



# ANNUAL STATEMENT

For the Year Ended December 31, 2019  
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	Aaron Michael Weycker <i>(Name)</i> aaron.weycker@fmins.com <i>(E-Mail Address)</i>			989-480-6296 <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. Bryan Lee Gilleland #	Secretary
3. John David Rosilier #	Treasurer	4. Alan Robert Small	Vice President

### OTHER

Zachary James Martin # Vice President

### DIRECTORS OR TRUSTEES

John Stewart Benson Chairman	Lyle Gerald Davis Jr.	Frederick Allen Edmond Jr.	Bryan Lee Gilleland #
David Frederick Honold	Scott Lee Mandel	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) Bryan Lee Gilleland	_____ (Signature) John David Rosilier
1. (Printed Name) President & CEO	2. (Printed Name) Secretary	3. (Printed Name) Treasurer
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_ 2020

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).....	101,506,033		101,506,033	94,391,075
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).....	10,428,330		10,428,330	9,740,761
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 (\$.....(1,134,644), Schedule E-Part 1), cash equivalents (\$.....5,092,208, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	3,957,563		3,957,563	3,035,679
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).....	115,891,926	0	115,891,926	107,167,514
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	755,460		755,460	720,293
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	10,443,362	1,436	10,441,925	11,008,806
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....396,854 earned but unbilled premiums).....	12,972,855	39,685	12,933,169	13,332,225
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	6,889,965		6,889,965	7,542,896
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.....	1,736,982	128,171	1,608,811	1,493,698
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	96,855	4,498	92,357	203,934
21. Furniture and equipment, including health care delivery assets (\$.....0).....	1,212,618	1,212,618	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	11,020		11,020	11,005
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	94,416	93,868	548	461,085
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	150,105,459	1,480,278	148,625,181	141,941,455
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	150,105,459	1,480,278	148,625,181	141,941,455

## 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.....	93,764	93,764	0	
2502. Deposits and other receivables.....	652	104	548	461,085
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).....	94,416	93,868	548	461,085

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	36,618,143	32,677,240
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	8,317,088	8,467,880
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	6,250,800	5,818,464
4. Commissions payable, contingent commissions and other similar charges.....	2,132,780	2,671,767
5. Other expenses (excluding taxes, licenses and fees).....	1,149,707	1,260,492
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	250,865	244,593
7.1 Current federal and foreign income taxes (including \$.....2,000 on realized capital gains (losses)).....	163,000	269,000
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 \$.....27,185,365 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).....	27,539,441	26,758,216
10. Advance premium.....	264,019	215,758
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	7,745,338	7,924,540
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	33,000	
14. Amounts withheld or retained by company for account of others.....	25,378	2,971
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.....	518,247	331,258
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.....	46,804	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	91,054,610	86,642,180
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	91,054,610	86,642,180
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).....	32,570,571	30,299,275
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).....	57,570,571	55,299,275
38. TOTAL (Page 2, Line 28, Col. 3).....	148,625,181	141,941,455

### DETAILS OF WRITE-INS

2501. Other Liabilities.....	46,804	
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).....	46,804	0
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
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	56,467,191	53,134,703
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	33,043,600	28,950,506
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	4,844,815	4,561,811
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	19,117,249	17,641,649
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	57,005,663	51,153,966
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(538,472)	1,980,737
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	3,293,732	2,740,434
10. Net realized capital gains (losses) less capital gains tax of \$.....11,000 (Exhibit of Capital Gains (Losses)).....	39,309	(5,913)
11. Net investment gain (loss) (Lines 9 + 10).....	3,333,041	2,734,521
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....5,438 amount charged off \$.....180,055).....	(174,617)	(72,986)
13. Finance and service charges not included in premiums.....	48,852	78,450
14. Aggregate write-ins for miscellaneous income.....	(5,965)	4,371
15. Total other income (Lines 12 through 14).....	(131,730)	9,836
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	2,662,839	4,725,094
17. Dividends to policyholders.....	293,548	285,957
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).....	2,369,291	4,439,137
19. Federal and foreign income taxes incurred.....	431,000	613,000
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,938,291	3,826,137
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	55,299,275	51,380,612
22. Net income (from Line 20).....	1,938,291	3,826,137
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.....	115,113	(96,911)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	217,892	189,437
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).....	2,271,296	3,918,664
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	57,570,571	55,299,275
<b>DETAILS OF WRITE-INS</b>		
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.....	(5,965)	4,371
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).....	(5,965)	4,371
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
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	58,079,548	54,444,548
2. Net investment income.....	3,922,470	3,513,626
3. Miscellaneous income.....	(131,730)	9,836
4. Total (Lines 1 through 3).....	61,870,289	57,968,010
5. Benefit and loss related payments.....	28,600,558	23,842,307
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	24,174,715	21,292,277
8. Dividends paid to policyholders.....	293,548	285,957
9. Federal and foreign income taxes paid (recovered) net of \$.....10,000 tax on capital gains (losses).....	548,000	422,000
10. Total (Lines 5 through 9).....	53,616,821	45,842,541
11. Net cash from operations (Line 4 minus Line 10).....	8,253,468	12,125,469
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	15,113,331	29,725,604
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.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	15,113,331	29,725,604
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	22,573,341	41,331,592
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....	954,628	520,932
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	23,527,969	41,852,524
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).....	(8,414,638)	(12,126,920)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
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).....	1,083,055	(600,146)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	1,083,055	(600,146)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	921,885	(601,598)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	3,035,679	3,637,277
19.2 End of year (Line 18 plus Line 19.1).....	3,957,563	3,035,679

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.....	283,157	144,396	157,501	270,052
2. Allied lines.....	227,125	125,017	122,206	229,936
3. Farmowners multiple peril.....	0		0	0
4. Homeowners multiple peril.....	7,687,769	4,189,261	4,185,973	7,691,058
5. Commercial multiple peril.....	13,711,676	6,385,816	6,715,242	13,382,250
6. Mortgage guaranty.....	0		0	0
8. Ocean marine.....	74,118	35,595	38,480	71,234
9. Inland marine.....	2,109,123	1,007,692	1,020,067	2,096,747
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.....	1,180	311	555	936
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.....	6,665,374	2,951,148	2,665,987	6,950,535
17.1 Other liability - occurrence.....	2,587,833	1,219,213	1,213,673	2,593,373
17.2 Other liability - claims-made.....	183,315	80,440	83,071	180,685
17.3 Excess workers' compensation.....	0		0	0
18.1 Products liability - occurrence.....	201,914	79,732	87,543	194,103
18.2 Products liability - claims-made.....	0		0	0
19.1, 19.2 Private passenger auto liability.....	6,317,022	2,851,180	2,870,149	6,298,052
19.3, 19.4 Commercial auto liability.....	5,870,364	2,461,261	2,937,894	5,393,731
21. Auto physical damage.....	10,482,177	4,651,549	4,698,793	10,434,934
22. Aircraft (all perils).....	0		0	0
23. Fidelity.....	2,606	1,344	1,447	2,503
24. Surety.....	785,772	202,428	334,445	653,755
26. Burglary and theft.....	334	218	132	420
27. Boiler and machinery.....	21,992	10,327	9,429	22,889
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.....	57,212,850	26,396,928	27,142,587	56,467,191

#### 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.....	157,712		(211)		157,501
2. Allied lines.....	122,387		(181)		122,206
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	4,185,973				4,185,973
5. Commercial multiple peril.....	6,832,683		(117,441)		6,715,242
6. Mortgage guaranty.....					0
8. Ocean marine.....	38,480				38,480
9. Inland marine.....	1,026,289		(6,221)		1,020,067
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....	555				555
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....	2,907,802		(241,815)		2,665,987
17.1 Other liability - occurrence.....	1,232,625		(18,952)		1,213,673
17.2 Other liability - claims-made.....	84,110		(1,039)		83,071
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....	89,866		(2,323)		87,543
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....	2,870,149				2,870,149
19.3, 19.4 Commercial auto liability.....	2,941,963		(4,069)		2,937,894
21. Auto physical damage.....	4,702,178		(3,385)		4,698,793
22. Aircraft (all perils).....					0
23. Fidelity.....	1,447		(0)		1,447
24. Surety.....	192,539	141,906	(0)		334,445
26. Burglary and theft.....	132				132
27. Boiler and machinery.....	10,646		(1,217)		9,429
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.....	27,397,536	141,906	(396,854)	0	27,142,587
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					396,854
38. Balance (sum of Lines 35 through 37).....					27,539,441

#### 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.....	598,549	283,157		568,061	30,488	283,157
2. Allied lines.....	450,084	227,125		425,989	24,095	227,125
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....	14,066,128	7,687,769		13,493,906	572,222	7,687,769
5. Commercial multiple peril.....	10,552,045	13,711,676		10,084,023	468,022	13,711,676
6. Mortgage guaranty.....						.0
8. Ocean marine.....		74,118				74,118
9. Inland marine.....	1,369,733	2,109,123		1,299,567	70,166	2,109,123
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....	1,709	1,180		1,632	77	1,180
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....	5,709				5,709	.0
16. Workers' compensation.....	781,716	6,665,374	87,749	842,869	26,596	6,665,374
17.1 Other liability - occurrence.....	2,802,067	2,587,833		2,394,102	407,966	2,587,833
17.2 Other liability - claims-made.....	318,084	183,315		138,975	179,109	183,315
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....	37,132	201,914		36,576	556	201,914
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	8,487,407	6,317,022		8,271,934	215,473	6,317,022
19.3, 19.4 Commercial auto liability.....	1,808,017	5,870,364		1,767,626	40,390	5,870,364
21. Auto physical damage.....	12,218,656	10,482,177		12,042,653	176,003	10,482,177
22. Aircraft (all perils).....						.0
23. Fidelity.....	541	2,606		541		2,606
24. Surety.....		785,772				785,772
26. Burglary and theft.....	161	334		161		334
27. Boiler and machinery.....	730,280	21,992		14,995	715,284	21,992
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.....	54,228,017	57,212,850	87,749	51,383,610	2,932,157	57,212,850

#### 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.....	2,463	40,445	2,463	40,445	41,256	39,890	41,811	15.5
2. Allied lines.....	40,656	155,511	40,656	155,511	52,465	31,605	176,371	76.7
3. Farmowners multiple peril.....				0	0		0	0.0
4. Homeowners multiple peril.....	4,998,544	4,237,625	4,998,544	4,237,625	1,680,743	1,219,881	4,698,487	61.1
5. Commercial multiple peril.....	4,855,080	5,976,964	4,855,080	5,976,964	9,830,726	9,380,620	6,427,071	48.0
6. Mortgage guaranty.....				0	0		0	0.0
8. Ocean marine.....		46,916		46,916	12,623	27,113	32,426	45.5
9. Inland marine.....	767,536	690,426	767,536	690,426	409,639	360,643	739,421	35.3
10. Financial guaranty.....				0	0		0	0.0
11.1 Medical professional liability - occurrence.....				0	0		0	0.0
11.2 Medical professional liability - claims-made.....				0	0		0	0.0
12. Earthquake.....				0	6	0	6	0.7
13. Group accident and health.....				0	0		0	0.0
14. Credit accident and health (group and individual).....				0	0		0	0.0
15. Other accident and health.....				0	0		0	0.0
16. Workers' compensation.....	362,324	3,085,138	393,806	3,053,657	6,861,695	6,348,258	3,567,093	51.3
17.1 Other liability - occurrence.....	585,323	436,080	585,323	436,080	1,450,324	1,336,268	550,137	21.2
17.2 Other liability - claims-made.....	36,092	40,779	36,092	40,779	26,475	51,675	15,579	8.6
17.3 Excess workers' compensation.....				0	0		0	0.0
18.1 Products liability - occurrence.....		32,391		32,391	254,946	183,943	103,394	53.3
18.2 Products liability - claims-made.....				0	0		0	0.0
19.1, 19.2 Private passenger auto liability.....	5,934,662	4,695,668	5,934,662	4,695,668	8,139,768	7,331,501	5,503,935	87.4
19.3, 19.4 Commercial auto liability.....	819,720	3,264,736	819,720	3,264,736	6,920,872	5,790,286	4,395,323	81.5
21. Auto physical damage.....	6,861,830	6,412,013	6,861,830	6,412,013	688,725	435,354	6,665,384	63.9
22. Aircraft (all perils).....				0	0		0	0.0
23. Fidelity.....				0	30	30	0	0.0
24. Surety.....		19,218		19,218	206,798	98,839	127,176	19.5
26. Burglary and theft.....				0	14	14	0	0.0
27. Boiler and machinery.....	114,919		114,919	0	243	256	(13)	(0.1)
28. Credit.....				0	0		0	0.0
29. International.....				0	0		0	0.0
30. Warranty.....				0	0		0	0.0
31. Reinsurance - nonproportional assumed property.....	.XXX			0	0		0	0.0
32. Reinsurance - nonproportional assumed liability.....	.XXX	269		269	40,797	41,066	0	0.0
33. Reinsurance - nonproportional assumed financial lines.....	.XXX			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.....	25,379,149	29,134,177	25,410,630	29,102,696	36,618,143	32,677,240	33,043,600	58.5
<b>DETAILS OF WRITE-INS</b>								
3401. ....				0	0		0	0.0
3402. ....				0	0		0	0.0
3403. ....				0	0		0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	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.....	3,045	4,962	3,045	4,962	186,070	36,294	186,070	41,256	6,669
2. Allied lines.....	2,351	26,536	2,351	26,536	75,372	25,929	75,372	52,465	2,835
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	2,354,204	1,104,922	2,354,204	1,104,922	1,110,907	575,821	1,110,907	1,680,743	212,290
5. Commercial multiple peril.....	3,760,531	5,928,816	3,760,531	5,928,816	5,597,899	3,901,910	5,597,899	9,830,726	2,562,201
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....		3,222		3,222		9,402		12,623	621
9. Inland marine.....	25,246	169,337	25,246	169,337	605,432	240,302	605,432	409,639	38,819
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....	9	6	9	6		0		6	8
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				(a) 0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	2,773,475	3,736,808	2,818,595	3,691,688	2,086,148	3,269,999	2,186,141	6,861,695	1,050,800
17.1 Other liability - occurrence.....	1,000,526	629,038	1,000,526	629,038	1,957,503	821,286	1,957,503	1,450,324	221,057
17.2 Other liability - claims-made.....	25,500	18,814	25,500	18,814	36,311	7,660	36,311	26,475	11,811
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	180	190,991	180	190,991	53,996	63,954	53,996	254,946	15,621
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	5,584,507	4,710,315	5,584,507	4,710,315	3,581,331	3,429,453	3,581,331	8,139,768	1,321,147
19.3, 19.4 Commercial auto liability.....	1,798,314	4,394,791	1,798,314	4,394,791	1,595,934	2,526,082	1,595,934	6,920,872	591,346
21. Auto physical damage.....	787,477	352,783	787,477	352,783	276,044	335,942	276,044	688,725	155,272
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0		30		30	2
24. Surety.....		25,054		25,054		181,744		206,798	58,484
26. Burglary and theft.....				0		14		14	0
27. Boiler and machinery.....	12,500		12,500	0	106,594	243	106,594	243	1,817
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	12,548		12,548	XXX	28,249		40,797	
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.....	18,127,864	21,308,944	18,172,984	21,263,823	17,269,542	15,454,312	17,369,534	36,618,143	6,250,800
<b>DETAILS OF WRITE-INS</b>									
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

10

(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.....	1,244,692			1,244,692
1.2 Reinsurance assumed.....	2,346,949			2,346,949
1.3 Reinsurance ceded.....	1,244,692			1,244,692
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	2,346,949	0	0	2,346,949
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		9,091,484		9,091,484
2.2 Reinsurance assumed, excluding contingent.....		8,482,930		8,482,930
2.3 Reinsurance ceded, excluding contingent.....		9,111,610		9,111,610
2.4 Contingent - direct.....		1,393,648		1,393,648
2.5 Contingent - reinsurance assumed.....		1,555,824		1,555,824
2.6 Contingent - reinsurance ceded.....		1,393,648		1,393,648
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	10,018,629	0	10,018,629
3. Allowances to manager and agents.....		119,030		119,030
4. Advertising.....		133,461		133,461
5. Boards, bureaus and associations.....	32,736	232,924		265,660
6. Surveys and underwriting reports.....		305,011		305,011
7. Audit of assureds' records.....		65,324		65,324
8. Salary and related items:				
8.1 Salaries.....	1,351,375	3,580,276	54,598	4,986,249
8.2 Payroll taxes.....	99,595	252,923	3,970	356,488
9. Employee relations and welfare.....	329,445	897,246	10,735	1,237,426
10. Insurance.....	3,500	8,812		12,312
11. Directors' fees.....	13,465	34,892		48,357
12. Travel and travel items.....	51,885	175,551	2,806	230,242
13. Rent and rent items.....	120,516	279,939	2,666	403,121
14. Equipment.....	168,216	492,040	1,746	662,001
15. Cost or depreciation of EDP equipment and software.....	31,305	87,874	327	119,507
16. Printing and stationery.....	15,936	52,585	1,109	69,630
17. Postage, telephone and telegraph, exchange and express.....	33,957	154,529	1,263	189,750
18. Legal and auditing.....	239,765	934,836		1,174,601
19. Totals (Lines 3 to 18).....	2,491,695	7,807,254	79,221	10,378,170
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		1,134,380		1,134,380
20.2 Insurance department licenses and fees.....		53,094		53,094
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....		28,427		28,427
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	1,215,902	0	1,215,902
21. Real estate expenses.....			500,461	500,461
22. Real estate taxes.....			72,278	72,278
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	6,171	75,465	106,440	188,075
25. Total expenses incurred.....	4,844,815	19,117,249	758,400	(a) 24,720,463
26. Less unpaid expenses - current year.....	6,250,800	3,493,988	39,364	9,784,152
27. Add unpaid expenses - prior year.....	5,818,464	4,138,975	37,877	9,995,316
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).....	4,412,478	19,762,236	756,913	24,931,628

## DETAILS OF WRITE-INS

2401. Bank and investment expenses.....	6,171	14,477	106,440	127,088
2402. Other miscellaneous expense.....		60,987		60,987
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).....	6,171	75,465	106,440	188,075

(a) Includes management fees of \$.....1,069,146 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).....41,257	.....40,677
1.1 Bonds exempt from U.S. tax.....	(a).....541,462	.....539,004
1.2 Other bonds (unaffiliated).....	(a).....2,406,008	.....2,444,412
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).....1,190,009	.....1,190,009
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....105,275	.....105,093
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....12	.....(4)
10. Total gross investment income.....	.....4,284,023	.....4,319,190
11. Investment expenses.....	.....	(g).....758,400
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).....267,059
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....1,025,458
17. Net investment income (Line 10 minus Line 16).....	.....	.....3,293,732

### DETAILS OF WRITE-INS

0901. Interest on assumed reinsurance pools.....	12	(4)
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).....	12	(4)
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 \$.....59,368 accrual of discount less \$.....454,728 amortization of premium and less \$.....34,727 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 \$.....975,000 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....267,059 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.....	44,832		44,832		
1.2 Other bonds (unaffiliated).....	5,477		5,477		
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).....	50,309	.0	50,309	.0	.0

### DETAILS OF WRITE-INS

0901. ....			.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.....	1,436	1,131	(306)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	39,685	36,129	(3,557)
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	128,171	0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	4,498	13,367	8,869
21. Furniture and equipment, including health care delivery assets.....	1,212,618	1,396,338	183,720
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.....	93,868	123,033	29,165
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,480,278	1,698,170	217,892
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	1,480,278	1,698,170	217,892

**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.....	93,764	111,226	17,462
2502. Deposits and other receivables.....	104	11,807	11,703
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).....	93,868	123,033	29,165

**NOTES TO FINANCIAL STATEMENTS**

## 1. Summary of Significant Accounting Policies and Going Concern

## 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 2019 and 2018 there were no recorded differences between State of Maine prescribed practices and NAIC statutory accounting practices.

	SSAP#	F/S Page	F/S Line #	2019	2018
<b>NET INCOME (LOSS)</b>					
(1) Patriot Insurance Company state basis (Page 4, Line 20, Columns 1&2)	XXX	XXX	XXX	\$1,938,000	\$3,826,000
(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	\$1,938,000	\$3,826,000
<b>SURPLUS</b>					
(5) Patriot Insurance Company state basis (Page 3, Line 37, Columns 1&2)	XXX	XXX	XXX	\$57,571,000	\$55,299,000
(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	\$57,571,000	\$55,299,000

## 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, 2019.

a.	The aggregate amount of unrealized losses:	
1.	Less than twelve months	\$4,000
2.	Twelve months or longer	\$4,000
b.	The aggregate related fair value of securities with unrealized losses:	
1.	Less than twelve months	\$2,866,000
2.	Twelve months or longer	\$943,000

5. The Company held certain loan-backed and structured securities that have been continuously in an unrealized loss position at December 31, 2019, 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 2019.
2. The Company has not sold or classified real estate as held for sale during 2019.
3. The Company has not experienced changes to a plan of sale for an investment in real estate during 2019.
4. The Company has not engaged in retail land sales operations during 2019.
5. The Company did not hold real estate investments with participating mortgage loans during 2019.

## 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					(6)	(7)	(8)	Current Year		
	Current Year								(9)	Percentage	
	(1)	(2)	(3)	(4)	(5)					(10)	(11)
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity <sup>(a)</sup>	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity <sup>(b)</sup>	Total	Total From Prior Year	Increase (Decrease) (Col 5-6)	Total Nonadmitted Restricted	Total Admitted Restricted (Col 5-8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets <sup>(c)</sup>	Admitted Restricted to Total Admitted Assets <sup>(d)</sup>	
(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	1,014,000	0	0	0	1,014,000	1,013,000	1,000	0	1,014,000	0.68%	0.68%
(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%
<b>(o) Total restricted assets</b>	<b>\$1,014,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,014,000</b>	<b>\$1,013,000</b>	<b>\$1,000</b>	<b>\$0</b>	<b>\$1,014,000</b>	<b>0.68%</b>	<b>0.68%</b>

- (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. 5GI Securities**

None.

**P. Short Sales**

None.

**Q. Prepayment Penalty and Acceleration Fees**

The Company had two bonds called during 2019 with no prepayment penalty.

	General Account	Protected Cell Account
(1) Number of CUSIPs	2	0
(2) Aggregate Amount of Insurance Income	\$0	\$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, 2019		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross deferred tax assets	\$2,211,000	\$128,000	\$2,339,000
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	2,211,000	128,000	2,339,000
(d) Deferred tax assets nonadmitted	0	128,000	128,000
(e) Subtotal net admitted deferred tax asset (1c-1d)	2,211,000	0	2,211,000
(f) Deferred tax liabilities	602,000	0	602,000
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$1,609,000	\$0	\$1,609,000

	December 31, 2018		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) 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

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross deferred tax assets	\$9,000	\$0	\$9,000
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	9,000	0	9,000
(d) Deferred tax assets nonadmitted	0	0	0
(e) Subtotal net admitted deferred tax asset (1c-1d)	9,000	0	9,000
(f) Deferred tax liabilities	(106,000)	0	(106,000)
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$115,000	\$0	\$115,000

## 2. Admission Calculation Components (SSAP No. 101)

	December 31, 2019		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$1,443,000	\$0	\$1,443,000
(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)	408,000	0	408,000
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	408,000	0	408,000
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	8,380,000
(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	360,000	0	360,000
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$2,211,000	\$0	\$2,211,000

**NOTES TO FINANCIAL STATEMENTS**

	December 31, 2018		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) 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

	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	\$(386,000)	\$0	\$(386,000)
(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)	408,000	0	408,000
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	408,000	0	408,000
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	340,000
(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	(13,000)	0	(13,000)
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$9,000	\$0	\$9,000

**3. Other Admissibility Criteria**

	2019	2018
(a) Ratio percentage used to determine recovery period and threshold limitation amount	1,141.5%	1,237.8%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$55,962,000	\$53,806,000

**4. Impact of Tax Planning Strategies**

	December 31, 2019		December 31, 2018		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)	\$2,211,000	\$128,000	\$2,202,000	\$128,000	\$9,000	\$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)	2,211,000	0	2,202,000	0	9,000	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, 2019	(2) December 31, 2018	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$431,000	\$613,000	\$(182,000)
(b) Foreign	0	0	0
(c) Subtotal	431,000	613,000	(182,000)
(d) Federal income tax on net capital gains	11,000	(2,000)	13,000
(e) Utilization of capital loss carry-forwards	0	0	0
(f) Other	0	0	0
(g) Federal and foreign income taxes incurred	\$442,000	\$611,000	\$(169,000)
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$658,000	\$632,000	\$26,000
(2) Unearned premium reserve	1,157,000	1,124,000	33,000
(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	99,000	103,000	(4,000)
(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	13,000	0
(14) Nonadmitted assets	284,000	330,000	(46,000)
(99) Subtotal	2,211,000	2,202,000	9,000
(b) Statutory valuation allowance adjustment	0	0	0
(c) Nonadmitted	0	0	0
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	2,211,000	2,202,000	9,000
(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)	\$2,211,000	\$2,202,000	\$9,000
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$21,000	\$13,000	\$8,000
(2) Fixed assets	348,000	403,000	(55,000)
(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	7,000	3,000	4,000
(7) Accelerated premium expense	1,000	0	1,000
(8) Loss discounting transition adjustment	225,000	289,000	(64,000)
(99) Subtotal	602,000	708,000	(106,000)
(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)	\$602,000	\$708,000	\$(106,000)
4. Net deferred tax assets/liabilities (2i-3c)	\$1,609,000	\$1,494,000	\$115,000

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

The significant book to tax adjustments are as follows:

Description	December 31, 2019	Tax Effect at 21%	December 31, 2018	Tax Effect at 21%
Provision at statutory rate	\$500,000	21.0%	\$932,000	21.0%
Non-taxable interest	(115,000)	(4.8)%	(137,000)	(3.1)%
Change in non-admitted assets	46,000	1.9%	24,000	0.5%
Travel and entertainment	7,000	0.3%	8,000	0.2%
Tax rate true-up adjustment	(154,000)	(6.5)%	(156,000)	(3.5)%
Other adjustments	43,000	1.9%	37,000	0.9%
Total	\$327,000	13.8%	\$708,000	16.0%
Federal income taxes incurred	\$442,000	18.6%	\$611,000	13.8%
Change in net deferred income tax	(115,000)	(4.8)%	97,000	2.2%
Total statutory income taxes	\$327,000	13.8%	\$708,000	16.0%

## E. Operating Loss and Tax Credit Carryforwards

- At December 31, 2019, 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 2019 and 2018 that is available for recoupment in the event of future net losses:

Year	Amount
2019	\$618,000
2018	\$825,000

- There are no deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code as of December 31, 2019.

## NOTES TO FINANCIAL STATEMENTS

### F. Consolidated Federal Income Tax Return

1. 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.

2. 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, 2019 or 2018.

### I. Alternative Minimum Tax (AMT) Credit

The Company does not have any alternative minimum tax credits as of December 31, 2019 or 2018.

## 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 \$507,000 and \$320,000 due to its Parent and affiliated companies (net) at December 31, 2019 and 2018, 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.

### M. All SCA Investments

None.

### N. Investments in Insurance SCA's

None.

### O. SCA and SSAP No. 48 Entity Loss Tracking

None.

**NOTES TO FINANCIAL STATEMENTS**

## 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 \$564,000 and \$697,000 for 2019 and 2018, 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 \$281,000 and \$382,000 for 2019 and 2018, 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, 2019. Accordingly, the Company may pay dividends of approximately \$5,757,000 in 2020 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.

## 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.

**NOTES TO FINANCIAL STATEMENTS**

## 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 \$435,000 and \$441,000 at December 31, 2019 and 2018, 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, 2019 and 2018, the Company had admitted assets of \$23,375,000 and \$24,341,000, 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, 2019.

## 15. Leases

## A. Lessee Leasing Arrangements

- The Company leases office equipment under various noncancelable operating leases that expire through May 2024. Rental expense for 2019 and 2018 was approximately \$16,000 and \$31,000, 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
2020	\$16,000
2021	16,000
2022	15,000
2023	4,000
2024	2,000
Total	\$53,000

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

## B. Lessor Leasing Arrangements

## 1. Operating Leases

- 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.
- Rental income for 2019 and 2018 was approximately \$215,000 and \$0, respectively.

**NOTES TO FINANCIAL STATEMENTS**

- c. Future minimum lease receivables are as follows:

Year	Amount
2020	\$140,000
2021	144,000
2022	148,000
2023	153,000
2024	157,000
Total	\$742,000

- 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
<b>a. Assets at fair value</b>					
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	5,092,000	0	0	0	5,092,000
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)	\$5,092,000	\$0	\$0	\$0	\$5,092,000
<b>b. Liabilities at fair value</b>					
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)
<b>Financial instruments – assets</b>							
Bonds	\$105,482,000	\$101,506,000	\$0	\$105,482,000	\$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	3,958,000	3,958,000	3,958,000	0	0	0	0
Other – collateral loan	0	0	0	0	0	0	0
<b>Total assets</b>	<b>\$109,440,000</b>	<b>\$105,464,000</b>	<b>\$3,958,000</b>	<b>\$105,482,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Financial instruments – liabilities</b>							
Derivative liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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

None.

## B. Troubled Debt Restructuring for Debtors

Not applicable.

## C. Other Disclosures

Assets in the amount of \$1,014,000 and \$1,013,000 at December 31, 2019 and 2018, 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, 2019 or 2018.

## G. Insurance-Linked Securities (ILS) Contracts

None.

## H. The Amount that Could be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or has Otherwise Obtained Rights to Control the Policy

Not applicable.

## 22. Events Subsequent

Subsequent events have been considered through February 14, 2020, 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, 2019, 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, 2019 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	\$59,722,000
Maiden Reinsurance North America, Inc.	11054	43-1898350	\$3,458,000

## B. Reinsurance Recoverable in Dispute

None.

## C. Reinsurance Assumed and Ceded

## 1. As of December 31, 2019:

	<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	\$27,539,000	\$7,436,000	\$26,536,000	\$7,165,000	\$1,003,000	\$271,000
All Other	<u>23,000</u>	<u>5,000</u>	<u>649,000</u>	<u>193,000</u>	<u>(626,000)</u>	<u>(188,000)</u>
Total	\$27,562,000	\$7,441,000	\$27,185,000	\$7,358,000	\$377,000	\$83,000

Direct Unearned Premium Reserve as of December 31, 2019: \$27,162,000.

## 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, 2019:

	<u>Reinsurance</u>			<u>Net</u>
	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	
Contingent Commission	\$1,374,000	\$0	\$0	\$1,374,000
Sliding Scale Adjustments	0	0	0	0
Other Profit Commission Arrangements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$1,374,000	\$0	\$0	\$1,374,000

## 3. As of December 31, 2019, the Company does not use protected cells as an alternative to traditional reinsurance.

## D. Uncollectible Reinsurance

As of December 31, 2019, 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.

**NOTES TO FINANCIAL STATEMENTS**

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

None.

## I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

None.

## J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

None.

## 24. Retrospectively Rated Contracts &amp; 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, 2018, were \$38,496,000. As of December 31, 2019, \$14,151,000 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 \$20,779,000 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 \$3,566,000 or 9.3% of the unpaid losses and LAE as of the end of the prior year. The \$3,566,000 favorable development in incurred losses and LAE related to prior accident years is primarily due to favorable development in commercial multiple peril, private passenger auto liability and commercial auto liability 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, 2019:

<u>Name of Insurer</u>	<u>Receivable</u>	<u>Payable</u>
Frankenmuth Mutual Insurance Company	\$33,096,000	\$33,895,000
Ansur America Insurance Company	12,159,000	11,345,000
Patriot Insurance Company	15,362,000	15,519,000
Fortuity Insurance Company	3,191,000	3,116,000
ASure Worldwide Insurance Company	3,183,000	3,116,000

## 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 10, 2020, did not indicate a deficiency at December 31, 2019.

1. Liability for premium deficiency reserves	\$0
2. Date of the most recent evaluation of this liability	January 10, 2020
3. Was anticipated investment income utilized in calculation?	Yes [X] No [ ]

## 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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
(a) Beginning reserves	\$466,000	\$491,000	\$490,000	\$474,000	\$376,000
(b) Incurred losses and loss adjustment expense	86,000	58,000	31,000	(62,000)	70,000
(c) Calendar year payments for losses and loss adjustment expenses	<u>61,000</u>	<u>59,000</u>	<u>47,000</u>	<u>36,000</u>	<u>42,000</u>
(d) Ending reserves	\$491,000	\$490,000	\$474,000	\$376,000	\$404,000

## (2) Assumed Reinsurance

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
(a) Beginning reserves	\$136,000	\$113,000	\$124,000	\$110,000	\$76,000
(b) Incurred losses and loss adjustment expense	(18,000)	31,000	(6,000)	(33,000)	(8,000)
(c) Calendar year payments for losses and loss adjustment expenses	<u>5,000</u>	<u>20,000</u>	<u>8,000</u>	<u>1,000</u>	<u>1,000</u>
(d) Ending reserves	\$113,000	\$124,000	\$110,000	\$76,000	\$67,000

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

1. Direct basis	\$310,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$20,000

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

1. Direct basis	\$29,000
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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
(a) Beginning reserves	\$707,000	\$837,000	\$821,000	\$835,000	\$839,000
(b) Incurred losses and loss adjustment expense	168,000	(9,000)	31,000	11,000	(67,000)
(c) Calendar year payments for losses and loss adjustment expenses	<u>38,000</u>	<u>7,000</u>	<u>17,000</u>	<u>7,000</u>	<u>9,000</u>
(d) Ending reserves	\$837,000	\$821,000	\$835,000	\$839,000	\$763,000

## (2) Assumed Reinsurance

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
(a) Beginning reserves	\$390,000	\$292,000	\$276,000	\$277,000	\$233,000
(b) Incurred losses and loss adjustment expense	(83,000)	(16,000)	16,000	(40,000)	(11,000)
(c) Calendar year payments for losses and loss adjustment expenses	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>4,000</u>	<u>7,000</u>
(d) Ending reserves	\$292,000	\$276,000	\$277,000	\$233,000	\$215,000

## NOTES TO FINANCIAL STATEMENTS

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

1. Direct basis	\$671,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$142,000

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

1. Direct basis	\$30,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$24,000

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: \_\_\_\_\_
- 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<br>Name of Entity | 2<br>NAIC<br>Company<br>Code | 3<br>State of<br>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<br>Nationality | 2<br>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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>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:

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes  No  N/A   
 10.6 If the response to 10.5 is no or n/a, please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
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   
 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  No   
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes  No

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes  No

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

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  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  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  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   
 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   
 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   
 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  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 \$ 1,013,839

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.

**Lines 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:**

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a results of interest rate sensitivity? Yes  No

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

26.41 Special accounting provision of SSAP No. 108 Yes  No

26.42 Permitted accounting practice Yes  No

26.43 Other accounting guidance Yes  No

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes  No

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guidance Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

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

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

28.04 If yes, give full and complete information relating thereto:

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

28.05 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

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 invested assets? Yes [X] 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 invested assets? Yes [X] 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 [X]

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	\$ 101,506,033	\$ 105,481,550	\$ 3,975,517
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 101,506,033	\$ 105,481,550	\$ 3,975,517

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 [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [X]

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 [X] 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:

- 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.
- Issuer or obligor is current on all contracted interest and principal payments.
- 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 [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- The security was purchased prior to January 1, 2018.
- The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- 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.
- 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 [X]



## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
- a. The shares were purchased prior to January 1, 2019.
  - b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
  - c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
  - d. The fund only or predominantly holds bonds in its portfolio.
  - e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
  - f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [ ] No [X]

#### OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 241,551

36.2 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.	\$ 235,762

37.1 Amount of payments for legal expenses, if any? \$ 1,505

37.2 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.	\$ 1,405

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 12,915

38.2 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.	\$ 12,915

**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	\$	56,467,191	53,134,703	
2.3	Premium Ratio (2.1/2.2)		0.0%	0.0%	
2.4	Reserve Numerator	\$	0	0	
2.5	Reserve Denominator	\$	78,725,472	73,721,800	
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 v18.1 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 37 of SSAP No. 62R, <i>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
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
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$	3,000,000
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 ]

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

- 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<br>Incurred |    | Direct Losses<br>Unpaid |    | Direct Written<br>Premium |    | Direct Premium<br>Unearned |    | Direct Premium<br>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 2019	2 2018	3 2017	4 2016	5 2015
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	36,147,993	35,524,245	32,707,588	31,278,991	30,396,079
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	27,741,988	27,126,329	25,583,765	24,459,695	23,786,922
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	46,844,007	45,019,034	43,409,763	42,027,290	41,704,358
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	794,628	439,207	219,843	23,666	6,147
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	111,528,616	108,108,814	101,920,959	97,789,642	95,893,506
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	21,825,821	21,556,253	19,337,047	18,207,407	17,736,602
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	13,103,096	12,792,452	11,598,307	11,048,450	10,347,160
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	21,495,555	20,756,349	19,581,158	18,707,533	18,148,568
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	788,378	429,470	209,199	14,629	1,660
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	57,212,850	55,534,524	50,725,711	47,978,019	46,233,990
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	(538,472)	1,980,737	3,810,089	3,194,154	2,892,824
14. Net investment gain (loss) (Line 11).....	3,333,041	2,734,521	1,783,686	1,887,764	1,934,776
15. Total other income (Line 15).....	(131,730)	9,836	8,420	49,738	77,328
16. Dividends to policyholders (Line 17).....	293,548	285,957	247,696	216,167	192,022
17. Federal and foreign income taxes incurred (Line 19).....	431,000	613,000	1,257,000	1,512,000	1,567,000
18. Net income (Line 20).....	1,938,291	3,826,137	4,097,499	3,403,490	3,145,905
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	148,625,181	141,941,455	130,745,324	126,001,241	106,037,420
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	10,441,925	11,008,806	9,800,270	9,376,771	9,312,504
20.2 Deferred and not yet due (Line 15.2).....	12,933,169	13,332,225	13,181,377	12,286,265	12,616,861
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	91,054,610	86,642,180	79,364,713	76,567,572	72,484,094
22. Losses (Page 3, Line 1).....	36,618,143	32,677,240	29,944,693	29,555,060	27,235,205
23. Loss adjustment expenses (Page 3, Line 3).....	6,250,800	5,818,464	5,234,458	5,024,709	4,680,923
24. Unearned premiums (Page 3, Line 9).....	27,539,441	26,758,216	24,285,926	22,819,015	22,040,446
25. Capital paid up (Page 3, Lines 30 & 31).....	8,750,000	8,750,000	8,750,000	8,750,000	7,500,000
26. Surplus as regards policyholders (Page 3, Line 37).....	57,570,571	55,299,275	51,380,612	49,433,669	33,553,326
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	8,253,468	12,125,469	3,971,686	9,173,408	3,653,520
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	57,570,571	55,299,275	51,380,612	49,433,669	33,553,326
29. Authorized control level risk-based capital.....	4,902,385	4,346,966	4,131,246	3,756,825	3,728,632
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	87.6	88.1	86.4	87.9	96.0
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).....	9.0	9.1	9.8	3.2	
34. Cash, cash equivalents and short-term investments (Line 5).....	3.4	2.8	3.8	8.9	4.0
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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
	2019	2018	2017	2016	2015
<b>Capital and Surplus Accounts (Page 4)</b>					
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).....	2,271,296	3,918,664	1,946,943	15,880,343	3,192,008
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	19,292,912	21,085,163	15,856,550	17,604,251	17,445,919
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	14,970,880	13,315,964	11,836,446	11,270,151	12,479,160
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	20,230,048	18,830,246	19,316,537	18,855,552	21,793,945
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	19,218	28,901	2,285		
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	269	1,329	904	566	797
59. Total (Line 35).....	54,513,326	53,261,603	47,012,721	47,730,520	51,719,821
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	11,523,310	10,740,207	9,260,753	9,779,960	9,349,115
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	7,298,394	6,686,700	5,737,903	5,465,533	5,479,646
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	10,261,505	8,760,822	9,459,919	8,274,689	9,390,443
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	19,218	28,901	2,285		
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	269	1,329	904	566	797
65. Total (Line 35).....	29,102,696	26,217,959	24,461,765	23,520,747	24,220,002
<b>Operating Percentages (Page 4)</b> (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).....	58.5	54.5	50.4	54.6	53.9
68. Loss expenses incurred (Line 3).....	8.6	8.6	8.7	8.7	8.2
69. Other underwriting expenses incurred (Line 4).....	33.9	33.2	33.2	29.9	31.6
70. Net underwriting gain (loss) (Line 8).....	(1.0)	3.7	7.7	6.8	6.4
<b>Other Percentages</b>					
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).....	33.6	31.7	32.3	29.4	30.8
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	67.1	63.1	59.0	63.3	62.1
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).....	99.4	100.4	98.7	97.1	137.8
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(2,996)	(3,773)	(4,509)	(3,078)	(3,701)
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).....	(5.4)	(7.3)	(9.1)	(9.2)	(12.2)
<b>Two Year Loss Development (\$000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(3,630)	(5,486)	(4,292)	(4,355)	(4,603)
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).....	(7.1)	(11.1)	(12.8)	(14.3)	(16.4)

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.....	496.....	399.....	83.....	19.....	5.....	.....	1.....	166.....	XXX.....
2. 2010.....	40,155.....	5,075.....	35,080.....	24,677.....	1,204.....	1,394.....	7.....	1,527.....	.....	654.....	26,387.....	XXX.....
3. 2011.....	45,574.....	5,739.....	39,835.....	29,064.....	1,351.....	1,707.....	57.....	1,571.....	.....	855.....	30,934.....	XXX.....
4. 2012.....	46,505.....	5,388.....	41,117.....	25,773.....	1,498.....	1,543.....	40.....	1,740.....	.....	725.....	27,517.....	XXX.....
5. 2013.....	47,196.....	5,532.....	41,665.....	25,012.....	2,110.....	1,474.....	38.....	1,683.....	0.....	746.....	26,020.....	XXX.....
6. 2014.....	48,520.....	5,444.....	43,076.....	27,343.....	1,708.....	1,593.....	36.....	1,818.....	.....	884.....	29,010.....	XXX.....
7. 2015.....	50,783.....	5,394.....	45,389.....	25,059.....	866.....	1,417.....	24.....	2,033.....	.....	797.....	27,620.....	XXX.....
8. 2016.....	52,313.....	5,005.....	47,308.....	25,675.....	2,117.....	1,372.....	45.....	2,193.....	.....	897.....	27,078.....	XXX.....
9. 2017.....	54,501.....	5,148.....	49,353.....	23,798.....	957.....	1,197.....	20.....	2,337.....	.....	951.....	26,355.....	XXX.....
10. 2018.....	58,929.....	5,794.....	53,135.....	23,299.....	830.....	738.....	9.....	2,189.....	.....	737.....	25,387.....	XXX.....
11. 2019.....	62,067.....	5,600.....	56,467.....	17,848.....	596.....	321.....	4.....	1,796.....	.....	544.....	19,365.....	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	248,044.....	13,637.....	12,838.....	301.....	18,893.....	0.....	7,792.....	265,838.....	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.....	4,609.....	3,683.....	536.....	221.....	.....	.....	75.....	21.....	17.....	.....	.....	1,312.....	XXX.....
2. 2010.....	325.....	192.....	39.....	9.....	.....	.....	9.....	0.....	2.....	.....	.....	173.....	XXX.....
3. 2011.....	548.....	349.....	61.....	15.....	.....	.....	16.....	1.....	4.....	.....	.....	264.....	XXX.....
4. 2012.....	871.....	550.....	81.....	24.....	.....	.....	22.....	2.....	8.....	.....	.....	405.....	XXX.....
5. 2013.....	350.....	129.....	164.....	42.....	.....	.....	39.....	4.....	10.....	.....	.....	389.....	XXX.....
6. 2014.....	1,158.....	704.....	354.....	70.....	.....	.....	76.....	6.....	16.....	.....	.....	823.....	XXX.....
7. 2015.....	832.....	253.....	592.....	117.....	.....	.....	117.....	14.....	25.....	.....	.....	1,182.....	XXX.....
8. 2016.....	1,487.....	294.....	1,050.....	161.....	.....	.....	242.....	28.....	43.....	.....	.....	2,340.....	XXX.....
9. 2017.....	3,509.....	497.....	1,883.....	278.....	.....	.....	440.....	42.....	78.....	.....	.....	5,092.....	XXX.....
10. 2018.....	6,036.....	883.....	3,187.....	502.....	.....	.....	871.....	102.....	193.....	.....	.....	8,799.....	XXX.....
11. 2019.....	9,794.....	719.....	11,083.....	2,236.....	.....	.....	3,051.....	321.....	1,438.....	.....	.....	22,090.....	XXX.....
12. Totals.....	29,517.....	8,253.....	19,029.....	3,675.....	0.....	0.....	4,957.....	541.....	1,835.....	0.....	.....	42,869.....	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.....	1,241.....	71.....
2. 2010.	27,974.....	1,413.....	26,561.....	69.7.....	27.8.....	75.7.....	.....	.....	8.00.....	163.....	10.....
3. 2011.	32,972.....	1,773.....	31,198.....	72.3.....	30.9.....	78.3.....	.....	.....	8.00.....	245.....	20.....
4. 2012.	30,037.....	2,115.....	27,922.....	64.6.....	39.3.....	67.9.....	.....	.....	8.00.....	377.....	28.....
5. 2013.	28,732.....	2,323.....	26,409.....	60.9.....	42.0.....	63.4.....	.....	.....	8.00.....	343.....	46.....
6. 2014.	32,358.....	2,525.....	29,833.....	66.7.....	46.4.....	69.3.....	.....	.....	8.00.....	737.....	86.....
7. 2015.	30,075.....	1,274.....	28,802.....	59.2.....	23.6.....	63.5.....	.....	.....	8.00.....	1,054.....	128.....
8. 2016.	32,062.....	2,645.....	29,417.....	61.3.....	52.9.....	62.2.....	.....	.....	8.00.....	2,083.....	257.....
9. 2017.	33,241.....	1,794.....	31,447.....	61.0.....	34.9.....	63.7.....	.....	.....	8.00.....	4,616.....	476.....
10. 2018.	36,512.....	2,327.....	34,186.....	62.0.....	40.2.....	64.3.....	.....	.....	8.00.....	7,837.....	962.....
11. 2019.	45,330.....	3,876.....	41,455.....	73.0.....	69.2.....	73.4.....	.....	.....	8.00.....	17,922.....	4,168.....
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0.....	0.....	XXX.....	36,618.....	6,251.....

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
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	One Year	Two Year
1. Prior.....	14,400	13,394	12,587	11,832	11,773	11,569	11,625	11,643	11,694	11,792	99	149
2. 2010.....	25,654	26,110	26,001	25,581	25,263	25,132	25,077	25,031	25,102	25,031	(70)	0
3. 2011.....	XXX	32,671	30,751	30,413	30,200	29,960	29,782	29,639	29,625	29,623	(2)	(16)
4. 2012.....	XXX	XXX	29,896	27,810	27,300	26,830	26,431	26,247	26,147	26,173	26	(74)
5. 2013.....	XXX	XXX	XXX	28,278	25,856	25,820	25,510	25,003	24,771	24,716	(55)	(287)
6. 2014.....	XXX	XXX	XXX	XXX	31,342	28,722	28,954	28,604	28,078	27,999	(80)	(605)
7. 2015.....	XXX	XXX	XXX	XXX	XXX	29,829	27,406	27,404	27,250	26,744	(507)	(660)
8. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	30,612	27,317	27,244	27,181	(64)	(136)
9. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,032	28,235	29,032	796	(2,001)
10. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	34,943	31,804	(3,139)	XXX
11. 2019.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	38,221	XXX	XXX
12. Totals.....											(2,996)	(3,630)

### 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
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
1. Prior.....	000	4,382	6,491	7,969	8,781	9,501	9,933	10,182	10,337	10,498	XXX	XXX
2. 2010.....	13,963	20,173	22,283	23,436	24,074	24,448	24,601	24,658	24,785	24,860	XXX	XXX
3. 2011.....	XXX	17,417	24,057	26,758	27,873	28,775	29,046	29,261	29,300	29,363	XXX	XXX
4. 2012.....	XXX	XXX	14,961	21,465	23,656	24,746	25,271	25,567	25,764	25,776	XXX	XXX
5. 2013.....	XXX	XXX	XXX	13,941	19,865	21,946	23,147	23,732	24,060	24,337	XXX	XXX
6. 2014.....	XXX	XXX	XXX	XXX	17,072	22,914	25,001	26,206	26,909	27,192	XXX	XXX
7. 2015.....	XXX	XXX	XXX	XXX	XXX	14,729	21,097	23,284	24,742	25,587	XXX	XXX
8. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	14,064	20,228	22,966	24,884	XXX	XXX
9. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,179	21,251	24,018	XXX	XXX
10. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16,139	23,197	XXX	XXX
11. 2019.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,569	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
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Prior.....	6,850	4,199	2,613	1,561	1,024	713	556	485	406	369
2. 2010.....	5,243	2,349	1,786	1,089	591	327	162	78	61	38
3. 2011.....	XXX	6,370	2,642	1,764	1,097	595	331	163	75	62
4. 2012.....	XXX	XXX	7,009	2,756	1,858	1,117	599	339	156	76
5. 2013.....	XXX	XXX	XXX	7,455	2,847	1,919	1,128	610	346	158
6. 2014.....	XXX	XXX	XXX	XXX	7,542	3,015	1,938	1,150	574	354
7. 2015.....	XXX	XXX	XXX	XXX	XXX	8,333	2,984	1,972	1,108	578
8. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	8,757	3,085	1,954	1,103
9. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,395	3,159	2,003
10. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,677	3,454
11. 2019.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,577



**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	35,469,319	35,003,095		15,170,626	18,839,846	21,393,484	98,156	
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	11,569,191	11,346,959		6,878,344	6,450,823	6,831,881	17,850	
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	7,189,507	7,153,323		3,330,178	6,197,620	7,172,040	15,810	
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	54,228,017	53,503,377	0	25,379,149	31,488,289	35,397,406	131,816	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

(a) Active Status Counts:

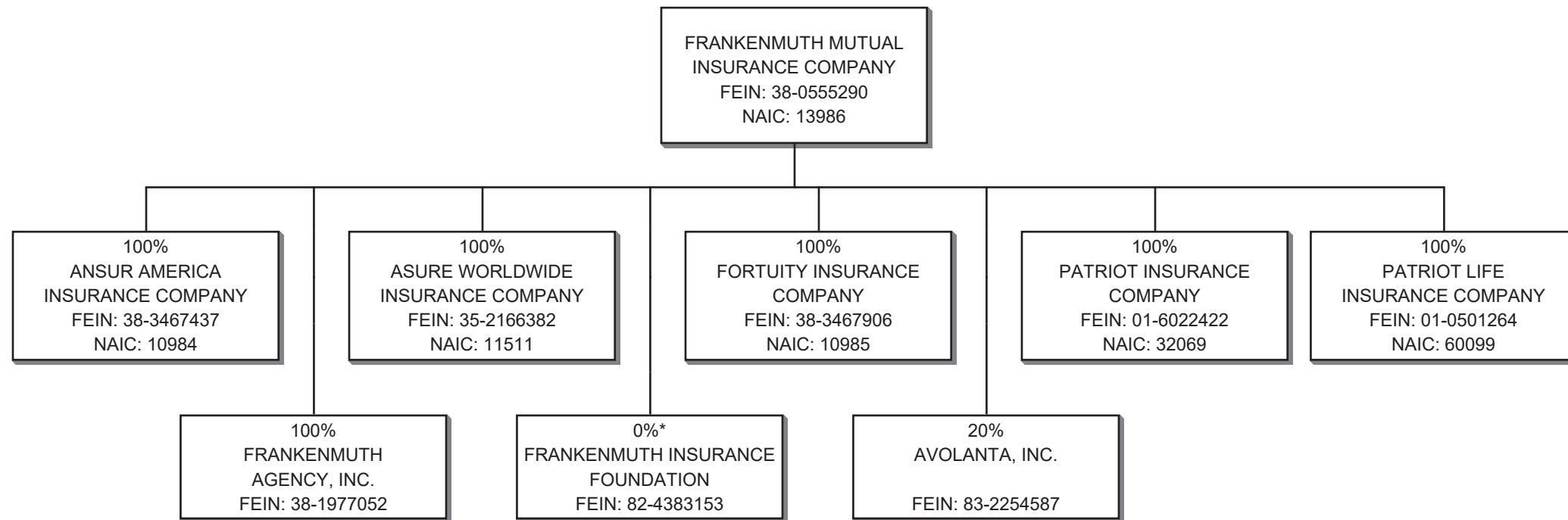
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	5
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to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

(b) Explanation of Basis of Allocation of Premiums by States, etc.  
Allocation to state by location of exposure.

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

### PART 1 - ORGANIZATIONAL CHART



\*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.

**2019 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK**

Assets	2	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58
Cash Flow	5	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Net Investment Income	12	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2K-Fidelity, Surety	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
Five-Year Historical Data	17	Schedule P-Part 2M-International	59
General Interrogatories	15	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	60
Jurat Page	1	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	60
Notes To Financial Statements	14	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Overflow Page For Write-ins	100	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Schedule A-Part 1	E01	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 2	E02	Schedule P-Part 2T-Warranty	61
Schedule A-Part 3	E03	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule A-Verification Between Years	SI02	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule B-Part 1	E04	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 2	E05	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Part 3	E06	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule B-Verification Between Years	SI02	Schedule P-Part 3F-Section 1-Medical Professional Liability-Occurrence	63
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 2	E08	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Part 3	E09	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule D-Part 1	E10	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3M-International	64
Schedule D-Part 3	E13	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	65
Schedule D-Part 4	E14	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	65
Schedule D-Part 5	E15	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	65
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 3T-Warranty	66
Schedule DA-Part 1	E17	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DB-Part E	E24	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DB-Verification	SI14	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule DL-Part 1	E25	Schedule P-Part 4M-International	69
Schedule DL-Part 2	E26	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	70
Schedule E-Part 1-Cash	E27	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	70
Schedule E-Part 2-Cash Equivalents	E28	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule E-Part 3-Special Deposits	E29	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 1	20	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 2	21	Schedule P-Part 4T-Warranty	71
Schedule F-Part 3	22	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 4	27	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 5	28	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 6	29	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule P-Part 1-Summary	33	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6M-International	86
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	87
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	87
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1M-International	49	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	50	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	51	Schedule P Interrogatories	93
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	52	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1T-Warranty	56	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Statement of Income	4
Schedule P-Part 2A-Homeowners/Farmowners	57	Summary Investment Schedule	SI01
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58	Underwriting and Investment Exhibit Part 3	11