



ANNUAL STATEMENT

For the Year Ended December 31, 2018
of the Condition and Affairs of the

Patriot Insurance Company

NAIC Group Code.....	1309, 1309 (Current Period) (Prior Period)	NAIC Company Code.....	32069	Employer's ID Number.....	01-6022422
Organized under the Laws of ME		State of Domicile or Port of Entry	ME	Country of Domicile	US
Incorporated/Organized.....	April 22, 1966	Commenced Business.....	July 1, 1966		
Statutory Home Office	701 U.S. Route 1, Suite 1 .. Yarmouth .. ME .. US .. 04096-6927 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>				
Main Administrative Office	701 U.S. Route 1, Suite 1 .. Yarmouth .. ME .. US .. 04096-6927 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			207-847-1800 <i>(Area Code) (Telephone Number)</i>	
Mail Address	One Mutual Avenue .. Frankenmuth .. MI .. US .. 48787-0001 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>				
Primary Location of Books and Records	One Mutual Avenue .. Frankenmuth .. MI .. US .. 48787-0001 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			989-652-6121 <i>(Area Code) (Telephone Number)</i>	
Internet Web Site Address	www.patriotinsuranceco.com				
Statutory Statement Contact	John Frederick Lang <i>(Name)</i> john.lang@fmmins.com <i>(E-Mail Address)</i>			989-480-6351 <i>(Area Code) (Telephone Number) (Extension)</i> 989-652-4069 <i>(Fax Number)</i>	

OFFICERS

Name	Title	Name	Title
1. Lincoln Jerry Merrill Jr.	President & CEO	2. Brian Scott McLeod	Vice President, Treasurer & Secretary
3. Alan Robert Small	Vice President	4.	

OTHER

DIRECTORS OR TRUSTEES

John Stewart Benson Chairman	Lyle Gerald Davis Jr.	Frederick Allen Edmond Jr.	David Frederick Honold
Scott Lee Mandel	Brian Scott McLeod	Lincoln Jerry Merrill Jr.	David Allen Pendleton
Susan DiDonato Royles	James Edward Wilds	Drew Randall Zehnder	

State of..... Maine
County of..... Cumberland

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of 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) Lincoln Jerry Merrill Jr.	_____ (Signature) Brian Scott McLeod	_____ (Signature) Alan Robert Small
_____ 1. (Printed Name) President & CEO	_____ 2. (Printed Name) Vice President, Treasurer & Secretary	_____ 3. (Printed Name) Vice President
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____ 2019

a. Is this an original filing? Yes [X] No []

b. If no

1. State the amendment number	_____
2. Date filed	_____
3. Number of pages attached	_____

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).....	94,391,075		94,391,075	83,253,044
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	9,740,761		9,740,761	9,453,145
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(933,919), Schedule E-Part 1), cash equivalents (\$.....3,969,597, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	3,035,679		3,035,679	3,637,277
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	107,167,514	.0	107,167,514	96,343,465
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	720,293		720,293	790,549
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	11,009,936	1,131	11,008,806	9,800,270
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....361,288 earned but unbilled premiums).....	13,368,354	36,129	13,332,225	13,181,377
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	7,542,896		7,542,896	8,691,109
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	
18.2 Net deferred tax asset.....	1,621,869	128,171	1,493,698	1,515,757
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	217,301	13,367	203,934	327,159
21. Furniture and equipment, including health care delivery assets (\$.....0).....	1,396,338	1,396,338	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	11,005		11,005	12,500
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other-than-invested assets.....	584,118	123,033	461,085	83,138
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	143,639,624	1,698,170	141,941,455	130,745,324
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	143,639,624	1,698,170	141,941,455	130,745,324

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.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. Other assets.....	111,226	111,226	.0	
2502. Deposits and other receivables.....	472,892	11,807	461,085	83,138
2503.....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	584,118	123,033	461,085	83,138

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	32,677,240	29,944,693
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	8,467,880	7,240,442
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	5,818,464	5,234,458
4. Commissions payable, contingent commissions and other similar charges.....	2,671,767	2,310,238
5. Other expenses (excluding taxes, licenses and fees).....	1,260,492	1,282,101
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	244,593	247,761
7.1 Current federal and foreign income taxes (including \$.....1,000 on realized capital gains (losses)).....	269,000	80,000
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....26,430,116 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).....	26,758,216	24,285,926
10. Advance premium.....	215,758	176,606
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	7,924,540	7,759,202
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....		
14. Amounts withheld or retained by company for account of others.....	2,971	549
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	331,258	736,885
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	65,852
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	86,642,180	79,364,713
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	86,642,180	79,364,713
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	8,750,000	8,750,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	16,250,000	16,250,000
35. Unassigned funds (surplus).....	30,299,275	26,380,612
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	55,299,275	51,380,612
38. TOTAL (Page 2, Line 28, Col. 3).....	141,941,455	130,745,324

DETAILS OF WRITE-INS

2501. Other liabilities.....		65,852
2502.		
2503.		
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	65,852
2901.		
2902.		
2903.		
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.		
3202.		
3203.		
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
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	53,134,703	49,353,036
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	28,950,506	24,851,397
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	4,561,811	4,287,038
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	17,641,649	16,404,512
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	51,153,966	45,542,947
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	1,980,737	3,810,089
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	2,740,434	1,867,048
10. Net realized capital gains (losses) less capital gains tax of \$.....(2,000) (Exhibit of Capital Gains (Losses)).....	(5,913)	(83,363)
11. Net investment gain (loss) (Lines 9 + 10).....	2,734,521	1,783,686
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....7,650 amount charged off \$.....80,636).....	(72,986)	(84,806)
13. Finance and service charges not included in premiums.....	78,450	87,182
14. Aggregate write-ins for miscellaneous income.....	4,371	6,044
15. Total other income (Lines 12 through 14).....	9,836	8,420
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	4,725,094	5,602,194
17. Dividends to policyholders.....	285,957	247,696
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).....	4,439,137	5,354,499
19. Federal and foreign income taxes incurred.....	613,000	1,257,000
20. Net income (Line 18 minus Line 19) (to Line 22).....	3,826,137	4,097,499
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	51,380,612	49,433,669
22. Net income (from Line 20).....	3,826,137	4,097,499
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....		
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(96,911)	(1,083,405)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	189,437	(1,067,151)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from Protected Cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	3,918,664	1,946,943
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	55,299,275	51,380,612
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
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. Miscellaneous income and expense.....	4,371	6,044
1402.		
1403.		
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).....	4,371	6,044
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	54,444,548	50,043,357
2. Net investment income.....	3,513,626	2,875,735
3. Miscellaneous income.....	9,836	8,420
4. Total (Lines 1 through 3).....	57,968,010	52,927,512
5. Benefit and loss related payments.....	23,842,307	26,603,113
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	21,292,277	20,493,017
8. Dividends paid to policyholders.....	285,957	247,696
9. Federal and foreign income taxes paid (recovered) net of \$.....(50,000) tax on capital gains (losses).....	422,000	1,612,000
10. Total (Lines 5 through 9).....	45,842,541	48,955,826
11. Net cash from operations (Line 4 minus Line 10).....	12,125,469	3,971,686
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	29,725,604	14,642,244
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		3
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	29,725,604	14,642,247
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	41,331,592	15,964,741
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....	520,932	6,542,910
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	41,852,524	22,507,651
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(12,126,920)	(7,865,404)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(600,146)	(859,975)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(600,146)	(859,975)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(601,598)	(4,753,692)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	3,637,277	8,390,969
19.2 End of year (Line 18 plus Line 19.1).....	3,035,679	3,637,277

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	261,803	137,454	144,396	254,861
2. Allied lines.....	231,081	113,754	125,017	219,818
3. Farmowners multiple peril.....	0		0	0
4. Homeowners multiple peril.....	7,695,001	4,174,124	4,189,261	7,679,864
5. Commercial multiple peril.....	12,968,181	5,830,369	6,385,816	12,412,734
6. Mortgage guaranty.....	0		0	0
8. Ocean marine.....	70,076	36,649	35,595	71,129
9. Inland marine.....	2,078,307	922,376	1,007,692	1,992,992
10. Financial guaranty.....	0		0	0
11.1 Medical professional liability - occurrence.....	0		0	0
11.2 Medical professional liability - claims-made.....	0		0	0
12. Earthquake.....	731	392	311	812
13. Group accident and health.....	0		0	0
14. Credit accident and health (group and individual).....	0		0	0
15. Other accident and health.....	0		0	0
16. Workers' compensation.....	7,271,712	2,780,597	2,951,148	7,101,161
17.1 Other liability - occurrence.....	2,561,743	1,052,512	1,219,213	2,395,042
17.2 Other liability - claims-made.....	176,339	72,556	80,440	168,455
17.3 Excess workers' compensation.....	0		0	0
18.1 Products liability - occurrence.....	182,018	67,942	79,732	170,228
18.2 Products liability - claims-made.....	0		0	0
19.1, 19.2 Private passenger auto liability.....	6,304,704	2,501,728	2,851,180	5,955,252
19.3, 19.4 Commercial auto liability.....	5,059,737	1,953,822	2,461,261	4,552,297
21. Auto physical damage.....	10,220,048	4,228,876	4,651,549	9,797,374
22. Aircraft (all perils).....	0		0	0
23. Fidelity.....	2,281	933	1,344	1,870
24. Surety.....	427,189	112,150	202,428	336,911
26. Burglary and theft.....	482	228	218	492
27. Boiler and machinery.....	23,091	10,647	10,327	23,411
28. Credit.....	0		0	0
29. International.....	0		0	0
30. Warranty.....	0		0	0
31. Reinsurance - nonproportional assumed property.....	0		0	0
32. Reinsurance - nonproportional assumed liability.....	0		0	0
33. Reinsurance - nonproportional assumed financial lines.....	0		0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	55,534,524	23,997,107	26,396,928	53,134,703

DETAILS OF WRITE-INS

3401.	0		0	0
3402.	0		0	0
3403.	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

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	144,576		(181)		144,396
2. Allied lines.....	125,175		(158)		125,017
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	4,189,261				4,189,261
5. Commercial multiple peril.....	6,492,204		(106,388)		6,385,816
6. Mortgage guaranty.....					0
8. Ocean marine.....	35,595				35,595
9. Inland marine.....	1,013,305		(5,613)		1,007,692
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....	311				311
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....	3,171,954		(220,806)		2,951,148
17.1 Other liability - occurrence.....	1,236,386		(17,173)		1,219,213
17.2 Other liability - claims-made.....	81,379		(939)		80,440
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....	81,868		(2,137)		79,732
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....	2,851,180				2,851,180
19.3, 19.4 Commercial auto liability.....	2,464,973		(3,712)		2,461,261
21. Auto physical damage.....	4,654,626		(3,077)		4,651,549
22. Aircraft (all perils).....					0
23. Fidelity.....	1,344		(0)		1,344
24. Surety.....	108,959	93,494	(25)		202,428
26. Burglary and theft.....	218				218
27. Boiler and machinery.....	11,406		(1,079)		10,327
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	26,664,722	93,494	(361,288)	0	26,396,928
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					361,288
38. Balance (sum of Lines 35 through 37).....					26,758,216

DETAILS OF WRITE-INS

3401.					0
3402.					0
3403.					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: Monthly Pro-Rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	570,340	261,803		541,119	29,221	261,803
2. Allied lines.....	462,738	231,081		439,482	23,257	231,081
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....	14,160,543	7,695,001		13,601,963	558,580	7,695,001
5. Commercial multiple peril.....	9,482,540	12,968,181		9,070,662	411,879	12,968,181
6. Mortgage guaranty.....						.0
8. Ocean marine.....		70,076				70,076
9. Inland marine.....	1,316,576	2,078,307		1,251,267	65,310	2,078,307
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....	1,567	731		1,496	71	731
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....	9,637				9,637	.0
16. Workers' compensation.....	944,678	7,271,712	55,833	972,444	28,067	7,271,712
17.1 Other liability - occurrence.....	2,678,851	2,561,743		2,182,888	495,963	2,561,743
17.2 Other liability - claims-made.....	272,732	176,339		113,184	159,548	176,339
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....	6,847	182,018		6,698	149	182,018
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	8,583,463	6,304,704		8,433,494	149,969	6,304,704
19.3, 19.4 Commercial auto liability.....	1,425,588	5,059,737		1,396,160	29,428	5,059,737
21. Auto physical damage.....	11,982,655	10,220,048		11,808,300	174,355	10,220,048
22. Aircraft (all perils).....						.0
23. Fidelity.....	100	2,281		100		2,281
24. Surety.....		427,189				427,189
26. Burglary and theft.....		482				482
27. Boiler and machinery.....	619,601	23,091		12,436	607,165	23,091
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX					.0
32. Reinsurance - nonproportional assumed liability.....	XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	52,518,457	55,534,524	55,833	49,831,693	2,742,597	55,534,524

DETAILS OF WRITE-INS

3401. ....						.0
3402. ....						.0
3403. ....						.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 [X]

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, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	151,227	65,188	151,227	65,188	39,890	23,994	81,084	31.8
2. Allied lines.....	58,769	74,109	58,769	74,109	31,605	21,803	83,910	38.2
3. Farmowners multiple peril.....				0	0	0	0	0.0
4. Homeowners multiple peril.....	6,054,246	3,955,397	6,054,246	3,955,397	1,219,881	1,600,505	3,574,773	46.5
5. Commercial multiple peril.....	3,860,106	4,754,564	3,860,106	4,754,564	9,380,620	8,163,759	5,971,425	48.1
6. Mortgage guaranty.....				0	0	0	0	0.0
8. Ocean marine.....		50,861		50,861	27,113	14,897	63,076	88.7
9. Inland marine.....	446,584	533,707	446,584	533,707	360,643	138,164	756,186	37.9
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.....	210,714	2,537,417	242,353	2,505,778	6,348,258	6,609,110	2,244,927	31.6
17.1 Other liability - occurrence.....	908,736	185,209	908,736	185,209	1,336,268	1,054,150	467,327	19.5
17.2 Other liability - claims-made.....	85,596	7,768	85,596	7,768	51,675	47,331	12,112	7.2
17.3 Excess workers' compensation.....				0	0	0	0	0.0
18.1 Products liability - occurrence.....		6,249		6,249	183,943	103,952	86,240	50.7
18.2 Products liability - claims-made.....				0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability.....	7,496,472	4,992,245	7,496,472	4,992,245	7,331,501	6,859,079	5,464,668	91.8
19.3, 19.4 Commercial auto liability.....	1,611,799	3,042,957	1,611,799	3,042,957	5,790,286	4,882,702	3,950,541	86.8
21. Auto physical damage.....	5,972,684	6,013,697	5,972,684	6,013,697	435,354	336,406	6,112,645	62.4
22. Aircraft (all perils).....				0	0	0	0	0.0
23. Fidelity.....				0	30	30	(0)	(0.0)
24. Surety.....		28,901		28,901	98,839	46,130	81,610	24.2
26. Burglary and theft.....				0	14	14	(0)	(0.0)
27. Boiler and machinery.....	155,072		155,072	0	256	273	(18)	(0.1)
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.....	XXX			0	0	0	0	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX	1,329		1,329	41,066	42,394	0	0.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	0	0	0	0.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35. TOTALS.....	27,012,005	26,249,598	27,043,644	26,217,959	32,677,240	29,944,693	28,950,506	54.5
DETAILS OF WRITE-INS								
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	XXX	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0.0

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 (Cols. 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 (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....		11,440		11,440	161,661	28,450	161,661	39,890	2,936
2. Allied lines.....	3,500	12,487	3,500	12,487	54,989	19,118	54,989	31,605	2,874
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	2,306,251	838,352	2,306,251	838,352	809,825	381,529	809,825	1,219,881	178,301
5. Commercial multiple peril.....	3,832,866	5,696,518	3,832,866	5,696,518	5,751,257	3,684,102	5,751,257	9,380,620	2,516,599
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....		19,621		19,621		7,492		27,113	3,840
9. Inland marine.....	585,191	187,368	585,191	187,368	464,315	173,275	464,315	360,643	34,557
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0		0		0	9
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	354,381	3,086,385	396,867	3,043,899	1,981,312	3,410,408	2,087,360	6,348,258	946,200
17.1 Other liability - occurrence.....	1,030,064	598,826	1,030,064	598,826	1,698,116	737,442	1,698,116	1,336,268	223,822
17.2 Other liability - claims-made.....	50,000	44,584	50,000	44,584	31,152	7,090	31,152	51,675	11,098
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....		124,824		124,824	52,419	59,118	52,419	183,943	13,156
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	3,470,213	4,021,040	3,470,213	4,021,040	3,447,239	3,310,461	3,447,239	7,331,501	1,194,629
19.3, 19.4 Commercial auto liability.....	549,642	3,413,988	549,642	3,413,988	1,744,760	2,376,298	1,744,760	5,790,286	543,492
21. Auto physical damage.....	499,968	284,703	499,968	284,703	272,546	150,650	272,546	435,354	121,112
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0		30		30	2
24. Surety.....		9,772		9,772		89,068		98,839	23,297
26. Burglary and theft.....				0		14		14	1
27. Boiler and machinery.....	30,000		30,000	0	106,599	256	106,599	256	2,539
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX	12,656		12,656	XXX	28,410		41,066	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	12,712,075	18,362,564	12,754,561	18,320,079	16,576,191	14,463,210	16,682,239	32,677,240	5,818,464
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				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

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

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	1,088,047			1,088,047
1.2 Reinsurance assumed.....	2,386,838			2,386,838
1.3 Reinsurance ceded.....	1,088,047			1,088,047
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	2,386,838	0	0	2,386,838
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		8,743,787		8,743,787
2.2 Reinsurance assumed, excluding contingent.....		7,762,036		7,762,036
2.3 Reinsurance ceded, excluding contingent.....		8,756,128		8,756,128
2.4 Contingent - direct.....		1,899,626		1,899,626
2.5 Contingent - reinsurance assumed.....		1,722,606		1,722,606
2.6 Contingent - reinsurance ceded.....		1,899,626		1,899,626
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	9,472,301	0	9,472,301
3. Allowances to manager and agents.....		224,914		224,914
4. Advertising.....		139,553		139,553
5. Boards, bureaus and associations.....	29,558	218,959		248,516
6. Surveys and underwriting reports.....		298,097		298,097
7. Audit of assureds' records.....		54,041		54,041
8. Salary and related items:				
8.1 Salaries.....	1,165,073	3,327,068	55,675	4,547,816
8.2 Payroll taxes.....	83,819	233,786	3,892	321,497
9. Employee relations and welfare.....	274,924	758,253	8,782	1,041,959
10. Insurance.....	2,850	9,022		11,872
11. Directors' fees.....	10,396	32,921		43,317
12. Travel and travel items.....	51,572	173,440	6,524	231,536
13. Rent and rent items.....	120,548	260,921	3,016	384,485
14. Equipment.....	150,347	440,878	1,813	593,038
15. Cost or depreciation of EDP equipment and software.....	28,373	85,106	377	113,857
16. Printing and stationery.....	20,058	42,478	1,326	63,862
17. Postage, telephone and telegraph, exchange and express.....	33,428	149,910	1,519	184,857
18. Legal and auditing.....	193,556	521,470		715,026
19. Totals (Lines 3 to 18).....	2,164,501	6,970,817	82,924	9,218,241
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		1,034,634		1,034,634
20.2 Insurance department licenses and fees.....		56,341		56,341
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....		25,044		25,044
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	1,116,019	0	1,116,019
21. Real estate expenses.....			365,588	365,588
22. Real estate taxes.....			60,092	60,092
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	10,471	82,513	98,684	191,669
25. Total expenses incurred.....	4,561,811	17,641,649	607,288	(a) 22,810,748
26. Less unpaid expenses - current year.....	5,818,464	4,138,975	37,877	9,995,316
27. Add unpaid expenses - prior year.....	5,234,458	3,811,798	28,302	9,074,558
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	3,977,805	17,314,472	597,713	21,889,990

DETAILS OF WRITE-INS

2401. Bank and investment expenses.....	10,471	17,842	98,684	126,998
2402. Other miscellaneous expense.....		64,671		64,671
2403.				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).....	10,471	82,513	98,684	191,669

(a) Includes management fees of \$....468,877 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).....34,162	.....38,000
1.1 Bonds exempt from U.S. tax.....	(a).....925,584	.....661,588
1.2 Other bonds (unaffiliated).....	(a).....1,820,420	.....2,007,568
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....798,000	.....798,000
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....73,128	.....75,892
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....1	.....(10)
10. Total gross investment income.....	.....3,651,294	.....3,581,038
11. Investment expenses.....	.....	(g).....607,288
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....233,316
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....840,604
17. Net investment income (Line 10 minus Line 16).....	.....	.....2,740,434

DETAILS OF WRITE-INS

0901. Interest on assumed reinsurance pools.....	.....1	.....(10)
0902. ....	.....	.....
0903. ....	.....	.....
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).....	.....1	.....(10)
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
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 \$.....37,668 accrual of discount less \$.....497,713 amortization of premium and less \$.....92,221 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 \$.....798,000 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....2,488 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 \$.....233,316 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	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....(13,649)	.....	.....(13,649)	.....	.....
1.2 Other bonds (unaffiliated).....	.....5,736	.....	.....5,736	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....(7,913)	.....0	.....(7,913)	.....0	.....0

DETAILS OF WRITE-INS

0901. ....	.....0	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			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
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	1,131	825	(306)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	36,129	28,882	(7,247)
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	128,171	203,023	74,852
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	13,367	22,018	8,651
21. Furniture and equipment, including health care delivery assets.....	1,396,338	1,497,459	101,121
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	123,033	135,399	12,366
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,698,170	1,887,607	189,437
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	1,698,170	1,887,607	189,437

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			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. Other assets.....	111,226	135,399	24,173
2502. Deposits and other receivables.....	11,807		(11,807)
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	123,033	135,399	12,366

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Patriot Insurance Company (Company) are presented on the basis of accounting practices prescribed or permitted by the State of Maine Bureau of Insurance.

The State of Maine Bureau of Insurance 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. During 2018 and 2017 there were no recorded differences between State of Maine prescribed practices and NAIC statutory accounting practices.

	SSAP#	F/S Page	F/S Line #	December 31, 2018	December 31, 2017
NET INCOME					
(1) Patriot Insurance Company state basis (Page 4, Line 20, Columns 1&2)	XXX	XXX	XXX	\$3,826,000	\$4,097,000
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:	N/A	N/A	N/A	0	0
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:	N/A	N/A	N/A	0	0
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$3,826,000	\$4,097,000
SURPLUS					
(5) Patriot Insurance Company state basis (Page 3, Line 37, Columns 1&2)	XXX	XXX	XXX	\$55,299,000	\$51,381,000
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:	N/A	N/A	N/A	0	0
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:	N/A	N/A	N/A	0	0
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$55,299,000	\$51,381,000

B. Use of Estimates in the Preparation of the Financial Statements

In preparing the financial statements in conformity with Statutory Accounting Principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

C. Accounting Policies

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct and ceded business and are based on reports received from ceding companies for reinsurance assumed. 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.

Real estate investments are classified in the balance sheet as properties occupied by the company. Properties occupied by the company are carried at depreciated cost less encumbrances. Fair values of properties occupied by the company are based upon market appraisals performed when deemed necessary by the Company using certified valuation techniques.

In addition, the Company uses the following accounting policies:

- Short-term investments are stated at amortized cost which approximates fair value.
- Bonds not backed by other loans are stated at amortized cost using the Scientific Yield to Worst Method. Bonds that are defined by the NAIC as non-investment grade (rated 3 through 6) are carried at the lower of amortized cost or fair market value.
- The Company does not have investments in common stocks.
- Preferred stocks are stated in accordance with the guidance provided in Statement of Statutory Accounting Principle (SSAP) No. 32.
- The Company does not participate in mortgage loans as an investment vehicle.
- Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield has become negative, which are valued using the prospective method.
- The Company does not have investments in subsidiaries, controlled or affiliated companies.
- The Company does not have investments in joint ventures, partnerships or limited liability companies.
- The Company does not have investments in derivative instruments.
- The Company anticipates investment income as a factor in premium deficiency calculations, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.
- 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 amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- The Company has a written capitalization policy for purchases of items such as real estate, electronic data processing equipment, software, furniture, vehicles and other equipment. This policy was not modified from the prior year.
- The Company does not have pharmaceutical rebate receivables.

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

None.

3. Business Combinations and Goodwill

Not applicable.

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations

None.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

None.

B. Debt Restructuring

None.

C. Reverse Mortgages

None.

D. Loan-Backed Securities

1. The Company's investment advisor uses proprietary models for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities with inputs from major third-party data providers. The models combine the effects of interest rates, volatility and prepayment speeds based on various scenario simulations which produce effective analytics (spreads, duration, convexity) and cash flows on a monthly basis. Credit sensitive cash flows are calculated using a proprietary model which estimates future loan defaults in terms of timing and severity. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.
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.
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 as of December 31, 2018.

a.	The aggregate amount of unrealized losses:	
1.	Less than twelve months	\$20,000
2.	Twelve months or longer	\$289,000
b.	The aggregate related fair value of securities with unrealized losses:	
1.	Less than twelve months	\$2,669,000
2.	Twelve months or longer	\$11,698,000

5. The Company held certain loan-backed and structured securities that have been continuously in an unrealized loss position at December 31, 2018, as summarized in the above table. After an evaluation of each security, management concluded these securities have not suffered an other-than-temporary impairment in value. Each security has paid all scheduled contractual payments. Nothing has come to management's attention which would lead to the belief that each issuer would not have the ability to meet the remaining contractual obligations of the security, including payment at maturity, and the Company has the capacity to hold the security until the scheduled maturity date.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

None.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

None.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

None.

H. Repurchase Agreements Transactions Accounted for as a Sale

None.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

None.

J. Real Estate

1. The Company has not recorded any impairment writedowns on real estate during 2018.
2. The Company has not sold or classified real estate as held for sale during 2018.
3. The Company has not experienced changes to a plan of sale for an investment in real estate during 2018.
4. The Company has not engaged in retail land sales operations during 2018.
5. The Company did not hold real estate investments with participating mortgage loans during 2018.

K. Low-Income Housing Tax Credits (LIHTC)

None.

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

1. Restricted assets (including pledged) summarized by restricted asset category

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					Current Year					
	Current Year					(6) Total From Prior Year	(7) Increase (Decrease) (Col 5-6)	(8) Total Nonadmitted Restricted	(9) Total Admitted Restricted (Col 5-8)	Percentage	
	(1) Total General Account (G/A)	(2) G/A Supporting Protected Cell Account Activity ^(a)	(3) Total Protected Cell Account Restricted Assets	(4) Protected Cell Account Assets Supporting G/A Activity ^(b)	(5) Total (Col 1+3)					(10) Gross (Admitted & Nonadmitted) Restricted to Total Assets ^(c)	(11) Admitted Restricted to Total Admitted Assets ^(d)
(a) Subject to contractual obligation for which liability is not shown	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0%
(b) Collateral held under security lending agreements	0	0	0	0	0	0	0	0	0	0%	0%
(c) Subject to repurchase agreements	0	0	0	0	0	0	0	0	0	0%	0%
(d) Subject to reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0%	0%
(e) Subject to dollar repurchase agreements	0	0	0	0	0	0	0	0	0	0%	0%
(f) Subject to dollar reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0%	0%
(g) Placed under option contracts	0	0	0	0	0	0	0	0	0	0%	0%
(h) Letter stock or securities restricted as to sale-excluding FHLB capital stock	0	0	0	0	0	0	0	0	0	0%	0%
(i) FHLB capital stock	0	0	0	0	0	0	0	0	0	0%	0%
(j) On deposit with states	1,013,000	0	0	0	1,013,000	1,014,000	(1,000)	0	1,013,000	0.71%	0.71%
(k) On deposit with other regulatory bodies	0	0	0	0	0	0	0	0	0	0%	0%
(l) Pledged as collateral to FHLB (including assets backing fund agreements)	0	0	0	0	0	0	0	0	0	0%	0%
(m) Pledged as collateral not captured in other categories	0	0	0	0	0	0	0	0	0	0%	0%
(n) Other restricted assets	0	0	0	0	0	0	0	0	0	0%	0%
(o) Total restricted assets	\$1,013,000	\$0	\$0	\$0	\$1,013,000	\$1,014,000	\$(1,000)	\$0	\$1,013,000	0.71%	0.71%

- (a) Subset of Column 1
- (b) Subset of Column 3
- (c) Column 5 divided by Asset Page, Column 1, Line 28
- (d) Column 9 divided by Asset Page, Column 3, Line 28

2. Not applicable.

3. Not applicable.

4. Not applicable.

M. Working Capital Finance Investments

Not applicable.

N. Offsetting and Netting of Assets and Liabilities

Not applicable.

O. Structured Notes

Not applicable.

P. 5GI Securities

None.

Q. Short Sales

None.

R. Prepayment Penalty and Acceleration Fees

The Company had four bonds called during 2018 which included prepayment penalties of \$8,000.

	General Account	Protected Cell Account
(1) Number of CUSIPs	4	0
(2) Aggregate Amount of Insurance Income	\$8,000	\$0

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for those greater than 10% of Admitted Assets

Not applicable.

B. Writedowns for Impairment

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

None.

8. Derivative Instruments

None.

9. Income Taxes

A. Deferred Tax Asset/(Liability)

1. Components of Net Deferred Tax Asset/(Liability)

	December 31, 2018		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross deferred tax assets	\$2,202,000	\$128,000	\$2,330,000
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	2,202,000	128,000	2,330,000
(d) Deferred tax assets nonadmitted	0	128,000	128,000
(e) Subtotal net admitted deferred tax asset (1c-1d)	2,202,000	0	2,202,000
(f) Deferred tax liabilities	708,000	0	708,000
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$1,494,000	\$0	\$1,494,000

	December 31, 2017		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross deferred tax assets	\$1,761,000	\$128,000	\$1,889,000
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	1,761,000	128,000	1,889,000
(d) Deferred tax assets nonadmitted	75,000	128,000	203,000
(e) Subtotal net admitted deferred tax asset (1c-1d)	1,686,000	0	1,686,000
(f) Deferred tax liabilities	170,000	0	170,000
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$1,516,000	\$0	\$1,516,000

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross deferred tax assets	\$441,000	\$0	\$441,000
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	441,000	0	441,000
(d) Deferred tax assets nonadmitted	(75,000)	0	(75,000)
(e) Subtotal net admitted deferred tax asset (1c-1d)	516,000	0	516,000
(f) Deferred tax liabilities	538,000	0	538,000
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$(22,000)	\$0	\$(22,000)

2. Admission Calculation Components (SSAP No. 101)

	December 31, 2018		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$1,829,000	\$0	\$1,829,000
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	8,040,000
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	373,000	0	373,000
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$2,202,000	\$0	\$2,202,000

NOTES TO FINANCIAL STATEMENTS

	December 31, 2017		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$1,516,000	\$0	\$1,516,000
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	7,431,000
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	170,000	0	170,000
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$1,686,000	\$0	\$1,686,000

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$313,000	\$0	\$313,000
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	609,000
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	203,000	0	203,000
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$516,000	\$0	\$516,000

3. Other Admissibility Criteria

	2018	2017
(a) Ratio percentage used to determine recovery period and threshold limitation amount	1,237.8%	1,207.0%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$53,806,000	\$49,865,000

4. Impact of Tax Planning Strategies

	December 31, 2018		December 31, 2017		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
1. Adjusted gross DTAs amount from Note 9A1(c)	\$2,202,000	\$128,000	\$1,761,000	\$128,000	\$441,000	\$0
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	2,202,000	0	1,686,000	0	516,000	0
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(b) Do the Company's tax planning strategies include the use of reinsurance?	Yes ___ No <u>X</u>					

B. Deferred Tax Liabilities (DTLs) Not Recognized

Not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Current and Deferred Income Taxes

	(1) December 31, 2018	(2) December 31, 2017	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$613,000	\$1,257,000	\$(644,000)
(b) Foreign	0	0	0
(c) Subtotal	613,000	1,257,000	(644,000)
(d) Federal income tax on net capital gains	(2,000)	(45,000)	43,000
(e) Utilization of capital loss carry-forwards	0	0	0
(f) Other	0	0	0
(g) Federal and foreign income taxes incurred	\$611,000	\$1,212,000	\$(601,000)
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$632,000	\$284,000	\$348,000
(2) Unearned premium reserve	1,124,000	1,020,000	104,000
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Deferred acquisition costs	0	0	0
(6) Policyholder dividends accrual	0	0	0
(7) Fixed assets	0	0	0
(8) Compensation and benefits accrual	103,000	91,000	12,000
(9) Pension accrual	0	0	0
(10) Receivables – nonadmitted	0	0	0
(11) Net operating loss carry-forward	0	0	0
(12) Tax credit carry-forward	0	0	0
(13) Other (including items <5% of total ordinary tax assets)	13,000	12,000	1,000
(14) Nonadmitted assets	330,000	354,000	(24,000)
(99) Subtotal	2,202,000	1,761,000	441,000
(b) Statutory valuation allowance adjustment	0	0	0
(c) Nonadmitted	0	75,000	(75,000)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	2,202,000	1,686,000	516,000
(e) Capital			
(1) Investments	128,000	128,000	0
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
(99) Subtotal	128,000	128,000	0
(f) Statutory valuation allowance adjustment	0	0	0
(g) Nonadmitted	128,000	128,000	0
(h) Admitted capital deferred tax assets (2e99-2f-2g)	0	0	0
(i) Admitted deferred tax assets (2d+2h)	\$2,202,000	\$1,686,000	\$516,000
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$13,000	\$10,000	\$3,000
(2) Fixed assets	403,000	158,000	245,000
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax liabilities)	0	0	0
(6) Subro salvage reserves	3,000	2,000	1,000
(7) Section 481 Adjustment	0	0	0
(8) Accelerated premium expense	0	0	0
(9) Loss discounting transition adjustment	289,000	0	289,000
(99) Subtotal	708,000	170,000	538,000
(b) Capital			
(1) Investments	0	0	0
(2) Real estate	0	0	0
(3) Other (including items <5% of total capital tax liabilities)	0	0	0
(99) Subtotal	0	0	0
(c) Deferred tax liabilities (3a99+3b99)	\$708,000	\$170,000	\$538,000
4. Net deferred tax assets/liabilities (2i-3c)	\$1,494,000	\$1,516,000	\$(22,000)

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (TCJA) was enacted, reducing the corporate income tax rate from a maximum of 35% down to a 21% flat rate for tax years beginning in 2018 and in future years. Although current income taxes for the 2017 statutory financial statements reflect the 35% tax rate that is in effect for the 2017 tax year, per SSAP No. 101 the deferred tax assets and deferred tax liabilities are required to be computed using the new 21% tax rate that is in effect in 2018 and future years. The resulting impact of the tax rate change from the TCJA in the accompanying 2017 statutory financial statements was a reduction in the Company's net deferred tax asset (and surplus) of \$1.0 million, which is comprised of a decrease in gross deferred tax assets of \$1.1 million offset by a decrease in non-admitted deferred tax assets of \$0.1 million.

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

The significant book to tax adjustments are as follows:

Description	December 31, 2018	Tax Effect at 21%	December 31, 2017	Tax Effect at 35%
Provision at statutory rate	\$932,000	21.0%	\$1,858,000	35.0%
Non-taxable interest	(137,000)	(3.1)%	(350,000)	(6.6)%
Change in non-admitted assets	24,000	0.5%	(429,000)	(8.1)%
Travel and entertainment	8,000	0.2%	10,000	0.2%
Impact of Tax Cuts & Jobs Act of 2017	0	0.0%	1,146,000	21.6%
Tax rate true-up adjustment	(156,000)	(3.5)%	0	0.0%
Other adjustments	37,000	0.9%	60,000	1.1%
Total	\$708,000	16.0%	\$2,295,000	43.2%
Federal income taxes incurred	\$611,000	13.8%	\$1,212,000	22.8%
Change in net deferred income tax	97,000	2.2%	1,083,000	20.4%
Total statutory income taxes	\$708,000	16.0%	\$2,295,000	43.2%

NOTES TO FINANCIAL STATEMENTS**E. Operating Loss and Tax Credit Carryforwards**

- At December 31, 2018, the Company did not have any unused operating loss carryforwards or tax credit carryforwards available to offset against future taxable income.
- The following is income tax expense for 2018 and 2017 that is available for recoupment in the event of future net losses:

Year	Amount
2018	\$1,001,000
2017	\$972,000

- There are no deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code as of December 31, 2018.

F. Consolidated Federal Income Tax Return

- The Company's federal income tax return is consolidated with the following entities:

Frankenmuth Mutual Insurance Company
Ansur America Insurance Company
ASure Worldwide Insurance Company
Fortuity Insurance Company
Patriot Life Insurance Company
Frankenmuth Agency, Inc.

- The method of allocation among companies is subject to a written 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 tax balances are settled quarterly.

G. Federal or Foreign Federal Income Tax Loss Contingencies

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

H. Repatriation Transition Tax (RTT)

The Company does not have any RTT as of December 31, 2018 or 2017.

I. Alternative Minimum Tax (AMT) Credit

The Company does not have any alternative minimum tax credits as of December 31, 2018 or 2017.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**A. Nature of Relationships**

The Company is a wholly owned subsidiary of Frankenmuth Mutual Insurance Company ("Parent"), a licensed mutual insurer domiciled in the State of Michigan.

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

None.

C. Change in Terms of Intercompany Arrangements

None.

D. Amounts Due to or from Related Parties

The Company reported \$320,000 and \$724,000 due to its Parent and affiliated companies (net) at December 31, 2018 and 2017, respectively. Amounts due to and from affiliated companies are settled on a monthly basis.

E. Guarantees or Undertakings for Related Parties

None.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has a management service agreement for the allocation of certain administrative costs with its Parent.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company's common stock are owned by its Parent.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

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

Not applicable.

J. Write-down for Impairments in Subsidiary, Controlled or Affiliated Companies (SCA's)

Not applicable.

K. Investments in Foreign Insurance Subsidiaries

None.

L. Investments in Downstream Noninsurance Holding Company

None.

NOTES TO FINANCIAL STATEMENTS

- M. All SCA Investments
None.
- N. Investments in Insurance SCA's
None.
- O. SCA Loss Tracking
None.
11. Debt
- A. Debt and Holding Company Obligations
None.
- B. Federal Home Loan Bank (FHLB) Agreements
None.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan
Not applicable.
- B., C. and D. Description of Investment Policies, Fair Value of Plan Assets, Rate of Return Assumptions
Not applicable.
- E. Defined Contribution Plans
The Company has a qualified noncontributory incentive bonus plan for the benefit of employees meeting certain eligibility requirements. The Company's charge to income under the plan was approximately \$697,000 and \$751,000 for 2018 and 2017, respectively.
- F. Multiemployer Plans
Not applicable.
- G. Consolidated/Holding Company Plans
The Company participates in a noncontributory defined benefit pension plan and certain postretirement benefits sponsored by its Parent. The Company has no legal obligations for benefits under these plans. The Parent allocates amounts to the Company based on salary ratios.

The Company participates in the Frankenmuth Insurance 401(k) Savings Plan (the "Plan"), a defined contribution plan under which employees may defer a portion of their salary annually, subject to regulatory limitations. The Company will match 100% of the participant's contributions up to a maximum of 6% of the participant's eligible compensation. Additionally, all matching contributions to the Plan will vest 100% after two years of service. The charge to income under the Plan for the Company match was approximately \$382,000 and \$217,000 for 2018 and 2017, respectively.
- H. Postemployment Benefits and Compensated Absences
The Company has accrued its obligation for postemployment benefits and compensated absences in accordance with SSAP No. 11.
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)
As indicated in Note 12G, the Company participates in certain postretirement benefits sponsored by the Parent.
13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
- A. Outstanding Shares
The Company has 100,000 shares of \$100 par value common stock authorized and 87,500 shares issued and outstanding.
- B. Dividend Rate of Preferred Stock
Not applicable.
- C., D. and E. Dividend Restrictions and Payments
Dividends may be paid only from earned surplus (unassigned funds). The maximum amount of dividends which can be paid by the Company to its shareholder without approval from the State of Maine Bureau of Insurance is limited to the greater of the net gain from operations from the prior 12-month period or 10 percent of surplus as regards policyholders at December 31, 2018. Accordingly, the Company may pay dividends of approximately \$5,530,000 in 2019 without prior approval.

Within the limitations noted above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- F. Restrictions Placed on Unassigned Funds (Surplus)
None.
- G. Mutual Surplus Advances
Not applicable.
- H. Company Stock Held for Special Purposes
Not applicable.
- I. Changes in Special Surplus Funds
Not applicable.

NOTES TO FINANCIAL STATEMENTS

J. Changes in Unassigned Funds

There are no cumulative unrealized gains or losses represented in unassigned funds (surplus).

K. Surplus Notes

Not applicable.

L. and M. Quasi Reorganizations

Not applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

The Company has no commitments or contingent commitments to its Parent or other entities. As indicated in Note 10E, the Company has made no guarantees on behalf of its Parent.

B. Assessments

The Company is subject to guaranty fund and other assessments by states in which it writes premium. Most assessments are recorded either at the time the assessments are levied or, in the case of premium-based assessments, at the time the premiums are written. The Company is also subject to loss-based assessments.

Insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums. These assessments will be recorded as future premiums are written. The Company is not aware of any state which requires the payment of future premium assessments once the Company discontinues writing premium in that state.

The Company has accrued a liability for guaranty fund and other assessments of \$441,000 and \$397,000 at December 31, 2018 and 2017, respectively, and has not recorded an offset for estimated premium tax credits. The amounts recorded represent management's best estimates based on assessment rate information received from the states in which the Company writes business and the direct premiums written in those states. Assessments to date are not significant and the Company does not expect future assessments to materially affect its financial condition or results of operations.

C. Gain Contingencies

None.

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits

None.

E. Product Warranties

None.

F. Joint and Several Liabilities

None.

G. All Other Contingencies

- At December 31, 2018 and 2017, the Company had admitted assets of \$24,341,000 and \$22,982,000, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, certain balances may become uncollectible; however, any potential loss is not expected to be material to the Company's financial condition.
- The Company is not aware of potential lawsuits or other legal action beyond the ordinary course of business which would be considered material in relation to the financial position of the Company.
- The Company, as a wholly owned subsidiary of Frankenmuth Mutual Insurance Company, is part of a \$25 million unsecured bank line of credit agreement. The line allows for the Company to borrow funds at different mutually negotiated rates, based on the bank's cost of funds, and borrowings on the line are guaranteed by Frankenmuth Mutual Insurance Company. The Company had no outstanding balance at December 31, 2018.

15. Leases

A. Lessee Leasing Arrangements

- The Company leases office facilities and equipment under various noncancelable operating leases that expire through May 2024. Rental expense for 2018 and 2017 was approximately \$31,000 and \$427,000, respectively. There are no contingent rental payments or unusual renewal options, escalation clauses or restrictions and there have been no early terminations of existing leases.
- Future minimum rental payments are as follows:

Year	Amount
2019	\$15,000
2020	15,000
2021	15,000
2022	14,000
2023	4,000
Total	\$63,000

- The Company has not entered into any sale-leaseback arrangements.

NOTES TO FINANCIAL STATEMENTS**B. Lessor Leasing Arrangements****1. Operating Leases**

- a. The Company leases office space located inside of its Home Office property. Consistent with SSAP No. 40R, since more than 50% of this property is occupied by the Company, the leased space is not classified as property held for the production of income. The typical lease period is ten years and contains two five-year renewal options. Both the Company and the tenant are responsible for the payment of their respective share of property taxes, insurance, operating expenses and maintenance costs related to the property.
- b. There was no rental income for 2018 or 2017.
- c. Future minimum lease receivables are as follows:

Year	Amount
2019	\$52,000
2020	80,000
2021	83,000
2022	85,000
2023	88,000
Total	\$388,000

- d. The Company does not have any contingent rentals.

2. Leveraged Leases

Not applicable.

16. Information About Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**A. Transfers of Receivables Reported as Sales**

None.

B. Transfers and Servicing of Financial Assets

None.

C. Wash Sales

None.

18. Gain or Loss to the Reporting Entity 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 Similarly Structured Cost Based Reimbursement Contracts

Not applicable.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

20. Fair Value Measurements

Financial assets and liabilities that are recorded at fair value on the statutory statements of admitted assets, liabilities and policyholders' surplus are classified based on the level of the fair value measurements hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is composed of the following levels:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets that our pricing sources have the ability to access. Since the valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant amount of degree of judgment.

Level 2 – Valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.

Level 3 – Valuations that are derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are non-binding.

NOTES TO FINANCIAL STATEMENTS

A. Inputs Used for Assets and Liabilities Measured at Fair Value on Recurring Basis

1. Fair Value Measurements at Reporting Date

Description	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds					
Industrial and Misc	\$0	\$0	\$0	\$0	\$0
Total Bonds	0	0	0	0	0
Preferred Stocks					
Industrial and Misc	0	0	0	0	0
Total Preferred Stocks	0	0	0	0	0
Common Stocks					
Industrial and Misc	0	0	0	0	0
Mutual Funds	0	0	0	0	0
Total Common Stocks	0	0	0	0	0
Cash, cash equivalents and short-term investments					
Money Market Mutual Funds	3,970,000	0	0	0	3,970,000
Other Invested Assets	0	0	0	0	0
Derivative Assets					
Call Options	0	0	0	0	0
Total Derivatives	0	0	0	0	0
Separate Account Assets	0	0	0	0	0
Total assets at fair value/(NAV)	\$3,970,000	\$0	\$0	\$0	\$3,970,000
b. Liabilities at fair value					
Derivative liabilities					
Call Options	\$0	\$0	\$0	\$0	\$0
Put Options	0	0	0	0	0
Total Derivatives	0	0	0	0	0
Total liabilities at fair value	\$0	\$0	\$0	\$0	\$0

2. Fair Value Measurements in Level 3 of the Fair Value Hierarchy

None.

3. Policy on Transfers Into and Out of Level 3

None.

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

None.

5. Derivative Fair Values

Not applicable.

B. Other Fair Value Disclosures

Not applicable.

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Financial instruments – assets							
Bonds	\$94,263,000	\$94,391,000	\$0	\$94,263,000	\$0	\$0	\$0
Preferred stocks	0	0	0	0	0	0	0
Common stocks	0	0	0	0	0	0	0
Mortgage loans	0	0	0	0	0	0	0
Cash, cash equivalents and short-term investments	3,036,000	3,036,000	3,036,000	0	0	0	0
Other – collateral loan	0	0	0	0	0	0	0
Total assets	\$97,299,000	\$97,427,000	\$3,036,000	\$94,263,000	\$0	\$0	\$0
Financial instruments – liabilities							
Derivative liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0

D. Reasons Not Practical to Estimate Fair Value

Not applicable.

E. Investments Measured using Net Asset Value (NAV)

Not applicable.

21. Other Items

A. Unusual or Infrequent Items

Not applicable.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

Assets in the amount of \$1,013,000 and \$1,014,000 at December 31, 2018 and 2017, respectively, were on deposit with government authorities or trustees as required by law.

NOTES TO FINANCIAL STATEMENTS

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable and Non-transferable Tax Credits

None.

F. Subprime Mortgage-Related Risk Exposure

The Company does not engage in subprime residential mortgage lending as indicated in Note 1C. The Company's exposure to subprime lending is limited to investments within the investment portfolio of fixed-income securities which contain securities collateralized by mortgages having characteristics of subprime lending. These investments are primarily in the form of asset-backed securities supported by subprime mortgage loans or collateralized mortgage obligations backed by alternative documentation mortgages. The Company held no fixed-income securities with such characteristics at December 31, 2018 or 2017.

G. Insurance-Linked Securities (ILS) Contracts

None.

22. Events Subsequent

Subsequent events have been considered through February 15, 2019, the date these statutory financial statements were available to be issued. The Company is not aware of any events or transactions occurring subsequent to December 31, 2018, which may have a material effect on the financial condition of the Company.

The Company does not write health insurance; therefore, is not subject to assessment under Section 9010 of the Affordable Care Act (ACA).

A.-H. None.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company's unsecured reinsurance recoverables from individual reinsurers in excess of 3% of policyholders' surplus at December 31, 2018 follows:

<u>Name of Reinsurer</u>	<u>NAIC Company Code Number</u>	<u>Federal Employer ID Number</u>	<u>Unsecured Reinsurance Recoverable</u>
Frankenmuth Mutual Insurance Company	13986	38-0555290	\$53,993,000
Maiden Reinsurance North America, Inc.	11054	43-1898350	3,169,000

B. Reinsurance Recoverable in Dispute

None.

C. Reinsurance Assumed and Ceded

1. As of December 31, 2018:

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
Affiliates	\$26,758,000	\$7,225,000	\$25,783,000	\$6,961,000	\$ 975,000	\$ 264,000
All Other	<u>20,000</u>	<u>4,000</u>	<u>647,000</u>	<u>188,000</u>	<u>(627,000)</u>	<u>(184,000)</u>
Total	\$26,778,000	\$7,229,000	\$26,430,000	\$7,149,000	\$348,000	\$80,000

Direct Unearned Premium Reserve as of December 31, 2018: \$26,410,000.

2. Additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements, is accrued as follows as of December 31, 2018:

	<u>Reinsurance</u>			<u>Net</u>
	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	
Contingent Commission	\$1,889,000	\$0	\$0	\$1,889,000
Sliding Scale Adjustments	0	0	0	0
Other Profit Commission Arrangements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$1,889,000	\$0	\$0	\$1,889,000

3. As of December 31, 2018, the Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

As of December 31, 2018, the Company did not write off any reinsurance balances.

E. Commutation of Ceded Reinsurance

None.

F. Retroactive Reinsurance

None.

G. Reinsurance Accounted for as a Deposit

None.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

None.

NOTES TO FINANCIAL STATEMENTS

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

None.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

None.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not have any retrospectively rated contracts or contracts subject to redetermination.

25. Change in Incurred Losses and Loss Adjustment Expenses

A. Reserves as of December 31, 2017, were \$35,179,000. As of December 31, 2018, \$12,402,000 has been paid for incurred losses and loss adjustment expenses (LAE) attributable to insured events of prior years. Reserves remaining for prior years are now \$18,414,000 as a result of re-estimation of unpaid losses and LAE. The estimated cost of losses and LAE attributable to insured events of prior years' decreased by \$4,363,000 or 12.4% of the unpaid losses and LAE as of the end of the prior year. The \$4,363,000 favorable development in incurred losses and LAE related to prior accident years is primarily due to favorable development in private passenger auto liability, commercial multiple peril and workers' compensation lines of business. This change is generally the result of the on-going analysis of loss development trends. 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. The Company does not write retrospectively rated policies, and accordingly, prior year loss development was not impacted by this type of policy.

B. There were no significant changes in methodologies and assumptions used in calculating the liability for unpaid loss and loss adjustment expenses.

26. Intercompany Pooling Arrangements

The Company, its Parent and its Parent's wholly owned property and casualty insurance subsidiaries (identified in the table below) are party to a pooling reinsurance agreement ("Agreement"), under which all property and casualty lines of business are pooled.

Under the terms of the Agreement, the participants will cede to the lead insurer all of their insurance business, net of inuring reinsurance, and assume from the lead insurer an amount equal to their respective participation percentages as outlined below:

<u>Name of Insurer</u>	<u>NAIC Co. Code</u>	<u>Participation Percentage</u>
Frankenmuth Mutual Insurance Company (lead insurer)	13986	78%
Ansur America Insurance Company	10984	8%
Patriot Insurance Company	32069	8%
Fortuity Insurance Company	10985	3%
ASure Worldwide Insurance Company	11511	3%

There are no discrepancies related to the pooled business between the assumed and ceded reinsurance schedules of the pool participants.

Amounts due to/from the lead insurer and pool participants as of December 31, 2018:

<u>Name of Insurer</u>	<u>Receivable</u>	<u>Payable</u>
Frankenmuth Mutual Insurance Company	\$35,172,000	\$36,585,000
Ansur America Insurance Company	13,728,000	12,745,000
Patriot Insurance Company	16,222,000	16,081,000
Fortuity Insurance Company	3,322,000	3,173,000
ASure Worldwide Insurance Company	3,313,000	3,173,000

27. Structured Settlements

A. Reserves Released due to Purchase of Annuities

In the course of the claim settlement process, the Company has purchased annuities from a number of life insurance companies where the claimant is payee. For all of these annuities, a qualified assignment of further liability has been made to a third party; therefore, the Company has no contingent liability remaining for these annuities.

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

None.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

The Company anticipates investment income as a factor in premium deficiency calculations. The results of this calculation, completed on January 11, 2019, did not indicate a deficiency at December 31, 2018.

1. Liability for premium deficiency reserves	\$0
2. Date of the most recent evaluation of this liability	January 11, 2019
3. Was anticipated investment income utilized in calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

31. High Deductibles

The Company has no claims with high deductibles.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount its liabilities for unpaid losses or unpaid loss adjustment expenses. The Company records assumed liabilities for losses from participation reports as received, and is not aware of any loss reserves that may be discounted.

NOTES TO FINANCIAL STATEMENTS

33. Asbestos/Environmental Reserves

- A. The Company has exposure to asbestos claims arising from the sale of commercial multiple peril and general liability insurance by companies party to the pooling reinsurance agreement, as identified in Note 26.

The Company estimates the full impact of its asbestos exposure by estimating full case basis reserves on all known losses and beginning in 1996 computing incurred but not reported losses based on previous experience and industry standards.

The Company's asbestos related losses (including coverage dispute costs) for each of the five most recent calendar years follow:

(1) Direct

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(a) Beginning reserves	\$442,000	\$466,000	\$491,000	\$490,000	\$474,000
(b) Incurred losses and loss adjustment expense	80,000	86,000	58,000	31,000	(62,000)
(c) Calendar year payments for losses and loss adjustment expenses	<u>56,000</u>	<u>61,000</u>	<u>59,000</u>	<u>47,000</u>	<u>36,000</u>
(d) Ending reserves	\$466,000	\$491,000	\$490,000	\$474,000	\$376,000

(2) Assumed Reinsurance

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(a) Beginning reserves	\$0	\$0	\$0	\$0	\$0
(b) Incurred losses and loss adjustment expense	0	0	0	0	0
(c) Calendar year payments for losses and loss adjustment expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(d) Ending reserves	\$0	\$0	\$0	\$0	\$0

(3) Net of Ceded Reinsurance

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(a) Beginning reserves	\$147,000	\$136,000	\$113,000	\$124,000	\$110,000
(b) Incurred losses and loss adjustment expense	(1,000)	(18,000)	31,000	(6,000)	(33,000)
(c) Calendar year payments for losses and loss adjustment expenses	<u>10,000</u>	<u>5,000</u>	<u>20,000</u>	<u>8,000</u>	<u>1,000</u>
(d) Ending reserves	\$136,000	\$113,000	\$124,000	\$110,000	\$76,000

- B. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE)

1. Direct basis	\$326,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$56,000

- C. State the amount of ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR)

1. Direct basis	\$18,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$8,000

- D. The Company has exposure to environmental claims arising from the sale of commercial multiple peril and general liability insurance by companies party to the pooling reinsurance agreement, as identified in Note 26.

The Company's environmental related losses (including coverage dispute costs) for each of the five most recent calendar years follow:

(1) Direct

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(a) Beginning reserves	\$881,000	\$707,000	\$837,000	\$821,000	\$835,000
(b) Incurred losses and loss adjustment expense	(167,000)	168,000	(9,000)	31,000	11,000
(c) Calendar year payments for losses and loss adjustment expenses	<u>7,000</u>	<u>38,000</u>	<u>7,000</u>	<u>17,000</u>	<u>7,000</u>
(d) Ending reserves	\$707,000	\$837,000	\$821,000	\$835,000	\$839,000

(2) Assumed Reinsurance

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(a) Beginning reserves	\$0	\$0	\$0	\$0	\$0
(b) Incurred losses and loss adjustment expense	0	0	0	0	0
(c) Calendar year payments for losses and loss adjustment expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(d) Ending reserves	\$0	\$0	\$0	\$0	\$0

(3) Net of Ceded Reinsurance

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(a) Beginning reserves	\$422,000	\$390,000	\$292,000	\$276,000	\$277,000
(b) Incurred losses and loss adjustment expense	(25,000)	(83,000)	(16,000)	16,000	(40,000)
(c) Calendar year payments for losses and loss adjustment expenses	<u>7,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>4,000</u>
(d) Ending reserves	\$390,000	\$292,000	\$276,000	\$277,000	\$233,000

NOTES TO FINANCIAL STATEMENTS

E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

1. Direct basis	\$735,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$152,000

F. State the amount of ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR)

1. Direct basis	\$36,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$29,000

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

The Company does not write Multiple Peril Crop Insurance.

36. Financial Guaranty Insurance

The Company does not write Financial Guaranty Insurance.

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? Yes No
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 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 No N/A
- 1.3 State regulating? Michigan
- 1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. _____
- 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
- 2.2 If yes, date of change: 01/25/2018
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2016
- 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. 12/31/2016
- 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). 06/27/2018
- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 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
- 4.12 renewals? Yes No
- 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
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
 If the answer is YES, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the name of 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
- 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
- 7.2 If yes,
- 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 with the Federal Reserve Board? Yes No
- 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
- 8.4 If the response to 8.3 is yes, please provide below the names and locations (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 |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BDO USA, LLP, 2600 West Big Beaver, Suite 600, Troy, MI 48084-0178
- 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
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to 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
- 10.4 If the 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 No N/A

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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?
Christopher Walker, FCAS, MAAA, PricewaterhouseCoopers, LLP, One North Wacker Drive, Chicago, IL 60606
- 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 []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 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 [X] No []
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
An amendment was made to the Code of Ethics stating close relatives of Company executives and members of the Board of Directors may not be regular employees except where the relationship arises out of marriage to the Company executive's and/or members of the Board of Director's close relative.
- 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
			\$

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 subordinator 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 the 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 reporting 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 [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 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 []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

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

24.02 If no, give full and complete information, relating thereto:

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).
Not applicable.

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

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

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A

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

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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes 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 sale – excluding FHLB Capital Stock \$ 0

25.27 FHLB Capital Stock \$ 0

25.28 On deposit with states \$ 1,012,509

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
		\$

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
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

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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes 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
State Street Bank & Trust Company	801 Pennsylvania, Kansas City, MO 64105

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

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 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
Conning Asset Management Company	U

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes No

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes No

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
107423	Conning Asset Management Company	549300ZOGI4KK37BDV40	SEC	NO

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 No

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		\$
29.2999 TOTAL		\$

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
		\$	

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	\$ 94,391,075	\$ 94,263,247	\$ (127,827)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 94,391,075	\$ 94,263,247	\$ (127,827)

30.4 Describe the sources or methods utilized in determining the fair values:

External price provider sources are used in obtaining fair value prices. If an external source is not available, internal analytical system or broker quotes are utilized.

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 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 No

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:
Prices are obtained from the dealers/market makers for these securities. These prices are non-binding but represent their best estimate of fair value per market conditions.

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes No

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:
 a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
 b. Issuer or obligor is current on all contracted interest and principal payments.
 c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
 Has the reporting entity self-designated 5GI securities? Yes No

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
 a. The security was purchased prior to January 1, 2018.
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
 d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
 Has the reporting entity self-designated PLGI securities? Yes No

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 217,409

35.2 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.

1 Name	2 Amount Paid
Insurance Services Office, Inc.	\$ 210,370

36.1 Amount of payments for legal expenses, if any? \$ 2,249

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Foster, Swift, Collins & Smith, P.C.	\$ 2,249

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 12,497

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

37.2 List the name of the 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, Smith L.L.C.	\$ 12,297

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes []	No [X]
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	2	
		Current Year	Prior Year	
2.1	Premium Numerator	\$ 0	\$ 0	
2.2	Premium Denominator	\$ 53,134,703	\$ 49,353,036	
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%	
2.4	Reserve Numerator	\$ 0	\$ 0	
2.5	Reserve Denominator	\$ 73,721,800	\$ 66,705,519	
2.6	Reserve Ratio (2.4/2.5)	0.0%	0.0%	
3.1	Does the reporting entity issue both participating and non-participating policies?			Yes [] No [X]
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 [] No []
4.2	Does the reporting entity issue non-assessable policies?			Yes [] No []
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?			%
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 [] No []
5.2	If yes, is the commission paid:			
5.21	Out of Attorney's-in-fact compensation			Yes [] No [] N/A []
5.22	As a direct expense of the exchange			Yes [] No [] N/A []
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 [] No []
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? <u>The Company maintains excess of loss agreements providing \$23.25 million excess of \$1.75 million and catastrophe for \$35 million excess of \$25 million with a \$10 million maximum any one employee.</u>			
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: <u>The Company has property catastrophe insurance coverage with its Parent under a single reinsurance contract. The Parent utilized RMS Risk Link DLM v18 Severe Thunderstorm, Hurricane and U.S. Earthquake model to analyze its probable maximum loss from Severe Thunderstorm, Hurricane and U.S. Earthquake exposure. The model employs generally accepted statistical methods, historical frequency and loss patterns.</u>			
6.3	What provision has this reporting entity made (such as 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? <u>The Company, along with its Parent, purchased catastrophe insurance that provides protection against a probable maximum loss between a 1 in 250 and 1 in 500 year event.</u>			
6.4	Does the reporting entity carry catastrophe 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 [X] No []
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 unreinsured catastrophic loss:			

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

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 []	No [X]
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 []	No []
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 []	No [X]
8.2	If yes, give full information		
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: (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term; (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 <i>SSAP No. 62R, Property and Casualty Reinsurance</i> , 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, (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 (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 assets schedule, Page 2, state the amount of corresponding liabilities recorded for: 12.11 Unpaid losses 12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	0
		\$	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 [X] N/A []
12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement: 12.41 From 12.42 To		%
			%
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 12.62 Collateral and other funds	\$	0
		\$	0
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$	3,000,000

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

- 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. 5
- 14.1 Is the reporting entity a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Reinsurance is allocated and recorded among the cedants based on their respective portion of the total cession.
- 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 [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 [X] No []
- 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 | 2 | 3 | 4 | 5 |
|------------------|------------------------|----------------------|------------------------|-------------------------|-----------------------|
| | Direct Losses Incurred | Direct Losses Unpaid | Direct Written Premium | Direct Premium Unearned | 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 is exempt from the statutory provision for unauthorized reinsurance? Yes [] No [X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:
- | | |
|--|------|
| 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance | \$ 0 |
| 17.12 Unfunded portion of Interrogatory 17.11 | \$ 0 |
| 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 |
- 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
19. Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least 2 states? Yes [X] No []
- 19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No []

FIVE-YEAR HISTORICAL DATA

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

	1 2018	2 2017	3 2016	4 2015	5 2014
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
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).....	35,524,245	32,707,588	31,278,991	30,396,079	29,596,728
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	27,126,329	25,583,765	24,459,695	23,786,922	22,340,667
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	45,019,034	43,409,763	42,027,290	41,704,358	41,283,859
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	439,207	219,843	23,666	6,147	16,850
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	108,108,814	101,920,959	97,789,642	95,893,506	93,238,104
Net Premiums Written (Page 8, Part 1B, Col. 6)					
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).....	21,556,253	19,337,047	18,207,407	17,736,602	17,213,776
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	12,792,452	11,598,307	11,048,450	10,347,160	9,355,941
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	20,756,349	19,581,158	18,707,533	18,148,568	17,318,662
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	429,470	209,199	14,629	1,660	1,785
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	55,534,524	50,725,711	47,978,019	46,233,990	43,890,164
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	1,980,737	3,810,089	3,194,154	2,892,824	795,323
14. Net investment gain (loss) (Line 11).....	2,734,521	1,783,686	1,887,764	1,934,776	1,985,130
15. Total other income (Line 15).....	9,836	8,420	49,738	77,328	129,992
16. Dividends to policyholders (Line 17).....	285,957	247,696	216,167	192,022	180,409
17. Federal and foreign income taxes incurred (Line 19).....	613,000	1,257,000	1,512,000	1,567,000	706,000
18. Net income (Line 20).....	3,826,137	4,097,499	3,403,490	3,145,905	2,024,036
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	141,941,455	130,745,324	126,001,241	106,037,420	101,822,901
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	11,008,806	9,800,270	9,376,771	9,312,504	9,283,568
20.2 Deferred and not yet due (Line 15.2).....	13,332,225	13,181,377	12,286,265	12,616,861	12,565,903
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	86,642,180	79,364,713	76,567,572	72,484,094	71,461,584
22. Losses (Page 3, Line 1).....	32,677,240	29,944,693	29,555,060	27,235,205	27,006,894
23. Loss adjustment expenses (Page 3, Line 3).....	5,818,464	5,234,458	5,024,709	4,680,923	4,458,008
24. Unearned premiums (Page 3, Line 9).....	26,758,216	24,285,926	22,819,015	22,040,446	21,069,059
25. Capital paid up (Page 3, Lines 30 & 31).....	8,750,000	8,750,000	8,750,000	7,500,000	7,500,000
26. Surplus as regards policyholders (Page 3, Line 37).....	55,299,275	51,380,612	49,433,669	33,553,326	30,361,318
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	12,125,469	3,971,686	9,173,408	3,653,520	3,134,596
Risk-Based Capital Analysis					
28. Total adjusted capital.....	55,299,275	51,380,612	49,433,669	33,553,326	30,361,318
29. Authorized control level risk-based capital.....	4,346,966	4,131,246	3,756,825	3,728,632	3,208,618
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	88.1	86.4	87.9	96.0	97.6
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	9.1	9.8	3.2		
34. Cash, cash equivalents and short-term investments (Line 5).....	2.8	3.8	8.9	4.0	2.4
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
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.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....					
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	3,918,664	1,946,943	15,880,343	3,192,008	2,280,991
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
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).....	21,085,163	15,856,550	17,604,251	17,445,919	14,226,792
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	13,315,964	11,836,446	11,270,151	12,479,160	11,550,192
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	18,830,246	19,316,537	18,855,552	21,793,945	21,503,164
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	28,901	2,285			
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	1,329	904	566	797	800
59. Total (Line 35).....	53,261,603	47,012,721	47,730,520	51,719,821	47,280,949
Net Losses Paid (Page 9, Part 2, Col. 4)					
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).....	10,740,207	9,260,753	9,779,960	9,349,115	8,582,033
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	6,686,700	5,737,903	5,465,533	5,479,646	5,687,006
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	8,760,822	9,459,919	8,274,689	9,390,443	11,913,683
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	28,901	2,285			
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	1,329	904	566	797	800
65. Total (Line 35).....	26,217,959	24,461,765	23,520,747	24,220,002	26,183,523
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	54.5	50.4	54.6	53.9	60.9
68. Loss expenses incurred (Line 3).....	8.6	8.7	8.7	8.2	8.1
69. Other underwriting expenses incurred (Line 4).....	33.2	33.2	29.9	31.6	29.2
70. Net underwriting gain (loss) (Line 8).....	3.7	7.7	6.8	6.4	1.8
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	31.7	32.3	29.4	30.8	28.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	63.1	59.0	63.3	62.1	68.9
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	100.4	98.7	97.1	137.8	144.6
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(3,773)	(4,509)	(3,078)	(3,701)	(3,522)
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, Col. 1 x 100).....	(7.3)	(9.1)	(9.2)	(12.2)	(12.5)
Two Year Loss Development (\$000 omitted)					
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, Col. 12).....	(5,486)	(4,292)	(4,355)	(4,603)	(4,699)
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, Col. 2 x 100.0).....	(11.1)	(12.8)	(14.3)	(16.4)	(18.9)

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 []

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 (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 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.....	XXX.....	XXX.....	XXX.....	410.....	365.....	57.....	6.....	4.....	.....	2.....	101.....	XXX.....
2. 2009.....	37,570.....	4,440.....	33,130.....	22,540.....	2,265.....	1,181.....	41.....	1,537.....	.....	824.....	22,952.....	XXX.....
3. 2010.....	40,155.....	5,075.....	35,080.....	24,593.....	1,176.....	1,376.....	7.....	1,525.....	.....	653.....	26,310.....	XXX.....
4. 2011.....	45,574.....	5,739.....	39,835.....	28,984.....	1,318.....	1,691.....	57.....	1,569.....	.....	834.....	30,869.....	XXX.....
5. 2012.....	46,505.....	5,388.....	41,117.....	25,611.....	1,320.....	1,513.....	40.....	1,736.....	.....	709.....	27,499.....	XXX.....
6. 2013.....	47,196.....	5,532.....	41,665.....	24,736.....	2,076.....	1,438.....	38.....	1,676.....	0.....	741.....	25,736.....	XXX.....
7. 2014.....	48,520.....	5,444.....	43,076.....	27,054.....	1,623.....	1,515.....	36.....	1,808.....	.....	875.....	28,717.....	XXX.....
8. 2015.....	50,783.....	5,394.....	45,389.....	24,329.....	825.....	1,260.....	22.....	2,015.....	.....	780.....	26,757.....	XXX.....
9. 2016.....	52,313.....	5,005.....	47,308.....	23,061.....	1,156.....	1,082.....	21.....	2,159.....	.....	866.....	25,126.....	XXX.....
10. 2017.....	54,501.....	5,148.....	49,353.....	21,496.....	937.....	711.....	19.....	2,263.....	.....	861.....	23,514.....	XXX.....
11. 2018.....	58,929.....	5,794.....	53,135.....	16,342.....	469.....	272.....	5.....	1,654.....	.....	388.....	17,793.....	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	239,156.....	13,531.....	12,097.....	293.....	17,946.....	0.....	7,535.....	255,375.....	XXX.....

	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.....	4,497.....	3,682.....	537.....	222.....	.....	.....	75.....	21.....	17.....	.....	1,201.....	XXX.....
2. 2009.....	483.....	347.....	39.....	9.....	.....	.....	9.....	0.....	2.....	.....	175.....	XXX.....
3. 2010.....	404.....	149.....	61.....	15.....	.....	.....	16.....	1.....	4.....	.....	320.....	XXX.....
4. 2011.....	566.....	316.....	81.....	24.....	.....	.....	21.....	2.....	8.....	.....	332.....	XXX.....
5. 2012.....	1,013.....	786.....	164.....	42.....	.....	.....	38.....	4.....	10.....	.....	393.....	XXX.....
6. 2013.....	689.....	325.....	349.....	70.....	.....	.....	74.....	7.....	15.....	.....	725.....	XXX.....
7. 2014.....	1,044.....	448.....	591.....	117.....	.....	.....	114.....	14.....	25.....	.....	1,194.....	XXX.....
8. 2015.....	1,665.....	265.....	1,060.....	159.....	.....	.....	235.....	27.....	41.....	.....	2,549.....	XXX.....
9. 2016.....	2,654.....	329.....	1,855.....	277.....	.....	.....	417.....	41.....	75.....	.....	4,353.....	XXX.....
10. 2017.....	4,028.....	202.....	2,914.....	483.....	.....	.....	821.....	93.....	186.....	.....	7,170.....	XXX.....
11. 2018.....	8,914.....	787.....	10,240.....	2,114.....	.....	.....	2,863.....	312.....	1,278.....	.....	20,082.....	XXX.....
12. Totals.....	25,957.....	7,637.....	17,889.....	3,532.....	0.....	0.....	4,682.....	523.....	1,659.....	0.....	38,496.....	XXX.....	

	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..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	.....	.....	XXX.....	1,130.....	70.....
2. 2009..	25,789.....	2,662.....	23,127.....	68.6.....	60.0.....	69.8.....	.....	.....	8.00.....	165.....	10.....
3. 2010..	27,979.....	1,348.....	26,631.....	69.7.....	26.6.....	75.9.....	.....	.....	8.00.....	302.....	19.....
4. 2011..	32,920.....	1,718.....	31,202.....	72.2.....	29.9.....	78.3.....	.....	.....	8.00.....	306.....	27.....
5. 2012..	30,084.....	2,192.....	27,893.....	64.7.....	40.7.....	67.8.....	.....	.....	8.00.....	349.....	44.....
6. 2013..	28,977.....	2,516.....	26,462.....	61.4.....	45.5.....	63.5.....	.....	.....	8.00.....	643.....	82.....
7. 2014..	32,150.....	2,239.....	29,911.....	66.3.....	41.1.....	69.4.....	.....	.....	8.00.....	1,070.....	124.....
8. 2015..	30,605.....	1,299.....	29,306.....	60.3.....	24.1.....	64.6.....	.....	.....	8.00.....	2,300.....	249.....
9. 2016..	31,303.....	1,824.....	29,478.....	59.8.....	36.5.....	62.3.....	.....	.....	8.00.....	3,903.....	450.....
10. 2017..	32,419.....	1,735.....	30,685.....	59.5.....	33.7.....	62.2.....	.....	.....	8.00.....	6,257.....	914.....
11. 2018..	41,563.....	3,687.....	37,875.....	70.5.....	63.6.....	71.3.....	.....	.....	8.00.....	16,252.....	3,830.....
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0.....	0.....	XXX.....	32,677.....	5,818.....

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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One Year	Two Year
1. Prior.....	15,257	14,152	13,127	12,537	12,142	12,229	12,220	12,357	12,383	12,395	12	38
2. 2009.....	23,112	22,536	22,555	22,338	21,979	21,834	21,638	21,557	21,550	21,588	38	31
3. 2010.....	XXX	25,654	26,110	26,001	25,581	25,263	25,132	25,077	25,031	25,102	70	24
4. 2011.....	XXX	XXX	32,671	30,751	30,413	30,200	29,960	29,782	29,639	29,625	(13)	(157)
5. 2012.....	XXX	XXX	XXX	29,896	27,810	27,300	26,830	26,431	26,247	26,147	(100)	(284)
6. 2013.....	XXX	XXX	XXX	XXX	28,278	25,856	25,820	25,510	25,003	24,771	(232)	(739)
7. 2014.....	XXX	XXX	XXX	XXX	XXX	31,342	28,722	28,954	28,604	28,078	(526)	(876)
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	29,829	27,406	27,404	27,250	(154)	(156)
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,612	27,317	27,244	(73)	(3,368)
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,032	28,235	(2,797)	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	34,943	XXX	XXX
12. Totals.....											(3,773)	(5,486)

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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1. Prior.....	000	5,195	7,416	8,732	9,529	10,031	10,539	10,889	11,114	11,211	XXX	XXX
2. 2009.....	12,177	17,094	19,255	20,048	20,729	21,039	21,252	21,334	21,357	21,415	XXX	XXX
3. 2010.....	XXX	13,963	20,173	22,283	23,436	24,074	24,448	24,601	24,658	24,785	XXX	XXX
4. 2011.....	XXX	XXX	17,417	24,057	26,758	27,873	28,775	29,046	29,261	29,300	XXX	XXX
5. 2012.....	XXX	XXX	XXX	14,961	21,465	23,656	24,746	25,271	25,567	25,764	XXX	XXX
6. 2013.....	XXX	XXX	XXX	XXX	13,941	19,865	21,946	23,147	23,732	24,060	XXX	XXX
7. 2014.....	XXX	XXX	XXX	XXX	XXX	17,072	22,914	25,001	26,206	26,909	XXX	XXX
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	14,729	21,097	23,284	24,742	XXX	XXX
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,064	20,228	22,966	XXX	XXX
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,179	21,251	XXX	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16,139	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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Prior.....	7,114	4,261	2,494	1,533	1,000	705	549	479	427	369
2. 2009.....	5,236	2,589	1,705	1,080	560	320	164	77	58	38
3. 2010.....	XXX	5,243	2,349	1,786	1,089	591	327	162	78	61
4. 2011.....	XXX	XXX	6,370	2,642	1,764	1,097	595	331	163	75
5. 2012.....	XXX	XXX	XXX	7,009	2,756	1,858	1,117	599	339	156
6. 2013.....	XXX	XXX	XXX	XXX	7,455	2,847	1,919	1,128	610	346
7. 2014.....	XXX	XXX	XXX	XXX	XXX	7,542	3,015	1,938	1,150	574
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	8,333	2,984	1,972	1,108
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,757	3,085	1,954
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,395	3,159
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,677

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status (a)	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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	N								
2. Alaska.....AK	N								
3. Arizona.....AZ	N								
4. Arkansas.....AR	N								
5. California.....CA	N								
6. Colorado.....CO	N								
7. Connecticut.....CT	N								
8. Delaware.....DE	N								
9. District of Columbia.....DC	N								
10. Florida.....FL	N								
11. Georgia.....GA	N								
12. Hawaii.....HI	N								
13. Idaho.....ID	N								
14. Illinois.....IL	N								
15. Indiana.....IN	N								
16. Iowa.....IA	N								
17. Kansas.....KS	N								
18. Kentucky.....KY	N								
19. Louisiana.....LA	N								
20. Maine.....ME	L	34,606,702	34,472,833		17,721,951	16,056,484	17,724,265	134,836	
21. Maryland.....MD	N								
22. Massachusetts.....MA	L								
23. Michigan.....MI	L								
24. Minnesota.....MN	N								
25. Mississippi.....MS	N								
26. Missouri.....MO	N								
27. Montana.....MT	N								
28. Nebraska.....NE	N								
29. Nevada.....NV	N								
30. New Hampshire.....NH	L	11,043,682	10,662,310		6,838,658	6,111,066	7,259,402	22,817	
31. New Jersey.....NJ	N								
32. New Mexico.....NM	N								
33. New York.....NY	N								
34. North Carolina.....NC	N								
35. North Dakota.....ND	N								
36. Ohio.....OH	N								
37. Oklahoma.....OK	N								
38. Oregon.....OR	N								
39. Pennsylvania.....PA	N								
40. Rhode Island.....RI	N								
41. South Carolina.....SC	N								
42. South Dakota.....SD	N								
43. Tennessee.....TN	N								
44. Texas.....TX	N								
45. Utah.....UT	N								
46. Vermont.....VT	L	6,868,073	6,741,235		2,451,396	2,610,434	4,304,598	21,558	
47. Virginia.....VA	N								
48. Washington.....WA	N								
49. West Virginia.....WV	N								
50. Wisconsin.....WI	N								
51. Wyoming.....WY	N								
52. American Samoa.....AS	N								
53. Guam.....GU	N								
54. Puerto Rico.....PR	N								
55. US Virgin Islands.....VI	N								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....	XXX	52,518,457	51,876,378	0	27,012,005	24,777,983	29,288,265	179,210	0

DETAILS OF WRITE-INS

58001.....	XXX								
58002.....	XXX								
58003.....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

Explanation of Basis of Allocation of Premiums by States, etc.

Allocation to state by location of exposure.

(a) Active Status Counts:

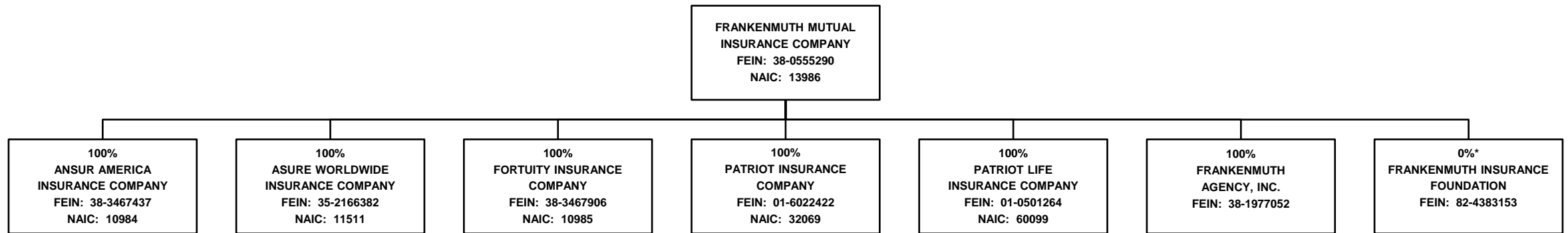
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	5
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....	0

R - Registered - Non-domiciled RRGs.....	0
Q - Qualified - Qualified or accredited reinsurer.....	0
N - None of the above - Not allowed to write business in the state.....	52

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

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*FRANKENMUTH MUTUAL INSURANCE COMPANY FORMED THE FRANKENMUTH INSURANCE FOUNDATION IN MARCH 2018. THE RELATIONSHIP IS BEING DISCLOSED FOR CERTAIN TRANSACTIONS THAT OCCUR BETWEEN THE TWO ENTITIES.

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