



ANNUAL STATEMENT

For the Year Ended December 31, 2016
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 RI	State of Domicile or Port of Entry RI	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. Theresa Ann Molloy	Vice President & Controller	4. Joy Kirsten Cave	Vice President & Treasurer

OTHER

Bret Nils Ahnell	Executive Vice President	Kevin Scott Ingram #	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	Edward Joseph Rapp	Shivan Sivaswamy Subramaniam	Israel Ruiz #
Michel Giannuzzi #			

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 23rd day of February 2017
John A. Soares III Notary Public
Expires July 5, 2017

a. Is this an original filing? Yes [X] No []
b. If no 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,393,460,344		1,393,460,344	1,306,331,820
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	1,060,569,866		1,060,569,866	908,613,910
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 (\$.....54,481,031, Schedule E-Part 1), cash equivalents (\$.....949,539, Schedule E-Part 2) and short-term investments (\$.....134,671,144, Schedule DA).....	190,101,714		190,101,714	130,447,542
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	80,531		80,531	100,217
10. Securities lending reinvested collateral assets (Schedule DL).....	26,468,450		26,468,450	45,813,343
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	2,670,680,905	0	2,670,680,905	2,391,306,832
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	11,832,460		11,832,460	11,819,185
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	134,106,931	3,344,160	130,762,771	119,695,711
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.....	102,301,637		102,301,637	26,102,550
16.2 Funds held by or deposited with reinsured companies.....	13,398		13,398	62,634
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.....	50,480		50,480	27,670
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.....	67,443,297		67,443,297	34,746,862
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	9,798,052	0	9,798,052	5,495,146
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,996,227,160	3,344,160	2,992,883,000	2,589,256,590
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	2,996,227,160	3,344,160	2,992,883,000	2,589,256,590

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Equities and Deposits in Pools and Associations.....	350,000		350,000	350,000
2502. Accounts Receivable State Tax Refunds.....	1,120,415		1,120,415	838,158
2503. Cash Clearing Accounts.....	8,327,637		8,327,637	4,306,988
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	9,798,052	0	9,798,052	5,495,146

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	577,612,530	353,285,708
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	12,025,121	1,718,092
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	66,308,751	54,904,891
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	387,967	352,580
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,836,860	5,513,652
7.1 Current federal and foreign income taxes (including \$.....(4,085,685) on realized capital gains (losses)).....	31,124,845	46,895,774
7.2 Net deferred tax liability.....	93,960,000	62,689,000
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 \$.....50,778,141 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).....	368,169,765	365,981,101
10. Advance premium.....	130,259	173,987
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	229,071	219,489
12. Ceded reinsurance premiums payable (net of ceding commissions).....	103,303,578	97,890,524
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.....	530,747	497,254
15. Remittances and items not allocated.....	4,648,935	752,854
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	4,536,989	5,245,325
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	54,452,847	54,501,785
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....	7,967,347	29,634
22. Payable for securities lending.....	26,468,450	45,813,343
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	16,537,173	13,202,316
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,374,231,235	1,109,667,309
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	1,374,231,235	1,109,667,309
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).....	1,337,191,104	1,198,128,620
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).....	1,618,651,765	1,479,589,281
38. TOTAL (Page 2, Line 28, Col. 3).....	2,992,883,000	2,589,256,590

DETAILS OF WRITE-INS

2501. Miscellaneous Accounts Payable.....	16,537,173	13,202,316
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	16,537,173	13,202,316
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	421,458,002	410,047,840
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	226,028,505	226,883,183
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	13,863,054	14,241,113
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	113,332,230	111,775,274
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	353,223,789	352,899,570
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	68,234,213	57,148,270
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	53,358,323	53,804,099
10. Net realized capital gains (losses) less capital gains tax of \$.....231,000 (Exhibit of Capital Gains (Losses)).....	428,589	40,383,993
11. Net investment gain (loss) (Lines 9 + 10).....	53,786,912	94,188,092
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....99,559 amount charged off \$.....0).....	99,559	174,475
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(234,749)	(1,604,189)
15. Total other income (Lines 12 through 14).....	(135,190)	(1,429,714)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	121,885,935	149,906,648
17. Dividends to policyholders.....	457,523	434,520
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).....	121,428,412	149,472,128
19. Federal and foreign income taxes incurred.....	38,011,671	27,919,103
20. Net income (Line 18 minus Line 19) (to Line 22).....	83,416,741	121,553,025
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	1,479,589,281	1,397,649,769
22. Net income (from Line 20).....	83,416,741	121,553,025
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....31,917,000.....	59,995,530	(13,525,739)
25. Change in net unrealized foreign exchange capital gain (loss).....	(3,007,376)	(28,812,710)
26. Change in net deferred income tax.....	646,000	(216,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(2,189,247)	284,663
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	708,336	3,163,773
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).....	139,062,484	81,939,512
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	1,618,651,765	1,479,589,281
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous income.....	100	100
1402. Balances recovered / (charged off).....	60,819	(34,845)
1403. Loss on foreign exchange.....	(295,668)	(1,569,444)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	(234,749)	(1,604,189)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	415,759,685	401,256,743
2. Net investment income.....	56,122,837	68,558,684
3. Miscellaneous income.....	(135,192)	(1,429,714)
4. Total (Lines 1 through 3).....	471,747,330	468,385,713
5. Benefit and loss related payments.....	64,102,061	215,541,255
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	115,455,639	122,144,300
8. Dividends paid to policyholders.....	447,941	423,547
9. Federal and foreign income taxes paid (recovered) net of \$....15,800,225 tax on capital gains (losses).....	54,013,600	68,374,921
10. Total (Lines 5 through 9).....	234,019,241	406,484,023
11. Net cash from operations (Line 4 minus Line 10).....	237,728,089	61,901,690
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	374,241,074	527,544,978
12.2 Stocks.....	200,372,565	188,808,659
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	3,966	(7,072)
12.7 Miscellaneous proceeds.....	7,957,399	5,070,814
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	582,575,004	721,417,379
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	463,405,396	541,814,600
13.2 Stocks.....	263,558,669	219,919,972
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		3,519,717
13.7 Total investments acquired (Lines 13.1 to 13.6).....	726,964,065	765,254,289
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).....	(144,389,061)	(43,836,910)
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).....	(33,177,356)	36,330,269
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(33,684,856)	35,822,769
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	59,654,172	53,887,549
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	130,447,542	76,559,993
19.2 End of year (Line 18 plus Line 19.1).....	190,101,714	130,447,542

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

20.0001		
---------------	--	--

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	238,527,960	129,406,032	131,814,344	236,119,648
2.	Allied lines.....	168,871,778	69,181,235	86,996,318	151,056,695
3.	Farmowners multiple peril.....	0		0	0
4.	Homeowners multiple peril.....	2,020,563	988,420	1,054,058	1,954,925
5.	Commercial multiple peril.....	68,589,691	34,441,681	32,688,329	70,343,043
6.	Mortgage guaranty.....	0		0	0
8.	Ocean marine.....	17,812,823	8,951,742	8,851,434	17,913,131
9.	Inland marine.....	149,367,013	94,973,770	77,231,171	167,109,612
10.	Financial guaranty.....	0		0	0
11.1	Medical professional liability - occurrence.....	0		0	0
11.2	Medical professional liability - claims-made.....	0		0	0
12.	Earthquake.....	0		0	0
13.	Group accident and health.....	0		0	0
14.	Credit accident and health (group and individual).....	0		0	0
15.	Other accident and health.....	0		0	0
16.	Workers' compensation.....	83	43	39	87
17.1	Other liability - occurrence.....	0		0	0
17.2	Other liability - claims-made.....	0		0	0
17.3	Excess workers' compensation.....	0		0	0
18.1	Products liability - occurrence.....	0		0	0
18.2	Products liability - claims-made.....	0		0	0
19.1, 19.2	Private passenger auto liability.....	0		0	0
19.3, 19.4	Commercial auto liability.....	0		0	0
21.	Auto physical damage.....	0		0	0
22.	Aircraft (all perils).....	0		0	0
23.	Fidelity.....	0		0	0
24.	Surety.....	0		0	0
26.	Burglary and theft.....	0		0	0
27.	Boiler and machinery.....	61,398,970	28,038,178	29,534,072	59,903,076
28.	Credit.....	0		0	0
29.	International.....	0		0	0
30.	Warranty.....	0		0	0
31.	Reinsurance - nonproportional assumed property.....	(282,941,105)		0	(282,941,105)
32.	Reinsurance - nonproportional assumed liability.....	(1,110)		0	(1,110)
33.	Reinsurance - nonproportional assumed financial lines.....	0		0	0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	423,646,666	365,981,101	368,169,765	421,458,002

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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.....	131,814,344				131,814,344
2.	Allied lines.....	86,996,318				86,996,318
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....	1,054,058				1,054,058
5.	Commercial multiple peril.....	32,688,329				32,688,329
6.	Mortgage guaranty.....					0
8.	Ocean marine.....	8,851,434				8,851,434
9.	Inland marine.....	77,231,171				77,231,171
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.....	39				39
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.....	29,534,072				29,534,072
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.....	368,169,765	0	0	0	368,169,765
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					368,169,765

DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case: 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.....	273,169,831	6,540,335	206,042	4,991,252	36,396,996	238,527,960
2. Allied lines.....	191,153,857	10,052,560		4,386,521	27,948,118	168,871,778
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	2,047,733				27,170	2,020,563
5. Commercial multiple peril.....	81,264,388	41,350		2,468,310	10,247,737	68,589,691
6. Mortgage guaranty.....						0
8. Ocean marine.....	19,909,785	816,470	6,297		2,919,729	17,812,823
9. Inland marine.....	184,824,349	11,615,646		7,037,777	40,035,205	149,367,013
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.....	83					83
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.....	57,392,297	4,402,439			395,766	61,398,970
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX			282,941,105		(282,941,105)
32. Reinsurance - nonproportional assumed liability.....	XXX		(1,110)			(1,110)
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.....	809,762,323	33,468,800	211,229	301,824,965	117,970,721	423,646,666

DETAILS OF WRITE-INS

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

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

If yes: 1. The amount of such installment premiums \$.0.

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	163,626,609	9,921,623	4,579,516	168,968,716	123,701,542	55,499,375	237,170,883	100.4
2. Allied lines.....	105,357,923	3,897,269	9,377,719	99,877,473	126,260,300	57,735,386	168,402,387	111.5
3. Farmowners multiple peril.....				0	0	0	0	0.0
4. Homeowners multiple peril.....	1,886,873			1,886,873	490,353	1,398,874	978,352	50.0
5. Commercial multiple peril.....	24,419,748		1,628,685	22,791,064	117,069,546	10,717,015	129,143,595	183.6
6. Mortgage guaranty.....				0	0	0	0	0.0
8. Ocean marine.....	5,697,138	449,016	91,734	6,054,420	14,607,978	16,667,960	3,994,438	22.3
9. Inland marine.....	102,186,420	7,890,935	14,896,360	95,180,994	71,824,698	78,721,114	88,284,578	52.8
10. Financial guaranty.....				0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....				0	0	0	0	0.0
11.2 Medical professional liability - claims-made.....				0	0	0	0	0.0
12. Earthquake.....				0	0	0	0	0.0
13. Group accident and health.....				0	0	0	0	0.0
14. Credit accident and health (group and individual).....				0	0	0	0	0.0
15. Other accident and health.....				0	0	0	0	0.0
16. Workers' compensation.....	693,095	18,896	611,321	100,670	3,011,199	2,576,862	535,007	614,950.5
17.1 Other liability - occurrence.....	2,278,550	142,201	1,836,031	584,720	72,052,714	75,137,223	(2,499,789)	0.0
17.2 Other liability - claims-made.....				0	0	0	0	0.0
17.3 Excess workers' compensation.....				0	0	0	0	0.0
18.1 Products liability - occurrence.....	6,122,555		2,527,840	3,594,715	29,791,330	31,908,658	1,477,387	0.0
18.2 Products liability - claims-made.....				0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability.....				0	0	0	0	0.0
19.3, 19.4 Commercial auto liability.....				0	0	0	0	0.0
21. Auto physical damage.....				0	0	0	0	0.0
22. Aircraft (all perils).....				0	0	0	0	0.0
23. Fidelity.....	(24,003)			(24,003)	0		(24,003)	0.0
24. Surety.....				0	0	0	0	0.0
26. Burglary and theft.....				0	0	0	0	0.0
27. Boiler and machinery.....	27,839,046	1,017,865	170,130	28,686,780	17,287,630	21,574,584	24,399,826	40.7
28. Credit.....				0	0	0	0	0.0
29. International.....				0	0	0	0	0.0
30. Warranty.....				0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX		426,017,868	(426,017,868)	0		(426,017,868)	150.6
32. Reinsurance - nonproportional assumed liability.....	XXX	17,130		17,130	1,515,240	1,348,657	183,713	(16,550.7)
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	0	0	0	0.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35. TOTALS.....	440,083,953	23,354,936	461,737,205	1,701,684	577,612,530	353,285,708	226,028,505	53.6
DETAILS OF WRITE-INS								
3401.				0	0	0	0	0.0
3402.				0	0	0	0	0.0
3403.				0	0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	113,692,212	56,469	7,186,882	106,561,799	18,320,794	19,949	1,201,000	123,701,542	10,646,849
2. Allied lines.....	112,357,372		3,643,072	108,714,300	18,155,000		609,000	126,260,300	10,768,000
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	490,353			490,353				490,353	
5. Commercial multiple peril.....	104,811,122		4,019,576	100,791,546	16,950,000		672,000	117,069,546	9,995,000
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	14,977,713	360,600	3,080,335	12,257,978	2,480,000		130,000	14,607,978	1,445,000
9. Inland marine.....	66,424,473		17,383,275	49,041,198	23,110,500		327,000	71,824,698	4,517,000
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.....	1,159,399	170,928	624,703	705,624	1,602,012	2,276,838	1,573,275	3,011,199	181,398
17.1 Other liability - occurrence.....	4,189,937	145,167	2,731,651	1,603,453	86,339,901	732,993	16,623,634	72,052,714	11,447,433
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	29,325,060		15,780,366	13,544,693	112,068,786		95,822,149	29,791,330	15,833,071
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.....	15,247,551		363,920	14,883,630	2,465,000		61,000	17,287,630	1,475,000
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	110,510		110,510	XXX	1,405,254	524	1,515,240	
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.....	462,675,191	843,674	54,813,781	408,705,085	281,491,992	4,435,034	117,019,582	577,612,530	66,308,751
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

10

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	29,373,617			29,373,617
1.2 Reinsurance assumed.....	(240,719)			(240,719)
1.3 Reinsurance ceded.....	20,707,154			20,707,154
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	8,425,744	0	0	8,425,744
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		86,923,237		86,923,237
2.2 Reinsurance assumed, excluding contingent.....		368,227		368,227
2.3 Reinsurance ceded, excluding contingent.....		67,949,661		67,949,661
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	19,341,804	0	19,341,804
3. Allowances to manager and agents.....				0
4. Advertising.....		1,110,411		1,110,411
5. Boards, bureaus and associations.....		137,092		137,092
6. Surveys and underwriting reports.....		516,410		516,410
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	3,991,672	48,444,192	588,889	53,024,753
8.2 Payroll taxes.....	186,450	2,333,311	23,447	2,543,208
9. Employee relations and welfare.....	710,233	8,417,440	119,541	9,247,214
10. Insurance.....	14,046	852,846	281	867,173
11. Directors' fees.....		49,772		49,772
12. Travel and travel items.....	87,389	2,203,818	3,015	2,294,222
13. Rent and rent items.....	325,099	2,875,235	1,942	3,202,276
14. Equipment.....	35,551	1,952,044	1,223	1,988,818
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	31,805	377,665	3,602	413,072
17. Postage, telephone and telegraph, exchange and express.....	14,823	1,524,067	175,995	1,714,885
18. Legal and auditing.....		289,552		289,552
19. Totals (Lines 3 to 18).....	5,397,068	71,083,855	917,935	77,398,858
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		21,353,570		21,353,570
20.2 Insurance department licenses and fees.....	40,242	338,375		378,617
20.3 Gross guaranty association assessments.....		47,511		47,511
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).....	40,242	21,739,456	0	21,779,698
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	1,167,115	535,217	1,702,332
25. Total expenses incurred.....	13,863,054	113,332,230	1,453,152	(a).....128,648,436
26. Less unpaid expenses - current year.....	66,308,751	6,224,827		72,533,578
27. Add unpaid expenses - prior year.....	54,904,891	5,866,232		60,771,123
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).....	2,459,194	112,973,635	1,453,152	116,885,981

DETAILS OF WRITE-INS

2401. Bank Activity Fee.....		9,594	53,291	62,885
2402. Charitable Contributions.....		50,000		50,000
2403. Consultants.....		1,475,183		1,475,183
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	(367,662)	481,926	114,264
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	0	1,167,115	535,217	1,702,332

(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).....9,034,440	8,880,220
1.1 Bonds exempt from U.S. tax.....	(a).....3,766,009	4,254,548
1.2 Other bonds (unaffiliated).....	(a).....24,343,841	23,865,474
1.3 Bonds of affiliates.....	(a).....	
2.1 Preferred stocks (unaffiliated).....	(b).....	
2.11 Preferred stocks of affiliates.....	(b).....	
2.2 Common stocks (unaffiliated).....	.....16,434,618	16,559,319
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).....357,529	723,565
7. Derivative instruments.....	(f).....	
8. Other invested assets.....		
9. Aggregate write-ins for investment income.....	.....528,490	528,490
10. Total gross investment income.....	.....54,464,927	54,811,615
11. Investment expenses.....		(g).....1,453,152
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....140
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).....		.....1,453,292
17. Net investment income (Line 10 minus Line 16).....		.....53,358,323

DETAILS OF WRITE-INS

0901. Prior Year Income.....	.....94,333	.....94,333
0902. Securities Lending Income.....	.....110,426	.....110,426
0903. Miscellaneous Income.....	.....167,154	.....167,154
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....156,577	.....156,577
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....528,490	.....528,490
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.....915,817 accrual of discount less \$.....6,749,920 amortization of premium and less \$.....1,525,364 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....357,529 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....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.....	.....1,691,920		.....1,691,920		
1.1 Bonds exempt from U.S. tax.....	.....13,451		.....13,451		
1.2 Other bonds (unaffiliated).....	.....2,018,799		.....2,018,799	.....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).....	.....5,700,139	.....(8,754,006)	.....(3,053,867)	.....91,823,716	
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.....	.....(10,715)		.....(10,715)	.....14,681	
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).....	.....9,413,594	.....(8,754,006)	.....659,588	.....91,912,530	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	3,344,160	1,154,913	(2,189,247)
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).....	3,344,160	1,154,913	(2,189,247)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	3,344,160	1,154,913	(2,189,247)

DETAILS OF WRITE-INS

1101.....			0
1102.....			0
1103.....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501.....			0
2502.....			0
2503.....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	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 \$54,452,847, which appears on line 17 – "Net adjustment in assets and liabilities due to foreign exchange rates", on page 3 – "Liabilities" of the 2016 annual statement. There is no net impact on surplus, and the effect on 2016 net income would be a decrease to net income in the amount of \$6,815,488 (which would be offset by a corresponding increase to surplus).

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
(1) AFFILIATED FM INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 83,416,741	\$ 121,553,025
(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	23	3	17	6,815,488	6,231,423
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 76,601,253	\$ 115,321,602
SURPLUS					
(5) AFFILIATED FM INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,618,651,765	\$ 1,479,589,281
(6) State Prescribed Practices that increase/decrease NAIC SAP					
(7) State Permitted Practices that increase/decrease NAIC SAP					
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 1,618,651,765	\$ 1,479,589,281

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 debt securities are stated at amortized cost using the interest method. Short term money market mutual fund investments are categorized as "All Other Money Market Mutual Funds" on Schedule DA and are stated at fair value.
- 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 AND GOING CONCERN (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

Based upon its evaluation of relevant conditions and events, management has concluded that the Company will continue as a going concern.

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, including Mezzanine Real Estate Loans - Not applicable
- B. Debt Restructuring - Not applicable
- C. Reverse Mortgages - Not applicable
- D. Loan-Backed 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) Recognized OTTI securities - 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	\$	228,825
		2.	12 Months or Longer	\$	771,347
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$	21,056,164
		2.	12 Months or Longer	\$	57,501,141

(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 - Maturity Distribution**

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	18,471,900
(c)	31 to 60 Days	2,000,000
(d)	61 to 90 Days	2,496,550
(e)	Greater Than 90 Days	3,500,000
(f)	Sub-Total	\$ 26,468,450
(g)	Securities Received	
(h)	Total Collateral Received	\$ 26,468,450
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	\$ 28,468,450

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 - Maturity Distribution

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	18,471,900	18,471,900
(c)	31 to 60 Days	2,000,000	2,000,000
(d)	61 to 90 Days	2,496,550	2,496,550
(e)	91 to 120 Days	3,500,000	3,500,000
(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	\$ 26,468,450	\$ 26,468,450
(l)	Securities Received		
(m)	Total Collateral Reinvested	\$ 26,468,450	\$ 26,468,450
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 received 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 \$50,975,796.

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

F. Real Estate - Not applicable

G. Investments in Low-Income Housing Trade Credits (LIHTC) - Not applicable

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INVESTMENTS (continued from preceding page)

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year							Percentage			
	1	2	3	4	5	6	7	8	9	10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending arrangements	26,468,450				26,468,450	45,813,343	(19,344,893)		26,468,450	0.883	0.884
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 states	5,049,215				5,049,215	5,052,976	(3,761)		5,049,215	0.169	0.169
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	\$ 31,517,665	\$ -	\$ -	\$ -	\$ 31,517,665	\$ 50,866,319	\$ (19,348,654)		\$ 31,517,665	1.052	1.053%

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

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

(3) Detail of Other Restricted Assets - Not applicable

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

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted)*	4 % of BACV to Total Admitted Assets**
a. Cash	\$ -	\$ -	- %	- %
b. Schedule D, Part 1			%	%
c. Schedule D, Part 2, Sec. 1			%	%
d. Schedule D, Part 2, Sec. 2			%	%
e. Schedule B			%	%
f. Schedule A			%	%
g. Schedule BA, Part 1			%	%
h. Schedule DL, Part 1	26,468,450	26,468,450	0.883%	0.884%
i. Other			%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+i)	\$ 26,468,450	\$ 26,468,450	0.883%	0.884%

* Column 1 divided by Asset Page, Line 26 (Column 1)

** Column 1 divided by Asset Page, Line 26 (Column 3)

	1 Amount	2 % of Liability to Total Liabilities
k. Recognized Obligation to Return Collateral Asset	\$ 26,468,450	1.926%

* Column 1 divided by Liability Page, Line 26 (Column 1)

- I. Working Capital Finance Investments - Not applicable
- J. Offsetting and Netting of Assets and Liabilities - Not applicable
- K. Structured Notes - Not applicable
- L. 5* Securities - 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, 2016, and as of December 31, 2015.

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)

	2016			2015			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	\$ 47,597,000	\$ 4,726,000	\$ 52,323,000	\$ 43,385,000	\$ 7,190,000	\$ 50,575,000	\$ 4,212,000	\$ (2,464,000)	\$ 1,748,000
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	47,597,000	4,726,000	52,323,000	43,385,000	7,190,000	50,575,000	4,212,000	(2,464,000)	1,748,000
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	47,597,000	4,726,000	52,323,000	43,385,000	7,190,000	50,575,000	4,212,000	(2,464,000)	1,748,000
f. Deferred tax liabilities	7,504,000	138,779,000	146,283,000	6,402,000	106,862,000	113,264,000	1,102,000	31,917,000	33,019,000
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 40,093,000	\$ (134,053,000)	\$ (93,960,000)	\$ 36,983,000	\$ (99,672,000)	\$ (62,689,000)	\$ 3,110,000	\$ (34,381,000)	\$ (31,271,000)

2. Admission Calculation Components

	2016			2015			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	\$ 43,228,000	\$ -	\$ 43,228,000	\$ 43,385,000	\$ -	\$ 43,385,000	\$ (157,000)	\$ -	\$ (157,000)
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:	3,131,000		3,131,000				3,131,000		3,131,000
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	46,359,000		46,359,000	43,385,000		43,385,000	2,974,000		2,974,000
Adjusted gross deferred tax assets allowed per limitation threshold			242,797,765			221,938,392			20,859,373
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	1,238,000	4,726,000	5,964,000		7,190,000	7,190,000	1,238,000	(2,464,000)	(1,226,000)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	\$ 47,597,000	\$ 4,726,000	\$ 52,323,000	\$ 43,385,000	\$ 7,190,000	\$ 50,575,000	\$ 4,212,000	\$ (2,464,000)	\$ 1,748,000

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

3. Other Admissibility Criteria

		2016	2015
a.	Ratio percentage used to determine recovery period and threshold limitation amount	1,118.621%	1,284.775%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 1,618,651,765	\$ 1,479,589,281

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.

	12/31/2016		12/31/2015		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)	\$ 47,597,000	\$ 4,726,000	\$ 43,385,000	\$ 7,190,000	\$ 4,212,000	\$ (2,464,000)
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)	\$ 47,597,000	\$ 4,726,000	\$ 43,385,000	\$ 7,190,000	\$ 4,212,000	\$ (2,464,000)
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 2016	2 2015	3 (Col 1-2) Change
a. Federal	\$ 28,149,182	\$ 22,608,509	\$ 5,540,673
b. Foreign	9,862,489	5,310,594	4,551,895
c. Subtotal	\$ 38,011,671	\$ 27,919,103	\$ 10,092,568
d. Federal income tax on net capital gains	231,000	21,745,000	(21,514,000)
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	\$ 38,242,671	\$ 49,664,103	\$ (11,421,432)

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

2. Deferred Tax Assets

	1	2	3
	2016	2015	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 5,209,000	\$ 3,389,000	\$ 1,820,000
2. Unearned premium reserve	24,856,000	24,773,000	83,000
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	1,103,000	390,000	713,000
11. Net operating loss carry-forward			
12. Tax credit carry-forward	6,243,000	5,007,000	1,236,000
13. Other (including items <5% of total ordinary tax assets)	10,186,000	9,826,000	360,000
99. Subtotal	\$ 47,597,000	\$ 43,385,000	\$ 4,212,000
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 47,597,000	\$ 43,385,000	\$ 4,212,000
e. Capital:			
1. Investments	\$ 4,726,000	\$ 7,190,000	\$ (2,464,000)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	\$ 4,726,000	\$ 7,190,000	\$ (2,464,000)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	4,726,000	7,190,000	(2,464,000)
i. Admitted deferred tax assets (2d+2h)	\$ 52,323,000	\$ 50,575,000	\$ 1,748,000

3. Deferred Tax Liabilities

	1	2	3
	2016	2015	(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)	7,504,000	6,402,000	1,102,000
99. Subtotal	\$ 7,504,000	\$ 6,402,000	\$ 1,102,000
b. Capital:			
1. Investments	\$ 138,779,000	\$ 106,862,000	\$ 31,917,000
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal	138,779,000	106,862,000	31,917,000
c. Deferred tax liabilities (3a99+3b99)	\$ 146,283,000	\$ 113,264,000	\$ 33,019,000

4. Net Deferred Tax Assets (2i – 3c) \$ (93,960,000) \$ (62,689,000) \$ (31,271,000)

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	\$ 42,580,794	35.0%
Proration of tax exempt investment income	718,000	0.6%
Tax exempt income deduction	(1,360,000)	-1.1%
Dividends received deduction	(3,362,000)	-2.8%
Disallowed travel and entertainment	5,000	0.0%
Other permanent differences		%
Temporary Differences:		
Total ordinary DTAs	\$ (1,072,000)	-0.9%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment	\$ -	-%
Accrual adjustment – prior year	814,000	0.7%
Other	(727,123)	-0.6%
Totals	\$ 37,596,671	30.9%
Federal and foreign income taxes incurred	38,011,671	31.2%
Realized capital gains (losses) tax	231,000	0.2%
Change in net deferred income taxes	(646,000)	-0.5%
Total statutory income taxes	\$ 37,596,671	30.9%

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

At December 31, 2016, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is the consolidated income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses:

Year	Amount
2016	\$ 311,047,000
2015	\$ 335,341,000

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.

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 of the Company. 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 of the Company.

NOTES TO FINANCIAL STATEMENTS**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES (continued from preceding page)****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	2016	2015
Factory Mutual Insurance Company (Parent)	\$70,007,201	\$34,424,322
FM Insurance Company Ltd	(3,158,529)	(140,990)
FM Global de Mexico S.A. de C.V.	594,625	463,530
Total	\$67,443,297	\$34,746,862

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. All SCA Investments - Not applicable****N. Investment in Insurance SCAs - 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. Investment Policies and Strategies - Not applicable**C. Fair Value of Plan Assets - Not applicable****D. Rate-of-Return Assumptions - Not applicable****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

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

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 \$5,080,542 in 2016 and \$4,645,536 in 2015.

The net expense allocated to the Company related to defined contribution plans was \$2,508,000 in 2016 and \$2,424,000 in 2015.

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 2016, the maximum dividend payout that could have been made without prior approval was \$81,169,032. For 2017, the maximum dividend payout that may be made without prior approval is \$82,988,152.

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 2016.

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

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is \$367,242,000 and \$276,051,000 for 2016 and 2015, respectively, less applicable deferred taxes of \$128,541,000 and \$96,624,000 for 2016 and 2015, respectively.

K. Surplus Notes - Not applicable

L. Impact of Quasi-Reorganizations - Not applicable

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

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 \$51,000.

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.

At times, the Company has the ability to recover a portion of the accrued liability through policyholder surcharges. As of December 31, 2016, the asset related to policyholder surcharges, which appears within Page 2 line 25, is \$274,000.

The following reflects the current year change in the premium tax benefit asset.

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year –end	\$	28,000
b.	Decreases current year: Premium tax offset applied	\$	6,000
c.	Increases current year: Premium tax credits generated	\$	29,000
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	51,000

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. Joint and Several Liabilities - Not applicable

G. All Other Contingencies

At December 31, 2016 and 2015 the Company had admitted premiums receivable assets of \$130,762,771 and \$119,695,711, 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, 2016 are not expected to exceed the nonadmitted amount totaling \$3,344,160, 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 \$75,870,721 and \$216,875,789 at December 31, 2016 and December 31, 2015, 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.

(2) Servicing Asset and Liabilities – Not applicable

(3) Servicing Assets and Liabilities Subsequently Measured at Fair Value – Not applicable

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

- (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) Fair Value Measurements at Reporting Date

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
Common Stocks - Industrial & Miscellaneous	\$ 1,028,601,216	\$ -	\$ -	\$ 1,028,601,216
Common Stocks - Mutual Funds	31,968,650			31,968,650
Short-term investments	134,671,144			134,671,144
Total	\$ 1,195,241,010	\$ -	\$ -	\$ 1,195,241,010

- (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

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.

- (5) Derivative Fair Values – Not applicable

B. Other Fair Value Disclosures – Not applicable

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

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	\$ 1,406,809,806	\$ 1,393,460,344	\$ -	\$ 1,393,460,344	\$ -	\$ -
Common Stocks	\$ 1,060,569,866	\$ 1,060,569,866	\$ 1,060,569,866			
Cash, Cash equivalents and short-term investments	\$ 190,101,714	\$ 190,101,714	\$ 190,101,714			
Securities lending reinvested collateral assets	\$ 26,468,450	\$ 26,468,450	\$ 26,468,450			
Total	\$ 2,683,949,836	\$ 2,670,600,374	\$ 1,277,140,030	\$ 1,393,460,344	\$ -	\$ -

D. 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	\$ 670,743	\$ 758,560	\$ 1,291,127	\$ -
b.	Commercial mortgage backed securities				
c.	Collateralized debt obligations				
d.	Structured securities				
e.	Equity investments in SCAs*				
f.	Other assets				
g.	Total	\$ 670,743	\$ 758,560	\$ 1,291,127	\$ -

* 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. Insurance Linked Securities (ILS) Contracts - Not applicable

NOTE 22 – EVENTS SUBSEQUENT

Subsequent events have been considered through February 23, 2017 for these statutory financial statements which are to be issued February 23, 2017. 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

(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	\$ 2,647,998	\$ -	\$ 7,323,000	\$ 1,464,600	\$ (4,675,002)	\$ (1,464,600)
b. All Other	189,002	30,100	43,455,000	7,514,658	(43,265,998)	(7,484,558)
c. Total	\$ 2,837,000	\$ 30,100	\$ 50,778,000	\$ 8,979,258	\$ (47,941,000)	\$ (8,949,158)
d. Direct Unearned Premium Reserves			\$ 416,110,898			

(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. Disclosures for the Transfer of Property and Casualty 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 decreased by \$14,985,000. The decrease in the prior years was primarily due to the reduction of incurred-but-not-reported (IBNR) reserves based on actual experience.

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, and pursuant to an intercompany reinsurance agreement between the Canadian branches of Factory Mutual Insurance Company 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, 2016 are as follows:

Name of Insurer	Amounts Receivable	Amounts Payable
Factory Mutual Insurance Company (lead insurer)	\$89,671,355	\$113,818,073
Affiliated FM Insurance Company	\$97,246,235	\$72,271,993
Appalachian Insurance Company	\$16,571,838	\$17,399,362

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 premiums deficiency reserve is required as of December 31, 2016 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 6, 2017
3. Was anticipated investment income utilized in the calculation? Yes [] No [X]

NOTE 31 – HIGH DEDUCTIBLES - NOT APPLICABLE**NOTE 32 – DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES - NOT APPLICABLE****NOTE 33 – ASBESTOS/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

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 184,829,000	\$ 161,492,000	\$ 165,794,000	\$ 153,322,000	\$ 249,498,000
b. Incurred losses and loss adjustment expense	(2,555,000)	24,000,000	2,000	105,000,000	-
c. Calendar year payments for losses and loss adjustment expenses	20,782,000	19,698,000	12,474,000	8,824,000	9,782,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 161,492,000	\$ 165,794,000	\$ 153,322,000	\$ 249,498,000	\$ 239,716,000

(2) Assumed Reinsurance - Asbestos

	2012	2013	2014	2015	2016
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/ENVIRONMENTAL RESERVES (continued from preceding page)**

(3) Net of Ceded Reinsurance - Asbestos

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 87,729,000	\$ 77,596,000	\$ 69,330,000	\$ 65,598,000	\$ 115,194,000
b. Incurred losses and loss adjustment expense	815,000	633,000	2,722,000	55,792,000	4,205,000
c. Calendar year payments for losses and loss adjustment expenses	10,948,000	8,899,000	6,454,000	6,196,000	3,298,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 77,596,000	\$ 69,330,000	\$ 65,598,000	\$ 115,194,000	\$ 116,101,000

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

(1) Direct basis	\$ 210,306,000
(2) Assumed reinsurance basis	
(3) Net of ceded reinsurance basis	\$ 102,506,000

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

(1) Direct basis	\$ 42,139,000
(2) Assumed reinsurance basis	
(3) Net of ceded reinsurance basis	\$ 24,368,000

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

	2012	2013	2014	2015	2016
a. Beginning reserves	\$ 39,952,000	\$ 36,136,000	\$ 37,609,000	\$ 35,992,000	\$ 31,404,000
b. Incurred losses and loss adjustment expense	-	3,000,000	-	(4,000,000)	-
c. Calendar year payments for losses and loss adjustment expenses	3,816,000	1,527,000	1,617,000	588,000	668,000
d. Ending reserves	\$ 36,136,000	\$ 37,609,000	\$ 35,992,000	\$ 31,404,000	\$ 30,736,000

(2) Assumed Reinsurance - Environmental

	2012	2013	2014	2015	2016
a. Beginning reserves	\$ -	\$ -	\$ -	\$ -	\$ -
b. Incurred losses and loss adjustment expense					
c. Calendar year payments for losses and loss adjustment expenses					
d. Ending reserves	\$ -	\$ -	\$ -	\$ -	\$ -

(3) Net of Ceded Reinsurance - Environmental

	2012	2013	2014	2015	2016
a. Beginning reserves	\$ 18,824,000	\$ 15,574,000	\$ 24,028,000	\$ 19,178,000	\$ 15,383,000
b. Incurred losses and loss adjustment expense	(639,000)	9,118,000	(3,282,000)	(3,308,000)	(1,990,000)
c. Calendar year payments for losses and loss adjustment expenses	2,611,000	664,000	1,568,000	487,000	433,000
d. Ending reserves	\$ 15,574,000	\$ 24,028,000	\$ 19,178,000	\$ 15,383,000	\$ 12,960,000

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

(1) Direct basis	\$ 26,830,000
(2) Assumed reinsurance basis	
(3) Net of ceded reinsurance basis	\$ 11,346,000

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

(1) Direct basis	\$ 8,821,000
(2) Assumed reinsurance basis	
(3) Net of ceded reinsurance basis	\$ 1,493,000

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

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Rhode Island
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/10/2014
- 3.4 By what department or departments?
Rhode Island Division of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC
Company
Code | 3
State of
Domicile |
|---------------------|------------------------------|---------------------------|
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control _____ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
FDIC | 6
SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain:

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 _____
- 12.13 Total book/adjusted carrying value _____
- 0
- \$ _____
- 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 amended to refer to the whistleblowing process referenced in the Code of Conduct.
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ _____
- 20.12 To stockholders not officers \$ _____
- 20.13 Trustees, supreme or grand (Fraternal only) \$ _____
- 0
- 0
- 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 \$ _____
- 20.22 To stockholders not officers \$ _____
- 20.23 Trustees, supreme or grand (Fraternal only) \$ _____
- 0
- 0
- 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ _____
- 21.22 Borrowed from others \$ _____
- 21.23 Leased from others \$ _____
- 21.24 Other \$ _____
- 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 \$ _____
- 22.22 Amount paid as expenses \$ _____
- 22.23 Other amounts paid \$ _____
- 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: \$ _____
- 70,007,201

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01 Were all of 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 2016 is \$75,870,721 and \$77,444,246 respectively. The amount of cash collateral on the balance sheet is \$26,468,450. 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. \$ 77,444,246

24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ _____

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: \$ 26,468,450

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 26,468,450

24.103 Total payable for securities lending reported on the liability page: \$ 26,468,450

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 31 of the current year:

25.21 Subject to repurchase agreements \$ 0

25.22 Subject to reverse repurchase agreements \$ 0

25.23 Subject to dollar repurchase agreements \$ 0

25.24 Subject to reverse dollar repurchase agreements \$ 0

25.25 Placed under option agreements \$ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0

25.27 FHLB Capital Stock \$ 0

25.28 On deposit with states \$ 5,049,215

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 31 of the current year: \$ _____

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's 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 year? Yes [] No [X]

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

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

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

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

1 Name of Firm or Individual	2 Affiliation
Standish Mellon Asset Management	U
BMO Asset Management Inc.	U

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

Yes [] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [] No [X]

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
113972	Standish Mellon Asset Management	ME7YUCK4NF1W8VM8SP25	SEC	DS
	BMO Asset Management Inc.	KT1X5Y238S91W0TNKJ87	OSC	NO

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

Yes [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	2,023,000
922042 71 8	VANGUARD INTL EQUITY ETF	8,932,850
78464A 69 8	SPDR SERIES TRUST	2,222,800
920042 77 5	VANGUARD EQUITY INDEPENDENT	8,836,000
922042 86 6	VANGUARD PACIFIC ETF	5,812,000
78464A 73 0	SPDR S&P OIL & GAS EXP&PRD	4,142,000
29.2999	TOTAL	31,968,650

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
ISHARE AUSTRALIA ETF	Commonwealth Bank of Australia	229,165	12/31/2016
ISHARE AUSTRALIA ETF	Westpac Banking Corp	176,588	12/31/2016
ISHARE AUSTRALIA ETF	Australia & New Zealand	144,645	12/31/2016
ISHARE AUSTRALIA ETF	Narionat Australia Bank	131,798	12/31/2016
ISHARE AUSTRALIA ETF	BHP Billiton Ltd	131,050	12/31/2016
VANGUARD INTL EQUITY ETF	CMT Market Liquidity	772,870	12/31/2016
VANGUARD INTL EQUITY ETF	Teck Resources Ltd	47,791	12/31/2016
VANGUARD INTL EQUITY ETF	First Quantum Mineral	31,176	12/31/2016
VANGUARD INTL EQUITY ETF	Open Text Corp	30,640	12/31/2016
VANGUARD INTL EQUITY ETF	Dollarama Inc	30,550	12/31/2016
SPDR SERIES TRUST	PNC Financial Services	81,021	12/31/2016
SPDR SERIES TRUST	M&T Bank Corp	80,865	12/31/2016
SPDR SERIES TRUST	Citizens Financial Group	79,954	12/31/2016
SPDR SERIES TRUST	Fifth Third Bancorp	79,932	12/31/2016
SPDR SERIES TRUST	Sun Trust Banks Inc	79,710	12/31/2016
VANGUARD EQUITY INDEPENDENT	CMT Market Liquidity	138,637	12/31/2016
VANGUARD EQUITY INDEPENDENT	Nestle SA	104,265	12/31/2016
VANGUARD EQUITY INDEPENDENT	Novartis AG	81,821	12/31/2016
VANGUARD EQUITY INDEPENDENT	Toyota Motor Corp	81,556	12/31/2016
VANGUARD EQUITY INDEPENDENT	Roche Holding AG	79,347	12/31/2016
VANGUARD PACIFIC ETF	Toyotal Motor Corp	154,715	12/31/2016
VANGUARD PACIFIC ETF	Samsung Electronics Co Ltd	143,847	12/31/2016
VANGUARD PACIFIC ETF	CMT Market Liquidity	130,421	12/31/2016
VANGUARD PACIFIC ETF	Commonwealth Bank	93,864	12/31/2016
VANGUARD PACIFIC ETF	Mitsubishi UFJ Financial	77,939	12/31/2016
SPDR S&P OIL&GAS EXP&PRD	Clayton Williams Energy	102,763	12/31/2016
SPDR S&P OIL&GAS EXP&PRD	RSP Perman Inc	83,544	12/31/2016
SPDR S&P OIL&GAS EXP&PRD	Marrathon Petroleum	82,840	12/31/2016
SPDR S&P OIL&GAS EXP&PRD	Chevron Corp	82,674	12/31/2016
SPDR S&P OIL&GAS EXP&PRD	Exxon Mobil Corp	82,509	12/31/2016

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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	1,394,409,883	1,406,809,806	12,399,923
30.2	Preferred Stocks	0	0	0
30.3	Totals	1,394,409,883	1,406,809,806	12,399,923

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

Bonds and preferred stocks are priced by the SVO when available. When SVO pricing is not available, the securities are priced by our external pricing source, Interactive Data Pricing and Reference Data LLC.

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 reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 220,846

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	\$ 146,332

34.1 Amount of payments for legal expenses, if any? \$ 225

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
Stewart McKelvey	\$ 225

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	\$	421,458,002	\$	410,047,840
2.3	Premium Ratio (2.1/2.2)				
2.4	Reserve Numerator	\$	0	\$	0
2.5	Reserve Denominator	\$	1,024,116,167	\$	775,889,791
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		\$		2,047,733
3.22	Non-participating policies		\$		807,714,590
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 fulfillment of certain conditions, been deferred?			Yes []	No []
5.5	If yes, give full information:				
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>The Company 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 3.1 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]

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

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:
There are certain parts of the Company's catastrophe program in 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 was not required for those parts of the program.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or, Yes [] No [X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From %
- 12.42 To %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]

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

12.6	If yes, state the amount thereof at December 31 of current year:								
	12.61	Letters of Credit	\$					0	
	12.62	Collateral and other funds	\$					0	
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):		\$					147,900,000	
13.2	Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?								Yes [] No [X]
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 reporting entity a cedant in a multiple cedant reinsurance contract?								Yes [X] No []
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants: <u>The method of allocating and recording reinsurance among the cedants is based on specific contract terms, and proportionately with respect to loss occurrences involving multiple cedants.</u>								
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	
				Direct Losses		Direct Losses		Direct Written	
				Incurred		Unpaid		Premium	
								Direct Premium	
								Unearned	
								Direct Premium	
								Earned	
16.11	Home	\$	0	\$	0	\$	0	\$	0
16.12	Products	\$	0	\$	0	\$	0	\$	0
16.13	Automobile	\$	0	\$	0	\$	0	\$	0
16.14	Other*	\$	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		\$					27,066,000	
17.12	Unfunded portion of Interrogatory 17.11		\$					27,066,000	
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		\$					27,066,000	
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 2016	2 2015	3 2014	4 2013	5 2012
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).....	83	88	110	107	108
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	677,562,620	667,240,281	661,377,019	683,401,693	695,765,132
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	165,880,759	161,172,680	155,654,812	152,263,903	152,493,726
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(1,110)	9	(2,542)	(8,375)	
6. Total (Line 35).....	843,442,352	828,413,058	817,029,399	835,657,327	848,258,966
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).....	83	88	110	107	108
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	556,766,751	557,039,931	539,292,377	541,175,848	542,143,388
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	149,822,047	146,966,317	139,255,083	133,869,547	153,243,159
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(282,942,215)	(283,462,569)	(291,915,847)	(287,457,500)	(251,161,959)
12. Total (Line 35).....	423,646,666	420,543,767	386,631,723	387,588,001	444,224,696
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	68,234,213	57,148,270	81,955,220	83,292,818	61,338,227
14. Net investment gain (loss) (Line 11).....	53,786,912	94,188,092	81,315,893	79,704,472	64,687,618
15. Total other income (Line 15).....	(135,190)	(1,429,714)	402,251	(34,505)	(190,552)
16. Dividends to policyholders (Line 17).....	457,523	434,520	409,823	399,850	378,823
17. Federal and foreign income taxes incurred (Line 19).....	38,011,671	27,919,103	44,124,633	38,148,219	39,464,562
18. Net income (Line 20).....	83,416,741	121,553,025	119,138,908	124,414,716	85,991,908
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	2,992,883,000	2,589,256,590	2,528,717,670	2,327,144,249	2,302,162,676
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	130,762,771	119,695,711	112,453,751	115,647,344	127,686,692
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).....	1,374,231,235	1,109,667,309	1,131,067,901	1,065,073,056	1,268,064,469
22. Losses (Page 3, Line 1).....	577,612,530	353,285,708	397,070,652	367,576,922	562,923,744
23. Loss adjustment expenses (Page 3, Line 3).....	66,308,751	54,904,891	50,319,026	49,704,664	48,386,482
24. Unearned premiums (Page 3, Line 9).....	368,169,765	365,981,101	355,485,174	354,772,212	354,687,242
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).....	1,618,651,765	1,479,589,281	1,397,649,769	1,262,071,193	1,034,098,207
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	237,728,089	61,901,690	146,118,595	174,726,757	50,587,762
Risk-Based Capital Analysis					
28. Total adjusted capital.....	1,618,651,765	1,479,589,281	1,397,649,769	1,262,071,193	1,034,098,207
29. Authorized control level risk-based capital.....	144,700,692	115,163,256	111,555,638	112,360,515	99,020,699
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).....	52.2	54.6	57.5	52.1	58.6
31. Stocks (Lines 2.1 & 2.2).....	39.7	38.0	37.9	41.5	34.7
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).....	7.1	5.5	3.4	5.1	3.2
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....	0.0	0.0	0.2	0.0	0.2
39. Securities lending reinvested collateral assets (Line 10).....	1.0	1.9	0.9	1.3	3.3
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
	2016	2015	2014	2013	2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	59,995,530	(13,525,739)	23,548,039	115,508,648	40,621,780
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).....	139,062,484	81,939,512	135,578,576	227,972,985	128,518,168
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).....	9,255,298	13,540,754	12,904,379	19,706,457	20,942,192
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	392,880,778	387,147,118	390,384,005	619,814,429	421,031,383
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	61,309,686	84,943,421	81,400,359	133,525,190	102,440,057
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(24,003)	(13,931)	6,670	(12,764)	(73,652)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	17,130	1,563	50,342	11,289	33,077
59. Total (Line 35).....	463,438,889	485,618,925	484,745,755	773,044,601	544,373,057
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).....	4,280,105	7,230,099	6,543,504	7,768,386	10,434,225
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	364,027,183	306,144,291	265,899,607	414,612,748	337,759,346
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	59,419,136	76,657,273	70,627,173	103,285,671	75,744,502
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(24,003)	(13,931)	6,670	(12,764)	(34,083)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(426,000,738)	(119,349,605)	(183,889,465)	(146,087,032)	(388,624,124)
65. Total (Line 35).....	1,701,684	270,668,127	159,187,489	379,567,009	35,279,866
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).....	53.6	55.3	48.9	47.5	56.7
68. Loss expenses incurred (Line 3).....	3.3	3.5	3.6	3.0	3.0
69. Other underwriting expenses incurred (Line 4).....	26.9	27.3	26.3	27.9	24.8
70. Net underwriting gain (loss) (Line 8).....	16.2	13.9	21.2	21.5	15.4
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).....	26.8	26.9	26.1	28.0	22.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	56.9	58.8	52.5	50.6	59.7
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).....	26.2	28.4	27.7	30.7	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).....	(14,985)	21,238	(50,307)	(10,941)	19,359
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).....	(1.0)	1.5	(4.0)	(1.1)	2.1
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).....	15,526	(22,467)	(48,855)	40,875	(50,699)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	1.1	(1.8)	(4.7)	4.5	(5.4)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	7,514	4,506	1,849	(1)	349		1,171	5,208	XXX
2. 2007.....	612,522	283,678	328,844	229,555	118,684	1,392	1,445	20,295	7,185	7,349	123,927	XXX
3. 2008.....	614,834	290,505	324,329	321,716	63,499	3,971	4,678	23,642	12,977	8,194	268,175	XXX
4. 2009.....	645,041	281,638	363,402	190,195	42,835	4,297	16,818	23,811	39,431	9,700	119,220	XXX
5. 2010.....	677,450	341,965	335,485	338,940	206,704	3,943	114	26,581	3,463	7,510	159,184	XXX
6. 2011.....	733,010	380,014	352,996	483,347	98,309	3,188	3,884	27,875	11,632	13,690	400,585	XXX
7. 2012.....	813,744	416,645	397,099	907,848	767,405	6,247	5,616	37,981	15,093	11,310	163,961	XXX
8. 2013.....	843,040	455,537	387,503	368,785	195,658	1,547	4,122	27,858	25,516	7,178	172,895	XXX
9. 2014.....	826,728	440,810	385,918	480,780	258,687	935	3,895	26,811	17,573	6,143	228,371	XXX
10. 2015.....	824,994	414,945	410,049	307,483	140,418	479	3,614	20,399	17,360	3,193	166,968	XXX
11. 2016.....	840,801	419,343	421,458	282,282	435,604	154	5,632	11,726	20,346	670	(167,420)	XXX
12. Totals.....	XXX	XXX	XXX	3,918,444	2,332,309	28,001	49,817	247,328	170,575	76,108	1,641,073	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.....	35,464	19,177	204,426	114,020	10,806	6,127	38,293	21,724	6,214		134,155	XXX	
2. 2007.....	63	6									56	XXX	
3. 2008.....	431	0			0						431	XXX	
4. 2009.....	344	34	20	1	1						330	XXX	
5. 2010.....	61	(0)	33	2	4						97	XXX	
6. 2011.....	515	299	35	2	13						264	XXX	
7. 2012.....	21,935	18,030	15,604	8	8						19,509	XXX	
8. 2013.....	35	(20)	4,343	197	27	0			35	1	474	XXX	
9. 2014.....	6,115	378	9,103	413	185	6			526	22	990	XXX	
10. 2015.....	29,698	3,077	11,177	506	691	29			2,467	102	1,215	XXX	
11. 2016.....	368,858	13,833	41,186	1,872	7,534	339			29,055	1,201	4,492	XXX	
12. Totals.....	463,519	54,814	285,927	117,020	19,268	6,501	38,293	21,724	38,298	1,326	7,200	643,921	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	106,693	27,462
2. 2007.	251,304	127,321	123,983	41.0	44.9	37.7			12.00	56	0
3. 2008.	349,760	81,154	268,606	56.9	27.9	82.8			12.00	431	0
4. 2009.	218,667	99,118	119,550	33.9	35.2	32.9			12.00	329	1
5. 2010.	369,562	210,281	159,280	54.6	61.5	47.5			12.00	93	4
6. 2011.	514,974	114,126	400,848	70.3	30.0	113.6			12.00	251	13
7. 2012.	989,622	806,153	183,470	121.6	193.5	46.2			12.00	19,501	8
8. 2013.	402,630	225,475	177,155	47.8	49.5	45.7			12.00	4,201	60
9. 2014.	524,455	280,973	243,482	63.4	63.7	63.1			12.00	14,427	684
10. 2015.	372,395	165,106	207,289	45.1	39.8	50.6			12.00	37,292	3,028
11. 2016.	740,795	478,826	261,969	88.1	114.2	62.2			12.00	394,339	35,050
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	577,613	66,309

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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior.....	190,913	161,409	180,182	174,086	168,248	169,828	181,918	182,109	222,574	221,024	(1,550)	38,915
2. 2007.....	154,636	121,046	116,118	112,733	112,165	112,277	112,321	111,922	111,011	110,873	(138)	(1,049)
3. 2008.....	XXX	299,283	258,647	249,284	246,293	260,301	258,597	258,143	258,060	257,941	(119)	(202)
4. 2009.....	XXX	XXX	182,455	140,558	133,976	138,796	135,739	135,457	135,310	135,169	(141)	(288)
5. 2010.....	XXX	XXX	XXX	196,910	142,583	141,670	138,235	136,945	136,169	136,162	(7)	(783)
6. 2011.....	XXX	XXX	XXX	XXX	392,253	392,005	409,582	390,345	386,321	384,605	(1,716)	(5,740)
7. 2012.....	XXX	XXX	XXX	XXX	XXX	205,347	172,890	156,445	157,308	160,582	3,274	4,136
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	199,831	187,437	179,894	174,779	(5,114)	(12,658)
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	240,544	233,939	233,739	(200)	(6,805)
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	211,158	201,885	(9,273)	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	242,734	XXX	XXX
12. Totals.....											(14,985)	15,526

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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior.....	000	10,564	26,479	37,109	44,146	59,214	69,189	77,205	88,224	93,083	XXX	XXX
2. 2007.....	24,161	92,770	109,044	112,376	111,854	111,992	112,096	111,705	110,794	110,817	XXX	XXX
3. 2008.....	XXX	91,649	207,618	240,577	244,670	259,669	258,054	257,706	257,622	257,510	XXX	XXX
4. 2009.....	XXX	XXX	41,554	112,501	122,251	134,513	135,291	135,112	134,956	134,839	XXX	XXX
5. 2010.....	XXX	XXX	XXX	(18,742)	101,873	132,735	135,050	136,854	136,094	136,065	XXX	XXX
6. 2011.....	XXX	XXX	XXX	XXX	175,195	323,419	383,493	386,440	385,648	384,341	XXX	XXX
7. 2012.....	XXX	XXX	XXX	XXX	XXX	(183,704)	111,192	147,546	141,323	141,073	XXX	XXX
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	14,207	140,053	167,576	170,553	XXX	XXX
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(13,064)	178,418	219,133	XXX	XXX
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,539	163,929	XXX	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(158,800)	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior.....	132,021	100,741	93,851	86,669	87,388	79,619	89,003	83,441	113,513	106,975
2. 2007.....	44,796	7,361	2,744			0				
3. 2008.....	XXX	60,665	18,057	4,070	598	4				
4. 2009.....	XXX	XXX	48,002	8,283	2,299	1,680		0		19
5. 2010.....	XXX	XXX	XXX	65,909	12,608	5,565	2,575	1		31
6. 2011.....	XXX	XXX	XXX	XXX	36,427	14,536	22,694	2,465	1	34
7. 2012.....	XXX	XXX	XXX	XXX	XXX	66,492	35,142	27,651	19,168	15,596
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	40,708	18,582	8,576	4,146
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	47,798	20,115	8,690
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	35,654	10,671
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,314

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	6,316,990	6,306,949	968	856,315	599,543	434,384		
2. Alaska.....AK	L	4,447,721	4,445,100		123,375	299,152	294,364		
3. Arizona.....AZ	L	8,319,494	7,649,665	1,149	4,449,894	12,940,122	9,554,105		
4. Arkansas.....AR	L	8,336,447	8,248,382	226	2,211,493	774,620	728,549		
5. California.....CA	L	99,459,549	101,317,228	70,812	40,631,405	30,471,316	18,172,636		
6. Colorado.....CO	L	10,362,202	9,593,404	2,322	7,262,961	7,996,299	4,710,307		
7. Connecticut.....CT	L	5,314,537	4,472,190	9,408	1,826,622	404,283	838,671		
8. Delaware.....DE	L	701,595	748,582		2,126,066	2,232,324	298,119		
9. District of Columbia.....DC	L	6,513,733	6,954,319		1,262,044	788,588	602,305		
10. Florida.....FL	L	22,745,890	22,533,339	27,372	2,393,834	1,042,573	2,152,350		
11. Georgia.....GA	L	13,949,249	13,716,836	3,665	5,393,743	4,144,968	3,963,882		
12. Hawaii.....HI	L	843,945	741,294		(319,379)	(188,165)	131,214		
13. Idaho.....ID	L	2,629,796	2,702,184	3,976	84,281	(109,871)	177,720		
14. Illinois.....IL	L	34,151,961	33,690,618	6,503	118,130,330	115,820,677	88,680,570		
15. Indiana.....IN	L	11,728,927	11,461,644		2,860,030	2,686,702	951,148		
16. Iowa.....IA	L	4,579,207	4,184,222		878,203	684,183	473,569		
17. Kansas.....KS	L	2,815,174	2,760,311	776	1,486,101	3,769,136	2,360,322		
18. Kentucky.....KY	L	4,839,729	4,702,518	2,112	1,737,856	(583,649)	885,040		
19. Louisiana.....LA	L	14,727,733	14,409,043		3,029,135	8,503,270	7,878,986		
20. Maine.....ME	L	831,179	748,012	3,181	47,859	47,859			
21. Maryland.....MD	L	16,191,121	15,562,908	781	8,834,708	9,795,045	7,060,374		
22. Massachusetts.....MA	L	31,808,612	32,004,303	117,576	15,571,900	8,222,987	8,438,663		
23. Michigan.....MI	L	15,017,976	15,194,993	2,724	3,869,327	3,833,659	4,088,478		
24. Minnesota.....MN	L	12,060,884	11,259,183	6,855	2,967,794	4,811,098	4,796,948		
25. Mississippi.....MS	L	9,209,244	9,873,672		4,912,684	10,240,540	6,603,990		
26. Missouri.....MO	L	17,708,054	17,759,362	8,187	10,082,275	22,222,334	23,218,889		
27. Montana.....MT	L	2,522,787	2,405,291		4,023,724	1,776,665	1,406,816		
28. Nebraska.....NE	L	2,178,761	2,119,308		697,339	842,198	1,074,554		
29. Nevada.....NV	L	8,565,093	9,036,522		2,466,014	5,776,576	4,247,260		
30. New Hampshire.....NH	L	2,596,958	2,274,034	2,816	217,345	21,098	34,952		
31. New Jersey.....NJ	L	18,682,742	18,764,973	19,184	9,553,082	61,000,073	116,389,445		
32. New Mexico.....NM	L	2,738,918	2,558,817		3,148,697	807,511	1,609,620		
33. New York.....NY	L	63,852,818	67,759,826	7,905	30,827,934	(4,548,209)	107,837,923		
34. North Carolina.....NC	L	12,714,083	12,151,191	286	5,251,215	7,643,763	5,854,690		
35. North Dakota.....ND	L	1,054,455	1,060,903		725,945	(71,868)	562,762		
36. Ohio.....OH	L	21,733,706	21,506,087	6,623	3,272,070	1,422,591	11,188,699		
37. Oklahoma.....OK	L	4,680,270	4,737,378		1,052,259	757,072	640,302		
38. Oregon.....OR	L	15,291,609	14,916,466	1,250	5,273,441	6,657,145	3,267,773		
39. Pennsylvania.....PA	L	15,531,858	15,305,302	10,377	2,936,804	5,942,517	5,674,942		
40. Rhode Island.....RI	L	4,359,789	4,536,986	117,812	1,811,341	1,827,105	4,524,880		
41. South Carolina.....SC	L	5,256,432	4,776,527	1,015	2,792,464	2,994,497	2,411,680		
42. South Dakota.....SD	L	615,348	624,018		1,454,105	(354,436)	571,240		
43. Tennessee.....TN	L	15,221,681	14,905,899		1,365,987	(104,979)	2,166,714		
44. Texas.....TX	L	57,672,169	59,259,061		56,698,823	247,627,050	215,796,051		
45. Utah.....UT	L	13,632,160	13,104,431		1,460,225	3,905,050	2,857,753		
46. Vermont.....VT	L	1,267,017	1,116,580	149	77,124	89,183	12,060		
47. Virginia.....VA	L	11,840,230	11,573,915	4,789	6,928,267	7,949,125	2,564,426		
48. Washington.....WA	L	44,489,825	45,358,359	4,841	7,808,346	3,760,390	2,700,311		
49. West Virginia.....WV	L	423,605	417,757		98,889	127,413	28,525		
50. Wisconsin.....WI	L	9,921,275	9,830,782	1,232	555,983	2,271,340	2,512,027		
51. Wyoming.....WY	L	796,065	769,652			17,208	24,189		
52. American Samoa.....AS	N								
53. Guam.....GU	L								
54. Puerto Rico.....PR	L	410,691	258,910			8,009	8,009		
55. US Virgin Islands.....VI	L	26,599	23,561						
56. Northern Mariana Islands.....MP	L								
57. Canada.....CAN	L	105,077,288	102,283,443	10,650	46,875,675	29,500,907	50,703,998		
58. Aggregate Other Alien.....OT	XXX	997,142	927,961	0	0	0	0		
59. Totals.....	(a).55	809,762,323	807,404,202	457,523	440,083,954	639,094,588	744,167,183	0	0

DETAILS OF WRITE-INS

58001. AUS AUSTRALIA.....	XXX	2,716	3,558						
58002. AUT AUSTRIA.....	XXX	10,852	8,988						
58003. BGD BANGLADESH.....	XXX	11,358	20,152						
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	972,216	895,263	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	997,142	927,961	0	0	0	0	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.

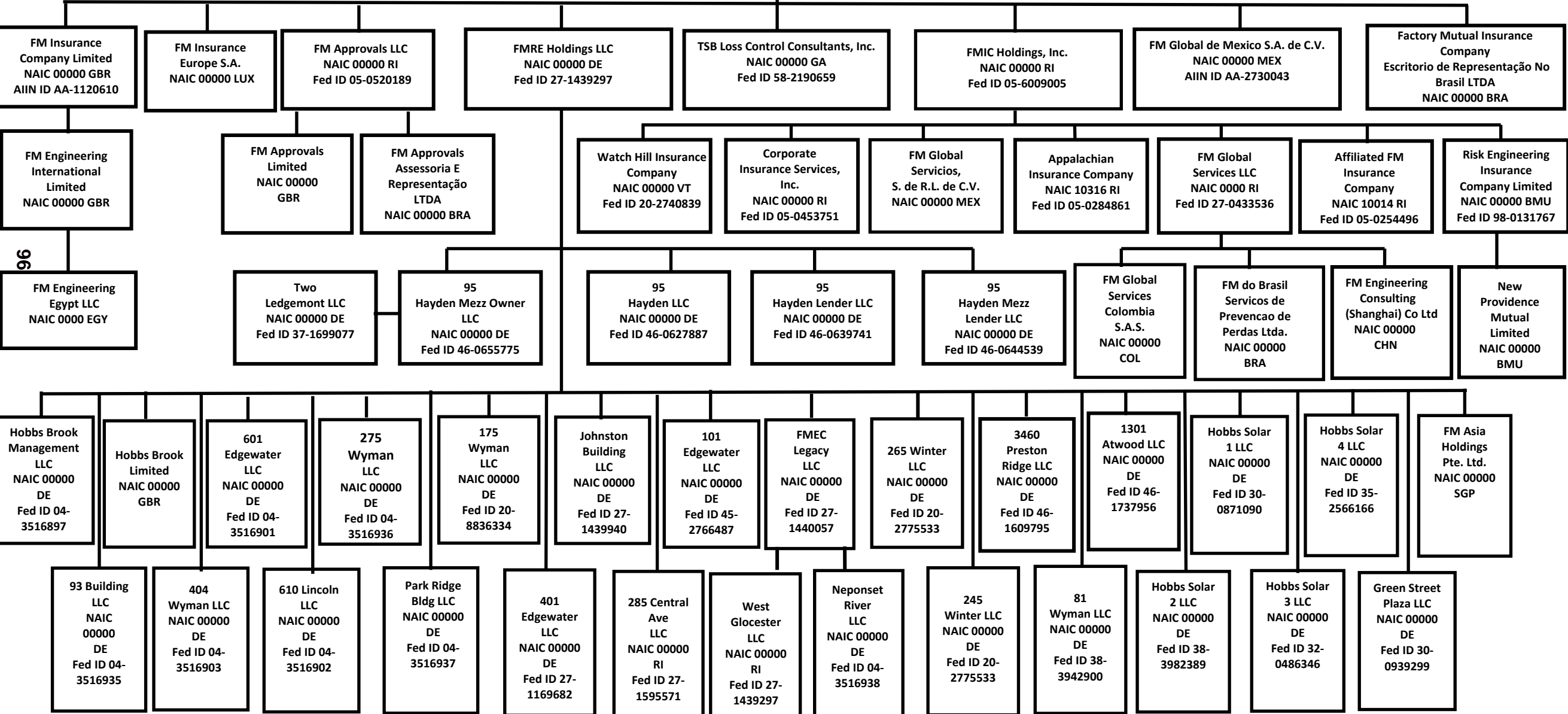
Explanation of Basis of Allocation of Premiums by States, etc.

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

Organizational Chart
December 31, 2016

Policyholders

Factory Mutual Insurance Company
NAIC 21482 Fed ID 05-0316605 RI
100% OWNERSHIP of all Subs



2016 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58
Cash Flow	5	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Exhibit of Net Investment Income	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2K-Fidelity, Surety	59
Five-Year Historical Data	17	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
General Interrogatories	15	Schedule P-Part 2M-International	59
Jurat Page	1	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	60
Notes To Financial Statements	14	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	60
Overflow Page For Write-ins	100	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Schedule A-Part 1	E01	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Schedule A-Part 2	E02	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 3	E03	Schedule P-Part 2T-Warranty	61
Schedule A-Verification Between Years	SI02	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule B-Part 1	E04	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule B-Part 2	E05	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 3	E06	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Verification Between Years	SI02	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 1 -Medical Professional Liability-Occurrence	63
Schedule BA-Part 2	E08	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 3	E09	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule D-Part 1	E10	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 3	E13	Schedule P-Part 3M-International	64
Schedule D-Part 4	E14	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	65
Schedule D-Part 5	E15	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	65
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	65
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule DA-Part 1	E17	Schedule P-Part 3T-Warranty	66
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Verification	SI14	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DL-Part 1	E24	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DL-Part 2	E25	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule E-Part 1-Cash	E26	Schedule P-Part 4M-International	69
Schedule E-Part 2-Cash Equivalents	E27	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	70
Schedule E-Part 3-Special Deposits	E28	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule F-Part 1	20	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule F-Part 2	21	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 3	22	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 4	23	Schedule P-Part 4T-Warranty	71
Schedule F-Part 5	24	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 6-Section 1	25	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 6-Section 2	26	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 7	27	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule F-Part 8	28	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule F-Part 9	29	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1-Summary	33	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6M-International	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	87
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	87
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1M-International	49	Schedule P Interrogatories	93
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	50	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	51	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	52	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Statement of Income	4
Schedule P-Part 1T-Warranty	56	Summary Investment Schedule	SI01
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2A-Homeowners/Farmowners	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 3	11
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58		