points to 43.0%.

Property and Casualty Insurance Operating Results

(dollar amounts in millions)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Operating revenues:				
Premiums earned, net:				
Premiums written	**$ 36.4**	$ 32.8	**$ 67.3**	$ 66.4
Premiums ceded	**(10.3)**	(12.8)	**(23.7)**	(27.5)
Change in unearned premiums	**(4.3)**	2.8	**(2.5)**	8.1
Premiums earned, net	**21.8**	22.8	**41.1**	47.0
Net investment income	**2.4**	2.8	**4.9**	5.2
Total operating revenues	**24.2**	25.6	**46.0**	52.2
Operating costs:				
Claims incurred	**9.4**	85.9	**18.0**	96.9
Underwriting and other expenses	**10.0**	10.7	**19.7**	23.2
Total operating costs	**19.4**	96.6	**37.7**	120.1
Operating (loss) income	**$ 4.8**	$ (71.0)	**$ 8.3**	$ (67.9)
Additional data:				
Loss ratio	**43.1%**	376.8%	**43.8%**	206.2%
Operating expense ratio	**45.9%**	46.9%	**47.9%**	49.4%

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Operating Revenues

Total premiums written increased by $3.6 million, or 11.0%, to $36.4 million, driven by higher sales of Commercial Auto, Commercial Package, and Personal Package products.

The premiums ceded to reinsurers decreased by $2.5 million, or 19.5%, mostly reflecting a decrease in cessions in the Commercial quota share agreement from 35% in 2018 to 25% in 2019 resulting in an incoming portfolio transfer of $2.2 million. This decrease was offset in part by higher catastrophe non-proportional reinsurance costs.

Claims Incurred

Claims incurred decreased by $76.5 million, or 89.1%, to $9.4 million primarily driven by $76.4 million of unfavorable prior period reserve development in claims in the prior year quarter related to Hurricane Maria. As a result, the loss ratio decreased to 43.1% during this period.

Underwriting and Other Expenses

Underwriting and other operating expenses decreased by $0.7 million, or 6.5%, to $10.0 million mostly due to lower net commission expense following the decrease in net premiums earned. The operating expense ratio was 45.9%, 100 basis points lower than prior year.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Operating Revenues

Total premiums written increased by $0.9 million, or 1.4%, to $67.3 million, driven by higher volume of Commercial Auto, Commercial Liability, and Commercial Package products, offset by lower sales of Commercial Property products, mostly resulting from the selective and disciplined underwriting of Commercial risks.

The premiums ceded to reinsurers decreased by $3.8 million, or 13.8%, mostly reflecting a decrease in cessions in the Commercial quota share agreement from 35% in 2018 to 25% in 2019 resulting in an incoming portfolio transfer of $2.2 million. This decrease was offset in part by higher catastrophe non-proportional reinsurance costs.

Claims Incurred

Claims incurred decreased by $78.9 million, or 81.4%, to $18.0 million driven by a $76.4 million unfavorable prior period reserve development in claims in prior year related to Hurricane Maria. As a result, the loss ratio decreased to 43.8% during this period.

Underwriting and Other Expenses

Underwriting and other operating expenses decreased by $3.5 million, or 15.1%, to $19.7 million mostly due to lower commission expense following the decrease in net premiums earned. The operating expense ratio was 47.9%, 150 basis points lower than prior year.

Liquidity 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:

	Six months ended June 30,	
(dollar amounts in millions)	**2019**	**2018**
Sources (uses) of cash:		
Cash provided by operating activities	**$ 26.3**	$ 130.7
Net purchases of investment securities	**25.5**	(41.5)
Net capital expenditures	**(10.7)**	(9.1)
Payments of long-term borrowings	**(1.6)**	(1.6)
Proceeds from policyholder deposits	**8.2**	11.6
Surrenders of policyholder deposits	**(11.4)**	(14.7)
Repurchase and retirement of common stock	**-**	(16.4)
Other	**12.4**	(2.0)
Net increase in cash and cash equivalents	**$ 48.7**	$ 57.0

Decrease in net cash provided by operating activities by approximately $104.4 million mostly reflects the collection in advance of July CMS premiums in the 2018 period, lower premium collections in the Managed Care segment, and Property and Casualty hurricane related claim payments, offset in part by lower payments to suppliers and employees.

Net proceeds from investments in securities are part our asset/liability management strategy.

In August 2017, the Company's Board of Directors authorized a $30.0 million repurchase program of its Class B common stock and in February 2018 the Company's Board of Directors authorized a $25.0 million expansion of this program. 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 six months ended June 30, 2018, the Company repurchased and retired under this program 643,963 of our Class B Common Stock shares at an average per share price of $25.40, for an aggregate cost of $16.4 million. No share repurchases were made during the six months ended June 30, 2019.

The fluctuation in the Other sources (uses) of cash is attributed to changes in the amount of outstanding checks over bank balances.

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 June 30, 2019, we had $60.0 million of available credit under these facilities. There are no outstanding short-term borrowings under these facilities as of June 30, 2019.

On December 28, 2016, TSM entered into a $35.5 million credit agreement with a commercial bank in Puerto Rico. The agreement consists of three term loans: (i) Term Loan A in the principal amount of $11.2 million, (ii) Term Loan B in the principal amount of $20.2 million and (iii) Term Loan C in the principal amount of $4.1 million. Term Loan A matures in October 2023 while the Term Loans B and C mature in January 2024. Term Loan A was used to refinance a previous $41.0 million secured loan payable with the same commercial bank. Pursuant to the credit agreement, interest is payable on the outstanding balance of the Loan at the following annual rate: (i) 1% over LIBOR for Term Loan A, (ii) 2.75% over LIBOR for Term Loan B, and (iii) 3.25% over LIBOR for Term Loan C. The loan includes certain financial and non-financial covenants, which 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 and dividends. Failure to meet these covenants may trigger the accelerated payment of the outstanding balance. As of June 30, 2019, we are in compliance with these covenants.

TSA has a $10.0 million revolving loan agreement with a commercial bank in Puerto Rico. This line of credit has an interest rate of 30-day LIBOR plus 25 basis points contains certain financial and non-financial covenants that are customary for this type of facility. This line of credit matured on April 30, 2019 and was renewed for an additional year.

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, 2018.

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, 2018. A discussion of our market risk is incorporated by reference to “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” included in our Annual Report on Form 10-K for the year ended December 31, 2018.

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 June 30, 2019, 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 June 30, 2019 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, 2018. The following text updates disclosures included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Under the sub-caption “Certain of our current and former providers may bring materially dilutive claims against us.”, the fourth paragraph was amended to read as follows:

We believe that we should prevail in any litigation with respect to these matters; however, we cannot predict the outcome of any such litigation, including with respect to the magnitude of any claims that may be asserted by any plaintiff, and the interests of our shareholders could be materially diluted to the extent that claims under the share acquisition agreements are successful. In addition, all remaining shares of our Class A common stock were converted into Class B common stock on August 7, 2019, at which point we ceased to have a dual-class structure and the remaining antidilution protection afforded to holders of Class B shares by that structure ceased.

Under the sub-caption "Heirs of certain of our former shareholders may bring materially dilutive claims against us.", the second paragraph was amended to read as follows:

We believe that we should prevail in litigation with respect to these matters; however, we cannot predict the outcome of any such litigation regarding these non-medical heirs. The interests of our existing shareholders could be materially diluted to the extent that any such claims are successful. In addition, all remaining shares of our Class A common stock were converted into Class B common stock on August 7, 2019, at which point we ceased to have a dual-class structure and the remaining antidilution protection afforded to holders of Class B shares by that structure ceased.

The risk described under the sub-caption "The dual class structure may not successfully protect against significant dilution of your shares of Class B common stock." was eliminated.

The sub-caption "Future sales of our Class B common stock, or the perception that such future sales may occur, may have an adverse impact of its market price.", was amended to read as follows:

Sales of a substantial number of shares of our common stock in the public market, or the perception that large sales could occur, could cause the market price of our Class B common stock to decline. Either of these limits our future ability to raise capital through an offering of equity securities. As of December 31, 2018, there were 21,980,168 shares of Class B common stock and 950,968 shares of Class A common stock. Our Class A common stock is no longer subject to contractual lockup; thus, such shares are freely tradable without restriction or further registration under the Securities Act by persons other than our ''affiliates'' within the meaning of Rule 144 under the Securities Act, although such shares will continue not to be listed on the NYSE and will not be fungible with our listed shares of Class B common stock until conversion of all remaining Class A common stock to Class B common stock, which occurred on August 7, 2019.

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

Not applicable.

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*
11	Statement re computation of per share earnings; an exhibit describing the computation of the earnings per share for the three and six months ended June 30, 2019 and 2018 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:	August 8, 2019	By:	/s/ Roberto García-Rodríguez Roberto García-Rodríguez *President and Chief Executive Officer*
Date:	August 8, 2019	By:	/s/ Juan J. Román-Jiménez Juan J. Román-Jiménez *Executive Vice President and Chief Financial Officer*

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Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATION

I, Roberto García-Rodríguez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triple-S Management Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2019 By: /s/ Roberto García-Rodríguez

Roberto García-Rodríguez
President and Chief Executive Officer

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Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Juan J. Román-Jiménez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triple-S Management Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2019

By: /s/ Juan J. Román-Jiménez
Juan J. Román-Jiménez
Executive Vice President and Chief Financial Officer

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Section 4: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Triple-S Management Corporation (the Company) on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Roberto García-Rodríguez, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

a) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2019

By: /s/ Roberto García-Rodríguez
Roberto García-Rodríguez
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 5: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Triple-S Management Corporation (the Company) on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Juan J. Román-Jiménez, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

a) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2019

By: /s/ Juan J. Román-Jiménez
Juan J. Román-Jiménez
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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