

ANNUAL STATEMENT

OF THE

Beacon Mutual Insurance Company

of **Warwick**

STATE OF **Rhode Island**

TO THE

Insurance Department

OF THE

State of Rhode Island

FOR THE YEAR ENDED

December 31, 2020

PROPERTY AND CASUALTY

2020



ANNUAL STATEMENT

For the Year Ended December 31, 2020
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

NAIC Group Code 3490 3490 **NAIC Company Code** 24017 **Employer's ID Number** 05-0458697
(Current Period) (Prior Period)

Organized under the Laws of Rhode Island, **State of Domicile or Port of Entry** RI
Country of Domicile US

Incorporated/Organized July 11, 1990 **Commenced Business** August 12, 1992

Statutory Home Office One Beacon Centre, Warwick, RI, US 02886-1378
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office One Beacon Centre
(Street and Number)
Warwick, RI, US 02886-1378 401-825-2667
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address One Beacon Centre, Warwick, RI, US 02886-1378
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records One Beacon Centre Warwick, RI, US 02886-1378 401-825-2667
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.beaconmutual.com

Statutory Statement Contact Ann Lazzareschi 401-825-2621
(Name) (Area Code) (Telephone Number) (Extension)
alazzareschi@beaconmutual.com 401-825-2659
(E-Mail Address) (Fax Number)

OFFICERS

	Name	Title
1.	Brian Joseph Spero	President & CEO
2.	Amy Clark Vitale	Vice President, General Counsel & Assistant Secretary
3.	Cynthia Lee Lawlor	Chief Financial Officer

VICE-PRESIDENTS

Name	Title	Name	Title
Pamela Lee Alarie	Vice President	Michael Dennis Lynch	Vice President
Rajani Mahadevan	EVP & COO	James Wallace Moody Jr	Vice President
Theresa Joanna Keegan	Asst Vice President	David Michael Blair	Vice President
William Frank Gross #	Vice President		

DIRECTORS OR TRUSTEES

Harry Robert Bacon	Raymond Christopher Coia	Brian Joseph Spero	Timothy Ludger Byrne
Melba Depena Affigne	Linda D'Amario Rossi	Kate Coyne-McCoy	Bradford Alan Dean
Steven Issa			

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) Brian Joseph Spero _____ (Printed Name) 1.	_____ (Signature) Amy Clark Vitale _____ (Printed Name) 2.	_____ (Signature) Cynthia Lee Lawlor _____ (Printed Name) 3.
_____ President & CEO _____ (Title)	_____ Vice President, General Counsel & Assistant Secretary _____ (Title)	_____ Chief Financial Officer _____ (Title)

Subscribed and sworn to (or affirmed) before me this on this _____ day of _____, 2021, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	303,724,231		303,724,231	299,841,580
2. Stocks (Schedule D):				
2.1 Preferred stocks	10,454,331		10,454,331	7,449,412
2.2 Common stocks	51,267,111		51,267,111	50,516,215
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	9,624,959		9,624,959	9,998,067
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 3,426,286, Schedule E - Part 1), cash equivalents (\$ 9,741,013, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	13,167,299		13,167,299	20,036,609
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	18,466		18,466	18,466
9. Receivables for securities	678,405		678,405	151,964
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	388,934,802		388,934,802	388,012,313
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	2,428,074		2,428,074	2,690,891
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,014,696	102,830	1,911,866	1,481,911
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 279,572 earned but unbilled premiums)	32,435,407	38,686	32,396,721	36,784,238
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	474,754		474,754	645,860
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	382,375		382,375	70,387
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	1,097,127	946,343	150,784	281,086
21. Furniture and equipment, including health care delivery assets (\$ 0)	225,026	225,026		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	98,400		98,400	
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	8,951,878	4,423,113	4,528,765	7,833,347
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	437,042,539	5,735,998	431,306,541	437,800,033
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	437,042,539	5,735,998	431,306,541	437,800,033

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	4,363,864	4,363,864		
2502. Transferable State Tax Credits	4,160,745		4,160,745	7,617,661
2503. SERP Account	354,321		354,321	206,133
2598. Summary of remaining write-ins for Line 25 from overflow page	72,948	59,249	13,699	9,553
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	8,951,878	4,423,113	4,528,765	7,833,347

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	153,437,504	158,792,818
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	29,431	5,218
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	22,117,225	24,032,624
4. Commissions payable, contingent commissions and other similar charges	5,946,383	5,973,285
5. Other expenses (excluding taxes, licenses and fees)	6,093,538	8,377,211
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	6,072,292	7,193,408
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 (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 91,300 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)	54,454,701	58,465,479
10. Advance premium	1,960,548	3,020,246
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	8,000,000	6,000,000
12. Ceded reinsurance premiums payable (net of ceding commissions)	309,060	95,722
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		
14. Amounts withheld or retained by company for account of others	1,072,950	1,051,017
15. Remittances and items not allocated	107,543	113,214
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3 Column 78)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		20,581
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	245,113	411,966
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	259,846,288	273,552,789
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	259,846,288	273,552,789
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)	150,701,568	143,488,559
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) (Page 4, Line 39)	171,460,253	164,247,244
38. Totals (Page 2, Line 28, Col. 3)	431,306,541	437,800,033

DETAILS OF WRITE-IN LINES		
2501. Deferred Gain - CH Investments	234,948	284,510
2502. Miscellaneous Liabilities	10,165	127,456
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	245,113	411,966
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
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	107,155,628	121,135,431
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	49,315,187	69,082,104
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	16,902,182	19,624,639
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	37,601,831	37,196,015
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	103,819,200	125,902,758
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	3,336,428	(4,767,327)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	11,677,312	12,877,733
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))	5,034,611	5,416,967
11. Net investment gain (loss) (Lines 9 + 10)	16,711,923	18,294,700
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 438,066 amount charged off \$ 889,892)	(451,826)	(875,821)
13. Finance and service charges not included in premiums	96,200	108,165
14. Aggregate write-ins for miscellaneous income	(2,143,974)	237,555
15. Total other income (Lines 12 through 14)	(2,499,600)	(530,101)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	17,548,751	12,997,272
17. Dividends to policyholders	8,000,000	6,000,000
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)	9,548,751	6,997,272
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	9,548,751	6,997,272
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	164,247,244	153,637,248
22. Net income (from Line 20)	9,548,751	6,997,272
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(2,593,403)	5,251,861
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	257,661	(1,639,137)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	7,213,009	10,609,996
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	171,460,253	164,247,244

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)	352,984	267,090
1402. Retroactive Reinsurance Gain (Loss)	73,342	(30,780)
1403. Gain (Loss) on Disposal of Assets		1,745
1498. Summary of remaining write-ins for Line 14 from overflow page	(2,570,300)	(500)
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(2,143,974)	237,555
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
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	106,428,718	120,207,103
2. Net investment income	13,472,675	14,438,890
3. Miscellaneous income	(2,499,602)	(530,102)
4. Total (Lines 1 through 3)	117,401,791	134,115,891
5. Benefit and loss related payments	54,527,970	66,657,779
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	60,170,741	56,346,256
8. Dividends paid to policyholders	6,000,000	3,182
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	120,698,711	123,007,217
11. Net cash from operations (Line 4 minus Line 10)	(3,296,920)	11,108,674
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	60,145,031	62,150,005
12.2 Stocks	84,194,936	83,366,885
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		832,994
12.8 Total investment proceeds (Lines 12.1 to 12.7)	144,339,967	146,349,884
13. Cost of investments acquired (long-term only):		
13.1 Bonds	64,473,774	56,311,685
13.2 Stocks	86,294,326	88,855,510
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	526,443	
13.7 Total investments acquired (Lines 13.1 to 13.6)	151,294,543	145,167,195
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(6,954,576)	1,182,689
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)	3,382,186	(6,599,468)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	3,382,186	(6,599,468)
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)	(6,869,310)	5,691,895
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	20,036,609	14,344,714
19.2 End of year (Line 18 plus Line 19.1)	13,167,299	20,036,609

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
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 (group and individual)				
15. Other accident and health				
16. Workers' compensation	103,144,851	58,465,478	54,454,701	107,155,628
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				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	103,144,851	58,465,478	54,454,701	107,155,628

DETAILS OF WRITE-IN LINES				
3401.				
3402.				
3403.				
3498. Sum of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

NONE

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					
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 (group and individual)					
15. Other accident and health					
16. Workers' compensation	52,406,508			2,048,193	54,454,701
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					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	52,406,508			2,048,193	54,454,701
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					54,454,701

DETAILS OF WRITE-IN LINES					
3401.					
3402.					
3403.					
3498. Sum of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

(a) State here basis of computation used in each case

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
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 (group and individual)						
15. Other accident and health						
16. Workers' compensation	105,237,964		2,982,576		5,075,689	103,144,851
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	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	105,237,964		2,982,576		5,075,689	103,144,851

DETAILS OF WRITE-IN LINES						
3401.						
3402.						
3403.						
3498. Sum of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

NONE

(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 \$

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

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire								
2. 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 (group and individual)								
15. Other accident and health								
16. Workers' compensation	57,128,778	2,291,172	4,749,449	54,670,501	153,437,504	158,792,818	49,315,187	46.022
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	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	57,128,778	2,291,172	4,749,449	54,670,501	153,437,504	158,792,818	49,315,187	46.022

DETAILS OF WRITE-IN LINES								
3401.								
3402.								
3403.								
3498. Sum of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)								

NONE

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 Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
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								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation	106,780,977	7,793,777	12,696,367	101,878,387	51,783,817	3,762,413	3,987,113	153,437,504	22,117,225
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	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	106,780,977	7,793,777	12,696,367	101,878,387	51,783,817	3,762,413	3,987,113	153,437,504	22,117,225
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	1,291,104			1,291,104
1.2 Reinsurance assumed	234,735			234,735
1.3 Reinsurance ceded	(47,611)			(47,611)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,573,450			1,573,450
2. Commission and brokerage:				
2.1 Direct, excluding contingent		6,798,441		6,798,441
2.2 Reinsurance assumed, excluding contingent		606,948		606,948
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent—direct		4,719,908		4,719,908
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		80,246		80,246
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		12,045,051		12,045,051
3. Allowances to manager and agents				
4. Advertising		413,854		413,854
5. Boards, bureaus and associations		528,122		528,122
6. Surveys and underwriting reports		54,137		54,137
7. Audit of assureds' records		196,469		196,469
8. Salary and related items:				
8.1 Salaries	9,041,807	9,687,394	160,066	18,889,267
8.2 Payroll taxes	595,750	644,231	10,547	1,250,528
9. Employee relations and welfare	2,320,651	2,473,211	41,082	4,834,944
10. Insurance	290,337	270,048	5,140	565,525
11. Directors' fees	111,790	103,977	1,979	217,746
12. Travel and travel items	30,874	53,462	620	84,956
13. Rent and rent items	755,371	545,606	7,219	1,308,196
14. Equipment	840,551	1,455,481	16,883	2,312,915
15. Cost or depreciation of EDP equipment and software	339,095	587,170	6,811	933,076
16. Printing and stationery	70,691	122,407	1,420	194,518
17. Postage, telephone and telegraph, exchange and express	213,120	369,036	4,281	586,437
18. Legal and auditing	631,710	2,658,204	12,914	3,302,828
19. Totals (Lines 3 to 18)	15,241,747	20,162,809	268,962	35,673,518
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		7,038,818		7,038,818
20.2 Insurance department licenses and fees	86,980	80,900	1,541	169,421
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		56,791		56,791
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	86,980	7,176,509	1,541	7,265,030
21. Real estate expenses			522,241	522,241
22. Real estate taxes			240,477	240,477
23. Reimbursements by uninsured plans		(1,782,542)		(1,782,542)
24. Aggregate write-ins for miscellaneous expenses			622,825	622,825
25. Total expenses incurred	16,902,177	37,601,827	1,656,046	(a) 56,160,050
26. Less unpaid expenses—current year	22,117,225	18,100,196		40,217,421
27. Add unpaid expenses—prior year	24,032,624	21,543,904		45,576,528
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	18,817,576	41,045,535	1,656,046	61,519,157

DETAILS OF WRITE-IN LINES				
2401. Professional Maintenance Expense			622,825	622,825
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			622,825	622,825

(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) 735,794	716,515
1.1 Bonds exempt from U.S. tax	(a) 3,374	874
1.2 Other bonds (unaffiliated)	(a) 9,690,824	9,436,127
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 498,776	513,479
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,698,380	1,697,336
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 1,269,940	1,269,940
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 63,083	63,083
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	9,112	9,112
10. Total gross investment income	13,969,283	13,706,466
11. Investment expenses		(g) 1,654,505
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 1,541
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 373,108
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		2,029,154
17. Net investment income (Line 10 minus Line 16)		11,677,312

DETAILS OF WRITE-IN LINES		
0901. SERP Accounts	7,853	7,853
0902. Misc Investment Income	1,259	1,259
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	9,112	9,112
1501.	NONE	
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 166,379 accrual of discount less \$ 1,329,840 amortization of premium and less \$ 139,260 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 \$ 1,269,940 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 4,022 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 \$ 1,654,505 investment expenses and \$ 1,541 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 \$ 373,108 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					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	802,272		802,272	(84,903)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	(52,237)		(52,237)	709,809	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	4,235,015		4,235,015	(3,261,404)	
2.21 Common stocks of affiliates				25,242	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)	49,562		49,562	17,854	
10. Total capital gains (losses)	5,034,612		5,034,612	(2,593,402)	

DETAILS OF WRITE-IN LINES					
0901. Realized gains-sales of CH investments w/ def gains	49,562		49,562		
0902. SERP Accounts				17,854	
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	49,562		49,562	17,854	

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)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First leins			
3.2 Other than first leins			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	102,830	306,725	203,895
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	38,686	6,855	(31,831)
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
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	946,343	1,423,843	477,500
21. Furniture and equipment, including health care delivery assets	225,026	221,435	(3,591)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	4,423,113	4,034,799	(388,314)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,735,998	5,993,657	257,659
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	5,735,998	5,993,657	257,659

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	4,363,864	3,993,288	(370,576)
2502. Miscellaneous Receivables	59,249		(59,249)
2503. Transferable State Tax Credits		41,511	41,511
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,423,113	4,034,799	(388,314)

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 practice 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:

	<u>SSAP</u> <u>#</u>	<u>F/S</u> <u>Page</u>	<u>F/S</u> <u>Line#</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Net Income	97	4	20	\$ 9,548,750	\$ 6,997,272
Rhode Island Basis State Permitted Practice Value of Castle Hill subsidiary					
NAIC SAP	97	4	20	<u>\$ 9,548,750</u>	<u>\$ 6,997,272</u>
SURPLUS					
Rhode Island Basis State Permitted Practice Value of Castle Hill subsidiary	97	3	37	\$171,460,253	\$164,247,244
				(1,468,016)	(1,442,774)
NAIC SAP	97	3	37	<u>\$169,992,237</u>	<u>\$162,804,470</u>

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

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, along with the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the Company's loss and loss adjustment expense reserves which have a significant effect on Incurred Losses and Loss Adjustment Expenses and related Net Income. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as agent commissions, are charged to operations as incurred.

Real estate investments are classified in the balance sheet as properties occupied by the Company and carried at depreciated cost less encumbrances, if any. The fair values reported in Schedule A - Part 1 were obtained from an external independent appraisal company with values as of December 1, 2017.

NOTES TO FINANCIAL STATEMENTS

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair market value.
1. Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair market value.
2. Common stocks, other than investments in stocks of subsidiaries, are stated at fair market value.
3. Redeemable preferred stocks are stated at cost or amortized cost in accordance with NAIC guidance. Perpetual preferred stocks are stated at fair market value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
4. The Company does not own mortgage loans.
5. Loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities.
6. The Company values its investments in subsidiaries as follows: GAAP basis for BMIC Service Corporation and the Statutory Equity Method for Castle Hill Insurance Company as described in part Five, Sections 8bi and 8biii, respectively, of the NAIC Purposes and Procedures Manual of the Securities Valuation Office.
7. The Company has minor ownership interests in joint ventures and partnerships which are carried at fair market value.
8. The Company does not invest in derivatives.
9. The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2020.
10. The Company provides reserves for unpaid insurance losses and loss adjustment expenses which cover events that occurred in the current and prior years. These reserves reflect estimates of the total cost of claims reported but not yet paid, and the cost of claims not yet reported, as well as the estimated expenses necessary to settle the claims. Reserve estimates are based on past loss experience modified for current claim trends as well as prevailing social, economic and legal conditions. Final claim payments may ultimately differ from the established reserves, particularly when these payments may not occur for several years. Reserve estimates are continually reviewed and updated and any resulting adjustments are reflected in current operating results.

Reserves are reduced for amounts to be recovered through reinsurance agreements but are not discounted or reduced for estimated salvage and subrogation recoveries. Salvage and subrogation recoveries are recorded when received.

11. The Company has a written capitalization policy for the purchase of items such as land, buildings and improvements, leasehold improvements, furniture and equipment, leased property, software, electronic data processing equipment, vehicles and other equipment. No change has taken place during the year.
12. The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

There were no business combinations.

4. Discontinued Operations

Not applicable

NOTES TO FINANCIAL STATEMENTS

5. Investments

- A. The Company does not invest in mortgages loans, including mezzanine real estate loans.
- B. The Company does not invest in debt restructuring.
- C. The Company does not invest in reverse mortgages.
- 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. Not applicable.

3. The Company did not recognize an other-than-temporary impairment during 2020.

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	\$	(89,176)
2. 12 Months or Longer		<u>(23,134)</u>
	\$	(112,310)
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 Months		\$10,919,144
2. 12 Months or Longer		<u>5,149,959</u>
		\$16,069,103

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 December 31, 2020, 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 December 31, 2020, 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 December 31, 2020 if future events, information, and the passage of time causes it to conclude that declines in value are other than temporary.

E. Repurchase Agreements

Not applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable

G. Reverse Repurchase Agreements Transactions for as Secured Borrowing

Not applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

J. Writedowns for Impairments of Real Estate, Real Estate Sales and Retail Land Sales

Not applicable

NOTES TO FINANCIAL STATEMENTS

K. Low-Income Housing Tax Credits (LIHTC)

Not applicable

L. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							8	9	Percentage	
	Current Year					6	7			10	11
	1	2	3	4	5						
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total	Total From Prior Year	Increase/Decrease	Total Nonadmitted Restricted	Total Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
On deposit with states	\$ 808,760	\$ -	\$ -	\$ -	\$ 808,760	\$ 816,646	\$ (7,886)	\$ -	\$ 808,760	.19%	.19%
On deposit with regulatory bodies	\$ 448,667	\$ -	\$ -	\$ -	\$ 448,667	\$ 448,631	\$ 36	\$ -	\$ 448,667	.10%	.10%
Pledged as collateral not captured in other categories	\$19,398,873	\$ -	\$ -	\$ -	\$19,398,873	\$19,549,989	\$ (151,116)	\$ -	\$19,398,873	4.4%	4.5%
Total Restricted Assets	\$20,656,300	\$ -	\$ -	\$ -	\$20,656,300	\$20,815,266	\$ (158,966)	\$ -	\$20,656,300	4.7%	4.8%

Restricted assets include those securities pledged to cedants as part of reinsurance collateral and to state and governmental agencies.

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total	Total From Prior Year	Increase/Decrease	Total Current Year Admitted Restricted	Gross (Admitted and Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Pledged to cedants as part of reinsurance collateral	\$ 3,097,166	\$ -	\$ -	\$ -	\$ 3,097,166	\$ 3,131,094	\$ (33,928)	\$ 3,097,166	.71%	.72%
Collateral trust agreement with ceding reinsurer	\$ 16,301,707	\$ -	\$ -	\$ -	\$16,301,707	\$16,418,895	\$ (117,188)	\$16,301,707	3.7%	3.8%
Total Restricted Assets	\$ 19,398,873	\$ -	\$ -	\$ -	\$ 19,398,873	\$19,549,989	\$ (151,116)	\$19,398,873	4.4%	4.5%

3. Detail of Other Restricted Assets

Not applicable

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

Not applicable

M. Working Capital Finance Investments

Not applicable

N. Offsetting and Netting of Assets and Liabilities

Not applicable

O. 5GI Securities

The Company has no investment securities with a 5GI NAIC designation in the current or prior year.

P. Short Sales

Not applicable

NOTES TO FINANCIAL STATEMENTS

Q. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	<u>4</u>	<u>0</u>
(2) Aggregate Amount of Investment Income	<u>\$ 0</u>	<u>\$ 0</u>

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. When it appears probable that the Company will be unable to recover the outstanding carrying value of an investment, or there is evidence indicating an inability of the investee to sustain earnings which would justify the carrying value of the investment, an other-than-temporary impairment is recognized in realized capital losses for the excess of the carrying value over the estimated fair value of the investment. During 2020, the Company did not recognize any impairments for its investment in the Business Development Company of Rhode Island. The estimated fair value was determined by evaluating the Company's current equity value in the underlying investment, performed by assessing the corporation's balance sheet and current financial condition.

7. Investment Income

- A. Due and accrued income is excluded from surplus for all investment income due and accrued with amounts that are over 90 days past due. There was no income due over 90 days past due at December 31, 2020.
- B. Amounts nonadmitted

None

8. Derivative Instruments

The Company has no derivative financial instruments.

9. Income Taxes

The Company is tax exempt under section 501 (c) (27) of the Internal Revenue Code.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

A. Nature of Relationships

The Company is a non-profit public corporation organized and operated as a domestic mutual insurance company under the laws enacted by the Rhode Island legislature. In accordance with its enabling legislation, the Company is managed by a Board of Directors, the majority of whom serve via appointment by the Governor of the State of Rhode Island. The Company is not directly or indirectly owned or controlled by any other Company. The Company is a parent company of its wholly owned subsidiaries - BMIC Service Corporation and Castle Hill Insurance Company.

The Company's charter provides extraordinary provisions to ensure the continued adequacy of the Company's capitalization and solvency. Most importantly, the Company's charter provides for the implementation and continuation of a special state-wide capital assessment funding mechanism to be administered by the Rhode Island Department of Labor and Training, as a means to establish and maintain the reserves and surplus required for the company to meet policyholder obligations and serve Rhode Island's residual risk market. Provisions for the Capital Assessment are set forth in Public Law 2003, Chapter 410, Section 19 which provides that the Director of the Rhode Island Department of Business Regulation shall place an assessment (for the benefit of the Company) upon all premiums for workers' compensation and employers' liability insurance written or renewed within the State in an amount required to ensure both the solvency of the Company and the Company's ability to establish surplus reasonably adequate to allow it to write required insurance. If required, such law provides for continuing capital assessment funding of the Company at whatever level may be necessary to assure the Company's future solvency on an indefinite basis.

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Change in Terms of Intercompany Arrangements

None

D. Amounts Due to or from Related Parties

At the end of the current year, the Company reported \$98,400 due from its subsidiary BMIC Service Corporation. No amount is due from Castle Hill Insurance Company at year end.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has agreed to provide certain management and data processing services to its wholly-owned subsidiaries.

G. Nature of Relationships that Could Affect Operations

Not applicable

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

No impairment was recorded in 2020.

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable.

M. Non-Insurance Subsidiary, Controlled and Affiliated (SCA) Entities Valuations

The Company owns 100% of an insurance agency, BMIC Service Corp; after determining that BMIC Service Corp would not recover its original cost within a reasonable timeframe, the Company permanently impaired the investment (\$15,000) in 2006 bringing the value to zero. As a result, no value is reflected in the Company's financial statements. The NAIC agreed with the Company's prior year valuation and Sub-2 filing.

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received	NAIC Disallowed Entities Valuation Method, Resubmission Required	Code
BMIC Service Corp	SUB 2	03/30/20	0	Y	N	8b(iii)

N. Insurance SCA Entities Utilizing Prescribed or Permitted Practices

The Company owns one insurance SCA entity, Castle Hill Insurance Company. As Castle Hill has been inactive since its inception, the State of Rhode Island has granted a permitted practice to exempt Castle Hill from filing audited financials and an actuarial opinion. There is no impact to Castle Hill's financials for this exemption. This exemption did not trigger any risk-based capital or other regulatory event. The impact of carrying the unaudited statutory equity value on the Company's books is reflected in Note 1.

NOTES TO FINANCIAL STATEMENTS

O. SCA or SSAP No. 48 Entity Loss Tracking

Not applicable.

11. Debt

The Company does not have any capital notes or reverse repurchase agreements at December 31, 2020.

The Company has an irrevocable standby letter of credit with Bank of America for the benefit of General Reinsurance Corporation. The credit limit was \$2,449,028 as of December 31, 2020 and 2019. To collateralize this letter of credit, the Company was required to deposit US Agency securities with Bank of America. The carrying value of the deposit is \$3,097,166 and \$3,131,094 at December 31, 2020 and 2019, respectively.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

The Company has no defined benefit plans.

B. Investment policies and strategies of defined benefit plans

Not applicable

C. Fair value of each class of plan assets of defined benefit plans

Not applicable

D. Narrative description of the basis used to determine the overall expected rate of return on assets assumption

Not applicable

E. Defined Contribution Plans

The Company sponsors a qualified 401(k) defined contribution plan for all employees. The Company matches 50% of the employee's contribution up to 6% of an individual's gross salary and may contribute additional amounts as authorized by the Board of Directors within IRS limitations on compensation, elective deferrals and annual additions. Employees vest ratably in the matching contribution over five years. The Company's expense under this plan totaled \$2,123,524 and \$2,102,329 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020, the fair value of plan assets was \$99,885,416.

F. Multiemployer Plan

Not applicable

G. Consolidated/Holding Company Plans

Not applicable

H. Postemployment Benefits and Compensated Absences

During 2003, the Company entered into employment agreements with certain key employees; the Company's total commitment for officers under these employment agreements was \$1,931,468 at December 31, 2020.

A Rabbi Trust was established in 2017 for an active senior executive officer with initial funding of \$37,500; \$125,000 and \$75,000 was contributed in years 2020 and 2019, respectively. The fair value of the trust at December 31, 2020 was \$354,321 and is listed in other assets of the Company.

Obligations for post-employment benefits and compensated absences have been accrued in accordance with SSAP 11 in all prior periods.

NOTES TO FINANCIAL STATEMENTS

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 02-17)

The Company does not sponsor a postretirement health care benefit plan.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

A. Authorized and Outstanding Shares

Not applicable

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Policyholder dividends are paid out of unassigned surplus in accordance with a percentage or amounts as approved by the Board of Directors. Eligibility restrictions for the 2020 dividend include: must be a 12-month term policyholder of record as of December 31, 2020, must have complied with all audit and policy premium obligations, must be a policyholder as of the dividend evaluation date of February 28, 2021, and must have a loss ratio which does not exceed 45 percent as of the evaluation date. Similar restrictions applied for the 2019 dividend. Dividends declared and unpaid are recorded as a liability. The Company is required to satisfy the legal minimum capital requirements of its domiciliary state - Rhode Island. Under the terms of its enabling act, the Company may declare a dividend when there is an excess of assets over liabilities and minimum surplus requirements.

The Company maintains a shared earnings program in support of its loss prevention and claim cost containment initiatives. Shared earnings are computed 18 months after policy inception based on an individual policy's incurred loss experience. These shared earnings plans are estimated, accrued and accounted for as retrospectively rated policies.

D. Dates and Amounts of Dividends Paid

In December 2020, the Board of Directors declared a dividend in the amount of \$8,000,000 to be paid to policyholders which meet the established eligibility criteria. Dividends of \$6,000,000 were declared for 2019.

E. Amount of Ordinary Dividends that May Be Paid

No restriction other than stated above.

F. Restrictions on Unassigned Funds

There were no restrictions placed on the Company's surplus.

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

Not applicable

J. Change in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains (net of losses) is as follows:

Unrealized gains or (losses): (\$2,593,403)

K. Surplus Notes

Not applicable

L. Impact of Quasi-Reorganizations

Not applicable

NOTES TO FINANCIAL STATEMENTS

M. Date of Quasi-Reorganizations

Not applicable

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not applicable

B. Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable

E. Product Warranties

Not applicable

F. Joint and Several Liabilities

Not applicable

G. All Other Contingencies

The Company is and may become involved in various actions and legal proceedings arising out of and incidental to its normal course of business. Management, based on its review with counsel, is unable to reasonably estimate the impact and scope of any potential liability, if any, that may exist as a result of these actions or proceedings.

15. Leases

A. Lessee Leasing Arrangements

1. The Company leases office equipment under various noncancelable operating lease agreements that expire in 2023. Total lease and rent expense for 2020 and 2019 was approximately \$1,321,724 and \$1,333,456 respectively. Rental expense recognized as part of occupancy costs and included in lease and rent expense totalled \$1,211,941 in each year.

2. Future minimum aggregate lease commitments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2021	52,940
2022	25,568
2023	<u>4,824</u>
	\$ 83,332

B. Lessor Leasing Arrangements

The Company owns a commercial real estate building which leases office space to a tenant. The Company is responsible for the payment of property tax, insurance, and repair and maintenance costs related to the leased property. The Company records expenses related to the building as investment expenses and accrues lease payments due as investment income.

Future minimum lease payments receivable under the noncancelable leasing arrangement as of December 31, 2020 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2021	<u>\$29,000</u>
Total	\$29,000

NOTES TO FINANCIAL STATEMENTS

C. Sale-leaseback Transactions

The Company is not involved in any sales – leaseback arrangement.

16. Information About Financial Instruments With Off-Balance Sheet Risk

The Company does not have any financial instruments with off-balance sheet risk.

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

Not Applicable

C. Wash Sales

1. Occasionally, market conditions prevail such that a security fitting a sell profile will resurface quickly as an attractive investment for purchase. In these circumstances, investment opportunities are taken irrespective of the proximity of prior transaction dates.
2. At December 31, 2020, no securities with an NAIC Designation 3 or below were sold and reacquired within 30 days of the sale date.

18. Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

The Company does not administer uninsured accident and health plans or the uninsured portions of partially insured plans.

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

The Company does not utilize managing general agents or third party administrators to write business.

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 tables provide information as of December 31, 2020 and 2019 about the Company's financial assets and liabilities measured at fair value.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value (NAV)</u>	<u>Total</u>
Assets at fair value (in 000's)					
Bonds and debt securities \$	-	\$ 1,384	\$ -	\$ -	\$ 1,384
Cash Equivalents	9,741	-	-	-	9,741
Preferred Stock	-	7,894	-	-	7,894
Common stock	49,568	231	-	-	49,799
Total assets at fair value \$	<u>59,309</u>	<u>\$ 9,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,818</u>

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value (NAV)</u>	<u>Total</u>
Assets at fair value (in 000's)					
Bonds and debt securities \$	-	\$ 470	\$ -	\$ -	\$ 470
Cash Equivalents	6,387	-	-	-	6,387
Preferred Stock	-	4,242	-	-	4,242
Common stock	38,640	231	-	10,202	49,073
Total assets at fair value \$	<u>45,027</u>	<u>\$ 4,943</u>	<u>\$ -</u>	<u>\$ 10,202</u>	<u>\$ 60,172</u>

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 between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

During 2020, 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.

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.

5. The Company has no derivative assets or liabilities.

B. Combination of Fair Value Information

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Other Fair Value Disclosures

The following tables provide information as of December 31, 2020 and 2019 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.

December 31, 2020							
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value (NAV)</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Not Practicable (Carrying Value)</u>
Assets at fair value (in 000's)							
Bonds and debt securities	\$ 9,568	\$ 324,682	\$ -	\$ -	\$ 334,250	\$ 303,724	\$ -
Cash Equivalents	9,741	-	-	-	9,741	9,741	-
Preferred Stock		10,899	-	-	10,899	10,454	-
Common stock	49,568	231	-	-	49,799	49,799	-
Total assets at fair value	\$ 68,877	\$ 335,812	\$ -	\$ -	\$ 404,689	\$ 373,718	\$ -



December 31, 2019							
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value (NAV)</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Not Practicable (Carrying Value)</u>
Assets at fair value (in 000's)							
Bonds and debt securities	\$ 9,201	\$ 306,610	\$ -	\$ -	\$ 315,811	\$ 299,842	\$ -
Cash Equivalents	6,386	6,496	-	-	12,882	12,883	-
Preferred Stock		7,632	-	-	7,632	7,449	-
Common stock	38,640	231	-	10,202	49,073	49,073	-
Total assets at fair value	\$ 54,227	\$ 320,969	\$ -	\$ 10,202	\$ 385,398	\$ 369,247	\$ -

D. Reasons Not Practical to Estimate Fair Values

Not applicable

E. Investments Measured Using the NAV Practical Expedient

Not applicable

21. Other Items

A. Unusual or Infrequent Items

During the fourth quarter of 2020, Beacon made a charitable contribution of \$2,500,000 to a newly formed charitable entity, The Beacon Foundation, of which Beacon Mutual Insurance is the sole member. The Beacon Foundation is a non-profit organization organized as a Rhode Island corporation with an independent board of directors which operates exclusively for charitable purposes. This contribution, consistent with other charitable contributions made during the year, is included in Line 14 of the Statement of Income under Aggregate Write-ins for Miscellaneous Income (Charitable Donations).

B. Trouble Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

No securities other than those indicated in Schedule E Part 3 have been pledged as collateral.

D. Business Interruption Insurance Recoveries

Not applicable

NOTES TO FINANCIAL STATEMENTS

E. State Transferable Tax Credits

A decision was made during 2020 to forego the purchase of \$2,070,000 of tax credits. During 2019, \$8,354,910 of transferable state tax credits were purchased at a cost of \$6,934,575. These credits will be evenly spread over the five year period between 2019 and 2023.

1. Carrying Value of Transferable State Tax Credits

<u>Description of State Transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
River House -Rebuild Rhode Island	RI	\$4,160,745	\$5,012,946

2. Method of Estimating Utilization of Remaining Transferable and Non-transferable State Tax Credits

The Company estimated the utilization of the remaining transferable and non-transferable state tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining transferable and non-transferable state tax credits.

3. Impairment Loss

Not applicable.

4. State Tax Credits Admitted and NonAdmitted

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
a. Transferable	\$4,160,745	\$0
b. Non-transferable	\$0	\$0

F. Subprime Mortgage Related Risk Exposure

1. The Company's exposure to subprime lending is limited to investments within the fixed income investment portfolio which contains asset-backed securities that are backed by subprime loans. The Company believes its greatest exposure is to unrealized losses from declines in asset values rather than realized losses resulting from future defaults. The Company manages its subprime risk exposure by limiting its holdings in these types of securities, continuing its conservative investment guidelines, maintaining high credit quality investments, and performing ongoing analysis of its portfolio.

2. Direct Exposure – Mortgage Loans

Not applicable

3. Direct Exposures – Other Investment Classes

a. Structured Securities

The values of structured securities in the investment portfolio with subprime exposure are as indicated below. These securities represent less than 1% of the total fixed income investment portfolio.

	Cost	Book/Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized	Rating
Subprime/HELOC	\$14,690	\$19,465	\$20,969	-	CCC

4. Underwriting Exposure

Not applicable

B. Insurance-linked Securities

Not applicable

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

Unsecured reinsurance recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium in excess of 3% of the Company's policyholder surplus is as follows:

<u>NAIC Code</u>	<u>Federal ID#</u>	<u>Name of Reinsurance</u>	(000 omitted) <u>Amount</u>
22039	13-2673100	General Reinsurance Corp.	\$16,932

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at December 31, 2020.

C. Reinsurance Assumed and Ceded and Protected Cells

All reinsurance premiums are paid on earned premium; therefore, return commission is zero. At December 31, 2020, the unearned premium reserves for direct and assumed premiums were \$51,055,877 and \$1,350,631 respectively. The unearned premium reserves for ceded premiums was \$91,300 at December 31, 2020.

Certain ceded reinsurance contracts provide for additional or return contingent commission based on actual loss experience of the reinsured business. The annual contingent commission adjustment was settled during 2020 and there is no payable or receivable at December 31, 2020.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

The Company commuted one reinsurance contract during 2020 with General Reinsurance Corp. The Company recognized the amounts received from the reinsurer as a reduction to losses and direct cost containment (DCC) paid and reduced reserves to recognize the effect of releasing the reinsurer from its obligation under the contract. The net effect of the commutation was an increase in losses incurred and DCC incurred. This amount is shown below by Statement of Income classification:

Losses Incurred	\$ (3,687,053)
DCC Incurred	<u>(5,132)</u>
	\$ (3,692,185)

The gains or losses resulting from commutations are not recognized until the dates of final settlement between the Company and the reinsurer.

F. Retroactive Reinsurance

Part (1)

1. Reserves Transferred:	Assumed
a. Initial Reserves	(\$1,845,479)
b. Adjustments – Prior Yr.	237,459
c. Adjustments – Current Yr.	<u>73,342</u>
d. Current Total	(\$1,534,678)
2. Consideration Paid or Received:	
a. Initial Consideration	\$ 1,845,479
b. Adjustments – Prior Yr.	-
c. Adjustments – Current Yr.	<u>-</u>
d. Current Total	\$ 1,845,479

NOTES TO FINANCIAL STATEMENTS

3.	Paid Losses Reimbursed or Recovered:	
	a. Prior Year	\$ 1,654,143
	b. Current Year	<u>(73,342)</u>
	c. Current Total	\$ 1,580,801
4.	Special Surplus from Retroactive Reinsurance:	
	a. Initial Surplus Gain or Loss	\$ -
	b. Adjustments – Prior Year	237,459
	c. Adjustments – Current Year	73,342
	d. Current Year Restricted Surplus	<u>-</u>
	e. Cumulative total Transferred to Unassigned Funds	\$ 310,801

In 2020, the Company has no ceded retroactive reinsurance.

5. Insurers included in the above transactions:

Fairfield Insurance	NAIC#44784	\$1,534,679
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G. Reinsurance Accounted for as a Deposit

Not applicable

H. Transfer of Property and Casualty Run-off Agreements

Not applicable

I. Certified Reinsurer Rating Downgraded

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate

The Company maintains a shared earnings program in support of its loss prevention and claim cost containment initiatives. Shared earnings are computed 18 months after policy inception based on an individual policy's incurred loss experience. These shared plans are estimated, accrued and accounted for as retrospectively rated policies.

B. Method Used to Record

The Company records the retrospective premium accruals as earned by adjusting unearned premiums. These amounts are not recorded as premiums written until they are billed to the policyholders. Return premiums are recorded as liabilities and additional premiums are recorded as assets.

C. Amount and Percent of Net Retrospective Premiums

See Schedule P - Part 7A

D. Medical Loss Ratio Rebates

Not applicable

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Not applicable

F. Risk-Sharing Provisions of the Affordable Care Act (ACA)

Not applicable

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 decreased by \$5.2 million during 2020. Decreases are the result of reserve takedowns due to ongoing review of claim reserves as additional information becomes available, along with strong settlement activity.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

a. Reserves Released due to Purchase of Annuities

The Company has purchased annuities with the claimant as payee and has received a signed release from the claimant eliminating any future liability for the Company. The Company has released reserves of \$636,968 and \$2,466,321 through the purchase of annuities during 2020 and 2019, respectively.

b. Annuity Life Insurers with Balances due Greater than 1% of Policyholder's Surplus

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Policies

Not applicable

30. Premium Deficiency Reserves

The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2020.

31. High Deductibles

The Company has no High Deductible plans.

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

The Company does not discount unpaid losses and unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

The likelihood of material liability related to asbestos and environmental loss is remote since reported claim activity levels are minimal and the Company does not write lines of business which are typically exposed to such losses. To-date, payments of \$830,652 have been made for 20 claims including denial and dismissal settlements and claim related expenses; there are currently no outstanding reserves.

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

5.2 If yes, provide the name of the 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 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 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?

Johnson Lambert LLP, One Lawson Lane, Box 525, Burlington, Vermont 05402

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 response to 10.1 is yes, provide information related to this exemption:

.....

GENERAL INTERROGATORIES

10.3 Has the insurer been granted any exemptions related to the 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 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.

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?
 Yi Jing, Willis Towers Watson, 175 Powder Forest Drive, Weatogue, CT 06089-9658

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	\$

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?
 N/A

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

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?

- 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 []

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

GENERAL INTERROGATORIES

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

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

.....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [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 subordinate 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)	\$ _____

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)	\$ _____

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

GENERAL INTERROGATORIES

- 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: \$ _____

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto:

- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

- 24.04 For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk Based Capital Instructions. \$ _____
- 24.05 For the reporting entity's securities lending program report amount of collateral for other programs. \$ _____
- 24.06 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.07 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
- 24.09 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--|----|--|
| 24.091 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ | |
| 24.092 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ | |
| 24.093 Total payable for securities lending reported on the liability page | \$ | |
- 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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

GENERAL INTERROGATORIES

25.2 If yes, state the amount thereof at December 31 of the current year:

	25.21 Subject to repurchase agreements	\$ _____
	25.22 Subject to reverse repurchase agreements	\$ _____
	25.23 Subject to dollar repurchase agreements	\$ _____
	25.24 Subject to reverse dollar repurchase agreements	\$ _____
	25.25 Placed under option agreements	\$ _____
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
	25.27 FHLB Capital Stock	\$ <u>231,200</u>
	25.28 On deposit with states	\$ <u>808,760</u>
	25.29 On deposit with other regulatory bodies	\$ <u>448,667</u>
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ <u>19,398,873</u>
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
	25.32 Other	\$ _____

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.

LINES 26.3 through 26.5 : FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

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

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

	26.41 Special accounting provision of SSAP No. 108	Yes [] No [X]
	26.42 Permitted accounting practice	Yes [] No [X]
	26.43 Other accounting guidance	Yes [] No [X]

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

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [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 []

GENERAL INTERROGATORIES

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of America, National Association	135 South LaSalle Street, Chicago, IL 60603
MUFG Union Bank, N.A.	1251 Avenue of the Americas, 19th Floor, New York, NY 10020

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

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 Firm or Individual	2 Affiliation
New England Asset Management	U

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

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

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

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
New England Asset Management	105900	KUR85E5PS4GQFZTFC130	Securities Exchange Commission	NO
				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 []

GENERAL INTERROGATORIES

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
02110A-69-6	DDJ CAP OPPORTUNITY H/Y -INST	10,558,868
78462F-10-3	SPDR S&P 500 ETF TRUST	13,272,740
29.2999 TOTAL		23,831,608

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
SPDR S&P500 ETF TRUST	Apple, Inc.	889,274	12/31/2020
SPDR S&P500 ETF TRUST	Microsoft Corp	704,782	12/31/2020
SPDR S&P500 ETF TRUST	Amazon.com, Inc.	582,673	12/31/2020
SPDR S&P500 ETF TRUST	Facebook, Inc.	274,746	12/31/2020
SPDR S&P500 ETF TRUST	Tesla Inc.	224,309	12/31/2020
DDJ CAP OPPORTUNITY H/Y	Ford Holdings, Inc.	592,249	12/31/2020
DDJ CAP OPPORTUNITY H/Y	Asurion LLC	496,404	12/31/2020
DDJ CAP OPPORTUNITY H/Y	Internet Brands (WebMD)	445,889	12/31/2020
DDJ CAP OPPORTUNITY H/Y	Century Aluminum Co	445,632	12/31/2020
DDJ CAP OPPORTUNITY H/Y	Tekni-Plex, Inc.	396,303	12/31/2020

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	303,724,231	334,249,999	30,525,768
30.2 Preferred stocks	10,454,331	10,899,351	445,020
30.3 Totals	314,178,562	345,149,350	30,970,788

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

Fair values are based on end of period prices provided by independent pricing services (vendor price) such as: Refinitiv, ICE Data Services, Bloomberg, IHS Markit, S&P Capital IQ or Pricing Direct. Under certain circumstances, if a vendor price is unavailable, a price may be obtained from a broker. Short Term securities and Cash Equivalents acquired one year or less to maturity are valued at amortized cost. Registered Money Market mutual funds are reported as Cash Equivalents and are valued at net asset value (NAV.) Government money market mutual funds are valued using a stable NAV (\$1.00) and Non-Government, also known as "Prime Money Market," funds are valued using a floating NAV.

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 [X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
Not applicable.

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

32.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

33 By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [] No [X]

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

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No [X]

36. By rolling/renewing short-term or cash-equivalent investments with continued reporting on Schedule DA, part 1 or Schedule E Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying to the following:

- a. The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.
- b. If the investment is with a nonrelated party or nonaffiliate, then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.
- c. If the investment is with a related party or affiliate, then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.
- d. Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 36.a - 36.c are reported as long-term investments.

Has the reporting entity rolled/renewed short-term or cash equivalent investments in accordance with these criteria? Yes [] No [] N/A [X]

OTHER

37.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 545,866

37.2 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
NCCI	\$ 528,471
.....	\$
.....	\$

38.1 Amount of payments for legal expenses, if any? \$ 197,031

38.2 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
Brown & Joseph	\$ 73,105
.....	\$
.....	\$

39.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 85,000

GENERAL INTERROGATORIES

39.2 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
Adler, Pollock & Sheehan, P.C.	\$ 50,000
Government Strategies, Inc.	\$ 25,000
	\$

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. \$ _____

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____

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. \$ _____

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ _____

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ _____		\$ _____	
2.2 Premium Denominator	\$ 107,155,628		\$ 121,135,432	
2.3 Premium Ratio (2.1 / 2.2)	_____		_____	
2.4 Reserve Numerator	\$ _____		\$ _____	
2.5 Reserve Denominator	\$ 227,990,668		\$ 239,484,313	
2.6 Reserve Ratio (2.4 / 2.5)	_____		_____	

3.1 Did the reporting entity issue participating policies during the calendar year? Yes [] No [X]

3.2 If yes, provide the amount of premium written for participating and/or non-participating policies during the calendar year

3.21 Participating policies \$ _____

3.22 Non-participating policies \$ _____

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [X] 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. \$ _____

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]

5.22 As a direct expense of the exchange Yes [] No [] N/A [X]

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 [X]

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 loss:
 The Company has excess of loss workers' compensation treaties, as well as catastrophe coverage which provides additional protection.

.....

.....

.....

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

- 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:
Not Applicable. The Company is a monoline workers' compensation carrier.
- 6.3 What provision has this reporting entity made (such as a 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?
Property insurance is not written.
- 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
- 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
- 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
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes 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
- 8.2 If yes, give full information
In 2002, 25 GenRe insurance claims were capped at \$5,532,533 in the aggregate. Of the 25 capped claims, 23 are closed and will not have an impact on losses. Additionally, reinsurance claims with GenRe for the policy years 7/1/2003 to 6/30/2012 have been commuted.
- 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
- 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
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R, 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
- 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
(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
(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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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 No N/A

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No

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 asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses	\$ _____
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$ _____

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? \$ _____

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

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

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of Credit	\$ _____
12.62 Collateral and other funds	\$ _____

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____

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

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. _____

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

.....

.....

.....

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

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes 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

15.2 If yes, give full information

.....

.....

.....

16.1 Does the reporting entity write any warranty business? Yes No

If yes, disclose the following information for each of the following types of warranty coverage:

		1	2	3	4	5
		Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$	_____	\$	_____	\$	_____
16.12 Products	\$	_____	\$	_____	\$	_____
16.13 Automobile	\$	_____	\$	_____	\$	_____
16.14 Other*	\$	_____	\$	_____	\$	_____

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance	\$ _____
17.12 Unfunded portion of Interrogatory 17.11	\$ _____
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14 Case reserves portion of Interrogatory 17.11	\$ _____
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16 Unearned premium portion of Interrogatory 17.11	\$ _____
17.17 Contingent commission portion of Interrogatory 17.11	\$ _____

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. \$ _____

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. \$ _____

19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No []

19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X]

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2020	2019	2018	2017	2016
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)	108,220,540	123,141,265	127,983,041	128,935,596	141,324,999
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	108,220,540	123,141,265	127,983,041	128,935,596	141,324,999
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)	103,144,851	117,676,290	122,430,567	122,766,441	133,917,041
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	103,144,851	117,676,290	122,430,567	122,766,441	133,917,041
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	3,336,437	(4,767,327)	(9,881,959)	(18,436,841)	(13,505,748)
14. Net investment gain (loss) (Line 11)	16,711,924	18,294,700	14,745,961	14,666,795	15,259,711
15. Total other income (Line 15)	(2,499,600)	(530,101)	(683,656)	164,810	(389,491)
16. Dividends to policyholders (Line 17)	8,000,000	6,000,000			1,000,000
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	9,548,761	6,997,272	4,180,346	(3,605,236)	364,472
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	431,306,541	437,800,033	420,474,915	403,527,043	404,179,859
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	1,911,866	1,481,911	2,230,869	2,702,650	2,419,278
20.2 Deferred and not yet due (Line 15.2)	32,396,721	36,784,238	38,294,545	36,798,090	39,956,634
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	259,846,288	273,552,789	266,837,667	250,534,714	245,641,583
22. Losses (Page 3, Line 1)	153,437,504	158,792,818	156,013,160	140,786,423	129,500,630
23. Loss adjustment expenses (Page 3, Line 3)	22,117,225	24,032,624	24,006,297	22,809,913	22,276,641
24. Unearned premiums (Page 3, Line 9)	54,454,701	58,465,479	61,924,620	62,163,222	65,732,771
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	171,460,253	164,247,244	153,637,248	152,992,329	158,538,276
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(3,296,920)	11,108,674	18,448,307	3,934,671	9,795,371
Risk-Based Capital Analysis					
28. Total adjusted capital	171,460,253	164,247,244	153,637,248	152,992,329	158,538,276
29. Authorized control level risk-based capital	21,304,165	21,421,165	20,681,855	18,723,717	18,649,086
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)	78.1	77.3	81.3	88.3	89.3
31. Stocks (Lines 2.1 & 2.2)	15.9	14.9	11.8	5.4	5.2
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	2.5	2.6	2.8	3.0	3.1
34. Cash, cash equivalents and short-term investments (Line 5)	3.4	5.2	3.8	3.2	2.3
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.2	0.0	0.3	0.1	
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	1,468,016	1,442,774	1,411,477	1,381,090	1,350,844
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	1,468,016	1,442,774	1,411,477	1,381,090	1,350,844
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)	0.9	0.9	0.9	0.9	0.9

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2020	2019	2018	2017	2016
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(2,593,403)	5,251,861	(4,957,330)	213,857	(165,297)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	7,213,017	10,609,996	644,919	(5,545,948)	321,951
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)	59,419,950	67,796,601	69,823,507	76,971,115	74,785,010
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	59,419,950	67,796,601	69,823,507	76,971,115	74,785,010
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)	54,670,501	66,302,445	59,533,661	74,736,252	70,684,869
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	54,670,501	66,302,445	59,533,661	74,736,252	70,684,869
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)	46.0	57.0	60.9	68.1	63.1
68. Loss expenses incurred (Line 3)	15.8	16.2	17.0	18.0	16.8
69. Other underwriting expenses incurred (Line 4)	35.1	30.7	30.1	28.5	30.3
70. Net underwriting gain (loss) (Line 8)	3.1	(3.9)	(8.1)	(14.6)	(10.2)
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)	38.9	32.1	30.7	29.2	30.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	61.8	73.2	77.9	86.1	79.9
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	60.2	71.6	79.7	80.2	84.5
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)	(5,223)	1,567	5,696	12,917	11,800
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 100.0)	(3.2)	1.0	3.7	8.1	7.5
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	305	5,981	20,436	21,482	17,328
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)	0.2	3.9	12.9	13.6	11.0

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

Yes [] No []

If no, please explain:

.....
.....
.....

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	2,791	1,011	183	18	170		20	2,115	X X X
2. 2011	92,459	7,451	85,008	71,862	2,094	4,779	76	13,626		1,795	88,097	X X X
3. 2012	102,597	8,432	94,165	74,119	5,575	5,199	35	13,770		1,017	87,478	X X X
4. 2013	111,600	8,778	102,822	74,318		5,424		14,098		1,270	93,840	X X X
5. 2014	126,456	7,849	118,607	72,283		5,858		14,713		1,390	92,854	X X X
6. 2015	135,250	8,033	127,217	72,775		6,596		15,067		1,321	94,438	X X X
7. 2016	139,815	7,408	132,407	65,640		5,993		14,909		977	86,542	X X X
8. 2017	132,505	6,169	126,336	57,485		6,134		14,802		882	78,421	X X X
9. 2018	128,222	5,552	122,670	50,215		4,891		12,857		386	67,963	X X X
10. 2019	126,600	5,465	121,135	36,559		3,100		12,345		173	52,004	X X X
11. 2020	112,231	5,076	107,155	12,952		1,696		8,776		13	23,424	X X X
12. Totals	X X X	X X X	X X X	590,999	8,680	49,853	129	135,133		9,244	767,176	X X X

	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		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	36,362	11,388	950		660	217			3,337			29,704	X X X
2. 2011	359		737		66			1	100			1,263	X X X
3. 2012	7,642		502		95			1	798			9,038	X X X
4. 2013	2,312	30	199		243			5	184			2,913	X X X
5. 2014	2,304	81	808	168	113			26	280			3,282	X X X
6. 2015	4,128	620	1,241	205	227	4	13		483			5,263	X X X
7. 2016	4,958		2,478	127	314			13	2	679		8,313	X X X
8. 2017	6,123		4,687	201	413			41	3	954		12,014	X X X
9. 2018	14,809	576	4,870	366	719	12	83	15	1,797			21,309	X X X
10. 2019	16,343		13,782	1,077	1,112			145	19	2,704		32,990	X X X
11. 2020	19,236		25,292	1,844	1,505			343	35	4,971		49,468	X X X
12. Totals	114,576	12,695	55,546	3,988	5,467	233	671	74	16,287			175,557	X X X

	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	X X X	X X X	X X X	X X X	X X X	X X X			X X X	25,924	3,780
2. 2011	91,530	2,170	89,360	98.995	29.124	105.120				1,096	167
3. 2012	102,126	5,610	96,516	99.541	66.532	102.497				8,144	894
4. 2013	96,783	30	96,753	86.723	0.342	94.098				2,481	432
5. 2014	96,385	249	96,136	76.220	3.172	81.054				2,863	419
6. 2015	100,530	829	99,701	74.329	10.320	78.371				4,544	719
7. 2016	94,984	129	94,855	67.935	1.741	71.639				7,309	1,004
8. 2017	90,639	204	90,435	68.404	3.307	71.583				10,609	1,405
9. 2018	90,241	969	89,272	70.379	17.453	72.774				18,737	2,572
10. 2019	86,090	1,096	84,994	68.002	20.055	70.165				29,048	3,942
11. 2020	74,771	1,879	72,892	66.622	37.017	68.025				42,684	6,784
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	153,439	22,118

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
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	One Year	Two Year
1. Prior	104,183	97,258	92,848	91,196	88,668	89,057	90,775	93,517	95,203	98,540	3,337	5,023
2. 2011	74,526	72,740	76,045	75,607	76,228	77,123	77,981	76,749	76,648	75,634	(1,014)	(1,115)
3. 2012	XXX	72,829	70,713	74,930	77,098	77,830	77,818	81,396	81,310	81,948	638	552
4. 2013	XXX	XXX	68,900	70,847	77,575	79,980	80,874	82,312	82,503	82,471	(32)	159
5. 2014	XXX	XXX	XXX	71,727	72,476	77,645	79,693	81,150	81,189	81,143	(46)	(7)
6. 2015	XXX	XXX	XXX	XXX	76,340	78,550	82,726	84,528	84,306	84,151	(155)	(377)
7. 2016	XXX	XXX	XXX	XXX	XXX	78,929	82,164	79,898	79,366	79,267	(99)	(631)
8. 2017	XXX	XXX	XXX	XXX	XXX	XXX	79,608	77,785	77,095	74,679	(2,416)	(3,106)
9. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	74,811	76,093	74,618	(1,475)	(193)
10. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	73,906	69,945	(3,961)	XXX
11. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	59,145	XXX	XXX
											12. Totals	
											(5,223)	305

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
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
1. Prior	000	29,738	48,130	59,395	67,253	68,834	70,611	66,443	70,228	72,173	XXX	XXX
2. 2011	23,047	47,788	61,476	68,165	71,816	73,808	75,541	73,921	74,431	74,471	XXX	XXX
3. 2012	XXX	22,951	47,028	59,942	69,839	72,878	74,948	76,383	77,086	73,708	XXX	XXX
4. 2013	XXX	XXX	22,356	47,655	63,415	70,425	74,609	77,290	79,189	79,742	XXX	XXX
5. 2014	XXX	XXX	XXX	23,720	47,311	63,010	70,957	74,731	76,851	78,141	XXX	XXX
6. 2015	XXX	XXX	XXX	XXX	25,793	50,731	66,183	74,073	77,473	79,371	XXX	XXX
7. 2016	XXX	XXX	XXX	XXX	XXX	23,204	48,956	61,396	67,530	71,633	XXX	XXX
8. 2017	XXX	XXX	XXX	XXX	XXX	XXX	22,104	46,204	58,496	63,619	XXX	XXX
9. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,030	42,107	55,106	XXX	XXX
10. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,834	39,659	XXX	XXX
11. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,648	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
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. Prior	22,069	9,881	3,894	2,373	907	555	1,250	575	539	950
2. 2011	22,862	5,413	3,086	998	352	180	874	639	612	738
3. 2012	XXX	24,958	7,272	2,172	1,025	663	190	709	461	503
4. 2013	XXX	XXX	22,212	4,772	2,360	1,983	888	579	415	204
5. 2014	XXX	XXX	XXX	26,713	7,691	3,557	1,766	833	730	666
6. 2015	XXX	XXX	XXX	XXX	26,583	10,853	3,781	1,908	1,737	1,049
7. 2016	XXX	XXX	XXX	XXX	XXX	29,415	14,155	5,351	2,398	2,362
8. 2017	XXX	XXX	XXX	XXX	XXX	XXX	31,668	12,543	5,852	4,524
9. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,055	11,199	4,572
10. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,556	12,831
11. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,756

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status (a)	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
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	105,237,964	109,256,187	7,880,000	57,128,778	46,678,803	158,564,794	91,775
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		105,237,964	109,256,187	7,880,000	57,128,778	46,678,803	158,564,794	91,775

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							

Explanation of basis of allocation of premiums by states, etc.

(a) Active Status Counts

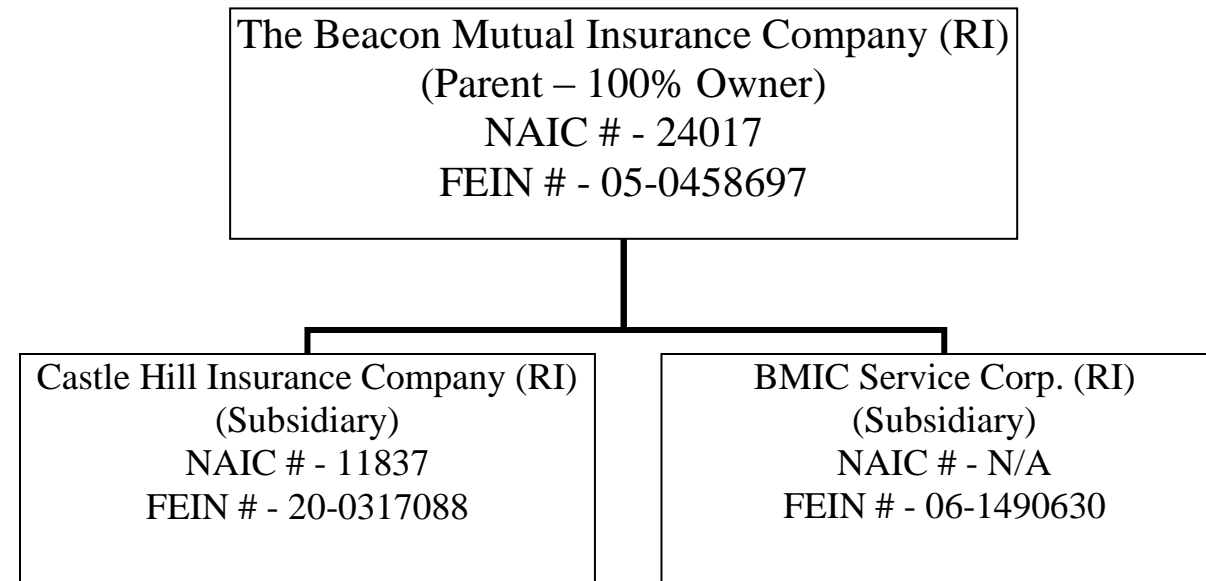
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG	2
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	_____
D - Domestic Surplus Lines Insurer (DSL) - Reporting entities authorized to write surplus lines in the state of domicile	_____
R - Registered - Non-domiciled RRGs	_____
Q - Qualified - Qualified or accredited reinsurer	_____
N - None of the above - Not allowed to write business in the state (other than their state of domicile - See DSL)	55

Explanation of basis of allocation of premiums by states, etc.

None

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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Miscellaneous Receivables	72,948	59,249	13,699	9,553
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	72,948	59,249	13,699	9,553

OVERFLOW PAGE FOR WRITE-INS

**Page 4 - Continuation
STATEMENT OF INCOME**

REMAINING WRITE-INS AGGREGATED AT LINE 14 FOR MISCELLANEOUS INCOME	1	2
	Current Year	Prior Year
1404. Interest and Penalties	(800)	(500)
1405. Charitable Contributions - Donations	(2,569,500)	
1497. Totals (Lines 1404 through 1496) (Page 4, Line 1498)	(2,570,300)	(500)

OVERFLOW PAGE FOR WRITE-INS

Page 13 - Continuation

EXHIBIT OF NONADMITTED ASSETS

<p style="text-align: center;">DETAILS OF WRITE-IN LINES FOR OTHER THAN INVESTED ASSETS AT LINE 25</p>	<p style="text-align: center;">1 Current Year Total Nonadmitted Assets</p>	<p style="text-align: center;">2 Prior Year Total Nonadmitted Assets</p>	<p style="text-align: center;">3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)</p>
2504. SERP Account			
2597. Totals (Lines 2504 through 2596) (Page 13, Line 2598)			