

QUARTERLY STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED

September 30, 2016

PROPERTY AND CASUALTY

2016



24017201620100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2016
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

NAIC Group Code 3490, NAIC Company Code 24017, Employer's ID Number 05-0458697, Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island, Country of Domicile US, Commenced Business August 12, 1992, Main Administrative Office One Beacon Centre, Warwick, RI US 02886-1378, Mail Address One Beacon Centre, Primary Location of Books and Records One Beacon Centre, Warwick, RI US 02886-1378, Internet Website Address www.beaconmutual.com, Statutory Statement Contact Ann Lazzareschi, alazzareschi@beaconmutual.com

OFFICERS

Table with 2 columns: Name, Title. 1. James Vincent Rosati, President & CEO; 2. Brian Joseph Spero, EVP, COO, General Counsel, Assistant Secretary; 3. Cynthia Lee Lawlor, Chief Financial Officer

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Pamela Lee Alarie, Vice President; Robert Glenn DeOrsey, Vice President; Rajani Mahadevan, Vice President; Timothy Francis Benson, Vice President; Michael Dennis Lynch, Vice President

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Harry Robert Bacon, Raymond Christopher Coia, Richard James DeRienzo, James Vincent Rosati; Carol Elaine Saccucci, Robert A. Walsh Jr., Myrth York, Jerauld C. Adams; Linda D'Amario Rossi

State of Rhode Island

County of Kent ss

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 and Title lines for James Vincent Rosati (President & CEO), Brian Joseph Spero (EVP, COO, General Counsel, Assistant Secretary), and Cynthia Lee Lawlor (Chief Financial Officer)

Subscribed and sworn to before me this day of , 2016

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	316,469,624		316,469,624	308,023,932
2. Stocks:				
2.1 Preferred stocks	861,800		861,800	861,800
2.2 Common stocks	15,028,742		15,028,742	14,199,049
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	11,269,506		11,269,506	11,558,043
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 2,853,992), cash equivalents (\$ 0), and short-term investments (\$ 3,990,555)	6,844,548		6,844,548	10,691,883
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	67,002		67,002	82,849
9. Receivables for securities	241,411		241,411	
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	350,782,633		350,782,633	345,417,556
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	2,901,327		2,901,327	3,045,069
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,726,620	236,124	1,490,496	2,160,200
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 1,492,270 earned but unbilled premiums)	31,487,700	23,471	31,464,229	37,668,365
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	375,063		375,063	339,099
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,247,713	1,034,561	213,152	242,876
21. Furniture and equipment, including health care delivery assets (\$ 0)	150,614	150,614		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	299,536		299,536	18,562
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	3,241,574	2,254,208	987,366	1,073,921
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	392,212,780	3,698,978	388,513,802	389,965,648
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	392,212,780	3,698,978	388,513,802	389,965,648

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	2,187,497	2,187,497		
2502. SERP Accounts	968,542		968,542	1,036,845
2503. Miscellaneous Receivables	85,535	66,711	18,824	37,076
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,241,574	2,254,208	987,366	1,073,921

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 42,156,008)	127,467,128	116,685,842
2. Reinsurance payable on paid losses and loss adjustment expenses	16,217	9,984
3. Loss adjustment expenses	21,461,422	21,714,300
4. Commissions payable, contingent commissions and other similar charges	4,652,032	5,378,282
5. Other expenses (excluding taxes, licenses and fees)	6,083,492	6,886,712
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	6,464,417	9,149,082
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2. Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 82,941 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)	57,800,883	64,223,166
10. Advance premium	2,321,663	3,176,310
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders	1,657,930	3,401,812
12. Ceded reinsurance premiums payable (net of ceding commissions)	37,686	119,739
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others	83,832	219,508
15. Remittances and items not allocated	53,548	120,400
16. Provision for reinsurance (including \$ 0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	762,247	664,185
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	228,862,497	231,749,322
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	228,862,497	231,749,322
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	20,758,685	20,758,685
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	138,892,620	137,457,641
36. Less treasury stock, at cost:		
36.1. 0 shares common (value included in Line 30 \$ 0)		
36.2. 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	159,651,305	158,216,326
38. Totals (Page 2, Line 28, Col. 3)	388,513,802	389,965,648

DETAILS OF WRITE-IN LINES		
2501. Deferred Gain - CH Investments	582,006	600,658
2502. Accrued Retrospective Return Premium	140,771	
2503. Retroactive Reinsurance Reserve Assumed	31,970	48,099
2598. Summary of remaining write-ins for Line 25 from overflow page	7,500	15,428
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	762,247	664,185
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. Capital assessment by RI Dept of Labor to provide residual market	20,758,685	20,758,685
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	20,758,685	20,758,685

NONE

STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 94,351,300)	99,470,263	96,258,509	128,810,913
1.2 Assumed (written \$ 3,388,714)	4,692,034	4,870,419	6,438,776
1.3 Ceded (written \$ 5,651,637)	5,651,637	6,170,308	8,032,672
1.4 Net (written \$ 92,088,377)	98,510,660	94,958,620	127,217,017
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 54,436,626):			
2.1 Direct	49,648,482	58,056,007	77,076,149
2.2 Assumed	5,716,779	4,906,705	
2.3 Ceded	(7,737,384)	1,590,351	
2.4 Net	63,102,645	61,372,361	77,076,149
3. Loss adjustment expenses incurred	16,342,456	16,602,060	20,672,615
4. Other underwriting expenses incurred	28,751,994	29,222,408	39,664,383
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	108,197,095	107,196,829	137,413,147
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(9,686,435)	(12,238,209)	(10,196,130)
INVESTMENT INCOME			
9. Net investment income earned	8,892,388	8,815,906	11,713,175
10. Net realized capital gains (losses) less capital gains tax of \$ 0	3,005,304	1,770,635	2,397,640
11. Net investment gain (loss) (Lines 9 + 10)	11,897,692	10,586,541	14,110,815
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 234,913 amount charged off \$ (781,281))	(546,368)	(317,895)	(602,984)
13. Finance and service charges not included in premiums	116,650	119,415	151,650
14. Aggregate write-ins for miscellaneous income	12,869	(34,148)	135,768
15. Total other income (Lines 12 through 14)	(416,849)	(232,628)	(315,566)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,794,408	(1,884,296)	3,599,119
17. Dividends to policyholders			2,637,740
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)	1,794,408	(1,884,296)	961,379
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	1,794,408	(1,884,296)	961,379
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	158,216,326	158,074,765	158,074,765
22. Net income (from Line 20)	1,794,408	(1,884,296)	961,379
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(413,603)	(1,977,507)	(659,577)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	54,174	(973,233)	(160,241)
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	1,434,979	(4,835,036)	141,561
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	159,651,305	153,239,729	158,216,326

DETAILS OF WRITE-IN LINES			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)			
1401. Miscellaneous Income (Loss)	11,049	(34,418)	(53,132)
1402. Gain (Loss) on Disposal of Assets	1,820	270	270
1403. Impaired Loss - Subsidiary			150,000
1498. Summary of remaining write-ins for Line 14 from overflow page			38,630
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	12,869	(34,148)	135,768
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)			

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	98,213,519	91,223,290	124,646,489
2. Net investment income	10,331,770	10,040,593	13,355,955
3. Miscellaneous income	(416,848)	(232,627)	(315,567)
4. Total (Lines 1 to 3)	108,128,441	101,031,256	137,686,877
5. Benefit and loss related payments	52,358,027	58,392,709	80,425,511
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	49,554,703	48,678,938	60,199,784
8. Dividends paid to policyholders	1,743,883	1,581,499	2,169,669
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	103,656,613	108,653,146	142,794,964
11. Net cash from operations (Line 4 minus Line 10)	4,471,828	(7,621,890)	(5,108,087)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	46,417,912	45,638,116	65,305,450
12.2 Stocks	27,995,661	13,687,183	20,663,463
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets		123,771	123,771
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds		13,708	13,709
12.8 Total investment proceeds (Lines 12.1 to 12.7)	74,413,573	59,462,778	86,106,393
13. Cost of investments acquired (long-term only):			
13.1 Bonds	54,845,612	32,190,790	54,359,118
13.2 Stocks	27,302,666	19,484,755	20,195,687
13.3 Mortgage loans			
13.4 Real estate		66,628	66,628
13.5 Other invested assets			
13.6 Miscellaneous applications	241,411		
13.7 Total investments acquired (Lines 13.1 to 13.6)	82,389,689	51,742,173	74,621,433
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(7,976,116)	7,720,605	11,484,960
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(343,047)	(967,838)	32,674
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(343,047)	(967,838)	32,674
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)	(3,847,335)	(869,123)	6,409,547
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	10,691,883	4,282,336	4,282,336
19.2 End of period (Line 18 plus Line 19.1)	6,844,548	3,413,213	10,691,883

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

20.0001			
20.0002			
20.0003			

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of The Beacon Mutual Insurance Company (the "Company") have been prepared in conformity with insurance accounting practices prescribed or permitted by the Rhode Island Insurance Department. 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.

SSAP 97 requires investments in subsidiaries to be carried at the entity's underlying audited statutory equity. As the Castle Hill Insurance subsidiary ("Castle Hill") has been inactive since its inception, the State of Rhode Island has granted the subsidiary an exemption from filing audited financial statements. As such, the State of Rhode Island has also granted a permitted practice to allow Castle Hill to be recorded on the Company's balance sheet as an invested asset at its unaudited statutory equity value.

A summary of the impact of the permitted practices on the Company's net income and surplus as a result of recording Castle Hill as an invested asset is estimated to be as follows:

	September 30, 2016		December 31, 2015	
	Surplus	Net Income	Surplus	Net Income
Rhode Island Basis	\$159,651,305	1,794,408	\$158,216,326	\$961,379
State Permitted Practice :				
Value of Castle Hill subsidiary	(1,348,312)	-	(1,321,062)	-
NAIC SAP	\$158,302,993	1,794,408	\$156,895,264	\$961,379

2. Accounting Changes and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

(A, B, C, E, F & G) No change.

D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage backed/ asset-backed securities were obtained from an external investment manager.
2. The Company did not recognize any other-than-temporary impairments on loan back or structured securities during the third quarter of 2016.
3. Not applicable.
4. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position.

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ (4,396)
2. 12 Months or Longer	<u>(70,705)</u>
	(75,101)

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$ 4,380,901
2. 12 Months or Longer	<u>8,861,215</u>
	13,242,116

NOTES TO FINANCIAL STATEMENTS

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of September 30, 2016, the Company has not made a decision to sell any such securities. The Company evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of September 30, 2016, the Company can attest that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are determined by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities held at September 30, 2016 if future events, information, and the passage of time cause it to conclude that declines in value are other than temporary.
6. Joint Ventures, Partnerships and Limited Liability Companies
No significant change.
7. Investment Income
No change.
8. Derivative Instruments
Not applicable.
9. Income Taxes
No change.
10. Information Concerning Parent, Subsidiaries and Affiliates
No significant change.
11. Debt
No significant change.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
No significant change.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
No significant change.
14. Contingencies
No significant change.
15. Leases
No significant change.
16. Information About Financial Instruments With Off-Balance Sheet Risk
Not applicable.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
Not applicable.
18. Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
Not applicable.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
Not applicable.

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurement

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

1) Fair Value Measurements by Levels 1, 2 and 3

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

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, prepayment speeds, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table provides information about the Company's financial assets and liabilities measured at fair value:

	September 30, 2016			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Assets at fair value (in 000's)				
Bonds and debt securities	\$ -	\$ 341	\$ -	\$ 341
Short-term investments	3,991	-	-	3,991
Common stock	13,680	-	-	13,680
Total assets at fair value	<u>\$ 17,671</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ 18,012</u>

The following table provides information about the Company's financial assets and liabilities, including those measured at other than fair value in the Statements of Admitted Assets, Liabilities, and Policyholders' Surplus.

	September 30, 2016					Not Practicable (Carrying Value)
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Aggregate	Admitted	
				<u>Fair Value</u>	<u>Assets</u>	
Assets at fair value (in 000's)						
Bonds and debt securities	\$ 10,700	\$ 327,502	\$ -	\$ 338,202	\$ 316,470	-
Short-term investments	3,991	-	-	3,991	3,991	-
Preferred stock	-	996	-	996	862	-
Common stock	13,680	-	-	13,680	13,680	-
Total assets at fair value	<u>\$ 28,371</u>	<u>\$ 328,498</u>	<u>\$ -</u>	<u>\$ 356,869</u>	<u>\$ 335,003</u>	<u>-</u>

The Company had no transfers into or out of Level 3.

2) Rollforward of Level 3 Items

The Company has no material assets or liabilities 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. During the current year, no transfers into or out of Level 3 were required.

NOTES TO FINANCIAL STATEMENTS

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

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

The Company's investments in bond and debt securities and preferred stock reported at fair value are classified in Level 2. Fair values of the investments reported in this category are provided by independent pricing services. Where independent pricing services provide fair values, the Company has obtained an understanding of the methods, models and inputs used in pricing and has controls in place to validate that the amounts provided represent current fair values.

Typical inputs to models used by independent pricing services include but are not limited to benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events.

Because some preferred and common stocks do not trade daily, independent pricing services regularly derive fair values using recent trades of securities with similar features. When recent trades are not available, pricing models are used to estimate the fair values of securities by discounting future cash flows at estimated market interest rates.

B. Other Fair Value Disclosures

Not applicable.

C. Reasons Not Practical to Estimate Fair Values

Not applicable.

21. Other Items

No significant changes.

22. Events Subsequent

No change.

23. Reinsurance

A. Reinsurance Assumed and Ceded and Protected Cells

All reinsurance premiums are paid on earned premium; therefore return commission is zero. At September 30, 2016, the unearned premium reserves for direct and assumed premiums were \$54,653,938 and \$1,548,085, respectively. The unearned premium reserve for ceded premiums was \$82,941 at September 30, 2016.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No significant change.

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years increased by \$8.8M during 2016. Increases (or decreases) of this nature take place as the result of ongoing claims activity and the review of claim reserves as additional information becomes available.

26. Intercompany Pooling Arrangements

Not applicable.

27. Structured Settlements

No change.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves

No change.

31. High Deductibles

Not applicable.

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

Not applicable.

33. Asbestos/Environmental Reserves

No change.

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

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 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, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 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
.....
.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] N/A [X]
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2015 _____

6.2 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. _____ 12/31/2011 _____

6.3 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). _____ 12/04/2012 _____

6.4 By what department or departments?
 Department of Business Regulation, Rhode Island

6.5 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]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]

7.1 Has this 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]

GENERAL INTERROGATORIES

7.2 If yes, give full information

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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
.....

9.1 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?

- (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.

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []

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

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

GENERAL INTERROGATORIES

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

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ _____

13. Amount of real estate and mortgages held in short-term investments: \$ _____

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ <u>1,321,062</u>	\$ <u>1,348,312</u>
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ <u>1,321,062</u>	\$ <u>1,348,312</u>
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
 If no, attach a description with this statement. Yes No

16. For the reporting entity's security lending program, state the amount of the following as current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.3 Total payable for securities lending reported on the liability page	\$ _____

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Bank of America	100 Federal Street, Boston, MA 02210
.....

17.2 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)
.....
.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes No

GENERAL INTERROGATORIES

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
105900	New England Asset Management	76 Batterson Park Road, Farmington, CT 06032
.....

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

Yes [X] No []

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [] N/A [X]
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1	2	3	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....
.....
.....
TOTAL		

5. Operating Percentages:
 5.1. A&H loss percent _____ %
 5.2. A&H cost containment percent _____ %
 5.3. A&H expense percent excluding cost containment expenses _____ %

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ _____

6.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ _____

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		1	2	3	4	5	6	7
		Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	
1. Alabama	AL	N						
2. Alaska	AK	N						
3. Arizona	AZ	N						
4. Arkansas	AR	N						
5. California	CA	N						
6. Colorado	CO	N						
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	N						
11. Georgia	GA	N						
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	N						
15. Indiana	IN	N						
16. Iowa	IA	N						
17. Kansas	KS	N						
18. Kentucky	KY	N						
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	N						
22. Massachusetts	MA	L						
23. Michigan	MI	N						
24. Minnesota	MN	N						
25. Mississippi	MS	N						
26. Missouri	MO	N						
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	N						
35. North Dakota	ND	N						
36. Ohio	OH	N						
37. Oklahoma	OK	N						
38. Oregon	OR	N						
39. Pennsylvania	PA	N						
40. Rhode Island	RI	L	94,351,300	91,727,292	52,000,663	56,101,506	140,976,692	151,060,820
41. South Carolina	SC	N						
42. South Dakota	SD	N						
43. Tennessee	TN	N						
44. Texas	TX	N						
45. Utah	UT	N						
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	N						
50. Wisconsin	WI	N						
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U.S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CAN	N						
58. Aggregate Other Alien	OT	X X X						
59. Totals	(a) 2		94,351,300	91,727,292	52,000,663	56,101,506	140,976,692	151,060,820

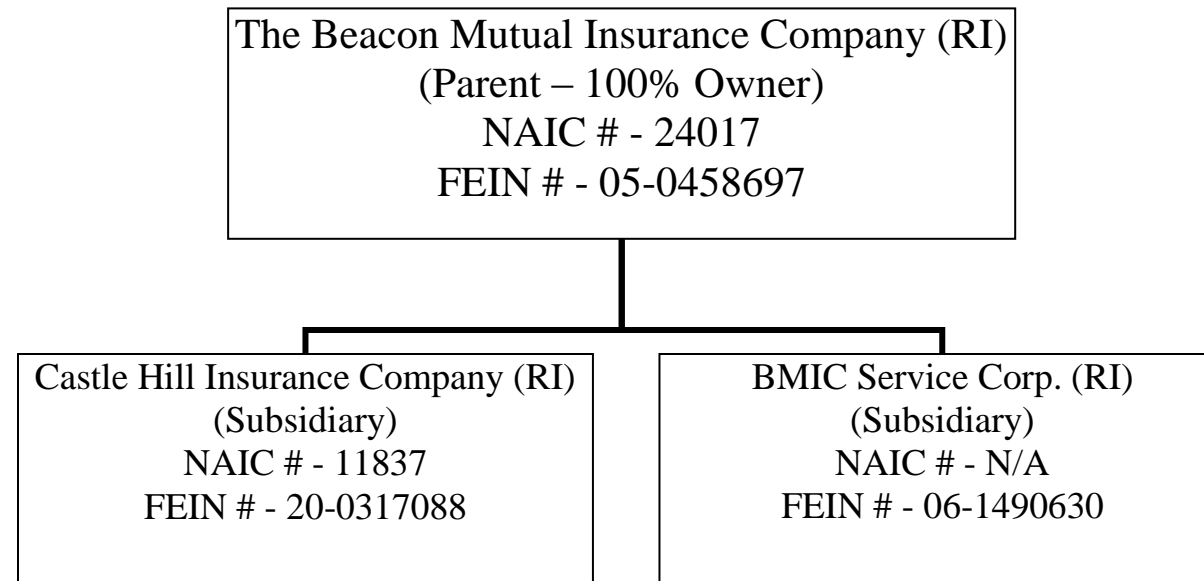
DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X					
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X					

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG: (R) Registered - Non-domiciled RRGs: (Q) Qualified - Qualified or Accredited Reinsurer:
 (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state: (N) None of the above - Not allowed to write business in the state.
 (a) Insert the number of L responses except for Canada and Other Alien.

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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
3490	Beacon Mutual Insurance Company	24017	05-0458697				Beacon Mutual Insurance Company	RI						0
3490	Beacon Mutual Insurance Company	11837	20-0317088				Castle Hill Insurance Company	RI	DS	Beacon Mutual Insurance Company	Ownership	100.0	Beacon Mutual Insurance Company	0
		00000	06-1490630				BMIC Service Corp	RI	DS	Beacon Mutual Insurance Company	Ownership	100.0	Beacon Mutual Insurance Company	0

12

Asterik	Explanation
	NONE

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation	99,470,263	49,648,482	49.9	60.3
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	99,470,263	49,648,482	49.9	60.3

DETAILS OF WRITE-INS				
3401.	NONE			
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation	29,232,885	94,351,300	91,727,292
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	29,232,885	94,351,300	91,727,292

DETAILS OF WRITE-INS				
3401.	NONE			
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2016 Loss and LAE Payments on Claims Reported as of Prior Year-End	2016 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2016 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2013 + prior	42,602	11,725	54,327	11,619		11,619	36,310		9,484	45,794	5,327	(2,241)	3,086
2. 2014	17,474	10,093	27,567	13,161	20	13,181	12,814	39	5,858	18,711	8,501	(4,176)	4,325
3. Subtotals 2014 + prior	60,076	21,818	81,894	24,780	20	24,800	49,124	39	15,342	64,505	13,828	(6,417)	7,411
4. 2015	23,964	32,542	56,506	22,143	650	22,793	16,777	797	17,542	35,116	14,956	(13,553)	1,403
5. Subtotals 2015 + prior	84,040	54,360	138,400	46,923	670	47,593	65,901	836	32,884	99,621	28,784	(19,970)	8,814
6. 2016	X X X	X X X	X X X	X X X	21,324	21,324	X X X	21,970	27,338	49,308	X X X	X X X	X X X
7. Totals	84,040	54,360	138,400	46,923	21,994	68,917	65,901	22,806	60,222	148,929	28,784	(19,970)	8,814

8. Prior Year-End Surplus As Regards Policyholders

158,216

Col. 11, Line 7	Col. 12, Line 7	Col. 13, Line 7
As % of Col. 1,	As % of Col. 2,	As % of Col. 3,
Line 7	Line 7	Line 7
1. <u>34.250</u>	2. <u>-36.737</u>	3. <u>6.368</u>
		Col. 13, Line 7
		Line 8
		4. <u>5.571</u>

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

- Question 1: Not applicable
.....
.....
.....
- Question 2: Not applicable
.....
.....
.....
- Question 3: Not applicable
.....
.....
.....
- Question 4: Not applicable
.....
.....
.....

Bar Code:



24017201649000030



24017201645500030



24017201636500030



24017201650500030

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	Current Statement Date	December 31, Prior Year
2504. Accrued Penalties	5,000	
2505. Miscellaneous Liabilities	2,500	15,428
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	7,500	15,428

OVERFLOW PAGE FOR WRITE-INS

Page 4 - Continuation

STATEMENT OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended December 31
REMAINING WRITE-INS AGGREGATED AT LINE 14 FOR MISCELLANEOUS INCOME			
1404. Retroactive Reinsurance Gain (Loss)			38,630
1497. Totals (Lines 1404 through 1496) (Page 4, Line 1498)			38,630

SCHEDULE A - VERIFICATION**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	11,558,043	11,870,073
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		66,629
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	288,536	378,659
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	11,269,507	11,558,043
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	11,269,507	11,558,043

SCHEDULE B - VERIFICATION**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	82,849	150,850
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(15,847)	55,770
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		123,771
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	67,002	82,849
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	67,002	82,849

SCHEDULE D - VERIFICATION**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	323,084,781	334,078,656
2. Cost of bonds and stocks acquired	82,148,278	74,554,806
3. Accrual of discount	62,035	64,622
4. Unrealized valuation increase (decrease)	(438,850)	(698,825)
5. Total gain (loss) on disposals	2,994,175	3,227,303
6. Deduct consideration for bonds and stocks disposed of	74,413,573	85,968,916
7. Deduct amortization of premium	1,035,500	1,299,779
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	41,180	873,086
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	332,360,166	323,084,781
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	332,360,166	323,084,781

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	273,875,628	12,270,455	11,909,963	(1,270,400)	271,632,412	273,875,628	272,965,720	275,194,598
2. NAIC 2 (a)	43,735,808	1,266,255	63,433	937,849	44,980,957	43,735,808	45,876,479	44,018,844
3. NAIC 3 (a)	1,617,057		971,863	972,787		1,617,057	1,617,981	
4. NAIC 4 (a)	971,863			(971,863)	1,027,500	971,863		
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	320,200,356	13,536,710	12,945,259	(331,627)	317,640,869	320,200,356	320,460,180	319,213,442
PREFERRED STOCK								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3	500,000				861,800	500,000	500,000	861,800
11. NAIC 4	361,800					361,800	361,800	
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock	861,800				861,800	861,800	861,800	861,800
15. Total Bonds & Preferred Stock	321,062,156	13,536,710	12,945,259	(331,627)	318,502,669	321,062,156	321,321,980	320,075,242

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	3,990,555	X X X	3,990,555	1,564	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	11,189,510	1,016,397
2. Cost of short-term investments acquired	33,225,833	22,331,763
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	40,424,788	12,158,650
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	3,990,555	11,189,510
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	3,990,555	11,189,510

- NONE Schedule DB - Part A and B Verification**
- NONE Schedule DB - Part C - Section 1**
- NONE Schedule DB - Part C - Section 2**
- NONE Schedule DB - Verification**
- NONE Schedule E Verification**
- NONE Schedule A - Part 2 and 3**
- NONE Schedule B - Part 2 and 3**
- NONE Schedule BA - Part 2 and 3**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
484008-MT-1	KANE CNTY IL SCH DIST #131 AUR		08/04/2016	MESIROW FINANCIAL INC.		500,000	500,000.00		1FE
2499999	U.S. Total Bonds Political Subdivisions of States, Territories and Possessions				X X X	500,000	500,000.00		X X X
02765U-CY-8	AMERICAN MUNI PWR-OHIO INC OHR		09/26/2016	BARCLAYS CAPITAL		391,937	295,000.00	2,325	1FE
130795-S4-0	CALIFORNIA ST STWD CMNTYS DEV		09/22/2016	VARIOUS		664,745	525,000.00	9,582	1FE
544652-6F-2	LOS ANGELES CA WSTWTR SYS REVE		09/01/2016	RAMIREZ & CO INC		1,360,200	1,000,000.00	15,501	1FE
59333P-W2-0	MIAMI-DADE CNTY FL AVIATION RE		08/04/2016	MERRILL LYNCH		250,000	250,000.00		1FE
594712-PP-0	MICHIGAN ST UNIV REVENUES		09/22/2016	MORGAN STANLEY & CO		636,390	500,000.00	3,601	1FE
63948W-AR-3	NDSU RESEARCH & TECHNOLOGY PAR		07/15/2016	US BANCORP PIPER JAFFRAY		250,000	250,000.00		1FE
64972H-RB-0	NEW YORK CITY NY TRANSITIONAL		09/12/2016	FTN FINANCIAL SECURITIES CORP		882,120	630,000.00	7,169	1FE
69848A-AA-6	PANHANDLE TX ECON DEV CORP LEA		08/11/2016	HUTCHINSON SHOCKLEY		250,000	250,000.00		1FE
709221-TF-2	PENNSYLVANIA ST TURNPIKE COMMI		07/08/2016	MELLON CAPITAL MARKETS		640,790	500,000.00	3,411	1FE
3199999	U.S. Total Bonds Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	5,326,182	4,200,000.00	41,589	X X X
23312V-AF-3	DEUTSCHE BANK COMMERCIAL MORTG 16-C3 A5		07/26/2016	DEUTSCHE BANK		772,493	750,000.00	602	1FE
26441C-AT-2	DUKE ENERGY CORP		08/09/2016	BARCLAYS CAPITAL		749,580	750,000.00		2FE
539830-BC-2	LOCKHEED MARTIN CORP		08/15/2016	US BANCORP		516,675	500,000.00	8,350	2FE
68235P-AF-5	ONE GAS INC		07/19/2016	DEUTSCHE BANK		289,943	250,000.00	5,531	1FE
913017-BT-5	UNITED TECHNOLOGIES CORP		07/26/2016	CITIGROUP GLOBAL MARKETS		878,520	750,000.00	5,438	1FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	3,207,211	3,000,000.00	19,921	X X X
8399997	Total Bonds Part 3				X X X	9,033,393	7,700,000.00	61,510	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total Bonds				X X X	9,033,393	7,700,000.00	61,510	X X X
025537-10-1	AMERICAN ELECTRIC POWER		07/07/2016	CLSA CALYON SECURITIES	6,800.000	481,008			L
166764-10-0	CHEVRON CORP		07/07/2016	VARIOUS	3,600.000	375,443			L
22822V-10-1	CROWN CASTLE INTL CORP		07/07/2016	CLSA CALYON SECURITIES	4,500.000	458,415			L
25746U-10-9	DOMINION RESOURCES INC		07/07/2016	CLSA CALYON SECURITIES	5,000.000	391,071			L
26441C-20-4	DUKE ENERGY CORP		07/07/2016	CLSA CALYON SECURITIES	4,600.000	396,175			L
532457-10-8	ELI LILLY & CO		07/07/2016	CLSA CALYON SECURITIES	5,600.000	447,831			L
291011-10-4	EMERSON ELECTRIC CO		07/07/2016	WEEDEN & CO	600.000	31,337			L
29364G-10-3	ENTERGY CORP		07/07/2016	CLSA CALYON SECURITIES	4,000.000	325,233			L
370334-10-4	GENERAL MILLS INC		07/07/2016	CLSA CALYON SECURITIES	5,800.000	421,034			L
459200-10-1	INTL BUSINESS MACHINES CORP		07/07/2016	WEEDEN & CO	2,700.000	412,088			L
478160-10-4	JOHNSON & JOHNSON		07/07/2016	CLSA CALYON SECURITIES	3,100.000	379,989			L

E04

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
500754-10-6	KRAFT HEINZ COMPANY		07/07/2016	CLSA CALYON SECURITIES	4,800.000	430,327			L
539830-10-9	LOCKHEED MARTIN CORPORATION		07/07/2016	CLSA CALYON SECURITIES	1,700.000	424,609			L
69007J-10-6	OUTFRONT MEDIA INC		07/07/2016	CLSA CALYON SECURITIES	15,268.000	360,936			L
713448-10-8	PEPSICO INC		07/07/2016	CLSA CALYON SECURITIES	3,700.000	401,357			L
717081-10-3	PFIZER INC		07/07/2016	CLSA CALYON SECURITIES	10,800.000	386,961			L
744573-10-6	PUBLIC SERVICE ENTERPRISE GP		07/07/2016	CLSA CALYON SECURITIES	8,300.000	383,160			L
842587-10-7	SOUTHERN COMPANY		07/07/2016	CLSA CALYON SECURITIES	6,300.000	340,060			L
871829-10-7	SYSCO CORP		07/07/2016	CLSA CALYON SECURITIES	8,500.000	435,409			L
92343V-10-4	VERIZON COMMUNICATIONS		07/07/2016	CLSA CALYON SECURITIES	8,000.000	446,874			L
931142-10-3	WAL-MART STORES INC		07/07/2016	CLSA CALYON SECURITIES	5,300.000	389,550			L
9099999	Total Common Stock Industrial and Miscellaneous (Unaffiliated)				X X X	8,118,867	X X X		X X X
9799997	Total Common Stock Part 3				X X X	8,118,867	X X X		X X X
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X
9799999	Total Common Stock				X X X	8,118,867	X X X		X X X
9899999	Total Preferred and Common Stock				X X X	8,118,867	X X X		X X X
9999999	Totals				X X X	17,152,260	X X X	61,510	X X X

E04.1

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
38373A-L2-0	GOVERNMENT NATIONAL MORTGAG		09/01/2016	PAYDOWN		26,343	26,343.00	27,686	26,698		(355)		(355)		26,343				789	07/20/2038	1FE
38376F-J3-7	GOVERNMENT NATIONAL MORTGAG		09/01/2016	PAYDOWN		2,447	2,447.00	2,701	2,522		(75)		(75)		2,447				73	08/20/2038	1FE
38378K-RR-2	GOVERNMENT NATIONAL MORTGAG		09/01/2016	PAYDOWN		13,048	13,048.00	13,414	13,078		(30)		(30)		13,048				212	03/16/2048	1FE
36296H-Q6-9	GOVERNMENT NATL MTG ASSOC #6		09/01/2016	PAYDOWN		7,658	7,658.00	7,811	7,676		(17)		(17)		7,658				255	07/15/2038	1FE
36296Q-LY-3	GOVERNMENT NATL MTG ASSOC #6		09/01/2016	PAYDOWN		489	489.00	500	492		(3)		(3)		489				16	03/15/2039	1FE
36296W-WP-7	GOVERNMENT NATL MTG ASSOC #7		09/01/2016	PAYDOWN		712	712.00	728	726		(14)		(14)		712				24	02/15/2039	1FE
3620C6-EG-6	GOVERNMENT NATL MTG ASSOC #7		09/01/2016	PAYDOWN		58,951	58,951.00	61,512	59,326		(375)		(375)		58,951				1,512	11/15/2040	1FE
36241K-YZ-5	GOVERNMENT NATL MTG ASSOC #7		09/01/2016	PAYDOWN		13,814	13,814.00	14,091	13,864		(50)		(50)		13,814				456	01/15/2039	1FE
0599999	Total - Bonds - U.S. Governments				X X X	123,462	123,462.00	128,443	124,382		(919)		(919)		123,462				3,337	X X X	X X X
796237-UT-0	SAN ANTONIO TX		09/06/2016	SECURITY CALLED BY I		40,000	40,000.00	45,188	40,139		(139)		(139)		40,000				2,194	02/01/2020	1FE
2499999	U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions				X X X	40,000	40,000.00	45,188	40,139		(139)		(139)		40,000				2,194	X X X	X X X
31396V-4B-1	FANNIE MAE 07 58 FG		09/25/2016	PAYDOWN		5,845	5,845.00	5,845	5,845						5,845				28	06/25/2037	1FE
3136A5-TB-2	FANNIE MAE 12 33 GV		09/01/2016	PAYDOWN		26,792	26,792.00	28,617	26,937		(146)		(146)		26,792				625	07/25/2028	1FE
31331L-QZ-4	FEDERAL FARM CREDIT BANK		09/19/2016	WELLS FARGO FINANCI		1,002,120	1,000,000.00	1,049,410	1,004,012		(3,804)		(3,804)		1,000,208		1,912	1,912	56,465	10/03/2016	1FE
312943-7E-7	FEDERAL HOME LN MTG CORP #A95		09/01/2016	PAYDOWN		33,071	33,071.00	33,086	33,072		(2)		(2)		33,071				861	12/01/2040	1FE
312944-FE-6	FEDERAL HOME LN MTG CORP #A95		09/01/2016	PAYDOWN		82,745	82,745.00	81,057	82,562		183		183		82,745				2,236	12/01/2040	1FE
312962-VW-0	FEDERAL HOME LN MTG CORP #B10		09/01/2016	PAYDOWN		3,417	3,417.00	3,694	3,490		(73)		(73)		3,417				111	11/01/2018	1FE
312962-ZK-2	FEDERAL HOME LN MTG CORP #B10		09/01/2016	PAYDOWN		1,782	1,782.00	1,927	1,826		(44)		(44)		1,782				62	11/01/2018	1FE
312962-3G-6	FEDERAL HOME LN MTG CORP #B10		09/01/2016	PAYDOWN		3,307	3,307.00	3,575	3,377		(70)		(70)		3,307				110	12/01/2018	1FE
312963-PY-1	FEDERAL HOME LN MTG CORP #B11		09/01/2016	PAYDOWN		2,811	2,811.00	3,039	2,886		(75)		(75)		2,811				94	12/01/2018	1FE
31292S-AN-0	FEDERAL HOME LN MTG CORP #C09		09/01/2016	PAYDOWN		13,356	13,356.00	13,615	13,373		(17)		(17)		13,356				268	09/01/2042	1FE
3128H8-CB-4	FEDERAL HOME LN MTG CORP #E99		09/01/2016	PAYDOWN		1,679	1,679.00	1,815	1,717		(38)		(38)		1,679				56	10/01/2018	1FE
3128M4-CP-6	FEDERAL HOME LN MTG CORP #G02		09/01/2016	PAYDOWN		1,464	1,464.00	1,442	1,459		5		5		1,464				55	12/01/2036	1FE
3128MJ-Q7-8	FEDERAL HOME LN MTG CORP #G08		09/01/2016	PAYDOWN		41,475	41,475.00	43,356	41,641		(166)		(166)		41,475				980	02/01/2042	1FE
3128MJ-Q9-4	FEDERAL HOME LN MTG CORP #G08		09/01/2016	PAYDOWN		12,880	12,880.00	13,701	12,952		(72)		(72)		12,880				307	03/01/2042	1FE
3128MJ-RV-4	FEDERAL HOME LN MTG CORP #G08		09/01/2016	PAYDOWN		15,990	15,990.00	16,305	16,013		(23)		(23)		15,990				329	07/01/2042	1FE
3128MJ-R5-1	FEDERAL HOME LN MTG CORP #G08		09/01/2016	PAYDOWN		5,939	5,939.00	6,228	5,960		(21)		(21)		5,939				121	10/01/2042	1FE
3128MM-K7-7	FEDERAL HOME LN MTG CORP #G18		09/01/2016	PAYDOWN		8,608	8,608.00	8,974	8,677		(69)		(69)		8,608				258	07/01/2024	1FE
3128PP-YY-3	FEDERAL HOME LN MTG CORP #J10		09/01/2016	PAYDOWN		2,144	2,144.00	2,291	2,170		(26)		(26)		2,144				62	10/01/2024	1FE
3128PP-4D-2	FEDERAL HOME LN MTG CORP #J10		09/01/2016	PAYDOWN		2,085	2,085.00	2,142	2,091		(6)		(6)		2,085				62	10/01/2024	1FE
3128PR-FA-2	FEDERAL HOME LN MTG CORP #J11		09/01/2016	PAYDOWN		39,758	39,758.00	41,372	39,983		(225)		(225)		39,758				1,280	04/01/2025	1FE
3128PR-M7-1	FEDERAL HOME LN MTG CORP #J12		09/01/2016	PAYDOWN		222,780	222,780.00	230,734	224,781		(2,001)		(2,001)		222,780				6,142	05/01/2025	1FE
3128PT-7B-5	FEDERAL HOME LN MTG CORP #J14		09/01/2016	PAYDOWN		28,376	28,376.00	28,425	28,383		(7)		(7)		28,376				663	02/01/2026	1FE

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
3128PV-BD-1	FEDERAL HOME LN MTG CORP #J15		09/01/2016	PAYDOWN		6,647	6,647.00	6,932	6,693		(46)		(46)		6,647				178	05/01/2026	1FE
3128PV-5E-6	FEDERAL HOME LN MTG CORP #J16		09/01/2016	PAYDOWN		4,439	4,439.00	4,665	4,473		(34)		(34)		4,439				118	08/01/2026	1FE
3128Q0-VW-4	FEDERAL HOME LN MTG CORP #J19		09/01/2016	PAYDOWN		44,149	44,149.00	46,301	44,486		(337)		(337)		44,149				926	07/01/2027	1FE
31306X-2A-0	FEDERAL HOME LN MTG CORP #J20		09/01/2016	PAYDOWN		84,614	84,614.00	88,359	85,023		(409)		(409)		84,614				1,416	10/01/2027	1FE
31306Y-KF-7	FEDERAL HOME LN MTG CORP #J21		09/01/2016	PAYDOWN		35,292	35,292.00	36,853	35,637		(345)		(345)		35,292				594	11/01/2027	1FE
31307B-UU-2	FEDERAL HOME LN MTG CORP #J23		09/22/2016	VARIOUS		2,513,703	2,429,744.00	2,515,165	2,510,803		(14,081)		(14,081)		2,496,721		16,981	16,981	49,544	04/01/2028	1FE
3132GM-KJ-0	FEDERAL HOME LN MTG CORP #Q05		09/01/2016	PAYDOWN		139,764	139,764.00	145,114	140,263		(500)		(500)		139,764				3,630	02/01/2042	1FE
3132GT-DJ-3	FEDERAL HOME LN MTG CORP #Q07		09/01/2016	PAYDOWN		266,094	266,094.00	276,655	267,864		(1,770)		(1,770)		266,094				5,942	05/01/2042	1FE
3132HL-A2-9	FEDERAL HOME LN MTG CORP #Q10		09/01/2016	PAYDOWN		4,631	4,631.00	4,927	4,661		(29)		(29)		4,631				119	08/01/2042	1FE
3132QU-AK-9	FEDERAL HOME LN MTG CORP #Q37		09/01/2016	PAYDOWN		77,697	77,697.00	80,392	77,812		(115)		(115)		77,697				1,891	11/01/2045	1FE
31371L-PL-7	FEDERAL NATIONAL MTG ASSOC #2		09/01/2016	PAYDOWN		14,535	14,535.00	14,994	14,630		(95)		(95)		14,535				431	05/01/2019	1FE
31400S-BR-9	FEDERAL NATIONAL MTG ASSOC #6		09/01/2016	PAYDOWN		1,864	1,864.00	2,031	1,923		(59)		(59)		1,864				62	05/01/2018	1FE
31400S-CF-4	FEDERAL NATIONAL MTG ASSOC #6		09/01/2016	PAYDOWN		1,231	1,231.00	1,342	1,277		(46)		(46)		1,231				41	04/01/2018	1FE
31401C-LJ-0	FEDERAL NATIONAL MTG ASSOC #7		09/01/2016	PAYDOWN		1,691	1,691.00	1,843	1,737		(46)		(46)		1,691				56	05/01/2018	1FE
31401X-L4-7	FEDERAL NATIONAL MTG ASSOC #7		09/01/2016	PAYDOWN		1,724	1,724.00	1,879	1,776		(52)		(52)		1,724				57	06/01/2018	1FE
31405D-KC-0	FEDERAL NATIONAL MTG ASSOC #7		09/01/2016	PAYDOWN		907	907.00	988	930		(23)		(23)		907				30	07/01/2019	1FE
31407B-WY-1	FEDERAL NATIONAL MTG ASSOC #8		09/01/2016	PAYDOWN		17,489	17,489.00	16,759	17,429		60		60		17,489				607	07/01/2035	1FE
31410G-ME-0	FEDERAL NATIONAL MTG ASSOC #8		09/01/2016	PAYDOWN		126	126.00	127	126						126				2	09/01/2037	1FE
31410G-RJ-4	FEDERAL NATIONAL MTG ASSOC #8		09/01/2016	PAYDOWN		2,447	2,447.00	2,644	2,513		(66)		(66)		2,447				73	12/01/2018	1FE
31410K-3R-3	FEDERAL NATIONAL MTG ASSOC #8		09/01/2016	PAYDOWN		6,838	6,838.00	7,025	6,883		(45)		(45)		6,838				204	03/01/2018	1FE
31410P-P2-3	FEDERAL NATIONAL MTG ASSOC #8		09/01/2016	PAYDOWN		164	164.00	165	164						164				6	09/01/2036	1FE
31412U-AJ-9	FEDERAL NATIONAL MTG ASSOC #9		09/01/2016	PAYDOWN		7,730	7,730.00	8,005	7,765		(34)		(34)		7,730				232	03/01/2024	1FE
31412U-L7-3	FEDERAL NATIONAL MTG ASSOC #9		09/01/2016	PAYDOWN		1,427	1,427.00	1,477	1,438		(11)		(11)		1,427				43	04/01/2024	1FE
31413J-FD-1	FEDERAL NATIONAL MTG ASSOC #9		09/01/2016	PAYDOWN		51	51.00	51	51						51				2	09/01/2037	1FE
31417M-KJ-1	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		3,787	3,787.00	3,920	3,807		(20)		(20)		3,787				112	09/01/2024	1FE
3138ED-2V-2	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		1,258	1,258.00	1,344	1,265		(7)		(7)		1,258				29	04/01/2042	1FE
3138EK-H9-9	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		25,936	25,936.00	27,202	26,074		(138)		(138)		25,936				442	01/01/2028	1FE
3138ET-DZ-6	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		120,108	120,108.00	129,482			(84)		(84)		120,108				957	02/01/2046	1FE
3138M6-R2-5	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		34,270	34,270.00	35,577	34,406		(136)		(136)		34,270				571	08/01/2027	1FE
3138W0-RB-7	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		1,127	1,127.00	1,176	1,140		(13)		(13)		1,127				23	03/01/2043	1FE
3138W0-TZ-2	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		126,166	126,166.00	131,606	126,566		(401)		(401)		126,166				2,221	02/01/2043	1FE
3138W1-YJ-0	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		59,837	59,837.00	62,389	60,133		(296)		(296)		59,837				1,333	02/01/2043	1FE
3138W1-3L-9	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		8,184	8,184.00	8,512	8,218		(33)		(33)		8,184				142	02/01/2028	1FE
3138W7-KH-6	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		137,045	137,045.00	142,827	137,813		(768)		(768)		137,045				2,606	03/01/2043	1FE
3138WE-C5-6	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		37,943	37,943.00	41,053			(16)		(16)		37,943				195	03/01/2045	1FE
3138WG-6E-9	FEDERAL NATIONAL MTG ASSOC #A		09/01/2016	PAYDOWN		149,217	149,217.00	157,307			(45)		(45)		149,217				1,028	05/01/2046	1FE
31418A-HX-9	FEDERAL NATIONAL MTG ASSOC #M		09/01/2016	PAYDOWN		18,341	18,341.00	19,319	18,457		(115)		(115)		18,341				367	08/01/2027	1FE

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SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
31418B-6G-6	FEDERAL NATIONAL MTG ASSOC #M		09/01/2016	PAYDOWN		49,628	49,628.00	51,423			(25)		(25)		49,628			273	07/01/2046	1FE	
31396H-J8-3	FREDDIE MAC 3114 PF		09/15/2016	PAYDOWN		14,039	14,039.00	14,111	14,046		(7)		(7)		14,039			78	02/15/2036	1FE	
3137A4-ZH-3	FREDDIE MAC 3794 JH		09/01/2016	PAYDOWN		8,288	8,288.00	8,629	8,407		(119)		(119)		8,288			197	12/15/2023	1FE	
3137AJ-RJ-5	FREDDIE MAC 3976 AE		09/01/2016	PAYDOWN		30,728	30,728.00	31,525	30,883		(155)		(155)		30,728			511	08/15/2029	1FE	
71884A-PW-3	PHOENIX AZ CIVIC IMPT CORP EXC		07/01/2016	PREREFUNDED		1,250,000	1,250,000.00	1,268,750	1,252,279		(2,279)		(2,279)		1,250,000			75,000	07/01/2035	1FE	
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Oblig				X X X	6,869,580	6,783,501.00	7,021,495	6,523,058		(29,437)		(29,437)		6,850,686		18,893	18,893	223,464	X X X	X X X
071813-BC-2	BAXTER INTERNATIONAL INC		09/14/2016	SECURITY CALLED BY I		65,232	59,000.00	67,854	64,285		(852)		(852)		63,433		1,799	1,799	2,501	03/15/2020	2FE
17119Y-AC-1	CHRYSLER CAPITAL AUTO RECV 14		09/15/2016	PAYDOWN		147,174	147,174.00	147,146	147,129		45		45		147,174			1,243	05/15/2019	1FE	
233050-AN-3	DBUBS MORTGAGE TRUST 11 LC1A		09/01/2016	PAYDOWN		8,273	8,273.00	8,355	8,272						8,273			206	11/10/2046	1FM	
34531P-AC-5	FORD CREDIT AUTO OWNER TRUST		09/15/2016	PAYDOWN		121,251	121,251.00	121,251							121,251			622	12/15/2018	1FE	
406216-BB-6	HALLIBURTON CO		08/01/2016	MATURITY		750,000	750,000.00	753,383	750,937		(937)		(937)		750,000			7,500	08/01/2016	1FE	
41284A-AD-0	HARLEY-DAVIDSON MOTORCYCLE T		09/15/2016	PAYDOWN		47,887	47,887.00	47,874	47,866		20		20		47,887			349	09/15/2019	1FE	
46630E-AC-4	JP MORGAN CHASE COMMERCIAL 0		09/01/2016	PAYDOWN		1,187,083	1,187,083.00	1,287,733	1,206,732		(19,649)		(19,649)		1,187,083			42,579	12/12/2043	1FM	
50179M-AE-1	LB-UBS COMMERCIAL MORTGAGE T		08/11/2016	PAYDOWN		438,970	438,970.00	489,527	450,094		(11,124)		(11,124)		438,970			15,220	09/15/2039	1FM	
67741Y-AA-6	OHIO PHASE-IN-RECOVERY FUNDIN		07/01/2016	PAYDOWN		140,194	140,194.00	140,192	140,194						140,194			1,343	07/01/2018	1FE	
69121P-DE-0	OWNIT MORTGAGE LOAN ASSET-BA		09/01/2016	PAYDOWN		5,617	5,617.00	4,127	5,489		128		128		5,617			162	01/25/2037	1FM	
75970N-BD-8	RENAISSANCE HOME EQUITY LOAN		09/01/2016	PAYDOWN		17,595	17,595.00	17,595	17,595						17,595			579	11/25/2035	1FM	
82651Y-AA-3	SIERRA RECEIVABLES FUNDING CO		09/20/2016	PAYDOWN		9,888	9,888.00	9,886	9,881		7		7		9,888			105	11/20/2029	1FE	
82652B-AA-2	SIERRA RECEIVABLES FUNDING CO		09/20/2016	PAYDOWN		35,485	35,485.00	35,484	35,456		29		29		35,485			539	11/20/2025	1FE	
82652D-AA-8	SIERRA RECEIVABLES FUNDING CO		09/20/2016	PAYDOWN		11,647	11,647.00	11,646	11,638		9		9		11,647			159	06/20/2031	1FE	
82652J-AA-5	SIERRA RECEIVABLES FUNDING CO		09/20/2016	PAYDOWN		79,947	79,947.00	79,932	79,873		75		75		79,947			1,373	09/20/2032	1FE	
845467-AL-3	SOUTHWESTERN ENERGY CO		07/15/2016	VARIOUS		980,225	1,015,000.00	1,012,787	1,012,952		91	41,180	(41,089)		971,863		8,363	8,363	49,294	01/23/2025	3FE
92903P-AA-7	VORNADO DP LLC 10 VNO A1		09/10/2016	PAYDOWN		38,584	38,584.00	38,584	38,559		25		25		38,584			764	09/13/2028	1FM	
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	4,085,052	4,113,595.00	4,273,356	4,026,952		(32,133)	41,180	(73,313)		4,074,891		10,162	10,162	124,538	X X X	X X X
8399997	Total - Bonds - Part 4				X X X	11,118,094	11,060,558.00	11,468,482	10,714,531		(62,628)	41,180	(103,808)		11,089,039		29,055	29,055	353,533	X X X	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Total Bonds				X X X	11,118,094	11,060,558.00	11,468,482	10,714,531		(62,628)	41,180	(103,808)		11,089,039		29,055	29,055	353,533	X X X	X X X
018802-10-8	ALLIANT ENERGY CORP		07/07/2016	MORGAN STANLEY & C	11,800.00	474,541		437,112						437,112		37,429	37,429				L
025537-10-1	AMERICAN ELECTRIC POWER		07/07/2016	MORGAN STANLEY & C	6,800.00	480,198		442,466						442,466		37,732	37,732	3,808			L

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SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.								
166764-10-0	CHEVRON CORP		07/07/2016	MORGAN STANLEY & C	3,000.00	313,574		300,209						300,209		13,365	13,365				L	
22822V-10-1	CROWN CASTLE INTL CORP		07/07/2016	MORGAN STANLEY & C	4,500.00	458,210		410,099						410,099		48,111	48,111	3,983			L	
25746U-10-9	DOMINION RESOURCES INC		07/07/2016	MORGAN STANLEY & C	5,000.00	390,649		364,786	338,200	26,586			26,586	364,786		25,863	25,863	7,000			L	
26441C-20-4	DUKE ENERGY CORP		07/07/2016	MORGAN STANLEY & C	4,600.00	395,763		362,220	328,394	33,826			33,826	362,220		33,543	33,543	7,590			L	
532457-10-8	ELI LILLY & CO		07/07/2016	MORGAN STANLEY & C	5,600.00	446,469		422,211	471,856	(49,645)			(49,645)	422,211		24,257	24,257	5,712			L	
29364G-10-3	ENTERGY CORP		07/07/2016	MORGAN STANLEY & C	4,000.00	324,952		314,031	273,440	40,591			40,591	314,031		10,921	10,921	6,800			L	
370334-10-4	GENERAL MILLS INC		07/07/2016	VARIOUS	5,800.00	420,454		365,253						365,253		55,201	55,201	2,784			L	
478160-10-4	JOHNSON & JOHNSON		07/07/2016	MORGAN STANLEY & C	3,100.00	379,699		352,899						352,899		26,800	26,800				L	
G51502-10-5	JOHNSON CONTROLS INTERNATION	R	07/19/2016	SETTLEMENTS		48										48	48				L	
500754-10-6	KRAFT HEINZ COMPANY		07/07/2016	VARIOUS	4,800.00	429,875		404,210						404,210		25,665	25,665	2,760			L	
539830-10-9	LOCKHEED MARTIN CORPORATION		07/07/2016	MORGAN STANLEY & C	1,700.00	424,428		403,591						403,591		20,837	20,837				L	
69007J-10-6	OUTFRONT MEDIA INC		07/07/2016	MORGAN STANLEY & C	15,268.00	358,973		346,405						346,405		12,568	12,568	5,191			L	
713448-10-8	PEPSICO INC		07/07/2016	MORGAN STANLEY & C	3,700.00	400,964		376,621						376,621		24,342	24,342				L	
717081-10-3	PFIZER INC		07/24/2016	VARIOUS	10,800.00	386,634		379,103	348,624	30,479			30,479	379,103		7,531	7,531	6,480			L	
723484-10-1	PINNACLE WEST CAPITAL CORP		07/07/2016	MORGAN STANLEY & C	5,300.00	433,196		390,637						390,637		42,559	42,559				L	
744573-10-6	PUBLIC SERVICE ENTERPRISE GP		07/07/2016	MORGAN STANLEY & C	8,300.00	382,422		370,154						370,154		12,267	12,267	3,403			L	
842587-10-7	SOUTHERN COMPANY		07/07/2016	MORGAN STANLEY & C	6,300.00	339,401		319,424						319,424		19,977	19,977	3,528			L	
871829-10-7	SYSCO CORP		07/07/2016	MORGAN STANLEY & C	8,500.00	435,015		413,942						413,942		21,072	21,072	2,635			L	
92343V-10-4	VERIZON COMMUNICATIONS		07/07/2016	VARIOUS	8,000.00	446,364		423,282						423,282		23,081	23,081	9,040			L	
931142-10-3	WAL-MART STORES INC		07/07/2016	MORGAN STANLEY & C	5,300.00	389,392		377,945	196,160	33,861			33,861	377,945		11,447	11,447	4,768			L	
9099999	Total - Common Stock - Industrial and Miscellaneous (Unaffiliated)				X X X	8,511,221		7,976,600	1,956,674	115,698			115,698	7,976,600		534,616	534,616	75,482	X X X		X X X	
9799997	Total - Common Stock - Part 4				X X X	8,511,221	X X X	7,976,600	1,956,674	115,698			115,698	7,976,600		534,616	534,616	75,482	X X X		X X X	
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X
9799999	Total Common Stocks				X X X	8,511,221	X X X	7,976,600	1,956,674	115,698			115,698	7,976,600		534,616	534,616	75,482	X X X		X X X	
9899999	Total Preferred and Common Stocks				X X X	8,511,221	X X X	7,976,600	1,956,674	115,698			115,698	7,976,600		534,616	534,616	75,482	X X X		X X X	
9999999	Totals					19,629,315	X X X	19,445,082	12,671,205	115,698	(62,628)	41,180	11,890	19,065,639		563,671	563,671	429,015	X X X		X X X	

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- NONE Schedule DB - Part A - Section 1**
- NONE Schedule DB - Part B - Section 1**
- NONE Schedule DB - Part D - Section 1**
- NONE Schedule DB - Part D - Section 2**
- NONE Schedule DL - Part 1**
- NONE Schedule DL - Part 2**

NONE Schedule E - Part 2