



# ANNUAL STATEMENT

## For the Year Ended DECEMBER 31, 2015

### OF THE CONDITION AND AFFAIRS OF THE

# MMG Insurance Company

NAIC Group Code 0000 , 0000 NAIC Company Code 15997 Employer's ID Number 01-0021090  
(Current Period) (Prior Period)

Organized under the Laws of Maine , State of Domicile or Port of Entry Maine

Country of Domicile United States of America

Incorporated/Organized 05/22/1897 Commenced Business 08/19/1897

Statutory Home Office 44 Maysville Street , Presque Isle, ME, US 04769  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 44 Maysville Street  
(Street and Number)

Presque Isle, ME, US 04769 (207)764-6611  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 729 , Presque Isle, ME, US 04769  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 44 Maysville Street  
(Street and Number)

Presque Isle, ME, US 04769 (207)764-6611  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.mmgins.com

Statutory Statement Contact Michael Allen Thibodeau (207)764-6611-268  
(Name) (Area Code)(Telephone Number)(Extension)

mike.thibodeau@mmgins.com (207)760-3320  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title
Larry Martin Shaw	President/CEO
Matthew Ricker McHatten	Exec. VP/COO/Secretary
Michael Martin Young	Senior VP/CFO/Treasurer
Stephen James Gallant	Senior VP - External Operations

### OTHERS

Lynn Marie Lombard Corey Alan Graham	Pamela Jean Johnson Douglas Reed Hazlett	Timothy William Vernon	Stacy Lee Shaw
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### DIRECTORS OR TRUSTEES

John Henry Cashwell, III Chairman Dawn Hill Larry Martin Shaw	Michael David MacPherson Jay York McCrum Lisa Marie Ventriss	Samuel Wilson Collins Donald Walker Perkins Jr. James Edwin Nevels	Harold Anthony Dakin Jon Joseph Prescott Jean Marguerite Deighan
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State of Maine  
 County of Aroostook ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) <b>Larry Martin Shaw</b> _____ (Printed Name) 1. President/CEO _____ (Title)	_____ (Signature) <b>Matthew Ricker McHatten</b> _____ (Printed Name) 2. Exec. VP/COO/Secretary _____ (Title)	_____ (Signature) <b>Michael Martin Young</b> _____ (Printed Name) 3. Senior VP/CFO/Treasurer _____ (Title)
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Subscribed and sworn to before me this _____ day of _____, 2016	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[ ] _____ 0 _____ 0
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 (Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	129,923,119	0	129,923,119	124,675,973
2. Stocks (Schedule D)				
2.1 Preferred stocks	0	0	0	0
2.2 Common Stocks	32,968,826	0	32,968,826	33,809,365
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)	5,264,025	0	5,264,025	5,347,678
4.2 Properties held for the production of income (less \$.....0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances)	0	0	0	0
5. Cash (\$.....19,295,629, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	19,295,629	0	19,295,629	18,387,919
6. Contract loans (including \$.....0 premium notes)	0	0	0	0
7. Derivatives (Schedule DB)	0	0	0	0
8. Other invested assets (Schedule BA)	0	0	0	0
9. Receivables for securities	74,033	0	74,033	43,440
10. Securities Lending Reinvested Collateral Assets (Schedule DL)	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	187,525,632	0	187,525,632	182,264,375
13. Title plants less \$.....0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	1,488,020	0	1,488,020	1,456,202
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	6,235,856	0	6,235,856	5,688,558
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)	39,177,108	0	39,177,108	35,949,670
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	320,054	0	320,054	331,354
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	867,980	0	867,980	200,225
18.2 Net deferred tax asset	5,486,046	0	5,486,046	4,560,627
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	2,063,841	1,548,796	515,045	506,061
21. Furniture and equipment, including health care delivery assets (\$.....0)	750,178	750,178	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	575,743	0	575,743	5,871
24. Health care (\$.....0) and other amounts receivable	0	0	0	0
25. Aggregate write-ins for other than invested assets	3,739,236	772,589	2,966,647	2,864,639
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	248,229,693	3,071,564	245,158,129	233,827,582
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. TOTAL (Lines 26 and 27)	248,229,693	3,071,564	245,158,129	233,827,582
<b>DETAILS OF WRITE-INS</b>				
1101.	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Company Cars	395,277	395,277	0	0
2502. Leasehold Improvements	11,614	11,614	0	0
2503. Prepaid Expenses	325,533	325,533	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	3,006,812	40,165	2,966,647	2,864,639
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,739,236	772,589	2,966,647	2,864,639

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	38,579,336	37,262,431
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	10,667,186	9,226,147
4. Commissions payable, contingent commissions and other similar charges .....	9,557,196	11,731,981
5. Other expenses (excluding taxes, licenses and fees) .....	1,437,242	1,726,235
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	530,731	763,797
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....	0	0
7.2 Net deferred tax liability .....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0 .....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....6,015,422 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act) .....	83,725,428	76,790,417
10. Advance premiums .....	2,342,391	2,180,943
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	2,324,415	2,139,956
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	155,839	614,878
14. Amounts withheld or retained by company for account of others .....	1,257,379	1,197,434
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 8) .....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	1,746	1,533
19. Payable to parent, subsidiaries and affiliates .....	0	4,687
20. Derivatives .....	0	0
21. Payable for securities .....	99,463	24,349
22. Payable for securities lending .....	0	0
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$.....0 and interest thereon \$.....0 .....	0	0
25. Aggregate write-ins for liabilities .....	0	0
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	150,678,352	143,664,788
27. Protected cell liabilities .....	0	0
28. TOTAL Liabilities (Lines 26 and 27) .....	150,678,352	143,664,788
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	2,500,000	2,500,000
31. Preferred capital stock .....	0	0
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....	0	0
34. Gross paid in and contributed surplus .....	36,619,065	35,374,137
35. Unassigned funds (surplus) .....	55,360,713	52,288,657
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$.....0) .....	0	0
36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	94,479,777	90,162,794
38. TOTALS (Page 2, Line 28, Column 3) .....	245,158,129	233,827,582
<b>DETAILS OF WRITE-INS</b>		
2501. ....	0	0
2502. ....	0	0
2503. ....	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0
2901. ....	0	0
2902. ....	0	0
2903. ....	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0
3201. ....	0	0
3202. ....	0	0
3203. ....	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....	0	0

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)	149,067,377	136,839,611
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7)	83,008,030	77,981,200
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	14,514,226	14,099,312
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	51,291,149	47,677,987
5. Aggregate write-ins for underwriting deductions	0	0
6. TOTAL Underwriting Deductions (Lines 2 through 5)	148,813,405	139,758,499
7. Net income of protected cells	0	0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	253,972	(2,918,888)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,083,847	4,071,076
10. Net realized capital gains (losses) less capital gains tax of \$.....300,625 (Exhibit of Capital Gains (Losses))	583,566	1,398,728
11. Net investment gain or (loss) (Lines 9 + 10)	4,667,413	5,469,804
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....26,657)	(26,657)	(21,319)
13. Finance and service charges not included in premiums	1,062,522	1,024,606
14. Aggregate write-ins for miscellaneous income	13,324	29,578
15. TOTAL Other Income (Lines 12 through 14)	1,049,190	1,032,864
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	5,970,575	3,583,780
17. Dividends to policyholders	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	5,970,575	3,583,780
19. Federal and foreign income taxes incurred	1,496,983	187,455
20. Net income (Line 18 minus Line 19) (to Line 22)	4,473,592	3,396,325
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	90,162,794	87,706,063
22. Net income (from Line 20)	4,473,592	3,396,325
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(543,684)	(1,055,387)	(242,722)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	381,735	117,044
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	(363,940)	(193,741)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	1,244,928	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	(363,937)	(620,177)
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	(8)	2
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	4,316,983	2,456,731
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	94,479,777	90,162,794
<b>DETAILS OF WRITE-INS</b>		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Misc. Income	13,324	29,578
1402.	0	0
1403.	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	13,324	29,578
3701. Rounding	(8)	2
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)	(8)	2

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	152,573,559	139,925,705
2. Net investment income .....	5,248,239	5,132,879
3. Miscellaneous income .....	1,049,190	1,032,864
4. TOTAL (Lines 1 through 3) .....	158,870,988	146,091,448
5. Benefit and loss related payments .....	81,679,826	76,793,365
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	67,061,181	60,477,708
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....300,625 tax on capital gains (losses) .....	2,465,363	107,595
10. TOTAL (Lines 5 through 9) .....	151,206,370	137,378,668
11. Net cash from operations (Line 4 minus Line 10) .....	7,664,618	8,712,780
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	16,962,840	9,153,705
12.2 Stocks .....	9,438,181	20,396,059
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	13,000	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	44,521	0
12.8 TOTAL Investment proceeds (Lines 12.1 to 12.7) .....	26,458,541	29,549,764
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	23,064,572	14,214,438
13.2 Stocks .....	9,399,147	22,131,694
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	184,347	36,254
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	53,824
13.7 TOTAL Investments acquired (Lines 13.1 to 13.6) .....	32,648,066	36,436,210
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(6,189,525)	(6,886,447)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	1,244,928	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	363,937	462,875
16.6 Other cash provided (applied) .....	(1,448,374)	(1,249,691)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(567,383)	(1,712,566)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	907,710	113,768
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	18,387,919	18,274,151
19.2 End of year (Line 18 plus Line 19.1) .....	19,295,629	18,387,919

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001		0	0
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....	1,769,418	982,691	1,004,376	1,747,733
2. Allied lines .....	737,493	474,049	470,546	740,996
3. Farmowners multiple peril .....	2,186,056	1,148,358	1,155,709	2,178,705
4. Homeowners multiple peril .....	39,783,643	20,511,053	22,180,495	38,114,201
5. Commercial multiple peril .....	33,078,188	16,463,123	17,972,639	31,568,672
6. Mortgage guaranty .....	0	0	0	0
8. Ocean marine .....	0	0	0	0
9. Inland marine .....	2,859,932	1,517,159	1,575,197	2,801,894
10. Financial guaranty .....	0	0	0	0
11.1 Medical professional liability - occurrence .....	0	0	0	0
11.2 Medical professional liability - claims-made .....	0	0	0	0
12. Earthquake .....	0	0	0	0
13. Group accident and health .....	0	0	0	0
14. Credit accident and health (group and individual) .....	0	0	0	0
15. Other accident and health .....	0	0	0	0
16. Workers' compensation .....	0	0	0	0
17.1 Other liability - occurrence .....	1,712,141	889,515	895,489	1,706,167
17.2 Other liability - claims-made .....	0	0	0	0
17.3 Excess Workers' Compensation .....	0	0	0	0
18.1 Products liability - occurrence .....	0	0	0	0
18.2 Products liability - claims-made .....	0	0	0	0
19.1 19.2 Private passenger auto liability .....	28,423,172	13,702,768	14,644,037	27,481,903
19.3 19.4 Commercial auto liability .....	10,589,606	5,315,352	5,722,199	10,182,759
21. Auto physical damage .....	34,862,739	15,786,349	18,104,741	32,544,347
22. Aircraft (all perils) .....	0	0	0	0
23. Fidelity .....	0	0	0	0
24. Surety .....	0	0	0	0
26. Burglary and theft .....	0	0	0	0
27. Boiler and machinery .....	0	0	0	0
28. Credit .....	0	0	0	0
29. International .....	0	0	0	0
30. Warranty .....	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property .....	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability .....	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines .....	0	0	0	0
34. Aggregate write-ins for other lines of business .....	0	0	0	0
35. TOTALS .....	156,002,388	76,790,417	83,725,428	149,067,377
<b>DETAILS OF WRITE-INS</b>				
3401. ....	0	0	0	0
3402. ....	0	0	0	0
3403. ....	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	1,004,376	0	0	0	1,004,376
2. Allied lines	470,546	0	0	0	470,546
3. Farmowners multiple peril	1,155,709	0	0	0	1,155,709
4. Homeowners multiple peril	22,180,495	0	0	0	22,180,495
5. Commercial multiple peril	17,972,639	0	0	0	17,972,639
6. Mortgage guaranty	0	0	0	0	0
8. Ocean marine	0	0	0	0	0
9. Inland marine	1,575,197	0	0	0	1,575,197
10. Financial guaranty	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0
12. Earthquake	0	0	0	0	0
13. Group accident and health	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0
15. Other accident and health	0	0	0	0	0
16. Workers' compensation	0	0	0	0	0
17.1 Other liability - occurrence	895,489	0	0	0	895,489
17.2 Other liability - claims-made	0	0	0	0	0
17.3 Excess Workers' Compensation	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0
18.2 Products liability - claims-made	0	0	0	0	0
19.1 19.2 Private passenger auto liability	14,644,037	0	0	0	14,644,037
19.3 19.4 Commercial auto liability	5,722,199	0	0	0	5,722,199
21. Auto physical damage	18,104,741	0	0	0	18,104,741
22. Aircraft (all perils)	0	0	0	0	0
23. Fidelity	0	0	0	0	0
24. Surety	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0
28. Credit	0	0	0	0	0
29. International	0	0	0	0	0
30. Warranty	0	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property	0	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability	0	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines	0	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0
35. TOTALS	83,725,428	0	0	0	83,725,428
36. Accrued retrospective premiums based on experience					0
37. Earned but unbilled premiums					0
38. Balance (Sum of Lines 35 through 37)					83,725,428
<b>DETAILS OF WRITE-INS</b>					
3401.	0	0	0	0	0
3402.	0	0	0	0	0
3403.	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case: Semi-Monthly Pro Rata Method

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3+4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	2,053,489	0	0	0	284,071	1,769,418
2. Allied lines .....	902,784	0	0	0	165,291	737,493
3. Farmowners multiple peril .....	2,501,360	0	0	0	315,304	2,186,056
4. Homeowners multiple peril .....	44,996,886	0	0	0	5,213,243	39,783,643
5. Commercial multiple peril .....	38,804,733	0	0	0	5,726,545	33,078,188
6. Mortgage guaranty .....	0	0	0	0	0	0
8. Ocean marine .....	0	0	0	0	0	0
9. Inland marine .....	3,279,039	0	0	0	419,107	2,859,932
10. Financial guaranty .....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence .....	0	0	0	0	0	0
11.2 Medical professional liability - claims-made .....	0	0	0	0	0	0
12. Earthquake .....	0	0	0	0	0	0
13. Group accident and health .....	0	0	0	0	0	0
14. Credit accident and health (group and individual) .....	0	0	0	0	0	0
15. Other accident and health .....	0	0	0	0	0	0
16. Workers' compensation .....	0	0	0	0	0	0
17.1 Other liability - occurrence .....	5,133,427	0	0	0	3,421,286	1,712,141
17.2 Other liability - claims-made .....	0	0	0	0	0	0
17.3 Excess Workers' Compensation .....	0	0	0	0	0	0
18.1 Products liability - occurrence .....	0	0	0	0	0	0
18.2 Products liability - claims-made .....	0	0	0	0	0	0
19.1 19.2 Private passenger auto liability .....	29,775,842	0	(70)	0	1,352,600	28,423,172
19.3 19.4 Commercial auto liability .....	11,994,145	0	0	0	1,404,539	10,589,606
21. Auto physical damage .....	35,573,600	0	1,129	0	711,990	34,862,739
22. Aircraft (all perils) .....	0	0	0	0	0	0
23. Fidelity .....	0	0	0	0	0	0
24. Surety .....	0	0	0	0	0	0
26. Burglary and theft .....	0	0	0	0	0	0
27. Boiler and machinery .....	0	0	0	0	0	0
28. Credit .....	0	0	0	0	0	0
29. International .....	0	0	0	0	0	0
30. Warranty .....	0	0	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property .....	X X X	0	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability .....	X X X	0	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X	0	0	0	0	0
34. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
35. TOTALS .....	175,015,305	0	1,059	0	19,013,976	156,002,388
<b>DETAILS OF WRITE-INS</b>						
3401. ....	0	0	0	0	0	0
3402. ....	0	0	0	0	0	0
3403. ....	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes  No

If yes, (1) The amount of such installment premiums \$.....0.

(2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire	285,154	0	1,236	283,918	160,340	95,497	348,761	19.96
2. Allied lines	540,957	0	35,327	505,630	63,430	227,288	341,772	46.12
3. Farmowners multiple peril	320,340	0	28,506	291,834	226,322	118,649	399,507	18.34
4. Homeowners multiple peril	22,160,248	0	2,841,510	19,318,738	3,859,302	3,807,792	19,370,248	50.82
5. Commercial multiple peril	13,403,488	0	3,607,191	9,796,297	8,168,337	7,276,192	10,688,442	33.86
6. Mortgage guaranty	0	0	0	0	0	0	0	0.00
8. Ocean marine	0	0	0	0	0	0	0	0.00
9. Inland marine	1,022,676	0	8,377	1,014,299	481,569	99,432	1,396,436	49.84
10. Financial guaranty	0	0	0	0	0	0	0	0.00
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0.00
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0.00
12. Earthquake	0	0	0	0	0	0	0	0.00
13. Group accident and health	0	0	0	0	0	0	0	0.00
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.00
15. Other accident and health	0	0	0	0	0	0	0	0.00
16. Workers' compensation	0	0	0	0	0	0	0	0.00
17.1 Other liability - occurrence	484,520	0	293,967	190,553	397,977	381,207	207,323	12.15
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0.00
17.3 Excess Workers' Compensation	0	0	0	0	0	0	0	0.00
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0.00
18.2 Products liability - claims made	0	0	0	0	0	0	0	0.00
19.1 19.2 Private passenger auto liability	23,897,117	44,324	1,375,217	22,566,224	18,318,551	18,614,579	22,270,196	81.04
19.3 19.4 Commercial auto liability	4,123,651	0	328,092	3,795,560	6,233,515	5,853,936	4,175,138	41.00
21. Auto physical damage	23,954,554	(3,018)	23,464	23,928,073	669,993	787,859	23,810,206	73.16
22. Aircraft (all perils)	0	0	0	0	0	0	0	0.00
23. Fidelity	0	0	0	0	0	0	0	0.00
24. Surety	0	0	0	0	0	0	0	0.00
26. Burglary and theft	0	0	0	0	0	0	0	0.00
27. Boiler and machinery	0	0	0	0	0	0	0	0.00
28. Credit	0	0	0	0	0	0	0	0.00
29. International	0	0	0	0	0	0	0	0.00
30. Warranty	0	0	0	0	0	0	0	0.00
31. Reinsurance-Nonproportional Assumed Property	X X X	0	0	0	0	0	0	0.00
32. Reinsurance-Nonproportional Assumed Liability	X X X	0	0	0	0	0	0	0.00
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	0	0	0	0	0	0	0.00
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.00
35. TOTALS	90,192,705	41,306	8,542,886	81,691,125	38,579,336	37,262,431	83,008,030	55.68
<b>DETAILS OF WRITE-INS</b>								
3401.	0	0	0	0	0	0	0	0.00
3402.	0	0	0	0	0	0	0	0.00
3403.	0	0	0	0	0	0	0	0.00
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.00
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0.00

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	131,964	0	0	131,964	24,981	0	(3,395)	160,340	6,863
2. Allied Lines	51,173	0	(500)	51,673	10,350	0	(1,407)	63,430	2,718
3. Farmowners multiple peril	228,965	0	0	228,965	(20,533)	0	(17,890)	226,322	57,373
4. Homeowners multiple peril	6,287,994	0	2,382,655	3,905,339	(357,648)	0	(311,611)	3,859,302	968,978
5. Commercial multiple peril	7,294,194	0	1,138,285	6,155,909	2,246,317	0	233,889	8,168,337	4,365,340
6. Mortgage guaranty	0	0	0	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0	0	0	0
9. Inland marine	613,327	0	163,050	450,277	27,548	0	(3,744)	481,569	20,613
10. Financial guaranty	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0	0	0	0
13. Group accident & health	0	0	0	0	0	0	0	(a)	0
14. Credit accident & health (group & individual)	0	0	0	0	0	0	0	0	0
15. Other accident & health	0	0	0	0	0	0	0	(a)	0
16. Workers' compensation	0	0	0	0	0	0	0	0	0
17.1 Other liability - occurrence	269,804	0	5,534	264,270	542,215	0	408,508	397,977	223,622
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
17.3 Excess Workers' Compensation	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0	0
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1 19.2 Private passenger auto liability	17,993,170	11,714	460,716	17,544,168	830,181	2,959	58,757	18,318,551	3,555,853
19.3 19.4 Commercial auto liability	5,985,849	0	1,290,075	4,695,774	2,113,272	0	575,531	6,233,515	1,051,839
21. Auto physical damage	1,762,823	1,807	0	1,764,630	(903,083)	1,947	193,501	669,993	413,987
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0	0	0	0
24. Surety	0	0	0	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0	0	0	0
28. Credit	0	0	0	0	0	0	0	0	0
29. International	0	0	0	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property	X X X	0	0	0	X X X	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability	X X X	0	0	0	X X X	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	0	0	0	X X X	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	40,619,261	13,521	5,439,814	35,192,968	4,513,600	4,906	1,132,138	38,579,336	10,667,186
<b>DETAILS OF WRITE-INS</b>									
3401.	0	0	0	0	0	0	0	0	0
3402.	0	0	0	0	0	0	0	0	0
3403.	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

(a) Including \$.....0 for present value of life indemnity claims.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	7,499,645	0	0	7,499,645
1.2 Reinsurance assumed .....	0	0	0	0
1.3 Reinsurance ceded .....	1,335,014	0	0	1,335,014
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	6,164,631	0	0	6,164,631
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....	0	30,854,681	0	30,854,681
2.2 Reinsurance assumed, excluding contingent .....	0	(2,414)	0	(2,414)
2.3 Reinsurance ceded, excluding contingent .....	0	3,508,215	0	3,508,215
2.4 Contingent - direct .....	0	3,485,340	0	3,485,340
2.5 Contingent - reinsurance assumed .....	0	0	0	0
2.6 Contingent - reinsurance ceded .....	0	0	0	0
2.7 Policy and membership fees .....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	30,829,392	0	30,829,392
3. Allowances to manager and agents .....	0	0	0	0
4. Advertising .....	7,620	136,568	0	144,188
5. Boards, bureaus and associations .....	106,471	732,286	2,777	841,534
6. Surveys and underwriting reports .....	0	1,812,215	0	1,812,215
7. Audit of assureds' records .....	0	0	0	0
8. Salary and related items:				
8.1 Salaries .....	4,396,113	7,691,208	362,793	12,450,114
8.2 Payroll taxes .....	320,175	557,408	26,293	903,876
9. Employee relations and welfare .....	740,745	1,264,808	59,661	2,065,214
10. Insurance .....	82,801	116,913	5,037	204,751
11. Directors' fees .....	159,171	274,803	12,962	446,936
12. Travel and travel items .....	547,053	861,925	31,102	1,440,080
13. Rent and rent items .....	308,483	532,863	25,087	866,433
14. Equipment .....	195,701	349,970	16,617	562,288
15. Cost or depreciation of EDP equipment and software .....	279,645	482,667	22,767	785,079
16. Printing and stationery .....	102,636	173,722	8,194	284,552
17. Postage, telephone and telegraph, exchange and express .....	347,220	599,144	28,261	974,625
18. Legal and auditing .....	60,796	135,066	544,365	740,227
19. TOTALS (Lines 3 to 18) .....	7,654,630	15,721,566	1,145,916	24,522,112
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....	0	3,874,732	0	3,874,732
20.2 Insurance department licenses and fees .....	16,806	211,507	0	228,313
20.3 Gross guaranty association assessments .....	0	(29,340)	0	(29,340)
20.4 All other (excluding federal and foreign income and real estate) .....	6,928	11,957	564	19,449
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	23,734	4,068,856	564	4,093,154
21. Real estate expenses .....	0	0	385,376	385,376
22. Real estate taxes .....	0	0	0	0
23. Reimbursements by uninsured plans .....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses .....	671,231	671,335	30,374	1,372,940
25. TOTAL expenses incurred .....	14,514,226	51,291,149	1,562,230	(a) 67,367,605
26. Less unpaid expenses - current year .....	10,667,186	11,223,994	152,005	22,043,185
27. Add unpaid expenses - prior year .....	9,301,346	13,716,625	220,595	23,238,566
28. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year .....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	13,148,386	53,783,780	1,630,820	68,562,986
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous Expense .....	671,231	643,732	30,374	1,345,337
2402. Miscellaneous Allocation Adjustment .....	0	27,603	0	27,603
2403. ....	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	671,231	671,335	30,374	1,372,940

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 19,273	18,981
1.1 Bonds exempt from U.S. tax	(a) 1,888,165	1,914,168
1.2 Other bonds (unaffiliated)	(a) 2,631,756	2,639,286
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	578,692	577,174
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 636,526	636,526
5. Contract loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 110,508	110,602
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	0
10. TOTAL Gross investment income	5,864,920	5,896,737
11. Investment expenses		(g) 1,561,667
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 564
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 250,660
15. Aggregate write-ins for deductions from investment income		0
16. TOTAL Deductions (Lines 11 through 15)		1,812,890
17. Net Investment income (Line 10 minus Line 16)		4,083,847

**DETAILS OF WRITE-INS**

0901.	0	0
0902.	0	0
0903.	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.		0
1502.		0
1503.		0
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

- (a) Includes \$ 37,846 accrual of discount less \$ 983,396 amortization of premium and less \$ 70,522 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 636,526 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 250,660 depreciation on real estate and \$ 0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U.S. tax	8,012	0	8,012	0	0
1.2 Other bonds (unaffiliated)	82,952	0	82,952	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	1,413,561	(615,994)	797,568	(1,599,071)	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	(4,340)	0	(4,340)	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. TOTAL Capital gains (losses)	1,500,185	(615,994)	884,192	(1,599,071)	0

**DETAILS OF WRITE-INS**

0901.	0	0	0	0	0
0902.	0	0	0	0	0
0903.	0	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income .....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives (Schedule DB) .....	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....	0	0	0
14. Invested income due and accrued .....	0	0	0
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2 Net deferred tax asset .....	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software .....	1,548,796	1,397,538	(151,258)
21. Furniture and equipment, including health care delivery assets .....	750,178	701,178	(49,000)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0
24. Health care and other amounts receivable .....	0	0	0
25. Aggregate write-ins for other than invested assets .....	772,589	608,908	(163,681)
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	3,071,564	2,707,624	(363,940)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
28. TOTAL (Lines 26 and 27) .....	3,071,564	2,707,624	(363,940)
<b>DETAILS OF WRITE-INS</b>			
1101. ....	0	0	0
1102. ....	0	0	0
1103. ....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0
2501. Company Cars .....	395,277	281,069	(114,208)
2502. Leasehold Improvements .....	11,614	947	(10,667)
2503. Prepaid Expenses .....	325,533	295,669	(29,864)
2598. Summary of remaining write-ins for Line 25 from overflow page .....	40,165	31,223	(8,942)
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	772,589	608,908	(163,681)

## Notes to Financial Statements

### Note 1 – Summary of Significant Accounting Policies and Going Concern

#### A. Accounting Practices

The accompanying financial statements of MMG Insurance Company (Company) have been prepared on the basis of accounting practices prescribed by the Maine Insurance Department.

The Maine Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Maine for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under the Maine Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Maine.

NAIC regulations require that guaranty fund assessments be accrued for throughout the year. However, the Company has been granted permission by the State of Maine Insurance Department to account for guaranty fund assessments on a paid basis. This treatment had an immaterial effect on net income and policyholders' surplus for 2015 and 2014.

The Company was granted permission by the State of Maine Insurance Department to recognize the book value of a company-owned aircraft as an admitted asset. Reconciliations of net income and policyholders' surplus between the amounts reported in the accompanying financial statements (ME basis) and NAIC SAP follow:

Description	State of Domicile	2015	2014
1. Net income, state basis	ME	\$4,473,592	\$3,396,325
2. Effect of state prescribed practices		0	0
3. Effect of state permitted practices	ME	(10,749)	0
4. Net income, NAIC SAP basis	ME	\$4,462,843	\$3,396,325

Description	State of Domicile	Dec. 31, 2015	Dec. 31, 2014
5. Policyholders' surplus, state basis	ME	\$94,479,777	\$90,162,794
6. Effect of state prescribed practices		0	0
7. Effect of state permitted practices			
Guaranty fund assessments	ME	(14,030)	(10,212)
Company-owned aircraft	ME	(1,823,170)	(1,850,808)
8. Policyholders' surplus, NAIC SAP basis	ME	\$92,642,577	\$88,301,774

#### B. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

#### C. Accounting Policies

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by semi-monthly pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Premiums receivable are primarily due from policyholders and agents and are charged off when specific balances are determined to be uncollectible. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable. Net investment income earned consists primarily of interest, dividends and rent income

## Notes to Financial Statements

less investment-related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Rent income includes an imputed rent for the Company's occupancy of its own building. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

1. Investment grade bonds not backed by other loans are stated at amortized cost using the scientific constant yield-to-worse method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. In accordance with SSAP 26, *Bonds, Excluding Loan-Backed and Structured Securities*, the Company recognizes other than temporary impairments in the fair value of its fixed income portfolio. The Company recognized \$0 and \$0 of realized losses for other than temporary impairments on its fixed income portfolio in 2015 and 2014, respectively.
2. Common stocks are stated at market value. In accordance with SSAP 30, *Investments in Common Stock*, the Company recognizes other than temporary impairments in the fair value of its common stock portfolio. The Company recognized \$615,994 (\$406,556 net of tax) and \$224,486 (\$148,161 net of tax) of realized losses for other than temporary impairments on its common stock portfolio in 2015 and 2014, respectively. See Note 14G for more details.
3. Investment grade loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed and asset-backed securities.
4. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
5. The Company has a capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, leasehold improvements, and other equipment. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

D. Going Concern

Not Applicable

**Note 2 – Accounting Changes and Correction of Errors**

A. Accounting Changes and Correction of Errors

Not Applicable

**Note 3 – Business Combinations and Goodwill**

A. Statutory Purchase Method

Not Applicable

## Notes to Financial Statements

B. Statutory Mergers

Not Applicable

C. Writedowns for Impairment of Investments in Affiliates

Not Applicable

### **Note 4 – Discontinued Operations**

A. Discontinued Operation Disposed of or Classified as Held for Sale

Not Applicable

B. Change in Plan of Sale of Discontinued Operation

Not Applicable

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal

Not Applicable

D. Equity Interest Retained in the Discontinued Operation After Disposal

Not Applicable

### **Note 5 – Investments**

A. Mortgage Loans

Not Applicable

B. Troubled Debt Restructuring for Creditors

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed and Structured Securities

1. Prepayment assumptions for single-class and multi-class mortgage-backed/asset-backed securities were obtained from Bloomberg or other widely accepted securities data providers. A proprietary model is used for loss assumptions and widely accepted models are used for prepayment assumptions in valuing mortgage-backed and asset-backed securities.
2. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.
3. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.

## Notes to Financial Statements

4. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position.

December 31, 2015

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Single-class residential mortgage-backed/asset-backed securities	\$3,700,613	\$43,604	----	----	\$3,700,613	\$43,604
<b>TOTAL</b>	<b>\$3,700,613</b>	<b>\$43,604</b>	<b>----</b>	<b>----</b>	<b>\$3,700,613</b>	<b>\$43,604</b>

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of December 31, 2015, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2015, the Company can assert that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are supported by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities held at December 31, 2015 if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations, and Real Estate with Participating Mortgage Loan Features

Not Applicable

G. Low Income Housing Tax Credits

Not Applicable

H. Restricted Assets

Assets in the amount of \$1,424,420 and \$1,388,329 at December 31, 2015 and 2014, respectively, were on deposit with government authorities or trustees as required by insurance regulatory authorities.

I. Working Capital Finance Investments

Not Applicable

J. Offsetting and Netting of Assets and Liabilities

Not Applicable

K. Structured Notes

Not Applicable

## Notes to Financial Statements

### Note 6 – Joint Ventures, Partnerships, and Limited Liability Companies

- A. Detail for Those Greater than 10% of Admitted Assets

Not Applicable

- B. Writedowns for Impairment of Joint Ventures, Partnerships and LLC's

Not Applicable

### Note 7 – Investment Income

- A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

- B. Amounts Nonadmitted

Not applicable

### Note 8 – Derivative Instruments

- A. Not Applicable

### Note 9 – Income Taxes

- A. Components of Net Deferred Tax Assets:

1. Components of Net Deferred Tax Asset

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total gross deferred tax assets	8,084,653	263,712	8,348,365	7,590,265	91,762	7,682,027	494,388	171,950	666,338
Statutory valuation allowance	0	0	0	0	0	0	0	0	0
Adjusted gross deferred tax assets	8,084,653	263,712	8,348,365	7,590,265	91,762	7,682,027	494,388	171,950	666,338
Deferred tax assets nonadmitted	0	0	0	0	0	0	0	0	0
Subtotal net admitted deferred tax asset	8,084,653	263,712	8,348,365	7,590,265	91,762	7,682,027	494,388	171,950	666,338
Gross deferred tax liabilities	(1,773,961)	(1,088,358)	(2,862,319)	(1,489,358)	(1,632,042)	(3,121,400)	(284,603)	543,684	259,081
Net admitted deferred tax asset	6,310,692	(824,646)	5,486,046	6,100,907	(1,540,280)	4,560,627	209,785	715,634	925,419

## Notes to Financial Statements

## 2. Admission Calculation Components

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through carrybacks	2,408,346	263,712	2,672,058	3,541,940	91,762	3,633,702	(1,133,594)	171,950	(961,644)
Deferred tax assets allowed per limitation threshold	4,885,034	0	4,885,034	3,262,994	0	3,262,994	1,622,040	0	1,622,040
Deferred tax assets expected to be realized following balance sheet date	4,885,034	263,712	5,148,746	3,262,994	91,762	3,354,756	1,622,040	171,950	1,793,990
Surplus limitation	XXX	XXX	13,271,803	XXX	XXX	12,764,416	XXX	XXX	507,387
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	791,273	0	791,273	785,331	0	785,331	5,942	0	5,942
Deferred tax assets admitted as the result of SSAP 101	8,084,653	263,712	8,348,365	7,590,265	91,762	7,682,027	494,388	171,950	666,338

## 3. Other Admissibility Criteria

	Dec. 31, 2015	Dec. 31, 2014
Ratio percentage used to determine recovery period and threshold limitation amount	837.900	873.800
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	88,478,686	85,096,106

## 4. Impact of Tax Planning Strategies

The Company does not have any tax planning strategies that would impact the numbers reported above.

## B. Unrecognized Deferred Tax Liabilities:

Not Applicable

## C. Current Tax and Change in Deferred Tax:

The provisions for income taxes incurred on earnings for the years ended December 31 are:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Federal	\$1,496,983	\$ 187,455	\$ 1,309,528
Foreign	0	0	0
Realized capital gains/(losses) tax	<u>300,625</u>	<u>720,557</u>	<u>(419,932)</u>
Federal and foreign income taxes incurred	\$1,797,608	\$ 908,012	\$ 889,596

## Notes to Financial Statements

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

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Deferred tax assets:			
Ordinary:			
20% of unearned premiums	5,852,612	5,370,052	482,560
Discount of unpaid losses and LAE	486,910	578,790	(91,880)
Nonadmitted assets	919,995	809,449	110,546
Accounts Receivable	124,337	111,143	13,194
Compensation and benefits	662,719	682,751	(20,032)
Other	<u>38,080</u>	<u>38,080</u>	<u>0</u>
Total Ordinary tax assets	8,084,653	7,590,265	494,388
Capital:			
Wash sales	13,160	4,796	8,364
Other Than Temporary Impairments	<u>250,552</u>	<u>86,966</u>	<u>163,586</u>
Total Capital tax assets	263,712	91,762	171,950
Total DTAs nonadmitted	<u>0</u>	<u>0</u>	<u>0</u>
<b>Admitted deferred tax assets</b>	8,348,365	7,682,027	666,338
Deferred tax liabilities:			
Ordinary:			
Accelerated premium acq. expenses	(159,283)	(148,304)	(10,979)
Fixed assets	(1,543,221)	(1,270,043)	(273,178)
Investments	<u>(71,457)</u>	<u>(71,011)</u>	<u>(446)</u>
Total Ordinary tax liabilities	(1,773,961)	(1,489,358)	(284,603)
Capital:			
Net unrealized capital gains	<u>(\$1,088,358)</u>	<u>(\$1,632,042)</u>	<u>\$543,684</u>
Total Capital tax liabilities	(\$1,088,358)	(\$1,632,042)	\$543,684
<b>Total deferred tax liabilities</b>	<u>(\$2,862,319)</u>	<u>(\$3,121,400)</u>	<u>\$259,081</u>
<b>Net Admitted Deferred Tax Assets</b>	<u>\$5,486,046</u>	<u>\$4,560,627</u>	<u>\$925,419</u>

## Notes to Financial Statements

The change in net deferred income taxes is comprised of the following:

	2015	2014	Change
Total gross deferred tax assets	\$ 8,348,365	\$ 7,682,027	\$ 666,338
Total gross deferred tax liabilities	<u>\$(2,862,319)</u>	<u>\$(3,121,400)</u>	<u>\$ 259,081</u>
Net deferred tax asset	<u>\$ 5,486,046</u>	<u>\$ 4,560,627</u>	<u>\$ 925,419</u>
Deferred tax on change in net unrealized gains (losses)			<u>\$(543,684)</u>
Change in net deferred income taxes			<u>\$ 381,735</u>

### D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 34% to income before income taxes. The significant items causing this difference are as follows:

	2015	2014
Provision computed at statutory rate @ 34%	\$ 2,132,208	\$ 1,463,475
Tax exempt interest and dividends	(638,574)	(636,080)
Travel and entertainment	37,174	17,149
Lobbying expenses	8,910	9,497
Prior year (over) under accrual	(5,943)	(1,168)
Change in Non-Admitted Assets	(123,739)	(65,872)
Other	<u>5,840</u>	<u>3,967</u>
	<u>\$ 1,415,873</u>	<u>\$ 790,968</u>
Federal income tax incurred	\$ 1,496,983	\$ 187,455
Realized capital gains tax	300,625	720,557
Change in net deferred income taxes	<u>(381,735)</u>	<u>(117,044)</u>
Total statutory income taxes	<u>\$ 1,415,873</u>	<u>\$ 790,968</u>

### E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1. At December 31, 2015 the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. The following is income tax expense for 2015 and 2014 that is available for recoupment in the event of future net losses:

a)	2015	\$	1,801,638
b)	2014	\$	902,389

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

### F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities: Maine Mutual Group and MMG Financial Services, Inc.
2. The method of allocation among companies is subject to a written tax sharing agreement approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany balances are settled after the tax return is filed.

### G. Federal and Foreign Tax Loss Contingencies

## Notes to Financial Statements

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

### **Note 10 – Information Concerning Parent, Subsidiaries, Affiliates, and Other Related Parties**

A. Nature of Relationships

The Company is a wholly-owned subsidiary of MMG Financial Services, Inc.

B. Detail of Transactions Greater Than ½% of Admitted Assets

Not Applicable

C. Change in Terms of Intercompany Arrangements

Not Applicable

D. Amounts Due to or from Related Parties

On December 14, 2007, MMG Financial Services, Inc. (“MMGFSI”) issued 191,644 shares of MMGFSI’s Series A Preferred Stock and 76,657 shares of MMGFSI’s Class A Common Stock to CCM Real Estate II LLC, a Delaware limited liability company (“CCM”), for an aggregate purchase price of \$7 million (the “Stock Purchase”). The Stock Purchase included \$5 million of Series A preferred stock and \$2 million of Class A common stock. The stock sale was a conduit to allow MMGFSI to participate in the Federal New Markets Tax Credit (“NMTC”) Program.

Upon consummation of the Stock Purchase, MMGFSI invested the net proceeds of approximately \$6.8 million as a contribution to the capital of MMG Insurance Company (“MMGIC”). MMGIC used those proceeds for the expansion and renovation of its offices in Presque Isle, Maine (the “Real Estate”). In connection with this transaction, MMGIC leased its offices to MMGFSI, and MMGFSI leased them back to MMGIC. In agreement with the State of Maine Bureau of Insurance, MMGIC recognized annual lease payments of \$483,000 per year to MMGFSI beginning in 2007 as annual dividend payments in its statutory-basis financial statements.

On December 14, 2014, MMGFSI’s 7-year agreement for participating in the NMTC program expired. As a result, MMGFSI’s investment affiliation with CCM was dissolved and CCM’s stock was transferred to Country Mutual Insurance Company, an Illinois mutual insurance company (“Country”). Country had been the holder of a 99.99% ownership interest in CCM. Coincident with this change, the lease agreement between MMGFSI and MMGIC for the offices of MMGIC in Presque Isle, Maine expired. MMGIC recognized annual lease payments of \$0 and \$462,875 in 2015 and 2014, respectively.

Effective December 30, 2015, in accordance with the terms of the aforementioned agreement, MMGFSI redeemed all 76,657 shares of Class A Common Stock issued and outstanding from Country for an aggregate redemption cost of \$3,399,347 and all 191,644 shares of Series A Preferred Stock issued and outstanding from Country for an aggregate redemption cost of \$5,009,429 including accrued dividends.

Effective December 30, 2015, MMGFSI issued 225,506 shares of MMGFSI’s Class A Common Stock to Farm Bureau General Insurance Company of Michigan (“FBG”), a Michigan insurance corporation, for an aggregate purchase price of \$10,000,041. In connection with the Stock Purchase, MMGFSI also granted FBG with Warrants to purchase an additional 180,404 shares of Class A Common Stock.

Upon consummation of the above redemption and subsequent stock issuance, MMGFSI invested the net proceeds, after legal fees and closing costs, of \$1,244,928 as a contribution to the capital of MMGIC.

## Notes to Financial Statements

The Company reported \$0 and \$4,687 due to Parent, and \$575,743 and \$5,871 due from Parent in 2015 and 2014, respectively.

E. Guarantees or Undertakings for Related Parties

Not Applicable

F. Management, Service Contracts, Cost-Sharing Arrangements

Not Applicable

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by Parent.

H. Amount Deducted for Investment of Upstream Company

Not Applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not Applicable

J. Writedowns for Impairments of Investments in Affiliates

Not Applicable

K. Foreign Insurance Subsidiary Valued Using CARVM

Not Applicable

L. Downstream Holding Company Valued Using Look-Through Method.

Not Applicable

M. Non-Insurance Subsidiary, Controlled and Affiliated (SCA) Entity Valuations

Not Applicable

N. Insurance SCA Entities Utilizing Prescribed or Permitted Practices

Not Applicable

### **Note 11 – Debt**

A. Amount, Interest, Maturities, Collateral, Covenants

In 2010, the Company renewed an unsecured line of credit (“LOC”) of \$3 million. The LOC was converted to a demand line, meaning any loan shall be due and payable on demand. In lieu of a formal expiration date, the agreement has an annual review requirement, which triggered effective June 11, 2015, extending the LOC until September 30, 2016. Interest is accrued on advances at 30 day LIBOR plus 1.75% per annum, is payable monthly, and is not subject to a minimum (floor) rate. The line of credit must be cleared for a minimum of 30 consecutive days during each fiscal year. As of December 31, 2015 and 2014, the Company had no advances on the line of credit.

B. Funding Agreements with Federal Home Loan Bank (FHLB)

Not Applicable

## Notes to Financial Statements

### Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

#### A. Defined Benefit Plans and Post-Retirement Benefits

The Company does not maintain a defined benefit pension plan.

The Company adopted a postretirement benefit plan in 2004 covering officers of the Company. The plan covers 50% of retiree medical and prescription drug premium costs for eligible participants. For eligible participants who retired prior to 2004, the benefit is 100%. Prior to 2012, eligible participants were defined as those participants who attained age 62 with 5 years of accrued service. Coverage was provided through the Company's group health insurance policy. The plan was amended effective January 1, 2012 to redefine eligibility to cover those participants who attain age 62 while still in the employ of the Company as an officer and he or she is enrolled and covered with the Company's group health insurance policy on the date immediately preceding their retirement date.

Under the amended plan, eligible participants will remain covered under the Company's group health insurance policy until they become eligible for Medicare. Upon attaining Medicare eligibility, they will be carved out of the group health plan and will purchase individual Medicare supplement policies with the cost sharing the same as mentioned above. The postretirement benefit plan is an unfunded plan.

The following tables set forth the obligations and funded status, assumptions, plan assets and cash flows associated with the postretirement benefits as of December 31, 2015 and 2014:

	Other Postretirement Benefits	
	<b>2015</b>	<b>2014</b>
<b>Change in projected benefit obligation-underfunded</b>		
Projected benefit obligation at beginning of year	\$ 647,163	\$ 461,706
Service cost	17,584	11,512
Interest cost	25,192	22,292
Actuarial (gain) loss	(41,518)	165,572
Benefits and expenses paid	(11,895)	(13,919)
Plan amendments	-	-
<b>Projected benefit obligation at end of year</b>	<b>\$ 636,526</b>	<b>\$ 647,163</b>

	Other Postretirement Benefits	
	<b>2015</b>	<b>2014</b>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ -	\$ -
Actual return on plan assets	-	-
Employer contributions	11,895	13,919
Benefits and expenses paid	(11,895)	(13,919)
<b>Fair value of plan assets at end of year</b>	<b>\$ -</b>	<b>\$ -</b>

	Other Postretirement Benefits	
	<b>2015</b>	<b>2014</b>
<b>Funded status - underfunded</b>		
Accrued current benefit costs	\$ 20,947	\$ 18,892
Liability for pension benefits	615,579	628,271
<b>Total liabilities recognized</b>	<b>\$ 636,526</b>	<b>\$ 647,163</b>

## Notes to Financial Statements

The components of net periodic benefit costs consist of:

<b>Components of net periodic benefit cost</b>	Other Postretirement <u>Benefits</u>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
	Service Cost	\$ 17,584
Interest cost	25,192	22,292
Expected return on plan assets	-	-
Transition asset or obligation	-	-
Amortization of unrecognized loss	55,216	41,016
Unrecognized past service liability	<u>(47,976)</u>	<u>(47,976)</u>
<b>Total net periodic benefit cost (income)</b>	<b><u>\$ 50,016</u></b>	<b><u>\$ 26,844</u></b>

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost are as follows:

	Other Postretirement <u>Benefits</u>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
	Items not yet recognized as comp. of net periodic cost-prior year	\$ 220,046
Net transition asset or obligation recognized	-	-
New prior service cost arising during the period	-	-
Net prior service cost recognized	47,976	47,976
Net gain and loss arising during the period	(41,518)	165,572
Net gain and loss recognized	<u>(55,216)</u>	<u>(41,016)</u>
<b>Items not yet recognized as comp. of net periodic cost-current yr.</b>	<b><u>\$ 171,288</u></b>	<b><u>\$ 220,046</u></b>

Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost are as follows:

	Other Postretirement <u>Benefits</u>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
	Service cost	\$ 17,188
Interest cost	27,172	25,192
Net transition asset or obligation	-	-
Net prior service cost or credit	(47,976)	(47,976)
Net recognized gains and losses	<u>48,816</u>	<u>55,216</u>
<b>Total postretirement benefit expense</b>	<b><u>\$ 45,200</u></b>	<b><u>\$ 50,016</u></b>

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost are as follows:

	Other Postretirement <u>Benefits</u>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
	Net transition asset or obligation	\$ -
Net prior service cost or credit	(319,018)	(366,994)
Net recognized gains and losses	<u>490,306</u>	<u>587,040</u>
<b>Accumulated other comprehensive income</b>	<b><u>\$ 171,288</u></b>	<b><u>\$ 220,046</u></b>

The weighted average assumptions used to determine net periodic benefit costs were:

	Other Postretirement <u>Benefits</u>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
	Discount rate	3.95%

## Notes to Financial Statements

The weighted average assumptions used to determine benefit obligations were:

	Other Postretirement Benefits	
	<b>2015</b>	<b>2014</b>
Discount rate	4.34%	3.95%

Amounts recognized in the financial statements consist of:

	Other Postretirement Benefits	
	<b>2015</b>	<b>2014</b>
Prepaid benefit cost at beginning of year	\$ (427,117)	\$ (414,192)
Net periodic benefit cost	(50,016)	(26,844)
Employer contributions	11,895	13,919
<b>Net amount prepaid (accrued)</b>	<b>\$(465,238)</b>	<b>\$(427,117)</b>

The accumulated postretirement benefit obligation was determined using a weighted-average health care cost trend of 6.5% in 2015 and 7.0% in 2014. The expected health care cost trend rate for 2016 is 6.5%. In 2018, the health care cost trend is expected to reach the ultimate trend rate of 5%. Assumed health care cost trend rates typically have a significant effect on the amounts reported for healthcare plans. A one-percentage point increase in health care cost trend rates would increase service cost by \$5,380 and interest cost by \$5,435. A one-percentage point decrease in health care cost trend rates would decrease service cost by \$3,980 and interest cost by \$4,201.

The following benefit payments, which reflect future service, are expected to be paid:

	<b>Other Postretirement Benefits</b>
<b>Expected Future Benefit Payments</b>	
2016	20,947
2017	19,321
2018	19,653
2019	16,648
2020	16,637
2021-2025	127,843

**B. Description of Investment Policies**

The postretirement benefit plan is an unfunded plan, thus no assets are invested.

**C. Fair Value of Plan Assets**

Not Applicable

**D. Rate of Return Assumptions**

Not Applicable

**E. Defined Contribution Plans**

The Company adopted a 401k Profit Sharing Plan on July 1, 1995. Since inception and up to January 1, 2009, the Company approved a discretionary match of employee compensation contributed to the plan subject to approval by the Board of Directors. This discretionary match was reviewed annually by the Board of Directors.

Effective January 1, 2009, the plan was amended to become the MMG Insurance Company 401(k) Retirement Savings Plan. Pursuant to the termination of the defined

## Notes to Financial Statements

benefit pension plan in 2009, the plan was redesigned to provide an offsetting increase in retirement benefits. The plan was enhanced as follows effective January 1, 2009:

- **Automatic enrollment;** i.e., all employees will be enrolled in the plan
- **Nonelective Contributions** – Each plan year, the Company will make nonelective contributions to the plan on the participant’s behalf in an amount equal to 3% of their pay for such year.
- **Employer matching contribution** broken down as follows:
  - \$1.00 for each dollar of elective contributions made on the participant’s behalf up to 2% of pay; and
  - \$.50 for each dollar of elective contributions made on the participant’s behalf in excess of 2% of their pay and up to 6% of their pay

Thus, if a participant’s elective contributions equal 6% or more of their pay, the Company will contribute on their behalf a maximum matching contribution of 4% of their pay.
- **Discretionary Contribution** – In addition to the above, from time to time, the Company may elect to make a discretionary contribution to the Plan to be determined by the Board of Directors.

The Company made contributions to the plan of \$782,885 and \$670,937 in 2015 and 2014, respectively.

Employees were able to contribute a maximum of \$18,000 and \$17,500 of earnings in 2015 and 2014, respectively. Employees attaining age 50 or older during 2015 or 2014 were allowed a catch up contribution of \$6,000 and \$5,500, respectively, in those years.

John Hancock serves as the plan’s service provider, Downeast Pension Services is the plan’s third party administrator, and Matrix Trust Company is the plan’s trustee.

### F. Multiemployer Plans

Not applicable

### G. Consolidated/Holding Company Plans

Not applicable

### H. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation pay. The liability for earned but untaken vacation pay has been accrued.

### I. Impact of Medicare Modernization Act on Postretirement Benefits

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary’s annual prescription drug costs between \$250 and \$5,000), which is not taxable, to sponsors or retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and
- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

## Notes to Financial Statements

The Company sponsors a postretirement health care benefit plan that provides medical and prescription drug coverage eligible officers of the Company. See Note 12A for more details.

### **Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

A. Outstanding Shares

The Company has 5,000,000 shares authorized, 2,500,000 issued and outstanding. All shares are Class A shares.

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation to the greater of prior year income or 10% of surplus. Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

D. Dates and Amounts of Dividends Paid

The Company paid net dividends of \$363,937 during the current year to its Parent as follows:

DATE OF PAYMENT	AMOUNT
April 28, 2015	\$46,673
June 14, 2015	\$53,033
June 20, 2015	\$56,045
July 28, 2015	\$47,390
September 14, 2015	\$53,033
September 20, 2015	\$54,732
December 31, 2015	\$53,033
<b>TOTAL 2015 NET DIVIDEND PAYMENTS</b>	<b>\$363,937</b>

All dividends were ordinary, not requiring regulatory approval.

E. Amount of Ordinary Dividends That May be Paid

Other than the limitations described above in paragraph C, there are no other limitations on the amount of ordinary dividends that may be paid.

F. Restrictions on Unassigned Funds

There are no restrictions on the unassigned funds of the Company other than those described above in paragraphs C and E and these unassigned funds are held for the benefit of the owner and policyholders.

G. Mutual Surplus Advances

Not Applicable

H. Company Stock Held for Special Purposes

Not Applicable

## Notes to Financial Statements

## I. Changes in Special Surplus Funds

Not Applicable

## J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$3,201,053 less applicable deferred taxes of \$1,088,358, for a net balance of \$2,112,695.

## K. Surplus Notes

Not Applicable

## L. Impact of Quasi-Reorganizations

Not Applicable

## M. Date of Quasi-Reorganizations

Not Applicable

### **Note 14 – Liabilities, Contingencies and Assessments**

## A. Contingent Commitments

Not Applicable

## B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. The Company is permitted by the State of Maine to account for guaranty funds on a cash basis rather than the NAIC prescribed method of accruing at the time of insolvency. In the year 2015, the Company received (paid) guaranty funds from (to) the states of Maine and Pennsylvania in the amounts of \$39,842 and (\$10,502), respectively.

## C. Gain Contingencies

Not Applicable

## D. Extra Contractual Obligation and Bad Faith Losses

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period.	\$0

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [ ]                      (g) Per Claimant [ X ]

## Notes to Financial Statements

E. Product Warranties

Not Applicable

F. Joint and Several Liabilities

Not Applicable

G. Other Contingencies and Writedowns for Impairment

At the end of the current and prior year, the Company had admitted assets of \$45,412,964 and \$41,638,228, respectively in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premiums receivable as of the end of the current year are not expected to exceed the nonadmitted amounts and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

On December 31, 2015, the Company recognized other-than-temporary impairments (OTTI) on 56 common equities, resulting in a writedown of \$615,994 and a revised cost basis of \$1,479,754.

### **Note 15 – Leases**

A. Lessee Leasing Arrangements

The Company leases office space for its regional office in Concord, New Hampshire under a non-cancelable lease which will expire on September 22, 2018. Rental expense for the current year and the prior year were \$70,514 and \$69,632, respectively. The Company also had a leasing agreement for office space for its regional office in Allentown, Pennsylvania, which expired on February 28, 2015 and was extended on a month to month basis until the Company consummated a new lease for larger office space at another location. On March 13, 2015, the Company finalized a lease for office space in Bethlehem, Pennsylvania commencing on May 19, 2015 and expiring on May 31, 2020. Rental expense for the current year and prior year for the Pennsylvania office were \$57,555 and \$45,510 respectively. Minimum lease payments for the remainder of the lease terms to be incurred are:

2016)	\$131,903
2017)	\$134,911
2018)	\$119,454
2019)	\$66,680
2020)	\$28,125

B. Lessor Leasing Arrangements

Not Applicable

### **Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

A. Face or Contracts Amounts

Not Applicable

## Notes to Financial Statements

B. Nature and Terms

Not Applicable

C. Exposure to Credit-Related Losses

Not Applicable

D. Collateral Policy

Not Applicable

### **Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfers and Servicing of Financial Assets

Not Applicable

C. Wash Sales

In the course of the Company's asset management, equity securities are sold and reacquired within 30 days of the sale date. No securities with an NAIC designation of 3 or lower were sold and reacquired within 30 days of the sale date.

### **Note 18 – Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

A. Administrative Services Only (ASO) Plans

Not Applicable

B. Administrative Services Contract (ASC) Plans

Not Applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not Applicable

### **Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

A. Not Applicable

### **Note 20 – Fair Value Measurements**

A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value

1. Items Measured and Reported as Fair Value by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

## Notes to Financial Statements

**Level 1 – Quoted Prices in Active Markets for Identical Assets and Liabilities:** This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

**Level 2 – Significant Other Observable Inputs:** This category for items measured at fair value on a recurring basis includes bonds which are not exchange traded. The estimated fair values of these items were determined by independent pricing services using observable inputs.

**Level 3 – Significant Unobservable Inputs:** This category is for items measured at fair value on a recurring basis for which fair value is derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are non-binding.

<b>2015</b>	Level 1	Level 2	Level 3	Total
Common stocks	32,893,339	-	75,487	32,968,826
Total fair value	\$ 32,893,339	\$ -	\$ 75,487	\$ 32,968,826

<b>2014</b>	Level 1	Level 2	Level 3	Total
Common stocks	33,736,960	-	72,405	33,809,365
Total fair value	\$ 33,736,960	\$ -	\$ 72,405	\$ 33,809,365

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

### 2. Rollforward of Level 3 Items

	<b>2015</b>	<b>2014</b>
	Common Stock	Common Stock
Beginning of year	\$ 72,405	\$ 63,328
Purchases	-	-
Sales	-	-
Total gains and losses (realized and unrealized)		
Included in net income	-	-
Included in surplus	3,082	9,077
Transfers in and out of significant unobservable inputs	-	-
End of year	\$ 75,487	\$ 72,405

The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held as of December 31

\$ -	\$ -
------	------

### 3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

### 4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The common stock carried at fair value and categorized as Level 3 was valued using figures provided by the NAIC Securities Valuation Office, and was derived using the prior-year's book value per share, provided by the issuing company.

### 5. Derivative Fair Values

Not Applicable

## Notes to Financial Statements

B. Other Fair Value Disclosures

Not Applicable

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

2015	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets						
Bonds	134,455,991	129,923,119	-	129,923,119	-	-
Common Stocks	32,968,826	32,968,826	32,893,339	-	75,487	-
Cash and cash equivalents	19,295,629	19,295,629	19,295,629	-	-	-
Total fair value	\$ 186,720,446	\$ 182,187,574	\$ 52,188,968	\$ 129,923,119	\$ 75,487	-

D. Items for Which Not Practicable to Estimate Fair Values

Not Applicable

### Note 21 – Other Items

A. Unusual or Infrequent Items

Not Applicable

B. Troubled Debt Restructuring for Debtors

Not Applicable

C. Other Disclosures

Not Applicable

D. Business Interruption Insurance Recoveries

Not Applicable

E. State Transferable and Non-Transferable Tax Credits

Not Applicable

F. Subprime Mortgage Related Exposure

1. Subprime Mortgage Exposures

The Company invests in several asset classes that could potentially be adversely affected by subprime mortgage exposure. These investments include asset-backed securities, US agency debt securities, investment-grade corporate bonds and equity investments in financial institutions. The Company believes that its greatest exposure is to unrealized losses from declines in asset values versus realized losses resulting from defaults or foreclosures. Conservative investment practices limit the Company's exposure to such losses.

2. Direct Exposure - Mortgage Loans

The Company does not participate in mortgage lending.

## Notes to Financial Statements

### 3. Direct Exposure - Other Investment Classes

The Company has several other investment classes that could have subprime mortgage exposure including:

- Asset-backed securities
- Debt obligations of financial institutions participating in subprime lending practices
- Unaffiliated equity securities issued by financial institutions participating in subprime lending.

The Company has reviewed its mortgage-backed security portfolio and determined that all of these investments are in pools that are backed by loans made to well-qualified borrowers or in tranches that have minimal default risk. In accordance with SSAP 43R, all residential mortgage-backed securities were examined at year end 2015 for possible other-than-temporary impairments. As explained in Note 5D above, no loss due to other-than-temporary impairments have been realized in 2015 on residential mortgage-backed securities.

At the end of the current year, the Company did not hold any securities with direct exposure to subprime mortgages.

All bonds held that were issued by financial institutions participating in subprime lending activities are investment grade quality. Default risk on these bonds appears minimal at this time.

The Company has no exposure to subprime mortgages in either the mortgage-backed or commercial mortgage-backed security sectors of the market.

The Company has indirect exposures to subprime mortgages in the U.S. Agency sector. The Company has \$1.5 million book value in agency debt in the Company's portfolio in Freddie Mac, Fannie Mae, and Federal Home Loan Bank securities. The Company also has indirect exposure to subprime mortgages in the investment-grade corporate bond sector. The Company has \$48.0 million book value in investment-grade corporate fixed income securities. Of these corporate holdings, \$11.4 million were in the banking sector and \$1.5 million were in the brokerage sector.

### 4. Underwriting Exposure

Not Applicable

### G. Proceeds from Issuance of Insurance-Linked Securities

Not Applicable

### **Note 22 – Events Subsequent**

- A. Subsequent events have been considered through February 29, 2016, the date of issuance of these statutory financial statements. There were no events occurring subsequent to the end of the current year that merited recognition or disclosure in these statements.

## Notes to Financial Statements

### Note 23 – Reinsurance

#### A. Unsecured Reinsurance Recoverables

Following are reinsurance recoverables for paid and unpaid losses, loss adjustment expenses and unearned premiums from individual reinsurers that exceed 3% of policyholder surplus:

NAIC Code	Federal ID #	Name of Reinsurer	Amount (000's omitted)
22039	13-2673100	General Reinsurance	\$6,637

#### B. Reinsurance Recoverables in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

#### C. Reinsurance Assumed and Ceded and Protected Cells

- The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	0	0	0	0	0	0
b. All Other	0	0	\$6,015,422	\$1,815,486	(\$6,015,422)	(\$1,815,486)
c. Totals	0	0	\$6,015,422	\$1,815,486	(\$6,015,422)	(\$1,815,486)
d. Direct Unearned Premium Reserve is \$89,740,850						

- Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at the end of the current year are as follows:

Description	Direct	Assumed	Ceded	Net
a. Contingent Commissions	\$3,485,340	0	0	\$3,485,340
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commissions	0	0	\$4,998	(\$4,998)
d. Totals	\$3,485,340	0	\$4,998	\$3,480,342

- The Company does not use protected cells as an alternative to traditional reinsurance.

#### D. Uncollectible Reinsurance

Not Applicable

#### E. Commutation of Ceded Reinsurance

Reinsurance contracts are periodically reviewed to determine if commutation is necessary. Effective January 1, 2015, the Company commuted its quota share reinsurance contract with Ace Property and Casualty Insurance Company for the year 2011. Effective January 1, 2014, the Company commuted its quota share reinsurance contract with Ace Property and Casualty Insurance Company for the year 2010. There was no effect on the operating statement as a result of the commutations.

## Notes to Financial Statements

- F. Retroactive Reinsurance  
Not Applicable
- G. Reinsurance Accounted for as a Deposit  
Not Applicable
- H. Run-off Agreements  
Not Applicable
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation  
Not Applicable
- J. Reinsurance Agreements Qualifying for Reinsurer Aggregation  
Not Applicable

### **Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. & B. Methods Used to Estimate and Record  
Not Applicable.
- C. Amount and Percent of Net Retrospective Premiums  
Not Applicable
- D. Medical Loss Ratio Rebates  
Not Applicable
- E. Calculation of Nonadmitted Accrued Retrospective Premiums  
Not Applicable
- F. Risk Sharing Provisions of the Affordable Care Act  
Not Applicable

## Notes to Financial Statements

### **Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses**

The estimated cost of loss and loss adjustment expenses (LAE) attributable to insured events of prior years increased by \$600,000 during the current year. This increased the current calendar year losses and LAE incurred by this amount, as shown in the chart below. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding unpaid individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

(000's omitted) Lines of Business	2015 Calendar Year Losses and LAE Incurred			2015 Loss Year Losses and LAE Incurred	Shortage (Redundancy)
	Losses Incurred	LAE Incurred	Totals		
Homeowners & Farmowners	\$19,770	\$2,060	\$21,830	\$21,679	\$ 151
Auto Liability-Private Passenger	22,270	3,254	25,524	25,267	257
Auto Liability-Commercial	4,175	672	4,847	6,290	(1,443)
Commercial Multiple Peril	10,688	3,162	13,851	12,484	1,367
Other Liability-Occurrence	207	0	207	522	(315)
Special Property	2,087	157	2,244	2,224	20
Auto Physical Damage	23,810	5,209	29,020	28,456	564
<b>Totals</b>	<b>\$83,008</b>	<b>\$14,514</b>	<b>\$97,522</b>	<b>\$96,922</b>	<b>\$ 600</b>

### **Note 26 – Intercompany Pooling Arrangements**

- A. Not Applicable

### **Note 27 – Structured Settlements**

- A. Reserves Released due to Purchase of Annuities

Not Applicable

- B. Annuity Insurers with Balances Due Greater than 1% of Policyholders' Surplus

Not Applicable

### **Note 28 – Health Care Receivables**

- A. Pharmacy Rebates Billed, Received and Accrued for Twelve Quarters

Not Applicable

- B. Risk Sharing Receivables Billed, Received and accrued for Three Years

Not Applicable

### **Note 29 – Participating Policies**

- A. Not Applicable

### **Note 30 – Premium Deficiency Reserves**

- A. Not Applicable

## Notes to Financial Statements

### Note 31 – High Deductibles

- A. Not Applicable

### Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

- A. Tabular Discounts  
Not Applicable
- B. Non-Tabular Discounts  
Not Applicable
- C. Changes in Discount Assumptions  
Not Applicable

### Note 33 – Asbestos and Environmental Reserves

- A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net  
Not Applicable
- B. Asbestos IBNR and Bulk Reserve, Direct, Assumed and Net  
Not Applicable
- C. Asbestos LAE Reserve, Direct, Assumed and Net  
Not Applicable
- D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net  
Not Applicable
- E. Environmental IBNR and Bulk Reserve, Direct, Assumed and Net  
Not Applicable
- F. Environmental LAE Reserve, Direct, Assumed and Net  
Not Applicable

### Note 34 – Subscriber Savings Accounts

- A. Not Applicable

### Note 35 – Multiple Peril Crop Insurance

- A. Not Applicable

### Note 36 – Financial Guaranty Insurance

- A. Not Applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating? Maine
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ..... 12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ..... 10/27/2011
- 3.4 By what department or departments?  
Maine Bureau of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 6.2 If yes, give full information: .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, ..... 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
.....	.....

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PricewaterhouseCoopers, LLP, 101 Seaport Blvd Suite 500, Boston, MA 02210
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Jeffrey R. Carlson, FCAS, MAAA employee of Willis Towers Watson 175 Powder Forest Drive, Weatogue, CT 06089

## GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]  
 12.11 Name of real estate holding company  
 12.12 Number of parcels involved 0  
 12.13 Total book/adjusted carrying value \$ 0  
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ] N/A [X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ] N/A [X]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.  
 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....	0

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers \$ ..... 0  
 20.12 To stockholders not officers \$ ..... 0  
 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0  
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers \$ ..... 0  
 20.22 To stockholders not officers \$ ..... 0  
 20.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Rented from others \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No [ ]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ ..... 0  
 22.22 Amount paid as expenses \$ ..... 122,885  
 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 575,743

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ ] No [X]  
 24.02 If no, give full and complete information, relating thereto  
 See Interrogatory 28 below  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0  
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]  
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

## GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.103 Total payable for securities lending reported on the liability page. \$ ..... 0

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ ..... 0
- 25.22 Subject to reverse repurchase agreements \$ ..... 0
- 25.23 Subject to dollar repurchase agreements \$ ..... 0
- 25.24 Subject to reverse dollar repurchase agreements \$ ..... 0
- 25.25 Placed under option agreements \$ ..... 0
- 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$ ..... 0
- 25.27 FHLB Capital Stock \$ ..... 0
- 25.28 On deposit with states \$ ..... 1,424,420
- 25.29 On deposit with other regulatory bodies \$ ..... 0
- 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ ..... 0
- 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ ..... 0
- 25.32 Other \$ ..... 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
TD Bank, N.A. ....	1006 Astoria Boulevard, Cherry Hill, NJ 08034 .....
UBS Financial Services, Inc. ....	1285 Avenue of the Americas, New York, NY 10019 .....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]
- 28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
UBS Financial Services, Inc. ....	Marco Giacotti .....	One City Center, 7th Floor, Portland, ME 04101 .....
Columbia Management Advisors .....		225 Franklin Street, Boston, MA 02110 .....
Blackrock .....		Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055 ..
Herndon Capital Management .....		191 Peachtree Street, NE, Suite 2500, Atlanta, GA 30303 .....
Boston Trust .....		One Beacon Street, 3rd Floor, Boston, MA 02108 .....
Earnest Partners, LLC .....		1180 Peachtree Street, Suite 2300, Atlanta, GA 30309 .....
Bahl & Gaynor .....		28025 IH 10 West, Boerne, TX 78006 .....
Conning Asset Management .....	Garett Plona .....	One Financial Plaza, Hartford, CT 06103-2627 .....

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes [X] No [ ]
- 29.2 If yes, complete the following schedule:

## GENERAL INTERROGATORIES (Continued)

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29875E100	American Funds Euro Pacific Funds - Class F	1,265,515
90386H107	Apex CM Small/Mid Cap Growth Fund	1,680,714
197199813	Columbia Acorn International Fund Class Z	996,375
413838202	Oakmark International Fund	932,034
683974505	Oppenheimer Developing Market Fund	963,486
92828T889	Virtus Emerging Markets Opportunities Fund	1,090,242
29.2999 Total		6,928,366

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
American Funds Euro Pacific Funds - Class F	Novo Nordisk	61,631	12/31/2015
American Funds Euro Pacific Funds - Class F	Novartis AG	28,854	12/31/2015
American Funds Euro Pacific Funds - Class F	SOFTBANK Group Corp	25,943	12/31/2015
American Funds Euro Pacific Funds - Class F	Prudential PLC	25,563	12/31/2015
American Funds Euro Pacific Funds - Class F	Baidu, Inc. ADR	24,424	12/31/2015
Apex CM Small/Mid Cap Growth Fund	Total System Services, Inc.	49,749	12/31/2015
Apex CM Small/Mid Cap Growth Fund	Global Payments, Inc.	45,715	12/31/2015
Apex CM Small/Mid Cap Growth Fund	Heartland Payment Systems, Inc.	44,035	12/31/2015
Apex CM Small/Mid Cap Growth Fund	Autoliv, Inc.	42,522	12/31/2015
Apex CM Small/Mid Cap Growth Fund	Foot Locker, Inc.	41,346	12/31/2015
Columbia Acorn International Fund Class Z	Wirecard AG	18,234	12/31/2015
Columbia Acorn International Fund Class Z	SimCorp A/S	15,942	12/31/2015
Columbia Acorn International Fund Class Z	Dominos Pizza Enterprises LTD	15,842	12/31/2015
Columbia Acorn International Fund Class Z	Distribuidora Internacional De Alimentacion SA	15,344	12/31/2015
Columbia Acorn International Fund Class Z	Partners Group Holding AG	15,145	12/31/2015
Oakmark International Fund	Credit Suisse Group	44,924	12/31/2015
Oakmark International Fund	Honda Motor Co. LTD	36,070	12/31/2015
Oakmark International Fund	BNP Paribas	34,951	12/31/2015
Oakmark International Fund	Nomura Holdings, Inc.	32,621	12/31/2015
Oakmark International Fund	Daimler AG	30,384	12/31/2015
Oppenheimer Developing Market Fund	Housing Development Finance Corp LTD	43,839	12/31/2015
Oppenheimer Developing Market Fund	Tencent Holdings LTD	39,118	12/31/2015
Oppenheimer Developing Market Fund	Alibaba Group Holding LTD ADR	35,842	12/31/2015
Oppenheimer Developing Market Fund	Magnit PJSC	30,253	12/31/2015
Oppenheimer Developing Market Fund	Baidu, Inc. ADR	30,253	12/31/2015
Virtus Emerging Markets Opportunities Fund	British American Tobacco PLC	84,494	12/31/2015
Virtus Emerging Markets Opportunities Fund	Housing Development Finance Corp LTD	62,362	12/31/2015
Virtus Emerging Markets Opportunities Fund	SABMiller PLC	46,444	12/31/2015
Virtus Emerging Markets Opportunities Fund	ITC LTD	46,008	12/31/2015
Virtus Emerging Markets Opportunities Fund	HDFC Bank LTD	43,828	12/31/2015

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	129,923,119	134,455,991	4,532,872
30.2 Preferred stocks	0	0	0
30.3 Totals	129,923,119	134,455,991	4,532,872

30.4 Describe the sources or methods utilized in determining the fair values  
Fair values obtained from Conning Asset Management

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[ ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[ ] N/A[ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes[X] No[ ]
- 32.2 If no, list exceptions:

### OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 841,534
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

## GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
Insurance Services Office .....	624,187

34.1 Amount of payments for legal expenses, if any? \$ ..... 61,406  
 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Verrill & Dana .....	30,791
Saul Ewing .....	18,171

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 16,327  
 35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Soltan Bass LLC .....	11,860

## GENERAL INTERROGATORIES (Continued)

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- |   |   |   |
|---|---|---|
| 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?                               | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |   |
| 1.2 If yes, indicate premium earned on U.S. business only.  | \$ .....  | 0 |
| 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?             | \$ .....  | 0 |
| 1.31 Reason for excluding:  |   |   |
| 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. | \$ .....  | 0 |
| 1.5 Indicate total incurred claims on all Medicare Supplement insurance.  | \$ .....  | 0 |
| 1.6 Individual policies   |   |   |
| Most current three years:   |   |   |
| 1.61 Total premium earned   | \$ .....  | 0 |
| 1.62 Total incurred claims  | \$ .....  | 0 |
| 1.63 Number of covered lives  | .....   | 0 |
| All years prior to most current three years:  |   |   |
| 1.64 Total premium earned   | \$ .....  | 0 |
| 1.65 Total incurred claims  | \$ .....  | 0 |
| 1.66 Number of covered lives  | .....   | 0 |
| 1.7 Group policies  |   |   |
| Most current three years:   |   |   |
| 1.71 Total premium earned   | \$ .....  | 0 |
| 1.72 Total incurred claims  | \$ .....  | 0 |
| 1.73 Number of covered lives  | .....   | 0 |
| All years prior to most current three years:  |   |   |
| 1.74 Total premium earned   | \$ .....  | 0 |
| 1.75 Total incurred claims  | \$ .....  | 0 |
| 1.76 Number of covered lives  | .....   | 0 |

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	0	0
2.2 Premium Denominator .....	149,067,377	136,839,611
2.3 Premium Ratio (2.1 / 2.2) .....	0.000	0.000
2.4 Reserve Numerator .....	0	0
2.5 Reserve Denominator .....	132,971,950	123,278,995
2.6 Reserve Ratio (2.4 / 2.5) .....	0.000	0.000

- |  |  |    |
|--|--|----|
| 3.1 Does the reporting entity issue both participating and non-participating policies?   | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                              |    |
| 3.2 If yes, state the amount of calendar year premiums written on:   |  |    |
| 3.21 Participating policies  | \$ .....   | 0  |
| 3.22 Non-participating policies  | \$ .....   | 0  |
| 4. For Mutual reporting entities and Reciprocal Exchanges only:  |  |    |
| 4.1 Does the reporting entity issue assessable policies?   | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |    |
| 4.2 Does the reporting entity issue non-assessable policies?   | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |    |
| 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?  | .....  | 0% |
| 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.  | \$ .....   | 0  |
| 5. For Reciprocal Exchanges Only:  |  |    |
| 5.1 Does the exchange appoint local agents?  | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |    |
| 5.2 If yes, is the commission paid:  |  |    |
| 5.21 Out of Attorney's-in-fact compensation  | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |    |
| 5.22 As a direct expense of the exchange   | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |    |
| 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  |  |    |
| 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?  | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |    |
| 5.5 If yes, give full information:   |  |    |
| 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:<br>The Company does not write Workers' Compensation Insurance.   |  |    |
| 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:<br>The Company utilizes the services of JLT Towers Re to perform a catastrophe exposure analysis for hurricane and winter storm possible losses.   |  |    |
| 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss:<br>The Company carries catastrophe reinsurance to cover loss events which exceed \$4,000,000.  |  |    |
| 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?  | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                              |    |
| 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss  |  |    |
| 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                              |    |
| 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.   | .....  | 0  |
| 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?  | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |    |
| 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?  | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                              |    |
| 8.2 If yes, give full information.<br>Effective January 1, 2015, the Company commuted its quota share reinsurance contract with ACE Property and Casualty Insurance Company for the year 2011.   |  |    |
| 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:<br>(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term; |  |    |

## GENERAL INTERROGATORIES (Continued)

- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [ ] No[X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No[X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes[X] No [ ] N/A [ ]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ ..... 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A[X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... 0.000%
- 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ ..... 0
- 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 443,750
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No[X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 2
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ] N/A[X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes [ ] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home .....	0	0	0	0	0
16.12 Products .....	0	0	0	0	0
16.13 Automobile .....	0	0	0	0	0
16.14 Other * .....	0	0	0	0	0

\* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes [ ] No[X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption.
- 17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 \$ ..... 0
- 17.12 Unfunded portion of Interrogatory 17.11 \$ ..... 0

## GENERAL INTERROGATORIES (Continued)

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ .....	0
17.14 Case reserves portion of Interrogatory 17.11	\$ .....	0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ .....	0
17.16 Unearned premium portion of Interrogatory 17.11	\$ .....	0
17.17 Contingent commission portion of Interrogatory 17.11	\$ .....	0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.		
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ .....	0
17.19 Unfunded portion of Interrogatory 17.18	\$ .....	0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ .....	0
17.21 Case reserves portion of Interrogatory 17.18	\$ .....	0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ .....	0
17.23 Unearned premium portion of Interrogatory 17.18	\$ .....	0
17.24 Contingent commission portion of Interrogatory 17.18	\$ .....	0
18.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]	
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:	\$ .....	0
18.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]	
18.4 If yes, please provide the balance of the funds administered as of the reporting date:	\$ .....	0

## FIVE - YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4)	46,903,344	43,632,581	41,057,180	39,187,329	37,238,182
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26)	41,810,041	37,212,021	34,254,797	32,639,783	31,130,735
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	86,302,979	79,571,438	73,444,671	67,848,276	64,945,223
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33)	0	0	0	0	0
6. TOTAL (Line 35)	175,016,364	160,416,040	148,756,648	139,675,388	133,314,140
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	40,724,919	38,113,169	37,874,760	33,317,026	30,065,660
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	40,229,582	35,538,357	32,993,833	29,503,642	26,772,299
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	75,047,887	68,639,602	64,691,480	55,256,533	50,443,729
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33)	0	0	0	0	0
12. TOTAL (Line 35)	156,002,388	142,291,128	135,560,073	118,077,201	107,281,688
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8)	253,972	(2,918,888)	1,847,950	1,810,410	634,030
14. Net investment gain or (loss) (Line 11)	4,667,413	5,469,804	5,492,140	4,686,184	6,335,426
15. TOTAL other income (Line 15)	1,049,190	1,032,864	647,868	891,291	969,393
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	1,496,983	187,455	2,191,810	2,087,912	1,201,356
18. Net income (Line 20)	4,473,592	3,396,325	5,796,148	5,299,973	6,737,493
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	245,158,129	233,827,582	225,328,952	205,124,517	192,443,537
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	6,235,856	5,688,558	5,318,461	4,872,570	4,645,840
20.2 Deferred and not yet due (Line 15.2)	39,177,108	35,949,670	33,330,101	30,767,904	29,507,692
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. TOTAL liabilities excluding protected cell business (Page 3, Line 26)	150,678,352	143,664,788	137,622,889	126,045,627	119,466,084
22. Losses (Page 3, Line 1)	38,579,336	37,262,431	36,820,412	31,359,498	29,329,414
23. Loss adjustment expenses (Page 3, Line 3)	10,667,186	9,226,147	7,953,575	7,125,275	6,891,164
24. Unearned premiums (Page 3, Line 9)	83,725,428	76,790,417	71,338,900	62,494,614	57,250,195
25. Capital paid up (Page 3, Lines 30 & 31)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	94,479,777	90,162,794	87,706,063	79,078,890	72,977,453
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	7,664,618	8,712,780	15,848,747	11,926,315	8,423,652
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital	94,479,777	90,162,794	87,706,063	79,078,890	72,977,453
29. Authorized control level risk-based capital	10,621,239	9,796,587	9,668,382	8,510,504	7,609,014
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0</b>					
30. Bonds (Line 1)	69.3	68.4	69.0	71.2	74.6
31. Stocks (Lines 2.1 & 2.2)	17.6	18.5	17.4	14.3	13.3
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	2.8	2.9	3.2	3.6	3.9
34. Cash, cash equivalents and short-term investments (Line 5)	10.3	10.1	10.5	10.1	8.1
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.8	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1)	0	0	0	0	0
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)	0	0	0	0	0
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. TOTAL of above Lines 42 to 47	0	0	0	0	0
49. TOTAL investment in parent included in Lines 42 to 47 above	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....	(1,055,387)	(242,722)	2,186,251	1,466,005	(2,441,467)
52. Dividends to stockholders (Line 35) .....	(363,937)	(620,177)	(598,918)	(659,694)	(600,173)
53. Change in surplus as regards policyholders for the year (Line 38) .....	4,316,983	2,456,731	8,627,172	6,101,437	3,633,071
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	28,549,612	25,825,733	22,020,801	21,122,436	18,913,842
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	25,800,323	24,399,464	18,656,712	17,133,931	18,300,017
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	35,884,076	32,945,051	26,276,814	28,203,424	26,489,562
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
59. TOTAL (Line 35) .....	90,234,011	83,170,249	66,954,327	66,459,791	63,703,421
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	26,552,337	23,554,770	19,296,638	17,398,849	15,878,090
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	25,731,919	24,331,566	18,564,938	16,031,876	16,147,162
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	29,406,869	29,652,843	22,060,088	24,349,084	22,945,702
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
65. TOTAL (Line 35) .....	81,691,125	77,539,180	59,921,664	57,779,809	54,970,954
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	55.7	57.0	51.6	53.0	54.3
68. Loss expenses incurred (Line 3) .....	9.7	10.3	9.5	8.9	8.8
69. Other underwriting expenses incurred (Line 4) .....	34.4	34.8	37.4	36.5	36.3
70. Net underwriting gain (loss) (Line 8) .....	0.2	(2.1)	1.5	1.6	0.6
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	32.2	32.8	34.5	34.1	33.7
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	65.4	67.3	61.1	61.9	63.0
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	165.1	157.8	154.6	149.3	147.0
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	1,031	(582)	1,349	(621)	(2,742)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) .....	1.1	(0.7)	1.7	(0.9)	(4.0)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	1,832	1,535	445	(3,222)	(4,095)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) .....	2.1	1.9	0.6	(4.6)	(6.4)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	X X X	X X X	X X X	(12)	(1)	2	0	2	0	20	(7)	X X X	
2. 2006	104,395	26,184	78,211	49,068	10,170	990	140	6,237	286	2,602	45,698	X X X	
3. 2007	108,468	26,906	81,562	61,660	13,562	1,521	111	7,174	538	2,898	56,144	X X X	
4. 2008	112,034	27,983	84,051	66,977	13,290	1,792	176	7,644	550	3,042	62,398	X X X	
5. 2009	116,195	28,692	87,503	59,295	9,900	1,879	190	7,110	614	2,908	57,581	X X X	
6. 2010	122,514	30,432	92,082	59,480	10,525	1,852	198	7,401	432	2,920	57,579	X X X	
7. 2011	129,592	27,435	102,157	68,666	10,915	1,960	179	8,100	338	3,543	67,295	X X X	
8. 2012	136,585	23,752	112,833	68,463	8,997	2,340	192	8,395	216	4,045	69,793	X X X	
9. 2013	143,389	16,673	126,716	64,825	4,740	1,044	3	9,499	63	3,658	70,561	X X X	
10. 2014	154,136	17,297	136,840	73,734	2,210	732	13	10,327	14	4,949	82,556	X X X	
11. 2015	167,707	18,640	149,067	63,668	4,950	437	1	9,316	569	2,943	67,902	X X X	
12. Totals	X X X	X X X	X X X	635,824	89,258	14,551	1,203	81,205	3,619	33,528	637,499	X X X	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	16	2	0	0	0	0	0	0	0	0	0	14	X X X
2. 2006	0	0	0	0	0	0	0	0	0	0	0	0	X X X
3. 2007	53	0	5	0	0	0	1	0	4	0	0	62	X X X
4. 2008	169	0	23	3	0	0	7	1	10	1	0	202	X X X
5. 2009	166	0	38	5	0	0	27	6	31	6	0	245	X X X
6. 2010	765	50	28	15	0	0	56	14	66	14	0	821	X X X
7. 2011	882	5	(110)	23	0	0	176	50	194	50	0	1,013	X X X
8. 2012	2,643	776	(59)	91	0	0	495	123	545	123	3	2,512	X X X
9. 2013	5,077	212	154	114	0	0	849	168	966	169	13	6,383	X X X
10. 2014	6,230	101	763	216	0	0	1,304	247	1,489	248	32	8,975	X X X
11. 2015	24,633	4,294	3,676	664	0	0	4,060	773	2,567	185	352	29,020	X X X
12. Totals	40,633	5,440	4,519	1,132	0	0	6,974	1,382	5,872	797	400	49,247	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	14	0
2. 2006	56,294	10,596	45,698	53.9	40.5	58.4	0	0	0.0	0	0
3. 2007	70,418	14,212	56,207	64.9	52.8	68.9	0	0	0.0	58	4
4. 2008	76,622	14,022	62,600	68.4	50.1	74.5	0	0	0.0	188	14
5. 2009	68,547	10,721	57,825	59.0	37.4	66.1	0	0	0.0	199	45
6. 2010	69,648	11,248	58,400	56.8	37.0	63.4	0	0	0.0	728	93
7. 2011	79,868	11,560	68,308	61.6	42.1	66.9	0	0	0.0	743	270
8. 2012	82,823	10,518	72,305	60.6	44.3	64.1	0	0	0.0	1,717	795
9. 2013	82,413	5,469	76,944	57.5	32.8	60.7	0	0	0.0	4,906	1,477
10. 2014	94,580	3,049	91,531	61.4	17.6	66.9	0	0	0.0	6,676	2,299
11. 2015	108,357	11,435	96,922	64.6	61.3	65.0	0	0	0.0	23,350	5,669
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	38,579	10,667

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

## SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior	14,977	12,036	11,395	11,226	10,795	11,038	11,100	11,025	11,035	10,960	(74)	(65)
2. 2006	45,332	42,724	41,146	40,501	40,434	39,986	39,968	39,802	39,760	39,747	(13)	(55)
3. 2007	XXX	54,762	50,636	49,723	49,923	49,641	49,415	49,270	49,515	49,567	53	297
4. 2008	XXX	XXX	59,114	56,530	55,485	54,860	54,898	55,327	55,474	55,497	22	170
5. 2009	XXX	XXX	XXX	52,385	51,177	50,745	50,660	50,530	50,650	51,304	654	774
6. 2010	XXX	XXX	XXX	XXX	52,486	51,288	51,037	51,593	51,389	51,380	(9)	(213)
7. 2011	XXX	XXX	XXX	XXX	XXX	59,951	59,810	60,407	60,314	60,402	88	(5)
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	62,583	62,866	62,870	63,703	834	837
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	66,619	65,851	66,711	860	92
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	81,360	79,978	(1,383)	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	85,792	XXX	XXX
12. TOTALS											1,031	1,832

## SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
1. Prior	000	5,102	7,845	9,319	9,923	10,398	10,698	10,943	10,956	10,947	XXX	XXX
2. 2006	28,034	35,091	37,815	38,397	39,518	39,845	39,864	39,744	39,754	39,747	XXX	XXX
3. 2007	XXX	34,610	43,469	44,560	46,952	48,331	48,663	48,962	49,172	49,508	XXX	XXX
4. 2008	XXX	XXX	37,974	49,007	51,990	52,801	53,732	54,494	55,168	55,303	XXX	XXX
5. 2009	XXX	XXX	XXX	35,641	43,895	46,908	48,448	49,661	50,364	51,084	XXX	XXX
6. 2010	XXX	XXX	XXX	XXX	36,003	44,697	47,462	48,842	49,913	50,610	XXX	XXX
7. 2011	XXX	XXX	XXX	XXX	XXX	42,133	52,731	55,915	58,263	59,533	XXX	XXX
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	43,221	53,385	57,974	61,614	XXX	XXX
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	44,810	57,579	61,125	XXX	XXX
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	57,222	72,244	XXX	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	59,155	XXX	XXX

## SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior	4,900	1,535	693	329	64	75	15	0	0	0
2. 2006	5,336	2,279	926	335	171	56	15	0	7	0
3. 2007	XXX	5,014	1,757	839	362	179	(11)	21	18	6
4. 2008	XXX	XXX	3,943	2,220	990	379	76	52	37	25
5. 2009	XXX	XXX	XXX	2,642	1,611	571	202	80	(11)	54
6. 2010	XXX	XXX	XXX	XXX	2,466	778	251	286	(45)	55
7. 2011	XXX	XXX	XXX	XXX	XXX	2,820	876	660	49	(8)
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	3,671	1,231	340	222
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,784	1,757	721
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,831	1,605
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,298

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

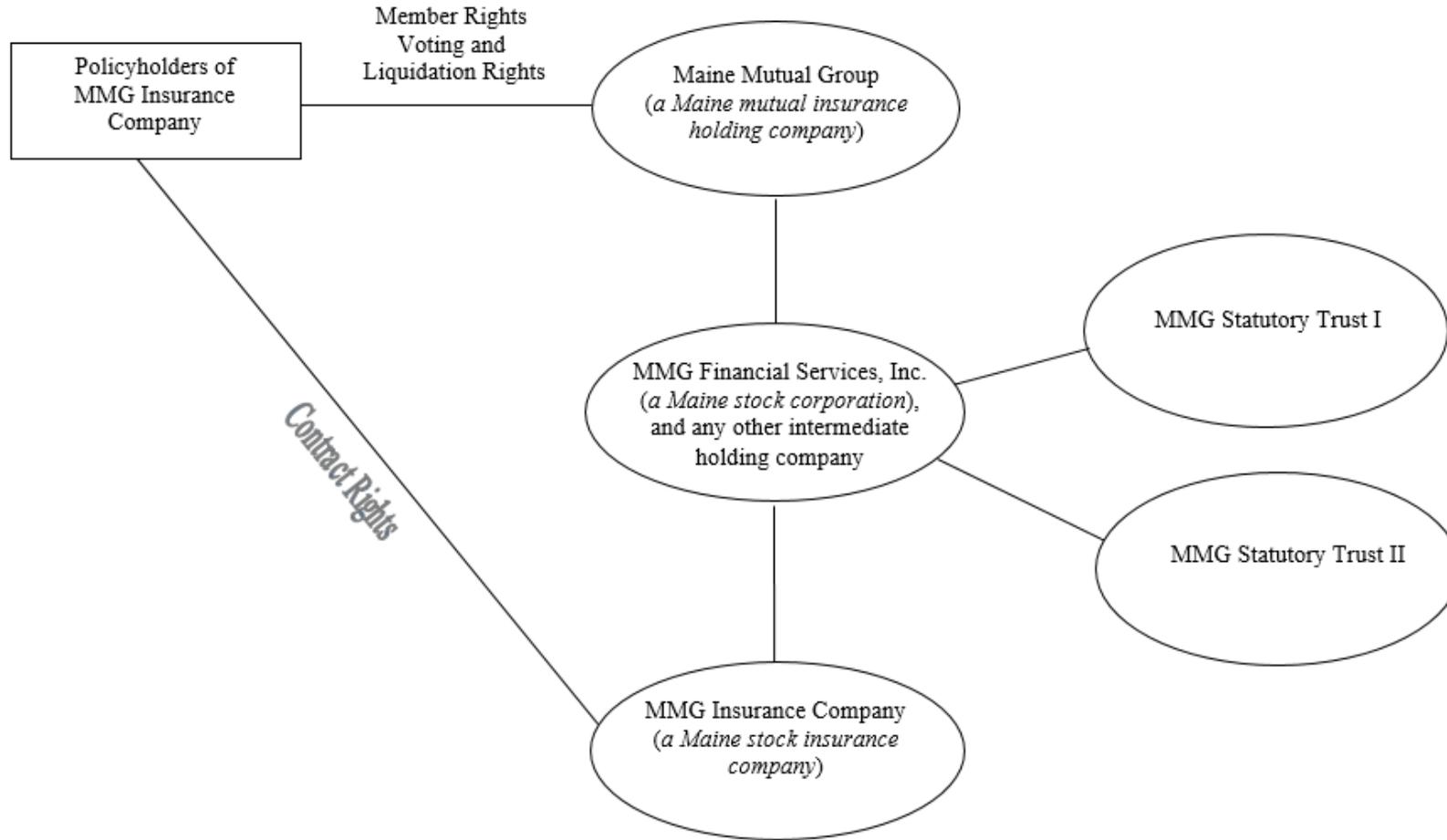
States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
		1. Alabama (AL)	N						
2. Alaska (AK)	N	0	0	0	0	0	0	0	0
3. Arizona (AZ)	N	0	0	0	0	0	0	0	0
4. Arkansas (AR)	N	0	0	0	0	0	0	0	0
5. California (CA)	N	0	0	0	0	0	0	0	0
6. Colorado (CO)	N	0	0	0	0	0	0	0	0
7. Connecticut (CT)	N	0	0	0	0	0	0	0	0
8. Delaware (DE)	N	0	0	0	0	0	0	0	0
9. District of Columbia (DC)	N	0	0	0	0	0	0	0	0
10. Florida (FL)	N	0	0	0	0	0	0	0	0
11. Georgia (GA)	N	0	0	0	0	0	0	0	0
12. Hawaii (HI)	N	0	0	0	0	0	0	0	0
13. Idaho (ID)	N	0	0	0	0	0	0	0	0
14. Illinois (IL)	N	0	0	0	0	0	0	0	0
15. Indiana (IN)	N	0	0	0	0	0	0	0	0
16. Iowa (IA)	N	0	0	0	0	0	0	0	0
17. Kansas (KS)	N	0	0	0	0	0	0	0	0
18. Kentucky (KY)	N	0	0	0	0	0	0	0	0
19. Louisiana (LA)	N	0	0	0	0	0	0	0	0
20. Maine (ME)	L	71,803,825	69,340,775	0	32,680,896	34,277,592	18,227,057	435,923	0
21. Maryland (MD)	N	0	0	0	0	0	0	0	0
22. Massachusetts (MA)	N	0	0	0	0	0	0	0	0
23. Michigan (MI)	N	0	0	0	0	0	0	0	0
24. Minnesota (MN)	N	0	0	0	0	0	0	0	0
25. Mississippi (MS)	N	0	0	0	0	0	0	0	0
26. Missouri (MO)	N	0	0	0	0	0	0	0	0
27. Montana (MT)	N	0	0	0	0	0	0	0	0
28. Nebraska (NE)	N	0	0	0	0	0	0	0	0
29. Nevada (NV)	N	0	0	0	0	0	0	0	0
30. New Hampshire (NH)	L	46,312,984	44,234,054	0	24,861,565	25,716,243	11,899,654	281,167	0
31. New Jersey (NJ)	N	0	0	0	0	0	0	0	0
32. New Mexico (NM)	N	0	0	0	0	0	0	0	0
33. New York (NY)	L	0	0	0	0	0	0	0	0
34. North Carolina (NC)	N	0	0	0	0	0	0	0	0
35. North Dakota (ND)	N	0	0	0	0	0	0	0	0
36. Ohio (OH)	N	0	0	0	0	0	0	0	0
37. Oklahoma (OK)	N	0	0	0	0	0	0	0	0
38. Oregon (OR)	N	0	0	0	0	0	0	0	0
39. Pennsylvania (PA)	L	26,435,263	25,902,208	0	18,683,317	19,637,559	8,395,320	160,489	0
40. Rhode Island (RI)	N	0	0	0	0	0	0	0	0
41. South Carolina (SC)	N	0	0	0	0	0	0	0	0
42. South Dakota (SD)	N	0	0	0	0	0	0	0	0
43. Tennessee (TN)	N	0	0	0	0	0	0	0	0
44. Texas (TX)	N	0	0	0	0	0	0	0	0
45. Utah (UT)	N	0	0	0	0	0	0	0	0
46. Vermont (VT)	L	25,104,109	23,925,201	0	11,919,464	10,564,731	5,191,527	152,408	0
47. Virginia (VA)	L	5,359,124	4,305,258	0	2,047,463	2,870,700	1,419,302	32,535	0
48. Washington (WA)	N	0	0	0	0	0	0	0	0
49. West Virginia (WV)	N	0	0	0	0	0	0	0	0
50. Wisconsin (WI)	N	0	0	0	0	0	0	0	0
51. Wyoming (WY)	N	0	0	0	0	0	0	0	0
52. American Samoa (AS)	N	0	0	0	0	0	0	0	0
53. Guam (GU)	N	0	0	0	0	0	0	0	0
54. Puerto Rico (PR)	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands (VI)	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands (MP)	N	0	0	0	0	0	0	0	0
57. Canada (CAN)	N	0	0	0	0	0	0	0	0
58. Aggregate other alien (OT)	X X X	0	0	0	0	0	0	0	0
59. TOTALS	(a) 6	175,015,305	167,707,496	0	90,192,705	93,066,825	45,132,861	1,062,522	0

DETAILS OF WRITE-INS									
58001.	X X X	0	0	0	0	0	0	0	0
58002.	X X X	0	0	0	0	0	0	0	0
58003.	X X X	0	0	0	0	0	0	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X	0	0	0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: Allocation by state is based on the geographic location of the underwriting exposure.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**  
**MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**



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