



ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

AFFILIATED FM INSURANCE COMPANY

NAIC Group Code.....0065, 0065 (Current Period) (Prior Period)	NAIC Company Code..... 10014	Employer's ID Number..... 05-0254496
Organized under the Laws of Rhode Island	State of Domicile or Port of Entry Rhode Island	Country of Domicile US
Incorporated/Organized..... May 6, 1949	Commenced Business..... June 1, 1950	
Statutory Home Office	270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	270 Central Avenue..... Johnston RI US..... 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 7500..... Johnston RI US 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.fmglobal.com	
Statutory Statement Contact	Jeffrey Black <i>(Name)</i> jeffrey.black@fmglobal.com <i>(E-Mail Address)</i>	401-415-1559 <i>(Area Code) (Telephone Number) (Extension)</i> 401-946-8306 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Thomas Alan Lawson	President & Chief Executive Officer	2. Jonathan Irving Mishara	Senior Vice President & Secretary
3. Joy Kirsten Cave	Vice President & Treasurer		

OTHER

Bret Nils Ahnell	Executive Vice President	Jeffrey Alfred Burchill	Senior Vice President
Jonathan William Hall	Chief Operating Officer	Christopher Johnson	Executive Vice President
Paul Edward LaFleche	Senior Vice President	Jeanne Ruth Lieb	Senior Vice President
Jonathan Irving Mishara	Senior Vice President	Enzo Rebula	Senior Vice President
Michael Robert Turner	Executive Vice President		

DIRECTORS OR TRUSTEES

Frank Thomas Connor	Colin Richard Day	Daniel Lee Knotts #	Thomas Alan Lawson
John Anderson Luke Jr	Jonathan Douglas Mariner	Gracia Catherine Martore	Christine Mary McCarthy
Stuart Blain Parker	David Pulman	Edward Joseph Rapp	Shivan Sivaswamy Subramaniam
James Conrad Thyen			

State of Rhode Island
County of Providence

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) Thomas Alan Lawson	_____ (Signature) Jonathan Irving Mishara	_____ (Signature) Theresa Ann Molloy
_____ 1. (Printed Name) President & Chief Executive Officer	_____ 2. (Printed Name) Senior Vice President & Secretary	_____ 3. (Printed Name) Vice President & Controller
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This 24th day of February 2016

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 _____

John A. Soares III Notary Public
Expires July 5, 2017

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	1,306,331,820		1,306,331,820	1,286,837,236
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	908,613,910		908,613,910	847,688,594
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).....			.0	
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 (\$.....87,190,959, Schedule E-Part 1), cash equivalents (\$.....3,947,578, Schedule E-Part 2) and short-term investments (\$.....39,309,005, Schedule DA).....	130,447,542		130,447,542	76,559,993
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	100,217		100,217	5,171,031
10. Securities lending reinvested collateral assets (Schedule DL).....	45,813,343		45,813,343	19,839,273
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	2,391,306,832	.0	2,391,306,832	2,236,096,127
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	11,819,185		11,819,185	12,305,906
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	120,850,624	1,154,913	119,695,711	112,453,751
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	26,102,550		26,102,550	91,468,131
16.2 Funds held by or deposited with reinsured companies.....	62,634		62,634	49,236
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.....			.0	
19. Guaranty funds receivable or on deposit.....	27,670		27,670	8,506
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	34,746,862		34,746,862	71,023,418
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	5,495,146	.0	5,495,146	5,312,595
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,590,411,503	1,154,913	2,589,256,590	2,528,717,670
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	2,590,411,503	1,154,913	2,589,256,590	2,528,717,670

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 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Equities and Deposits in Pools and Associations.....	350,000		350,000	350,000
2502. Accounts Receivable State Tax Refunds.....	838,158		838,158	994,963
2503. Cash Clearing Accounts.....	4,306,988		4,306,988	3,967,632
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	5,495,146	.0	5,495,146	5,312,595

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	353,285,708	397,070,652
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	1,718,092	9,699,733
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	54,904,891	50,319,026
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	352,580	303,259
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,513,652	6,257,586
7.1 Current federal and foreign income taxes (including \$.....26,805,485 on realized capital gains (losses)).....	46,895,774	65,606,592
7.2 Net deferred tax liability.....	62,689,000	70,072,000
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 \$.....50,325,116 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	365,981,101	355,485,174
10. Advance premium.....	173,987	
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	219,489	208,516
12. Ceded reinsurance premiums payable (net of ceding commissions).....	97,890,524	110,394,238
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	497,254	530,370
15. Remittances and items not allocated.....	752,854	396,349
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	5,245,325	8,409,098
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	54,501,785	17,393,576
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....	29,634	3,549,351
22. Payable for securities lending.....	45,813,343	19,839,273
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	13,202,316	15,533,108
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,109,667,309	1,131,067,901
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	1,109,667,309	1,131,067,901
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	4,000,000	4,000,000
31. Preferred capital stock.....	7,250,000	7,250,000
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	270,210,661	270,210,661
35. Unassigned funds (surplus).....	1,198,128,620	1,116,189,108
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).....	1,479,589,281	1,397,649,769
38. TOTALS (Page 2, Line 28, Col. 3).....	2,589,256,590	2,528,717,670

DETAILS OF WRITE-INS

2501. Miscellaneous Accounts Payable.....	13,202,316	15,533,108
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	13,202,316	15,533,108
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 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 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	410,047,840	385,918,761
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	226,883,183	188,681,219
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	14,241,113	13,873,848
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	111,775,274	101,408,474
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	352,899,570	303,963,541
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	57,148,270	81,955,220
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	53,804,099	54,321,123
10. Net realized capital gains (losses) less capital gains tax of \$.....21,745,000 (Exhibit of Capital Gains (Losses)).....	40,383,993	26,994,770
11. Net investment gain (loss) (Lines 9 + 10).....	94,188,092	81,315,893
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....175,190 amount charged off \$.....715).....	174,475	(82,357)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(1,604,189)	484,608
15. Total other income (Lines 12 through 14).....	(1,429,714)	402,251
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	149,906,648	163,673,364
17. Dividends to policyholders.....	434,520	409,823
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).....	149,472,128	163,263,541
19. Federal and foreign income taxes incurred.....	27,919,103	44,124,633
20. Net income (Line 18 minus Line 19) (to Line 22).....	121,553,025	119,138,908
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	1,397,649,769	1,262,071,193
22. Net income (from Line 20).....	121,553,025	119,138,908
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(7,599,000).....	(13,525,739)	23,548,039
25. Change in net unrealized foreign exchange capital gain (loss).....	(28,812,710)	(9,821,257)
26. Change in net deferred income tax.....	(216,000)	2,196,000
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	284,663	(89,061)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	3,163,773	1,113,447
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.....	(507,500)	(507,500)
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).....	81,939,512	135,578,576
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	1,479,589,281	1,397,649,769
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous income	100	100
1402. Balances (charged off) / recovered	(34,845)	223,925
1403. (Loss) / gain on foreign exchange.....	(1,569,444)	260,583
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(1,604,189)	484,608
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	401,256,743	378,870,173
2. Net investment income.....	68,558,684	57,918,765
3. Miscellaneous income.....	(1,429,714)	402,251
4. Total (Lines 1 through 3).....	468,385,713	437,191,189
5. Benefit and loss related payments.....	215,541,255	134,483,461
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	122,144,300	115,483,436
8. Dividends paid to policyholders.....	423,547	401,478
9. Federal and foreign income taxes paid (recovered) net of \$.....13,315,328 tax on capital gains (losses).....	68,374,921	40,704,219
10. Total (Lines 5 through 9).....	406,484,023	291,072,594
11. Net cash from operations (Line 4 minus Line 10).....	61,901,690	146,118,595
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	527,544,978	407,135,757
12.2 Stocks.....	188,808,659	195,108,896
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.....	(7,072)	(21,513)
12.7 Miscellaneous proceeds.....	5,070,814	3,549,261
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	721,417,379	605,772,401
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	541,814,600	604,687,394
13.2 Stocks.....	219,919,972	102,942,591
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	3,519,717	4,371,031
13.7 Total investments acquired (Lines 13.1 to 13.6).....	765,254,289	712,001,016
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).....	(43,836,910)	(106,228,615)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	507,500	507,500
16.6 Other cash provided (applied).....	36,330,269	(68,553,475)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	35,822,769	(69,060,975)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	53,887,549	(29,170,995)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	76,559,993	105,730,988
19.2 End of year (Line 18 plus Line 19.1).....	130,447,542	76,559,993

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.....	234,996,945	123,476,334	129,406,032	229,067,247
2. Allied lines.....	133,314,915	66,627,137	69,181,235	130,760,817
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....	1,907,246	942,995	988,420	1,861,821
5. Commercial multiple peril.....	69,276,913	34,148,450	34,441,681	68,983,682
6. Mortgage guaranty.....				0
8. Ocean marine.....	19,829,010	8,491,654	8,951,742	19,368,922
9. Inland marine.....	188,728,071	95,569,713	94,973,770	189,324,014
10. Financial guaranty.....				0
11.1 Medical professional liability - occurrence.....				0
11.2 Medical professional liability - claims-made.....				0
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....	88	57	43	102
17.1 Other liability - occurrence.....				0
17.2 Other liability - claims-made.....				0
17.3 Excess workers' compensation.....				0
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....				0
19.3, 19.4 Commercial auto liability.....				0
21. Auto physical damage.....				0
22. Aircraft (all perils).....				0
23. Fidelity.....				0
24. Surety.....				0
26. Burglary and theft.....				0
27. Boiler and machinery.....	55,953,148	26,228,834	28,038,178	54,143,804
28. Credit.....				0
29. International.....				0
30. Warranty.....				0
31. Reinsurance - nonproportional assumed property.....	(283,462,578)			(283,462,578)
32. Reinsurance - nonproportional assumed liability.....	9			9
33. Reinsurance - nonproportional assumed financial lines.....				0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	420,543,767	355,485,174	365,981,101	410,047,840

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
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	129,406,032				129,406,032
2.	Allied lines.....	69,181,235				69,181,235
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....	988,420				988,420
5.	Commercial multiple peril.....	34,441,681				34,441,681
6.	Mortgage guaranty.....					0
8.	Ocean marine.....	8,951,742				8,951,742
9.	Inland marine.....	94,973,770				94,973,770
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....					0
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....	43				43
17.1	Other liability - occurrence.....					0
17.2	Other liability - claims-made.....					0
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....					0
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....					0
19.3, 19.4	Commercial auto liability.....					0
21.	Auto physical damage.....					0
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....	28,038,178				28,038,178
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.....	365,981,101	0	0	0	365,981,101
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					365,981,101

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 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

(a) State here basis of computation used in each case: Daily Pro Rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	268,256,855	3,909,796	338,428	4,291,036	33,217,098	234,996,945
2. Allied lines.....	154,224,683	5,701,835		3,378,194	23,233,409	133,314,915
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	1,948,676				41,430	1,907,246
5. Commercial multiple peril.....	80,591,827	26,941		1,975,300	9,366,555	69,276,913
6. Mortgage guaranty.....						0
8. Ocean marine.....	21,061,712	801,110	282,374		2,316,186	19,829,010
9. Inland marine.....	224,361,037	10,447,647		6,242,053	39,838,560	188,728,071
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....	88					88
17.1 Other liability - occurrence.....						0
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....						0
19.3, 19.4 Commercial auto liability.....						0
21. Auto physical damage.....						0
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....	54,084,411	2,375,629			506,892	55,953,148
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX			283,462,578		(283,462,578)
32. Reinsurance - nonproportional assumed liability.....	XXX		9			9
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.....	804,529,289	23,262,958	620,811	299,349,161	108,520,130	420,543,767

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 thru 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 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.....	42,577,537	75,394	2,649,642	40,003,289	17,664,214	24,872	2,193,000	55,499,375	6,470,539
2. Allied lines.....	47,620,555	25,000	5,563,169	42,082,386	20,300,000		4,647,000	57,735,386	6,190,000
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	1,398,874			1,398,874				1,398,874	
5. Commercial multiple peril.....	10,679,763		2,529,748	8,150,015	4,703,000		2,136,000	10,717,015	901,000
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	13,389,399	125,500	2,391,939	11,122,960	5,758,000		213,000	16,667,960	2,313,000
9. Inland marine.....	70,027,703	40,000	29,181,089	40,886,614	44,313,500		6,479,000	78,721,114	6,771,000
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	1,354,357	210,564	731,675	833,246	2,100,148	2,531,240	2,887,772	2,576,862	244,838
17.1 Other liability - occurrence.....	8,179,537	130,445	4,585,699	3,724,283	84,628,851	704,229	13,920,140	75,137,223	12,670,673
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	26,999,207		15,326,162	11,673,045	121,706,576		101,470,963	31,908,658	16,653,841
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	15,255,328		98,744	15,156,584	6,500,000		82,000	21,574,584	2,690,000
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	110,099		110,099	XXX	1,238,558		1,348,657	
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.....	237,482,260	717,002	63,057,867	175,141,395	307,674,289	4,498,899	134,028,875	353,285,708	54,904,891

DETAILS OF WRITE-INS

3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

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

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	24,309,710			24,309,710
1.2 Reinsurance assumed.....	475,335			475,335
1.3 Reinsurance ceded.....	16,685,661			16,685,661
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	8,099,384	0	0	8,099,384
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		84,777,769		84,777,769
2.2 Reinsurance assumed, excluding contingent.....		1,105,527		1,105,527
2.3 Reinsurance ceded, excluding contingent.....		80,501,879		80,501,879
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
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	5,381,417	0	5,381,417
3. Allowances to manager and agents.....				0
4. Advertising.....	573	1,114,606		1,115,179
5. Boards, bureaus and associations.....		124,432		124,432
6. Surveys and underwriting reports.....		560,696		560,696
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	4,484,142	54,452,621	579,582	59,516,345
8.2 Payroll taxes.....	230,199	2,750,276	24,561	3,005,036
9. Employee relations and welfare.....	849,294	12,739,890	127,785	13,716,969
10. Insurance.....	11,387	1,036,330	244	1,047,961
11. Directors' fees.....		42,540		42,540
12. Travel and travel items.....	120,943	3,185,110	3,467	3,309,520
13. Rent and rent items.....	362,448	3,465,629	249	3,828,326
14. Equipment.....	21,123	2,255,621	1,595	2,278,339
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	41,525	494,447	5,417	541,389
17. Postage, telephone and telegraph, exchange and express.....	20,095	2,212,975	150,663	2,383,733
18. Legal and auditing.....		235,905		235,905
19. Totals (Lines 3 to 18).....	6,141,729	84,671,078	893,563	91,706,370
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		20,338,854		20,338,854
20.2 Insurance department licenses and fees.....		330,691		330,691
20.3 Gross guaranty association assessments.....		82,547		82,547
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	20,752,092	0	20,752,092
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	970,687	495,839	1,466,526
25. Total expenses incurred.....	14,241,113	111,775,274	1,389,403	(a).....127,405,790
26. Less unpaid expenses - current year.....	54,904,891	5,866,232		60,771,123
27. Add unpaid expenses - prior year.....	50,319,026	6,257,586		56,576,612
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).....	9,655,248	112,166,628	1,389,403	123,211,279

DETAILS OF WRITE-INS

2401. Bank Activity Fee.....		11,070	60,192	71,262
2402. Investment Management Fee.....			435,647	435,647
2403. Consultants.....		1,467,923		1,467,923
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	(508,306)	0	(508,306)
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	970,687	495,839	1,466,526

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....10,136,708	.....9,892,004
1.1 Bonds exempt from U.S. tax.....	(a).....4,063,043	.....4,052,401
1.2 Other bonds (unaffiliated).....	(a).....25,857,991	.....25,416,825
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....14,875,564	.....15,080,969
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....357,691	.....361,777
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....390,045	.....390,045
10. Total gross investment income.....	.....55,681,042	.....55,194,021
11. Investment expenses.....	.....	(g).....1,389,403
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....519
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....1,389,921
17. Net investment income (Line 10 minus Line 16).....	.....	.....53,804,099

DETAILS OF WRITE-INS

0901. Prior Year Income.....	.....122,916	.....122,916
0902. Securities Lending Income.....	.....76,455	.....76,455
0903. Miscellaneous Income.....	.....14,718	.....14,718
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....175,956	.....175,956
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....390,045	.....390,045
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....1,735,780 accrual of discount less \$.....7,708,145 amortization of premium and less \$.....2,147,730 paid for accrued interest on purchases.
- (b) Includes \$..... 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 \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....223,416 accrual of discount less \$.....14,014 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 \$.....0 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.....	.....1,735,219	.....	.....1,735,219	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....214,794	.....	.....214,794	.....	.....
1.2 Other bonds (unaffiliated).....	.....9,321,450	.....	.....9,321,450	.....(74,133)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....67,004,708	.....(16,140,107)	.....50,864,601	.....(21,050,606)	.....
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.....	.....(7,072)	.....	.....(7,072)	.....	.....
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).....	.....78,269,099	.....(16,140,107)	.....62,128,992	.....(21,124,739)	.....0

DETAILS OF WRITE-INS

0901. ....	.....0	.....	.....0	.....	.....
0902. ....	.....0	.....	.....0	.....	.....
0903. ....	.....0	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page..	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 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.....	1,154,913	1,439,576	284,663
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
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.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....			.0
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.....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,154,913	1,439,576	284,663
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	1,154,913	1,439,576	284,663

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 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501.....			.0
2502.....			.0
2503.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.0	.0	.0

NOTES TO FINANCIAL STATEMENTS**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN****A. Accounting Practices, Impact of NAIC/State Differences**

The accompanying financial statements of Affiliated FM Insurance Company ("Company") have been prepared on the basis of accounting practices prescribed or permitted by the Rhode Island Division of Insurance.

The state of Rhode Island requires insurance companies domiciled in the state of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Rhode Island Division of Insurance.

The Company applies paragraph 5(a) of SSAP 23, rather than paragraph 5(b) of SSAP 23, with respect to the methodology applied in translating the Company's Canadian branch to USD. This is consistent with the methodology used in prior years, and a permitted practice has been approved by the State of Rhode Island. The total adjustment to convert the balance sheet to USD is \$54,501,785, which appears on line 17 – "Net adjustment in assets and liabilities due to foreign exchange rates", on page 3 – "Liabilities" of the 2015 annual statement. There is no net impact on surplus, and the effect on 2015 net income would be a decrease to net income in the amount of \$6,231,423 (which would be offset by a corresponding increase to surplus).

	State of Domicile	2015	2014
NET INCOME			
(1) AFFILIATED FM INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	RI	\$ 121,553,025	\$ 119,138,908
(2) State Prescribed Practices that increase/decrease NAIC SAP			
(3) State Permitted Practices that increase/decrease NAIC SAP			
Application of SSAP 23 regarding translating the Canadian branch to USD	RI	6,231,423	(160,337)
(4) NAIC SAP (1 – 2 – 3 = 4)	RI	\$ 115,321,602	\$ 119,299,245
SURPLUS			
(5) AFFILIATED FM INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	RI	\$ 1,479,589,281	\$ 1,397,649,769
(6) State Prescribed Practices that increase/decrease NAIC SAP			
(7) State Permitted Practices that increase/decrease NAIC SAP			
Application of SSAP 23 regarding translating the Canadian branch to USD	RI		
(8) NAIC SAP (5 – 6 – 7 = 8)	RI	\$ 1,479,589,281	\$ 1,397,649,769

B. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned Premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct, assumed and ceded business.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company utilizes the following accounting policies:

- Short-term investments are stated at amortized cost using the interest method.
- Non loan-backed bonds with NAIC designations 1 or 2 are stated at amortized cost using the interest method. Non loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.
- Common stocks are stated at fair value.
- The Company has no preferred stocks.
- The Company has no mortgage loans.
- U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.
- The Company has no interest in subsidiaries.

NOTES TO FINANCIAL STATEMENTS**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued from preceding page)**

8. The Company has no investments in joint ventures, partnerships and limited liability corporations.
9. The Company has no derivatives.
10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including Asbestos and Environmental reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred-but-not-reported) loss estimates. 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.
12. The Company has not changed its capitalization policy from the prior period.
13. The Company has no "pharmaceutical rebate receivables".

D. Going Concern - Not applicable

NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS - NOT APPLICABLE**NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL - NOT APPLICABLE****NOTE 4 – DISCONTINUED OPERATIONS - NOT APPLICABLE****NOTE 5 – INVESTMENTS**

- A. Mortgage Loans - Not applicable
- B. Troubled Debt Restructuring for Creditors - Not Applicable
- C. Reverse Mortgages - Not Applicable
- D. Loan-Backed and Structured Securities

(1) Description of Sources Used to Determine Prepayment Assumptions

Loan-backed bonds and structured securities are valued at amortized cost using the constant interest rate method, and using an effective yield based on current prepayment assumptions obtained from Bloomberg, rather than anticipated prepayments at the date of purchase. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

(2) Other-Than-Temporary-Impairment (OTTI) Loss Recognized in the Aggregate - Not applicable

(3) OTTI by CUSIP - Not applicable

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.	The aggregate amount of unrealized losses:	1.	Less than 12 Months	\$	1,719,531
		2.	12 Months or Longer	\$	619,521
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$	115,057,356
		2.	12 Months or Longer	\$	77,110,713

(5) OTTI Additional Information

All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)****E. Repurchase Agreements and/or Securities Lending Transactions****(1) Policies Requiring Collateral**

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of the fair value of foreign securities loaned as of the transaction date. The collateral level is monitored daily and additional cash calls are made by the agent if needed to retain the 102% or 105% collateral amount. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged as collateral in high quality short term securities. The cash collateral received under the securities lending agreement and invested in short term securities is included in the "Securities lending reinvested collateral assets" on Page 2 Line 10 and the offsetting liability in the "Payable for securities lending" on Page 3 Line 22.

(2) Collateral Pledged - Not applicable**(3) Collateral Received**

a. Aggregate Amount Collateral Received		Fair Value
1.	Repurchase Agreement	
(a)	Open	\$ -
(b)	30 Days or Less	
(c)	31 to 60 Days	
(d)	61 to 90 Days	
(e)	Greater Than 90 Days	
(f)	Sub-Total	\$ -
(g)	Securities Received	
(h)	Total Collateral Received	\$ -
2.	Securities Lending	
(a)	Open	\$ -
(b)	30 Days or Less	35,974,108
(c)	31 to 60 Days	5,500,000
(d)	61 to 90 Days	2,839,235
(e)	Greater Than 90 Days	1,500,000
(f)	Sub-Total	\$ 45,813,343
(g)	Securities Received	
(h)	Total Collateral Received	\$ 45,813,343
3.	Dollar Repurchase Agreement	
(a)	Open	\$ -
(b)	30 Days or Less	
(c)	31 to 60 Days	
(d)	61 to 90 Days	
(e)	Greater Than 90 Days	
(f)	Sub-Total	\$ -
(g)	Securities Received	
(h)	Total Collateral Received	\$ -
b.	The fair value of that collateral and of the portion of that collateral that it has sold or repledged	\$ 45,813,343

c. The securities acquired from the use of the cash collateral are managed by the agent using conservative guidelines regarding the type, duration and quality of investments permitted.

(4) The Company has no collateral administered by an affiliated agent.

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)**

(5) Collateral Reinvestment

a.	Aggregate Amount Collateral Reinvested	Amortized Cost	Fair Value
1.	Repurchase Agreement		
(a)	Open	\$ -	\$ -
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	\$ -	\$ -
(l)	Securities Received		
(m)	Total Collateral Reinvested	\$ -	\$ -
2.	Securities Lending		
(a)	Open	\$	\$
(b)	30 Days or Less	35,974,108	35,974,108
(c)	31 to 60 Days	5,500,000	5,500,000
(d)	61 to 90 Days	2,839,235	2,839,235
(e)	91 to 120 Days	1,500,000	1,500,000
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	\$ 45,813,343	\$ 45,813,343
(l)	Securities Received		
(m)	Total Collateral Reinvested	\$ 45,813,343	\$ 45,813,343
3.	Dollar Repurchase Agreement		
(a)	Open	\$ -	\$ -
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	\$ -	\$ -
(l)	Securities Received		
(m)	Total Collateral Reinvested	\$ -	\$ -

b. The agent matches the maturity dates of the cash collateral with the expected return dates of that collateral.

(6) In addition to the cash collateral, the Company also receives collateral in the form of government securities. These securities are held by the agent and are not traded or repledged. The current fair value of the securities collateral is \$175,593,739.

(7) The Company has no collateral with transactions that extend beyond one year.

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features - Not applicable

G. Low-Income Housing Tax Credits - Not Applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)****H. Restricted Assets****(1) Restricted Assets (Including Pledged) Summarized by Restricted Asset Category**

	Gross Restricted							Percentage		
	Current Period					6	7	8	9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Restricted Assets (a)	Total Protected Cell Restricted Assets	Protected Cell Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Period Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown										
b. Collateral held under security lending arrangements	45,813,343				45,813,343	19,839,273	25,974,070	45,813,343	1.769	1.769
c. Subject to repurchase agreements										
d. Subject to reverse repurchase agreements										
e. Subject to dollar repurchase agreements										
f. Subject to dollar reverse repurchase agreements										
g. Placed under option contracts										
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock										
i. FHLB capital stock										
j. On deposit with state	5,052,976				5,052,976	5,056,640	(3,664)	5,052,976	0.195	0.195
k. On deposit with other regulatory bodies										
l. Pledged as collateral to FHLB (including assets backing funding agreements)										
m. Pledged as collateral not captured in other categories										
n. Other restricted assets										
o. Total Restricted Assets	\$ 50,866,319	\$ -	\$ -	\$ -	\$ 50,866,319	\$ 24,895,913	\$ 25,970,406	\$ 50,866,319	1.964	1.965

(a) Subset of column 1

(b) Subset of column 3

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories - Not Applicable

(3) Detail of Other Restricted Assets - Not Applicable

I. Working Capital Finance Investments - Not Applicable

J. Offsetting and Netting of Assets and Liabilities - Not Applicable

K. Structured Notes - Not Applicable

NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES - NOT APPLICABLE**NOTE 7 – INVESTMENT INCOME**

A. Accrued Investment Income

The Company non-admits investment income due and accrued if the amounts are over 90 days past due.

B. Amounts Non-admitted

There were no accrued investment income amounts over 90 days past due as of December 31, 2015, and as of December 31, 2014.

NOTE 8 – DERIVATIVE INSTRUMENTS - NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES****A. Deferred Tax Assets/(Liabilities)****1. Components of Net Deferred Tax Asset/(Liability)**

	2015			2014			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 43,385,000	\$ 7,190,000	\$ 50,575,000	\$ 39,612,000	\$ 2,132,000	\$ 41,744,000	\$ 3,773,000	\$ 5,058,000	\$ 8,831,000
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	43,385,000	7,190,000	50,575,000	39,612,000	2,132,000	41,744,000	3,773,000	5,058,000	8,831,000
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	43,385,000	7,190,000	50,575,000	39,612,000	2,132,000	41,744,000	3,773,000	5,058,000	8,831,000
f. Deferred tax liabilities	6,402,000	106,862,000	113,264,000	7,599,000	104,217,000	111,816,000	(1,197,000)	2,645,000	1,448,000
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 36,983,000	\$ (99,672,000)	\$ (62,689,000)	\$ 32,013,000	\$ (102,085,000)	\$ (70,072,000)	\$ 4,970,000	\$ 2,413,000	\$ 7,383,000

2. Admission Calculation Components

	2015			2014			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	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	\$ 43,385,000	\$ -	\$ 43,385,000	\$ 16,142,000	\$ -	\$ 16,142,000	\$ 27,243,000	\$ -	\$ 27,243,000
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:				23,470,000		23,470,000	(23,470,000)		(23,470,000)
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	43,385,000		43,385,000	23,470,000		23,470,000	19,915,000		19,915,000
Adjusted gross deferred tax assets allowed per limitation threshold			221,938,392			209,647,465			12,290,927
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		7,190,000	7,190,000		2,132,000	2,132,000		5,058,000	5,058,000
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	\$ 43,385,000	\$ 7,190,000	\$ 50,575,000	\$ 39,612,000	\$ 2,132,000	\$ 41,744,000	\$ 3,773,000	\$ 5,058,000	\$ 8,831,000

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)**

3. Other Admissibility Criteria

	2015	2014
a. Ratio percentage used to determine recovery period and threshold limitation amount	1,284.775%	1,252.900%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 1,479,589,281	\$ 1,397,649,769

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	12/31/15		12/31/14		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 43,385,000	\$ 7,190,000	\$ 39,612,000	\$ 2,132,000	\$ 3,773,000	\$ 5,058,000
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	- %	- %	- %	- %	- %	- %
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 43,385,000	\$ 7,190,000	\$ 39,612,000	\$ 2,132,000	\$ 3,773,000	\$ 5,058,000
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	- %	- %	- %	- %	- %	- %

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized - Not applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2015	2 2014	3 (Col 1-2) Change
a. Federal	\$ 22,608,509	\$ 39,727,649	\$ (17,119,140)
b. Foreign	5,310,594	4,396,984	913,610
c. Subtotal	\$ 27,919,103	\$ 44,124,633	\$ (16,205,530)
d. Federal income tax on net capital gains	21,745,000	14,536,000	7,209,000
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	\$ 49,664,103	\$ 58,660,633	\$ (8,996,530)

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)**

2. Deferred Tax Assets

	1	2	3
	2015	2014	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 3,389,000	\$ 4,469,000	\$ (1,080,000)
2. Unearned premium reserve	24,773,000	24,497,000	276,000
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted	390,000	491,000	(101,000)
11. Net operating loss carry-forward			
12. Tax credit carry-forward	5,007,000	5,873,000	(866,000)
13. Other (including items <5% of total ordinary tax assets)	9,826,000	4,282,000	5,544,000
99. Subtotal	\$ 43,385,000	\$ 39,612,000	\$ 3,773,000
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 43,385,000	\$ 39,612,000	\$ 3,773,000
e. Capital:			
1. Investments	\$ 7,190,000	\$ 2,132,000	\$ 5,058,000
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	\$ 7,190,000	\$ 2,132,000	\$ 5,058,000
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	7,190,000	2,132,000	5,058,000
i. Admitted deferred tax assets (2d+2h)	\$ 50,575,000	\$ 41,744,000	\$ 8,831,000

3. Deferred Tax Liabilities

	1	2	3
	2015	2014	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ -	\$ -	\$ -
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax liabilities)	6,402,000	7,599,000	(1,197,000)
99. Subtotal	\$ 6,402,000	\$ 7,599,000	\$ (1,197,000)
b. Capital:			
1. Investments	\$ 106,862,000	\$ 104,217,000	\$ 2,645,000
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal	106,862,000	104,217,000	2,645,000
c. Deferred tax liabilities (3a99+3b99)	\$ 113,264,000	\$ 111,816,000	\$ 1,448,000

4. Net Deferred Tax Assets (2i – 3c)	\$ (62,689,000)	\$ (70,072,000)	\$ 7,383,000
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NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)****D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	\$ 59,925,996	35.0%
Proration of tax exempt investment income	693,000	0.4%
Tax exempt income deduction	(1,441,000)	-0.8%
Dividends received deduction	(3,176,000)	-1.9%
Disallowed travel and entertainment	3,000	0.0%
Other permanent differences		-%
Temporary Differences:		
Total ordinary DTAs	\$ (5,442,000)	-3.2%
Total ordinary DTLs		-%
Total capital DTAs		-%
Total capital DTLs		-%
Other:		
Statutory valuation allowance adjustment	\$ -	-%
Accrual adjustment – prior year	1,629,000	1.0%
Other	(2,311,893)	-1.4%
Totals	\$ 49,880,103	29.1%
Federal and foreign income taxes incurred	27,919,103	16.3%
Realized capital gains (losses) tax	21,745,000	12.7%
Change in net deferred income taxes	216,000	0.1%
Total statutory income taxes	\$ 49,880,103	29.1%

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

At December 31, 2015, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is income tax expense for 2015 and 2014 that is available for recoupment in the event of future net losses:

Year	Amount
2015	\$ 297,041,000
2014	\$ 416,759,000

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

F. Consolidated Federal Income Tax Return

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

Factory Mutual Insurance Company (Parent)	FMIC Holdings, Inc.
Affiliated FM Insurance Company	TSB Loss Control Consultants, Inc.
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Watch Hill Insurance Company

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 annually.

G. Federal or Foreign Federal Income Tax Loss Contingencies

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

NOTES TO FINANCIAL STATEMENTS**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES**

A. Nature of Relationships

All of the common stock outstanding of the Company is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of Factory Mutual Insurance Company, (NAIC #21482) Johnston, RI. In addition to owning 100% of the common stock, FMIC Holdings, Inc. also owns 47,500 shares of the 7% cumulative preferred stock (\$100 par value) outstanding. Appalachian Insurance Company, a wholly-owned subsidiary of FMIC Holdings, Inc. owns 25,000 shares of the 7% cumulative preferred stock (\$100 par value) outstanding.

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

The Company lists its transactions with affiliates on Schedule Y Part 2. There were no non-insurance transactions between the Company and any affiliates, which exceeded one-half of 1% of admitted assets.

C. Change in Terms of Intercompany Arrangements - Not applicable

D. Amounts Due to or from Related Parties

The amounts reported due to (from) affiliates are as follows:

Affiliate	2015	2014
Factory Mutual Insurance Company (Parent)	\$34,424,322	\$69,934,998
FM Insurance Company Ltd	(140,990)	(240,297)
FM Global de Mexico S.A. de C.V.	463,530	1,661,217
FMIC Holdings, Inc.	-	(332,500)
Total	\$34,746,862	\$71,023,418

Settlement terms/procedures are 60 days or 90 days from the end of each quarter.

E. Guarantees or Undertakings for Related Parties - Not applicable

F. Management, Service Contracts, Cost Sharing Agreements

The Company receives certain accounting, management and other services from its parent Factory Mutual Insurance Company (NAIC #21482). Management fees are charged as part of a cost sharing agreement approved by the state of domicile.

G. Nature of Relationships that Could Affect Operations

The Company is owned by FMIC Holdings Inc., a wholly owned subsidiary of Factory Mutual Insurance Company (NAIC #21482).

H. Amounts 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 of Investments in Affiliates - Not applicable

K. Foreign Insurance Subsidiary Valued Using CARVM - Not applicable

L. Downstream Holding Company Valued Using Look-Through Method - Not applicable

M. Non-insurance Subsidiary, Controlled and Affiliated (SCA) Entity Valuations - Not applicable

N. Insurance SCA Entities Utilizing Prescribed or Permitted Practices - Not applicable

NOTE 11 – DEBT - NOT APPLICABLE**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

A. Defined Benefit Plans

The Company has no employees. All services necessary for functioning of the Company are provided by its parent, Factory Mutual Insurance Company (NAIC #21482), pursuant to a management and services agreement, which provides for compensatory expense allocations. Included in the expense allocations were amounts related to non-contributory retirement income plans and postretirement benefit plans sponsored by Factory Mutual Insurance Company. Refer to Note 12G for the amounts and allocation methodology.

B. Description of Investment Policies - Not applicable

C. Fair Value of Plan Assets - Not applicable

D. Rate of Return Assumptions - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

E. Defined Contribution Plans

The Company has no employees. All services necessary for functioning of the Company are provided by its parent, Factory Mutual Insurance Company (NAIC #21482), pursuant to a management and services agreement, which provides for compensatory expense allocations. Included in the expense allocations were amounts related to savings plans sponsored by Factory Mutual Insurance Company. Refer to Note 12G for the amounts and allocation methodology.

F. Multiemployer Plans - Not applicable

G. Consolidated/Holding Company Plans

As stated above in Note 12A and Note 12E, the Company has no employees. All services necessary for functioning of the Company are provided by its parent, Factory Mutual Insurance Company (NAIC #21482), pursuant to a management and services agreement, which provides for compensatory expense allocations. Included in the expense allocations were amounts for defined benefit plans and defined contribution plans sponsored by Factory Mutual Insurance Company, as follows:

The net expense allocated to the Company related to defined benefit plans was \$4,645,536 in 2015 and \$1,271,227 in 2014.

The net expense allocated to the Company related to defined contribution plans was \$2,424,000 in 2015 and \$2,364,000 in 2014.

The net expense incurred by the Company for these plans is based on the percentage allocations per the intercompany pooling agreement discussed below in Note 26. The Company has no legal obligation for benefits under the plans.

H. Postemployment Benefits and Compensated Absences - Not applicable

I. Impact of Medicare Modernization Act on Postretirement Benefits - Not applicable

NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

A. Outstanding Shares

All of the common stock, 80,000 shares (\$50 par value), is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of Factory Mutual Insurance Company, (NAIC #21482) Johnston, RI.

The Company has outstanding 72,500 shares of 7% cumulative preferred stock.

Detailed support is shown on Schedule Y Part 1.

B. Dividend Rate of Preferred Stock

7% Cumulative

C. Dividend Restrictions

The maximum amount of dividends, which can be paid by State of Rhode Island insurance companies to shareholders without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory surplus and net income. The maximum dividend payout which may be made without prior approval is the lesser of:

- a. 10% of surplus as regards policyholders as of the 31st day of December next preceding, or
- b. Net income, not including realized gains, for the twelve month period ending the 31st day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities.

For 2015, the maximum dividend payout that could have been made without prior approval was \$92,144,138. For 2016, the maximum dividend payout that may be made without prior approval is \$81,169,032.

D. Dates and Amounts of Dividends Paid

There were ordinary dividends of \$175,000 and \$332,500 to Appalachian Insurance Company and FMIC Holdings, Inc., respectively, during 2015.

E. Amount of Ordinary Dividends That May Be Paid - Not applicable

F. Restrictions on Unassigned Funds - Not applicable

G. Mutual Surplus Advances - Not applicable

H. Company Stock Held for Special Purposes - Not applicable

I. Changes in Special Surplus Fund - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS (continued from preceding page)**

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is \$276,051,000 and \$297,741,000 for 2015 and 2014, respectively, less applicable deferred taxes of \$96,624,000 and \$104,217,000 for 2015 and 2014, respectively.

K. Surplus Notes - Not applicable

L. Impact of Quasi-Reorganizations - Not applicable

M. Date of Quasi-Reorganizations - Not applicable

NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments - Not applicable

B. Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums.

The Company has accrued a liability for guaranty fund and other assessments of \$150,000 and a related premium tax benefit asset of \$28,000. The amount recorded represents management's best estimates based on information received from the states in which the company writes business. The liability is included in the taxes, licenses and fees liability and will be paid in the next year. The asset is included in the guaranty funds receivable asset and is expected to be realized over the five to ten years following payment.

The following reflects the current year change in the premium tax benefit asset. The Company also has the ability to recover certain assessments through policyholder surcharges. The related asset for these transactions, which appears within Page 2 line 25, is \$266,000 and is not included in the following table.

	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year –end		\$	8,000
b.	Decreases current year:	Premium tax offset applied	\$	5,000
c.	Increases current year:	Premium tax credits generated	\$	25,000
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end		\$	28,000

C. Gain Contingencies - Not applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Not applicable

E. Product Warranties - Not applicable

F. Other Contingencies

At December 31, 2015 and 2014 the Company had admitted premiums receivable assets of \$119,695,711 and \$112,453,751, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premium receivables as of December 31, 2015 are not expected to exceed the nonadmitted amount totaling \$1,154,913, and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

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

NOTE 15 – LEASES - NOT APPLICABLE**NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK - NOT APPLICABLE****NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

A. Transfers of Receivables Reported as Sales - Not Applicable

B. Transfer and Servicing of Financial Assets

(1) Loaned Securities

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of \$216,875,789 and \$110,516,741 at December 31, 2015 and December 31, 2014, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of foreign securities. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged in high quality short term securities. There are no collateral transactions that extend beyond one year.

NOTES TO FINANCIAL STATEMENTS**NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES (continued from preceding page)**

- (2) Servicing Asset and Liabilities – Not applicable
- (3) Servicing Assets and Liabilities Subsequently Measured at Fair Value – Not applicable
- (4) Securitized Financial Assets that Transfer as a Sale – Not applicable
- (5) Transfers of Financial Assets Accounted for as Secured Borrowing – Not applicable
- (6) Transfers of Receivables with Recourse – Not applicable
- (7) Repurchase Agreements – Not applicable

C. Wash Sales - Not Applicable

NOTE 18 – GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE PORTION OF PARTIALLY INSURED PLANS - NOT APPLICABLE**NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS - NOT APPLICABLE****NOTE 20 – FAIR VALUE MEASUREMENTS**

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

- (1) Items Measured and Reported at Fair Value by Levels 1, 2 and 3

The Company categorizes its invested assets that are measured at fair value into the three-level fair value hierarchy. Item 4 provides a discussion of each of these three levels

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Bonds	\$ -	\$ 4,290,473	\$ -	\$ 4,290,473
Common Stocks - Industrial and Miscellaneous	879,035,960			879,035,960
Common Stocks - Mutual Funds	29,577,950			29,577,950
Total	\$ 908,613,910	\$ 4,290,473	\$ -	\$ 912,904,383

- (2) Rollforward of Level 3 Items

The Company has no assets measured at fair value in the Level 3 category.

- (3) Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The Company has no assets measured at fair value in the Level 3 category.

- (4) Inputs and Techniques Used for Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 Quoted prices for identical instruments in active markets
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable
- Level 3 Significant inputs to the valuation model are unobservable

The Company retains independent pricing vendors to assist in valuing invested assets when the prices are not available from the SVO.

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities which are NAIC rated 3 or below.

In infrequent circumstances, the pricing is not available from the pricing vendor and is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. There are no Level 3 investments at reporting date.

NOTES TO FINANCIAL STATEMENTS**NOTE 20 – FAIR VALUE MEASUREMENTS (continued from preceding page)**

(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

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 1,330,451,011	\$ 1,306,331,820	\$	\$ 1,306,331,820	\$ -	\$ -
Common Stocks	908,613,910	908,613,910	908,613,910			
Cash, cash equivalents and short-term investments	130,447,542	130,447,542	130,447,542			
Securities lending reinvested collateral assets	45,813,343	45,813,343	45,813,343			
Total	\$ 2,415,325,806	\$ 2,391,206,615	\$ 1,084,874,795	\$ 1,306,331,820	\$ -	\$ -

D. Financial Instruments for Which Not Practicable to Estimate Fair Value - Not applicable

NOTE 21 – OTHER ITEMS

A. Unusual or Infrequent Items - Not applicable

B. Troubled Debt Restructuring Debtors - Not applicable

C. Other Disclosures

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in net unrealized foreign exchange" adjustment line on page 4, line 25. This has the effect of converting total surplus to U.S. Dollars.

D. Business Interruption Insurance Recoveries - Not applicable

E. State Transferable and Non-Transferable Tax Credits - Not applicable

F. Subprime Mortgage Related Risk Exposure

(1) The Company defines its exposure to sub prime mortgage related risk by considering securities with a weighted average FICO/Credit score of less than 660 to be sub prime. The company monitors the underlying collateral performance of these securities via monthly trustee reports, Bloomberg performance data and Rating Agency performance reports. The company has minimal exposure to sub prime securities and has no plans to increase its holding in sub prime securities at this time. This exposure will not materially affect the Company's unrealized losses or anticipated cash flows.

(2) Direct Exposure Through Investments in Subprime Mortgage Loans - Not applicable

(3) Direct Exposure Through Other Investments

		Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a.	Residential mortgage backed securities	\$ 721,263	\$ 800,311	\$ 1,402,637	\$ -
b.	Commercial mortgage backed securities				
c.	Collateralized debt obligations				
d.	Structured securities				
e.	Equity investments in SCAs*				
f.	Other assets				
g.	Total	\$ 721,263	\$ 800,311	\$ 1,402,637	\$ -

* These investments comprise % of the company's invested assets.

(4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage - Not applicable

G. Proceeds from Issuance of Insurance Linked Securities - Not applicable

NOTE 22 – EVENTS SUBSEQUENT

Subsequent events have been considered through February 24, 2016 for these statutory financial statements which are to be issued February 24, 2016. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

A. - H. The Company does not write health insurance policies, and therefore is not subject to Section 9010 of the Affordable Care Act.

NOTES TO FINANCIAL STATEMENTS**NOTE 23 – REINSURANCE**

- A. Unsecured Reinsurance Recoverables - Not applicable
- B. Reinsurance Recoverable in Dispute - Not applicable
- C. Reinsurance Assumed and Ceded and Protected Cells

(1) The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year, as applicable:

		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a.	Affiliates	\$ 2,149,544	\$ -	\$ 6,692,000	\$ 2,342,200	\$ (4,542,456)	\$ (2,342,200)
b.	All Other	405,456	34,834	43,634,000	6,754,722	(43,228,544)	(6,719,888)
c.	Total	\$ 2,555,000	\$ 34,834	\$ 50,326,000	\$ 9,096,922	\$ (47,771,000)	\$ (9,062,088)
d.	Direct Unearned Premium Reserves			\$ 413,752,778			

(2) Profit Sharing Arrangements - Not applicable

(3) Protected Cells - Not applicable

- D. Uncollectible Reinsurance - Not applicable
- E. Commutation of Ceded Reinsurance - Not applicable
- F. Retroactive Reinsurance - Not applicable
- G. Reinsurance Accounted for as a Deposit - Not applicable
- H. Run-off Agreements - Not applicable
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - Not applicable
- J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - Not applicable

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDTERMINATION - NOT APPLICABLE**NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

As a result of changes in estimates of insured events related to prior years, the provision for losses and loss adjustment expenses increased by \$21,238,000. The increase in the prior years was primarily attributable to the reserve strengthening for asbestos and environmental due to the Company's exposure analysis.

No additional premiums or return of premiums have been accrued as a result of prior year effects.

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

Factory Mutual Insurance Company (lead insurer), NAIC #21482, Affiliated FM Insurance Company, NAIC #10014, and Appalachian Insurance Company, NAIC #10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement (the agreement). The agreement became effective January 1, 1982. The current pooling percentages, amended as of January 1, 2005, are 86% Factory Mutual Insurance Company, 12% Affiliated FM Insurance Company, and 2% Appalachian Insurance Company. The percentages represent the policyholder's surplus of each company compared to the combined policyholder's surplus for the three companies.

All business written by each of the pool participants is subject to pooling. Also, reinsurance may be ceded on a facultative and/or treaty basis by any pool participant prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants. Each pool participant establishes its respective provision for reinsurance Schedule F - Part 8 and the write-off of uncollectible reinsurance for its own facultative and treaty cessions. Uncollectible reinsurance has been furnished to insurance departments of those states where the company is licensed.

The parties agreed to pool net premiums earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, less that amount of dividends to policyholders reported on Page 4, Line 17, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. Also, premiums and losses that are assumed and ceded pursuant to stop loss reinsurance treaties between Factory Mutual Insurance Company (Asia Pacific branches) and Affiliated FM Insurance Company are excluded from the intercompany pooling agreement.

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

NOTES TO FINANCIAL STATEMENTS**NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS (continued from preceding page)**

The amount due to / from the lead entity and the pool participants as of December 31, 2015 are as follows:

Name of Insurer	Amounts Receivable	Amounts Payable
Factory Mutual Insurance Company (lead insurer)	\$82,799,884	\$47,301,232
Affiliated FM Insurance Company	\$21,758,707	\$70,612,703
Appalachian Insurance Company	\$25,542,524	\$12,187,180

The Combined Annual Statement eliminates the results of all intercompany activity.

NOTE 27 – STRUCTURED SETTLEMENTS - NOT APPLICABLE**NOTE 28 – HEALTH CARE RECEIVABLES - NOT APPLICABLE****NOTE 29 – PARTICIPATING POLICIES - NOT APPLICABLE****NOTE 30 – PREMIUM DEFICIENCY RESERVES**

The Company evaluated whether a premium deficiency reserve is required as of December 31, 2015 and determined that a premium deficiency reserve is not applicable.

The Company does not anticipate investment income when evaluating the need for a premium deficiency reserve.

- | | |
|---|------------------|
| 1. Liability carried for premium deficiency reserve: | None |
| 2. Date of most recent evaluation of this liability: | February 3, 2016 |
| 3. Was anticipated investment income utilized in the calculation? | NO |

NOTE 31 – HIGH DEDUCTIBLES - NOT APPLICABLE**NOTE 32 – DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES - NOT APPLICABLE****NOTE 33 – ASBESTOS AND ENVIRONMENTAL RESERVES****A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net**

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Asbestos

	2011	2012	2013	2014	2015
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 196,844,000	\$ 184,829,000	\$ 161,492,000	\$ 165,794,000	\$ 153,322,000
b. Incurred losses and loss adjustment expense	2,000	(2,555,000)	24,000,000	2,000	105,000,000
c. Calendar year payments for losses and loss adjustment expenses	12,017,000	20,782,000	19,698,000	12,474,000	8,824,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 184,829,000	\$ 161,492,000	\$ 165,794,000	\$ 153,322,000	\$ 249,498,000

(2) Assumed Reinsurance - Asbestos

	2011	2012	2013	2014	2015
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ -	\$ -	\$ -	\$ -	\$ -
b. Incurred losses and loss adjustment expense					
c. Calendar year payments for losses and loss adjustment expenses					
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS**NOTE 33 – ASBESTOS AND ENVIRONMENTAL RESERVES (continued from preceding page)****(3) Net of Ceded Reinsurance - Asbestos**

		2011	2012	2013	2014	2015
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 98,431,000	\$ 87,729,000	\$ 77,596,000	\$ 69,330,000	\$ 65,598,000
b.	Incurring losses and loss adjustment expense	(3,859,000)	815,000	633,000	2,722,000	55,792,000
c.	Calendar year payments for losses and loss adjustment expenses	6,843,000	10,948,000	8,899,000	6,454,000	6,196,000
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 87,729,000	\$ 77,596,000	\$ 69,330,000	\$ 65,598,000	\$ 115,194,000

B. State the amount of the ending reserves for Asbestos Bulk and IBNR included in A (Loss and LAE)

(1)	Direct basis	\$ 223,776,000
(2)	Assumed reinsurance basis	
(3)	Net of ceded reinsurance basis	\$ 103,119,000

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

(1)	Direct basis	\$ 43,811,000
(2)	Assumed reinsurance basis	
(3)	Net of ceded reinsurance basis	\$ 23,061,000

D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Environmental

		2011	2012	2013	2014	2015
a.	Beginning reserves	\$ 42,369,000	\$ 39,952,000	\$ 36,136,000	\$ 37,609,000	\$ 35,992,000
b.	Incurring losses and loss adjustment expense			3,000,000		(4,000,000)
c.	Calendar year payments for losses and loss adjustment expenses	2,417,000	3,816,000	1,527,000	1,617,000	588,000
d.	Ending reserves	\$ 39,952,000	\$ 36,136,000	\$ 37,609,000	\$ 35,992,000	\$ 31,404,000

(2) Assumed Reinsurance - Environmental

		2011	2012	2013	2014	2015
a.	Beginning reserves	\$ -	\$ -	\$ -	\$ -	\$ -
b.	Incurring losses and loss adjustment expense					
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves	\$ -	\$ -	\$ -	\$ -	\$ -

(3) Net of Ceded Reinsurance - Environmental

		2011	2012	2013	2014	2015
a.	Beginning reserves	18,522,000	18,824,000	15,574,000	24,028,000	19,178,000
b.	Incurring losses and loss adjustment expense	1,992,000	(639,000)	9,118,000	(3,282,000)	(3,308,000)
c.	Calendar year payments for losses and loss adjustment expenses	1,690,000	2,611,000	664,000	1,568,000	487,000
d.	Ending reserves	18,824,000	15,574,000	24,028,000	19,178,000	15,383,000

E. State the amount of the ending reserves for Environmental Bulk and IBNR included in D (Loss and LAE)

(1)	Direct basis	\$ 27,162,000
(2)	Assumed reinsurance basis	
(3)	Net of ceded reinsurance basis	\$ 12,697,000

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

(1)	Direct basis	\$ 9,214,000
(2)	Assumed reinsurance basis	
(3)	Net of ceded reinsurance basis	\$ 5,033,000

NOTES TO FINANCIAL STATEMENTS

NOTE 34 – SUBSCRIBER SAVINGS ACCOUNTS - NOT APPLICABLE

NOTE 35 – MULTIPLE PERIL CROP INSURANCE - NOT APPLICABLE

NOTE 36 – FINANCIAL GUARANTY INSURANCE - NOT APPLICABLE

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

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?
Kathleen Odomirok, FCAS, MAAA - Executive Director, Ernst & Young LLP 200 Clarendon Street, Boston, MA 02116
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company _____
- 12.12 Number of parcels involved _____ 0
- 12.13 Total book/adjusted carrying value _____ \$ 0
- 12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
The Code of Ethics was expanded to include additional Finance professionals not previously within its scope. In addition, provisions of the Code of Ethics were enhanced to further emphasize the responsibility such professionals bear in promoting integrity throughout the organization and adhering to the principles set forth in the Code.
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers \$ 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 34,424,322

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES****INVESTMENT**

- 24.01 Were all of the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [] No [X]
- 24.02 If no, give full and complete information, relating thereto:
JP Morgan Worldwide Securities Services and RBC (Toronto) hold custody of the securities.
- 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).
The market value and collateral value of securities loaned as of year-end 2015 is \$216,875,789 and \$221,407,082 respectively. The amount of cash collateral on the balance sheet is \$45,813,343. See Note 17 for a description of the securities lending program.
- 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 [X] No [] N/A []
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 221,407,082
- 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 [X] 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 [X]
- 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 [X] 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: \$ 45,813,343
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 45,813,343
- 24.103 Total payable for securities lending reported on the liability page: \$ 45,813,343
- 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 [X] No []
- 25.2 If yes, state the amount thereof at December 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 \$ 5,052,976
- 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 [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 27.2 If yes, state the amount thereof at December 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 [X] No []
- 28.01 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:
- | 1
Name of Custodian(s) | 2
Custodian Address |
|---|--|
| JP Morgan Worldwide Securities Services | 383 Madison Avenue, New York, NY 10179 |
| RBC Investor Services | 200 Bay Street, Toronto, Ontario, Canada |
- 28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation
- | 1
Name(s) | 2
Location(s) | 3
Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |
- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current quarter? 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 |
|--------------------|--------------------|---------------------|-------------|
| | | | |

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

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

1 Central Registration Depository	2 Name(s)	3 Address
JP Morgan Worldwide Securities Services	Standish Mellon	Boston, MA
RBC Investor Services	BMO Asset Management	Toronto, Ontario

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)]?)

Yes [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
464286 10 3	ISHARES AUSTRALIA ETF	1,896,000
922042 71 8	VANGUARD INTL EQUITY ETF	8,822,650
78464A 69 8	SPDR S&P REGIONAL BANKING ETF	1,676,800
922042 77 5	VANGUARD PACIFIC ETF	8,500,500
922042 86 6	VANGUARD INTL EQUITY INDEX	8,682,000
29.2999	TOTAL	29,577,950

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 Holdings	4 Date of Valuation
ISHARES AUSTRALIA ETF	Commonwealth Bank of Australia	236,298	12/31/2015
ISHARES AUSTRALIA ETF	Westpac Banking Corp	181,371	12/31/2015
ISHARES AUSTRALIA ETF	Australia & New Zealand	130,653	12/31/2015
ISHARES AUSTRALIA ETF	National Australia Bank	128,985	12/31/2015
ISHARES AUSTRALIA ETF	BHP Billiton Ltd	93,321	12/31/2015
VANGUARD INTL EQUITY ETF	Gilden Activeware Inc	32,203	12/31/2015
VANGUARD INTL EQUITY ETF	Dollarama Inc	31,320	12/31/2015
VANGUARD INTL EQUITY ETF	Constellation Software Inc	29,291	12/31/2015
VANGUARD INTL EQUITY ETF	Open Text Corp	25,497	12/31/2015
VANGUARD INTL EQUITY ETF	CCL Industries Inc	23,204	12/31/2015
SPDR S&P REGIONAL BANKING ETF	PNC Financial Services	75,389	12/31/2015
SPDR S&P REGIONAL BANKING ETF	KeyCorp	75,288	12/31/2015
SPDR S&P REGIONAL BANKING ETF	Regions Financial Corp	75,037	12/31/2015
SPDR S&P REGIONAL BANKING ETF	Citizens Financial Group	74,836	12/31/2015
SPDR S&P REGIONAL BANKING ETF	SunTrust Banks Inc	74,601	12/31/2015
VANGUARD PACIFIC ETF	Nestle SA	114,081	12/31/2015
VANGUARD PACIFIC ETF	Roche Holdings AG	93,852	12/31/2015
VANGUARD PACIFIC ETF	Novartis AG	89,425	12/31/2015
VANGUARD PACIFIC ETF	Toyota Motor Corp	81,003	12/31/2015
VANGUARD PACIFIC ETF	HSBC Holdings PLC	76,575	12/31/2015
VANGUARD INTL EQUITY INDEX	Toyota Motor Corp	242,094	12/31/2015
VANGUARD INTL EQUITY INDEX	Samsung Electronics Co LTD	171,795	12/31/2015
VANGUARD INTL EQUITY INDEX	Commonwealth Bank of Australia	142,808	12/31/2015
VANGUARD INTL EQUITY INDEX	Mitsubishi UFJ Financial	131,248	12/31/2015
VANGUARD INTL EQUITY INDEX	Westpac Banking Corp	113,142	12/31/2015

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	1,349,588,403	1,373,707,594	24,119,191
30.2	Preferred Stocks	0	0	0
30.3	Totals	1,349,588,403	1,373,707,594	24,119,191

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

Bonds and preferred stocks are priced by the SVO when available. When the SVO pricing is not available, the securities are priced by our external pricing source, IDC.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliance pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 201,700

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
AAIS Services Corporation	\$ 121,731

34.1 Amount of payments for legal expenses, if any? \$ 740

34.2 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
Fragomen, Del Rey, Bernsen & Loewy, LLP	\$ 515

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

35.2 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
	\$

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	\$ 410,047,840	\$ 385,918,761		
2.3	Premium Ratio (2.1/2.2)				
2.4	Reserve Numerator	\$ 0	\$ 0		
2.5	Reserve Denominator	\$ 775,889,791	\$ 812,574,585		
2.6	Reserve Ratio (2.4/2.5)				
3.1	Does the reporting entity issue both participating and non-participating policies?			Yes [X]	No []
3.2	If yes, state the amount of calendar year premiums written on:				
3.21	Participating policies		\$	1,948,676	
3.22	Non-participating policies		\$	802,580,613	
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 []
5.22	As a direct expense of the exchange			Yes []	No []
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 fulfillments 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 does not issue Workers' Compensation contracts.</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 uses the AIR Touchstone 2.0 software to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.</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>In addition to controlling the Company's exposure by loss prevention engineering, deductibles, and limits of liability, we purchase risk and catastrophe reinsurance.</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 []	No [X]
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss: <u>There are certain parts of the Company's catastrophe program in the high excess layers for which a reinstatement clause is not applicable. These parts of the program cover events that management considered and evaluated as less likely to occur, and given the Company's strong surplus position and its ability to purchase additional reinsurance if an event occurs, it was determined that a reinstatement clause is not required for those parts of the program.</u>				

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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.		
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
8.1	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9: (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income; (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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 <input checked="" type="checkbox"/>	No <input type="checkbox"/> N/A <input type="checkbox"/>
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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):	\$	139,700,000

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

- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company 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:
The method of allocating and recording reinsurance with outside reinsurers is based proportionally on each company's share of occurrence and specific contract terms with respect to intercompany reinsurance agreements.
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No []
- 14.5 If the answer to 14.4 is no, please explain:
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]
- 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1 | 2 | 3 | 4 | 5 |
|------------------|------------------------|----------------------|------------------------|-------------------------|-----------------------|
| | Direct Losses Incurred | Direct Losses Unpaid | Direct Written Premium | Direct Premium Unearned | Direct Premium Earned |
| 16.11 Home | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| 16.12 Products | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| 16.13 Automobile | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| 16.14 Other* | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
- * Disclose type of coverage:
- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [X] No []
Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:
- | | |
|---|---------------|
| 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 | \$ 30,246,000 |
| 17.12 Unfunded portion of Interrogatory 17.11 | \$ 30,246,000 |
| 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 | \$ 30,246,000 |
| 17.16 Unearned premium portion of Interrogatory 17.11 | \$ 0 |
| 17.17 Contingent commission portion of Interrogatory 17.11 | \$ 0 |
- Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.
- | | |
|---|------|
| 17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 | \$ 0 |
| 17.19 Unfunded portion of Interrogatory 17.18 | \$ 0 |
| 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 | \$ 0 |
| 17.21 Case reserves portion of Interrogatory 17.18 | \$ 0 |
| 17.22 Incurred but not reported portion of Interrogatory 17.18 | \$ 0 |
| 17.23 Unearned premium portion of Interrogatory 17.18 | \$ 0 |
| 17.24 Contingent commission portion of Interrogatory 17.18 | \$ 0 |
- 18.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
- 18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

FIVE-YEAR HISTORICAL DATA

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

	1 2015	2 2014	3 2013	4 2012	5 2011
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	88	110	107	108	106
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	667,240,281	661,377,019	683,401,693	695,765,132	622,633,208
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	161,172,680	155,654,812	152,263,903	152,493,726	155,269,621
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	9	(2,542)	(8,375)		3
6. Total (Line 35).....	828,413,058	817,029,399	835,657,327	848,258,966	777,902,938
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	88	110	107	108	106
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	557,039,931	539,292,377	541,175,848	542,143,388	490,263,057
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	146,966,317	139,255,083	133,869,547	153,243,159	89,108,731
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(283,462,569)	(291,915,847)	(287,457,500)	(251,161,959)	(190,159,084)
12. Total (Line 35).....	420,543,767	386,631,723	387,588,001	444,224,696	389,212,810
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	57,148,270	81,955,220	83,292,818	61,338,227	(73,830,489)
14. Net investment gain (loss) (Line 11).....	94,188,092	81,315,893	79,704,472	64,687,618	51,496,648
15. Total other income (Line 15).....	(1,429,714)	402,251	(34,505)	(190,552)	(93,395)
16. Dividends to policyholders (Line 17).....	434,520	409,823	399,850	378,823	368,222
17. Federal and foreign income taxes incurred (Line 19).....	27,919,103	44,124,633	38,148,219	39,464,562	893,563
18. Net income (Line 20).....	121,553,025	119,138,908	124,414,716	85,991,908	(23,689,021)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	2,589,256,590	2,528,717,670	2,327,144,249	2,302,162,676	1,874,643,261
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	119,695,711	112,453,751	115,647,344	127,686,692	121,499,543
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	1,109,667,309	1,131,067,901	1,065,073,056	1,268,064,469	969,063,222
22. Losses (Page 3, Line 1).....	353,285,708	397,070,652	367,576,922	562,923,744	373,027,211
23. Loss adjustment expenses (Page 3, Line 3).....	54,904,891	50,319,026	49,704,664	48,386,482	51,694,215
24. Unearned premiums (Page 3, Line 9).....	365,981,101	355,485,174	354,772,212	354,687,242	307,562,395
25. Capital paid up (Page 3, Lines 30 & 31).....	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000
26. Surplus as regards policyholders (Page 3, Line 37).....	1,479,589,281	1,397,649,769	1,262,071,193	1,034,098,207	905,580,039
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	61,901,690	146,118,595	174,726,757	50,587,762	33,905,327
Risk-Based Capital Analysis					
28. Total adjusted capital.....	1,479,589,281	1,397,649,769	1,262,071,193	1,034,098,207	905,580,039
29. Authorized control level risk-based capital.....	115,163,256	111,555,638	112,360,515	99,020,699	66,543,666
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	54.6	57.5	52.1	58.6	65.7
31. Stocks (Lines 2.1 & 2.2).....	38.0	37.9	41.5	34.7	27.1
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	5.5	3.4	5.1	3.2	2.8
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....	0.0	0.2	0.0	0.2	
39. Securities lending reinvested collateral assets (Line 10).....	1.9	0.9	1.3	3.3	4.5
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2015	2014	2013	2012	2011
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	(13,525,739)	23,548,039	115,508,648	40,621,780	(9,334,705)
52. Dividends to stockholders (Line 35).....	(507,500)	(507,500)	(507,500)	(507,500)	(507,500)
53. Change in surplus as regards policyholders for the year (Line 38).....	81,939,512	135,578,576	227,972,985	128,518,168	(27,781,812)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...	13,540,754	12,904,379	19,706,457	20,942,192	10,655,292
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	387,147,118	390,384,005	619,814,429	421,031,383	284,649,826
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	84,943,421	81,400,359	133,525,190	102,440,057	88,721,668
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(13,931)	6,670	(12,764)	(73,652)	(70,156)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	1,563	50,342	11,289	33,077	27,920,400
59. Total (Line 35).....	485,618,925	484,745,755	773,044,601	544,373,057	411,877,030
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...	7,230,099	6,543,504	7,768,386	10,434,225	5,061,829
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	306,144,291	265,899,607	414,612,748	337,759,346	225,596,132
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	76,657,273	70,627,173	103,285,671	75,744,502	56,809,739
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(13,931)	6,670	(12,764)	(34,083)	(32,637)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(119,349,605)	(183,889,465)	(146,087,032)	(388,624,124)	27,920,400
65. Total (Line 35).....	270,668,127	159,187,489	379,567,009	35,279,866	315,355,463
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	55.3	48.9	47.5	56.7	91.8
68. Loss expenses incurred (Line 3).....	3.5	3.6	3.0	3.0	3.4
69. Other underwriting expenses incurred (Line 4).....	27.3	26.3	27.9	24.8	25.7
70. Net underwriting gain (loss) (Line 8).....	13.9	21.2	21.5	15.4	(20.9)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	26.9	26.1	28.0	22.2	23.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	58.8	52.5	50.6	59.7	95.2
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).....	28.4	27.7	30.7	43.0	43.0
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	21,238	(50,307)	(10,941)	19,359	(70,306)
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).....	1.5	(4.0)	(1.1)	2.1	(7.5)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(22,467)	(48,855)	40,875	(50,699)	(76,720)
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).....	(1.8)	(4.7)	4.5	(5.4)	(9.3)

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						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			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	14,355	5,477	2,091	(69)	400	(7)	(69)	11,444	XXX
2. 2006.....	572,453	246,126	326,327	197,917	114,404	9,525	8,632	18,936	16,758	6,597	86,583	XXX
3. 2007.....	612,522	283,678	328,844	229,543	118,693	1,389	1,445	20,304	7,185	7,342	123,913	XXX
4. 2008.....	614,834	290,505	324,329	321,872	63,543	3,971	4,678	23,640	12,977	8,100	268,285	XXX
5. 2009.....	645,041	281,638	363,402	190,455	42,853	4,171	16,818	23,796	39,431	9,386	119,322	XXX
6. 2010.....	677,450	341,965	335,485	338,973	206,702	3,937	114	26,516	3,463	7,471	159,147	XXX
7. 2011.....	733,010	380,014	352,996	486,829	99,984	2,641	3,837	27,493	11,681	10,822	401,460	XXX
8. 2012.....	813,744	416,645	397,099	901,005	758,968	4,779	5,493	36,306	15,081	8,798	162,548	XXX
9. 2013.....	843,040	455,537	387,503	364,768	194,211	986	3,968	25,531	25,495	5,054	167,612	XXX
10. 2014.....	826,728	440,810	385,918	436,861	254,976	392	3,858	25,284	17,477	3,101	186,225	XXX
11. 2015.....	824,994	414,945	410,049	184,700	130,640	58	3,578	14,728	16,866	223	48,401	XXX
12. Totals.....	XXX	XXX	XXX	3,667,277	1,990,452	33,940	52,352	242,934	166,407	66,824	1,734,940	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.....	37,353	20,684	212,910	118,279	9,158	5,013	41,719	22,837	6,542		140,869	XXX	
2. 2006.....	23				0						23	XXX	
3. 2007.....	223	6			0						217	XXX	
4. 2008.....	438	0			1						438	XXX	
5. 2009.....	388	36			2						354	XXX	
6. 2010.....	68				6						75	XXX	
7. 2011.....	749	103	1		25						673	XXX	
8. 2012.....	21,234	24,602	20,102	934	245	60			1,150	271	16,864	XXX	
9. 2013.....	5,341	1,825	10,712	2,136	284	58			1,112	262	13,167	XXX	
10. 2014.....	39,617	5,221	25,134	5,019	1,345	335			6,467	1,525	60,462	XXX	
11. 2015.....	132,766	10,580	43,315	7,661	3,757	978			18,882	4,454	175,048	XXX	
12. Totals.....	238,199	63,058	312,173	134,029	14,824	6,442	41,719	22,837	34,154	6,512	408,191	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	111,300	29,569
2. 2006.....	226,401	139,795	86,606	39.5	56.8	26.5			12.00	23	0
3. 2007.....	251,460	127,330	124,130	41.1	44.9	37.7			12.00	216	0
4. 2008.....	349,922	81,199	268,723	56.9	28.0	82.9			12.00	437	1
5. 2009.....	218,813	99,137	119,676	33.9	35.2	32.9			12.00	353	2
6. 2010.....	369,501	210,279	159,222	54.5	61.5	47.5			12.00	68	6
7. 2011.....	517,739	115,606	402,133	70.6	30.4	113.9			12.00	648	25
8. 2012.....	984,820	805,408	179,412	121.0	193.3	45.2			12.00	15,800	1,064
9. 2013.....	408,734	227,955	180,779	48.5	50.0	46.7			12.00	12,091	1,076
10. 2014.....	535,099	288,412	246,687	64.7	65.4	63.9			12.00	54,510	5,952
11. 2015.....	398,205	174,756	223,449	48.3	42.1	54.5			12.00	157,840	17,208
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	353,286	54,905

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior.....	226,831	225,968	196,464	208,958	203,759	198,319	200,060	212,255	212,333	252,839	40,506	40,584
2. 2006.....	101,096	79,639	79,639	85,917	85,021	84,623	84,462	84,357	84,470	84,429	(41)	72
3. 2007.....	XXX	154,636	121,046	116,118	112,733	112,165	112,277	112,321	111,922	111,011	(911)	(1,310)
4. 2008.....	XXX	XXX	299,283	258,647	249,284	246,293	260,301	258,597	258,143	258,060	(83)	(537)
5. 2009.....	XXX	XXX	XXX	182,455	140,558	133,976	138,796	135,739	135,457	135,310	(147)	(429)
6. 2010.....	XXX	XXX	XXX	XXX	196,910	142,583	141,670	138,235	136,945	136,169	(776)	(2,066)
7. 2011.....	XXX	XXX	XXX	XXX	XXX	392,253	392,005	409,582	390,345	386,321	(4,024)	(23,261)
8. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	205,347	172,890	156,445	157,308	862	(15,583)
9. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	199,831	187,437	179,894	(7,543)	(19,937)
10. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	240,544	233,939	(6,605)	XXX
11. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	211,158	XXX	XXX
12. Totals.....											21,238	(22,467)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
1. Prior.....	000	53,644	49,435	56,454	67,083	74,452	89,641	99,563	107,475	118,512	XXX	XXX
2. 2006.....	(6,455)	61,050	75,823	84,719	84,720	84,388	84,267	84,320	84,424	84,406	XXX	XXX
3. 2007.....	XXX	24,161	92,770	109,044	112,376	111,854	111,992	112,096	111,705	110,794	XXX	XXX
4. 2008.....	XXX	XXX	91,649	207,618	240,577	244,670	259,669	258,054	257,706	257,622	XXX	XXX
5. 2009.....	XXX	XXX	XXX	41,554	112,501	122,251	134,513	135,291	135,112	134,956	XXX	XXX
6. 2010.....	XXX	XXX	XXX	XXX	(18,742)	101,873	132,735	135,050	136,854	136,094	XXX	XXX
7. 2011.....	XXX	XXX	XXX	XXX	XXX	175,195	323,419	383,493	386,440	385,648	XXX	XXX
8. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	(183,704)	111,192	147,546	141,323	XXX	XXX
9. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,207	140,053	167,576	XXX	XXX
10. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(13,064)	178,418	XXX	XXX
11. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,539	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior.....	143,760	125,788	100,717	93,851	86,669	87,388	79,619	89,003	83,441	113,513
2. 2006.....	30,573	6,233	24	0						
3. 2007.....	XXX	44,796	7,361	2,744			0			
4. 2008.....	XXX	XXX	60,665	18,057	4,070	598	4			
5. 2009.....	XXX	XXX	XXX	48,002	8,283	2,299	1,680		0	
6. 2010.....	XXX	XXX	XXX	XXX	65,909	12,608	5,565	2,575	1	
7. 2011.....	XXX	XXX	XXX	XXX	XXX	36,427	14,536	22,694	2,465	1
8. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	66,492	35,142	27,651	19,168
9. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,708	18,582	8,576
10. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	47,798	20,115
11. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	35,654

AFFILIATED FM INSURANCE COMPANY SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	6,342,467	5,993,307	986	664,085	851,625	691,157		
2. Alaska.....AK	L	4,362,818	4,622,707		455,712	(30,645)	118,587		
3. Arizona.....AZ	L	7,631,698	7,713,866	1,033	1,631,289	1,267,830	1,063,878		
4. Arkansas.....AR	L	7,935,495	7,365,465	217	377,590	2,433,366	2,165,422		
5. California.....CA	L	102,177,786	103,047,839	68,957	34,599,462	29,719,282	28,332,725		
6. Colorado.....CO	L	9,180,648	9,093,896	3,105	3,979,375	4,510,129	3,976,969		
7. Connecticut.....CT	L	4,177,235	4,273,164	8,708	975,497	2,814,435	2,261,010		
8. Delaware.....DE	L	836,644	910,483		887,498	(562,100)	191,861		
9. District of Columbia.....DC	L	7,409,326	6,385,713		634,741	1,171,639	1,075,761		
10. Florida.....FL	L	23,278,978	24,289,195	26,134	1,567,716	4,596,749	3,503,611		
11. Georgia.....GA	L	13,834,703	13,857,664	2,687	6,584,714	9,732,777	5,212,657		
12. Hawaii.....HI	L	716,158	718,038		85,472	85,472			
13. Idaho.....ID	L	2,799,065	2,918,808	3,946	342,738	317,218	371,872		
14. Illinois.....IL	L	32,661,361	32,417,863	5,884	19,966,992	58,679,675	90,990,224		
15. Indiana.....IN	L	11,020,956	10,918,067		1,757,061	1,565,684	1,124,476		
16. Iowa.....IA	L	3,881,971	3,656,296		442,365	373,043	667,590		
17. Kansas.....KS	L	2,599,829	2,705,784	775	372,335	401,278	77,287		
18. Kentucky.....KY	L	5,012,125	5,319,985	1,819	6,469,362	7,669,326	3,206,544		
19. Louisiana.....LA	L	14,564,549	13,938,531		2,264,580	43,633	2,404,850		
20. Maine.....ME	L	626,513	640,300	3,008					
21. Maryland.....MD	L	15,330,992	15,752,733	687	8,619,601	6,237,556	6,100,036		
22. Massachusetts.....MA	L	31,670,727	32,882,736	112,586	19,660,905	20,054,178	15,787,576		
23. Michigan.....MI	L	14,427,221	13,689,045	2,707	14,913,845	(2,907,706)	4,124,146		
24. Minnesota.....MN	L	9,865,086	9,896,449	6,199	2,121,984	2,361,236	2,953,644		
25. Mississippi.....MS	L	10,205,837	9,934,919		2,238,049	1,907,815	1,276,134		
26. Missouri.....MO	L	17,493,290	18,638,487	8,757	14,981,818	14,775,825	11,078,829		
27. Montana.....MT	L	2,011,572	2,088,065		304,312	2,882,039	3,653,875		
28. Nebraska.....NE	L	2,014,068	1,839,489		345,955	1,086,756	929,695		
29. Nevada.....NV	L	9,331,482	9,371,710		1,801,960	1,102,523	936,698		
30. New Hampshire.....NH	L	2,241,944	2,200,862	2,482	205,890	345,951	231,199		
31. New Jersey.....NJ	L	18,748,765	19,057,071	18,242	16,835,846	33,397,615	64,942,455		
32. New Mexico.....NM	L	2,279,784	2,187,203		4,710,516	2,209,978	3,950,807		
33. New York.....NY	L	69,529,592	72,567,907	7,373	32,448,831	44,731,019	139,614,066		
34. North Carolina.....NC	L	12,032,972	12,072,228	1,016	5,219,361	8,591,739	3,462,143		
35. North Dakota.....ND	L	958,689	820,463		420,043	1,761,293	1,360,574		
36. Ohio.....OH	L	20,926,410	21,105,374	5,182	16,186,688	(5,180,781)	13,038,177		
37. Oklahoma.....OK	L	4,865,819	4,844,548		3,128,056	2,125,421	935,489		
38. Oregon.....OR	L	14,751,098	14,809,991	1,473	2,127,866	2,923,136	1,884,069		
39. Pennsylvania.....PA	L	15,214,732	15,218,130	9,565	5,144,529	5,398,031	2,669,229		
40. Rhode Island.....RI	L	4,863,701	5,013,620	107,045	1,637,686	3,744,720	4,509,116		
41. South Carolina.....SC	L	4,392,903	4,284,757	1,176	1,656,596	2,762,608	2,209,647		
42. South Dakota.....SD	L	572,790	627,532		2,568,918	4,825,241	2,379,782		
43. Tennessee.....TN	L	14,413,402	14,214,394		34,250,346	12,039,315	3,637,680		
44. Texas.....TX	L	60,028,084	58,036,367		42,227,916	42,771,368	24,867,823		
45. Utah.....UT	L	12,198,597	11,866,930		1,993,024	1,996,483	412,928		
46. Vermont.....VT	L	962,278	941,716	142	16,372	9,513			
47. Virginia.....VA	L	12,386,992	10,935,991	4,649	10,650,108	4,664,266	1,543,567		
48. Washington.....WA	L	45,489,860	44,684,298	5,911	11,170,418	6,271,270	6,748,268		
49. West Virginia.....WV	L	397,428	393,793		5,836	5,836			
50. Wisconsin.....WI	L	9,154,200	8,549,506	959	2,695,321	1,230,086	796,670		
51. Wyoming.....WY	L	778,531	783,941		350,184	(102,373)	6,981		
52. American Samoa.....AS	N								
53. Guam.....GU	L								
54. Puerto Rico.....PR	L	174,788	250,508			(23,217)			
55. US Virgin Islands.....VI	L	29,998	23,778						
56. Northern Mariana Islands.....MP	L								
57. Canada.....CAN	L	102,804,659	100,338,896	11,107	75,054,140	38,953,664	68,078,766		
58. Aggregate Other Alien.....OT	XXX	930,675	930,532	0	0	0	3,600,000	0	0
59. Totals.....(a).55		804,529,289	801,640,943	434,520	419,751,504	388,592,821	545,156,549	0	0

DETAILS OF WRITE-INS

58001. AUS AUSTRALIA.....	XXX	3,603	3,786						
58002. AUT AUSTRIA.....	XXX	6,610	6,605						
58003. BAN BANGLADESH.....	XXX	56,814	31,046						
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	863,648	889,095	0	0	0	3,600,000	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	930,675	930,532	0	0	0	3,600,000	0	0

(a) Insert the number of "L" responses except for Canada and Other Alien.

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

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

All Premiums are allocated to the location of the property insured.

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