



QUARTERLY STATEMENT

As of September 30, 2017

of the Condition and Affairs of the

APPALACHIAN INSURANCE COMPANY

| | | |
|--|---|--|
| NAIC Group Code.....0065, 0065 (Current Period) (Prior Period) | NAIC Company Code..... 10316 | Employer's ID Number..... 05-0284861 |
| Organized under the Laws of RI Incorporated/Organized..... April 14, 1941 | State of Domicile or Port of Entry RI Commenced Business..... January 1, 1942 | Country of Domicile US |
| Statutory Home Office | 270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i> | |
| Main Administrative Office | 270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i> | 401-275-3000 <i>(Area Code) (Telephone Number)</i> |
| Mail Address | P.O. Box 7500..... Johnston RI US 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i> | |
| Primary Location of Books and Records | 270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i> | 401-275-3000 <i>(Area Code) (Telephone Number)</i> |
| Internet Web Site Address | www.fmglobal.com | |
| Statutory Statement Contact | Jeffrey Black <i>(Name)</i> jeffrey.black@fmglobal.com <i>(E-Mail Address)</i> | 401-415-1559 <i>(Area Code) (Telephone Number) (Extension)</i> 401-946-8306 <i>(Fax Number)</i> |

OFFICERS

| Name | Title | Name | Title |
|-----------------------|-------------------------------------|----------------------------|-----------------------------------|
| 1. Thomas Alan Lawson | President & Chief Executive Officer | 2. Jonathan Irving Mishara | Senior Vice President & Secretary |
| 3. Theresa Ann Molloy | Vice President & Controller | 4. William Alfred Mekrut # | Vice President & Treasurer |

OTHER

| | | | |
|-------------------------|--------------------------|---------------------|--------------------------|
| Bret Nils Ahnell | Executive Vice President | Kevin Scott Ingram | Senior Vice President |
| Jonathan William Hall | Chief Operating Officer | Christopher Johnson | Executive Vice President |
| Paul Edward LaFleche | Senior Vice President | Jeanne Ruth Lieb | Senior Vice President |
| Jonathan Irving Mishara | Senior Vice President | Enzo Rebula | Senior Vice President |
| Michael Robert Turner | Executive Vice President | | |

DIRECTORS OR TRUSTEES

| | | | |
|-----------------------|------------------------------|-------------------------|---------------------|
| Frank Thomas Connor | Colin Richard Day | Daniel Lee Knotts | Thomas Alan Lawson |
| John Anderson Luke Jr | Gracia Catherine Martore | Christine Mary McCarthy | Stuart Blain Parker |
| Edward Joseph Rapp | Shivan Sivaswamy Subramaniam | Israel Ruiz | Michel Giannuzzi |

State of..... Rhode Island
County of..... Providence

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

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

Subscribed and sworn to before me
This 10th day of November 2017
John A. Soares III Notary Public
Expires July 5, 2021

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

ASSETS

| | Current Statement Date | | | 4 |
|---|------------------------|-----------------------|---|--|
| | 1 | 2 | 3 | December 31 Prior Year Net Admitted Assets |
| | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | |
| 1. Bonds..... | 221,203,816 | | 221,203,816 | 172,894,481 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks..... | 2,500,000 | | 2,500,000 | 2,500,000 |
| 2.2 Common stocks..... | | | 0 | |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens..... | | | 0 | |
| 3.2 Other than first liens..... | | | 0 | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances)..... | | | 0 | |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances)..... | | | 0 | |
| 4.3 Properties held for sale (less \$.....0 encumbrances)..... | | | 0 | |
| 5. Cash (\$.....12,822,230), cash equivalents (\$.....0) and short-term investments (\$.....60,358,026)..... | 73,180,256 | | 73,180,256 | 123,707,044 |
| 6. Contract loans (including \$.....0 premium notes)..... | | | 0 | |
| 7. Derivatives..... | | | 0 | |
| 8. Other invested assets..... | | | 0 | |
| 9. Receivables for securities..... | 0 | | 0 | |
| 10. Securities lending reinvested collateral assets..... | 15,722,058 | | 15,722,058 | 3,884,332 |
| 11. Aggregate write-ins for invested assets..... | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 312,606,130 | 0 | 312,606,130 | 302,985,857 |
| 13. Title plants less \$.....0 charged off (for Title insurers only)..... | | | 0 | |
| 14. Investment income due and accrued..... | 1,619,910 | | 1,619,910 | 1,175,528 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | 17,657,702 | | 17,657,702 | 16,571,838 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | | | 0 | |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)..... | | | 0 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers..... | 1,090,266 | | 1,090,266 | 1,672,250 |
| 16.2 Funds held by or deposited with reinsured companies..... | | | 0 | |
| 16.3 Other amounts receivable under reinsurance contracts..... | | | 0 | |
| 17. Amounts receivable relating to uninsured plans..... | | | 0 | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | | | 0 | |
| 18.2 Net deferred tax asset..... | 599,000 | 465,000 | 134,000 | 128,000 |
| 19. Guaranty funds receivable or on deposit..... | | | 0 | |
| 20. Electronic data processing equipment and software..... | | | 0 | |
| 21. Furniture and equipment, including health care delivery assets (\$.....0)..... | | | 0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | 0 | |
| 24. Health care (\$.....0) and other amounts receivable..... | | | 0 | |
| 25. Aggregate write-ins for other than invested assets..... | 0 | 0 | 0 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | 333,573,008 | 465,000 | 333,108,008 | 322,533,473 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 | |
| 28. Total (Lines 26 and 27)..... | 333,573,008 | 465,000 | 333,108,008 | 322,533,473 |

DETAILS OF WRITE-INS

| | | | | |
|--|---|---|---|---|
| 1101..... | | | 0 | |
| 1102..... | | | 0 | |
| 1103..... | | | 0 | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)..... | 0 | 0 | 0 | 0 |
| 2501..... | | | 0 | |
| 2502..... | | | 0 | |
| 2503..... | | | 0 | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 0 | 0 | 0 | 0 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Statement Date | 2 December 31 Prior Year |
|--|--------------------------------|--------------------------------|
| 1. Losses (current accident year \$.....0)..... | 60,937,481 | 61,074,564 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses..... | 24,347,525 | 13,061,870 |
| 3. Loss adjustment expenses..... | 9,429,017 | 10,391,026 |
| 4. Commissions payable, contingent commissions and other similar charges..... | | |
| 5. Other expenses (excluding taxes, licenses and fees)..... | | |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes)..... | 2,122 | 7,298 |
| 7.1 Current federal and foreign income taxes (including \$.....61,060 on realized capital gains (losses))..... | 3,190,897 | 5,663,767 |
| 7.2 Net deferred tax liability..... | | |
| 8. Borrowed money \$.....0 and interest thereon \$.....0..... | | |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....4,045,134 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)..... | 68,611 | 733 |
| 10. Advance premium..... | | |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders..... | | |
| 11.2 Policyholders..... | | |
| 12. Ceded reinsurance premiums payable (net of ceding commissions)..... | 2,126 | 2,126 |
| 13. Funds held by company under reinsurance treaties..... | | |
| 14. Amounts withheld or retained by company for account of others..... | | |
| 15. Remittances and items not allocated..... | 2,614,422 | 540,954 |
| 16. Provision for reinsurance (including \$.....0 certified)..... | 1,126,286 | 1,126,286 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates..... | | |
| 18. Drafts outstanding..... | | |
| 19. Payable to parent, subsidiaries and affiliates..... | 2,753,515 | 9,372,711 |
| 20. Derivatives..... | | |
| 21. Payable for securities..... | | |
| 22. Payable for securities lending..... | 15,722,058 | 3,884,332 |
| 23. Liability for amounts held under uninsured plans..... | | |
| 24. Capital notes \$.....0 and interest thereon \$.....0..... | | |
| 25. Aggregate write-ins for liabilities..... | 131 | 0 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)..... | 120,194,191 | 105,125,667 |
| 27. Protected cell liabilities..... | | |
| 28. Total liabilities (Lines 26 and 27)..... | 120,194,191 | 105,125,667 |
| 29. Aggregate write-ins for special surplus funds..... | 0 | 0 |
| 30. Common capital stock..... | 3,525,000 | 3,525,000 |
| 31. Preferred capital stock..... | | |
| 32. Aggregate write-ins for other than special surplus funds..... | 0 | 0 |
| 33. Surplus notes..... | | |
| 34. Gross paid in and contributed surplus..... | 7,577,528 | 7,577,528 |
| 35. Unassigned funds (surplus)..... | 201,811,289 | 206,305,278 |
| 36. Less treasury stock, at cost: | | |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0)..... | | |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0)..... | | |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36)..... | 212,913,817 | 217,407,806 |
| 38. Totals (Page 2, Line 28, Col. 3)..... | 333,108,008 | 322,533,473 |

DETAILS OF WRITE-INS

| | | |
|--|-----|---|
| 2501. Accounts Payable..... | 131 | |
| 2502. | | |
| 2503. | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 131 | 0 |
| 2901. | | |
| 2902. | | |
| 2903. | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0 | 0 |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)..... | 0 | 0 |
| 3201. | | |
| 3202. | | |
| 3203. | | |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0 | 0 |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above)..... | 0 | 0 |

APPALACHIAN INSURANCE COMPANY STATEMENT OF INCOME

| | 1 Current Year to Date | 2 Prior Year to Date | 3 Prior Year Ended December 31 |
|--|------------------------------|----------------------------|--------------------------------------|
| UNDERWRITING INCOME | | | |
| 1. Premiums earned: | | | |
| 1.1 Direct..... (written \$....16,145,349)..... | 12,075,549 | 11,996,422 | 16,039,531 |
| 1.2 Assumed..... (written \$....53,532,171)..... | 53,532,171 | 49,302,588 | 65,874,426 |
| 1.3 Ceded..... (written \$....15,892,449)..... | 11,890,528 | 11,811,571 | 15,789,373 |
| 1.4 Net..... (written \$....53,785,071)..... | 53,717,192 | 49,487,439 | 66,124,584 |
| DEDUCTIONS: | | | |
| 2. Losses incurred (current accident year \$....48,199,218): | | | |
| 2.1 Direct..... | | | (6,046,000) |
| 2.2 Assumed..... | 48,199,218 | 28,156,146 | 39,909,084 |
| 2.3 Ceded..... | | | (69,000) |
| 2.4 Net..... | 48,199,218 | 28,156,146 | 33,932,084 |
| 3. Loss adjustment expenses incurred..... | 1,367,169 | 1,692,303 | 2,310,509 |
| 4. Other underwriting expenses incurred..... | 15,585,859 | 13,973,986 | 18,888,705 |
| 5. Aggregate write-ins for underwriting deductions..... | 0 | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5)..... | 65,152,246 | 43,822,435 | 55,131,298 |
| 7. Net income of protected cells..... | | | |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)..... | (11,435,054) | 5,665,004 | 10,993,286 |
| INVESTMENT INCOME | | | |
| 9. Net investment income earned..... | 4,301,768 | 4,134,288 | 5,520,603 |
| 10. Net realized capital gains (losses) less capital gains tax of \$....61,000..... | 113,459 | | 85,993 |
| 11. Net investment gain (loss) (Lines 9 + 10)..... | 4,415,227 | 4,134,288 | 5,606,596 |
| OTHER INCOME | | | |
| 12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)..... | 0 | | |
| 13. Finance and service charges not included in premiums..... | | | |
| 14. Aggregate write-ins for miscellaneous income..... | (1) | 0 | (209) |
| 15. Total other income (Lines 12 through 14)..... | (1) | 0 | (209) |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)..... | (7,019,828) | 9,799,292 | 16,599,673 |
| 17. Dividends to policyholders..... | | | |
| 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)..... | (7,019,828) | 9,799,292 | 16,599,673 |
| 19. Federal and foreign income taxes incurred..... | (2,533,870) | 3,375,443 | 5,562,495 |
| 20. Net income (Line 18 minus Line 19) (to Line 22)..... | (4,485,958) | 6,423,849 | 11,037,178 |
| CAPITAL AND SURPLUS ACCOUNT | | | |
| 21. Surplus as regards policyholders, December 31 prior year..... | 217,407,806 | 205,899,292 | 205,899,292 |
| 22. Net income (from Line 20)..... | (4,485,958) | 6,423,849 | 11,037,178 |
| 23. Net transfers (to) from Protected Cell accounts..... | | | |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0..... | (14,031) | | 8,021 |
| 25. Change in net unrealized foreign exchange capital gain (loss)..... | | | |
| 26. Change in net deferred income tax..... | (5,000) | (23,000) | (156,000) |
| 27. Change in nonadmitted assets..... | 11,000 | 28,000 | 156,000 |
| 28. Change in provision for reinsurance..... | (0) | (0) | 463,315 |
| 29. Change in surplus notes..... | | | |
| 30. Surplus (contributed to) withdrawn from protected cells..... | | | |
| 31. Cumulative effect of changes in accounting principles..... | | | |
| 32. Capital changes: | | | |
| 32.1 Paid in..... | | | |
| 32.2 Transferred from surplus (Stock Dividend)..... | | | |
| 32.3 Transferred to surplus..... | | | |
| 33. Surplus adjustments: | | | |
| 33.1 Paid in..... | | | |
| 33.2 Transferred to capital (Stock Dividend)..... | | | |
| 33.3 Transferred from capital..... | | | |
| 34. Net remittances from or (to) Home Office..... | | | |
| 35. Dividends to stockholders..... | | | |
| 36. Change in treasury stock..... | | | |
| 37. Aggregate write-ins for gains and losses in surplus..... | 0 | 0 | 0 |
| 38. Change in surplus as regards policyholders (Lines 22 through 37)..... | (4,493,989) | 6,428,849 | 11,508,514 |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)..... | 212,913,817 | 212,328,141 | 217,407,806 |

DETAILS OF WRITE-INS

| | | | |
|--|-----|---|-------|
| 0501. | | | |
| 0502. | | | |
| 0503. | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page..... | 0 | 0 | 0 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)..... | 0 | 0 | 0 |
| 1401. Miscellaneous balances charged off..... | (1) | | (209) |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page..... | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)..... | (1) | 0 | (209) |
| 3701. | | | |
| 3702. | | | |
| 3703. | | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page..... | 0 | 0 | 0 |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)..... | 0 | 0 | 0 |

APPALACHIAN INSURANCE COMPANY CASH FLOW

| | 1 Current Year to Date | 2 Prior Year To Date | 3 Prior Year Ended December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| CASH FROM OPERATIONS | | | |
| 1. Premiums collected net of reinsurance..... | 52,699,206 | 48,901,685 | 65,953,521 |
| 2. Net investment income..... | 4,122,912 | 4,244,908 | 5,905,542 |
| 3. Miscellaneous income..... | (1) | | (209) |
| 4. Total (Lines 1 through 3)..... | 56,822,117 | 53,146,593 | 71,858,854 |
| 5. Benefit and loss related payments..... | 34,395,193 | 20,274,051 | 26,999,601 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 17,920,213 | 17,100,350 | 23,893,625 |
| 8. Dividends paid to policyholders..... | | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)..... | | | 5,041,593 |
| 10. Total (Lines 5 through 9)..... | 52,315,406 | 37,374,401 | 55,934,819 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | 4,506,711 | 15,772,192 | 15,924,035 |
| CASH FROM INVESTMENTS | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds..... | 16,654,725 | 2,445,740 | 8,234,987 |
| 12.2 Stocks..... | | | |
| 12.3 Mortgage loans..... | | | |
| 12.4 Real estate..... | | | |
| 12.5 Other invested assets..... | | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments..... | 7 | | 8,020 |
| 12.7 Miscellaneous proceeds..... | | 0 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 16,654,732 | 2,445,740 | 8,243,007 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds..... | 65,069,165 | 1,445,766 | 1,445,768 |
| 13.2 Stocks..... | | | |
| 13.3 Mortgage loans..... | | | |
| 13.4 Real estate..... | | | |
| 13.5 Other invested assets..... | | | |
| 13.6 Miscellaneous applications..... | 0 | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 65,069,165 | 1,445,766 | 1,445,768 |
| 14. Net increase or (decrease) in contract loans and premium notes..... | | | |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)..... | (48,414,433) | 999,974 | 6,797,239 |
| 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)..... | (6,619,066) | (7,327,360) | (3,179,722) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)..... | (6,619,066) | (7,327,360) | (3,179,722) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)..... | (50,526,788) | 9,444,806 | 19,541,552 |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year..... | 123,707,044 | 104,165,492 | 104,165,492 |
| 19.2 End of period (Line 18 plus Line 19.1)..... | 73,180,256 | 113,610,298 | 123,707,044 |

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

| | | | |
|---------------|--|--|--|
| 20.0001 | | | |
|---------------|--|--|--|

NOTES TO FINANCIAL STATEMENTS**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN****A. Accounting Practices (required NAIC disclosure regardless of whether there is any significant change)**

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

The state of Rhode Island requires insurance companies domiciled in the state of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioner' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Rhode Island Division of Insurance. The Company has no state prescribed or permitted practices.

| | SSAP # | F/S Page | F/S Line # | Current Period | 2016 |
|---|--------|----------|------------|----------------|----------------|
| NET INCOME | | | | | |
| (1) APPALACHIAN INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2) | XXX | XXX | XXX | \$ (4,485,958) | \$ 11,037,178 |
| (2) State Prescribed Practice that is an increase/(decrease) from NAIC SAP | | | | | |
| (3) State Permitted Practice that is an increase/(decrease) from NAIC SAP | | | | | |
| (4) NAIC SAP (1 - 2 - 3 = 4) | XXX | XXX | XXX | \$ (4,485,958) | \$ 11,037,178 |
| SURPLUS | | | | | |
| (5) APPALACHIAN INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2) | XXX | XXX | XXX | \$ 212,913,817 | \$ 217,407,806 |
| (6) State Prescribed Practice that is an increase/(decrease) from NAIC SAP | | | | | |
| (7) State Permitted Practice that is an increase/(decrease) from NAIC SAP | | | | | |
| (8) NAIC SAP (5 - 6 - 7 = 8) | XXX | XXX | XXX | \$ 212,913,817 | \$ 217,407,806 |

B. Use of Estimates

No significant changes

C. Accounting Policies

1 - 5. No significant changes

6. (required NAIC disclosure regardless of whether there is any significant change)

U.S. government agency loan-backed and structured securities are valued at amortized cost. Other loan-backed and structured securities are valued at either amortized cost or fair value, depending on many factors including: the type of underlying collateral, whether modeled by NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized cost to par value and amortized cost to fair value.

7-13. No significant changes

D. Going Concern (required NAIC disclosure regardless of whether there is any significant change)

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

NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

No significant changes

NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL

No significant changes

NOTE 4 – DISCONTINUED OPERATIONS

No significant changes

NOTE 5 – INVESTMENTS**A. Mortgage Loans**

No significant changes

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

B. Debt Restructuring

No significant changes

C. Reverse Mortgages

No significant changes

D. Loan-Backed Securities **(required NAIC disclosure regardless of whether there is any significant change)**

(1) Description of Sources Used to Determine Prepayment Assumptions

Loan-backed bonds and structured securities are valued at amortized cost using the constant interest rate method, not including anticipated prepayment at the date of purchase. Loan-backed securities are valued using an effective yield based on current prepayment assumptions obtained from Bloomberg. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

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

(3) OTTI by CUSIP - Not applicable

(4) OTTI Not Recognized - Not applicable

(5) OTTI Additional Information

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

E. Repurchase Agreements and/or Securities Lending Transactions

(1) Policies Requiring Collateral

No significant changes

(2) Collateral Pledged

No significant changes

(3) Collateral Received

a. Aggregate Amount of Cash Collateral Received

No significant changes

| | |
|--|---------------|
| b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged | \$ 15,722,058 |
|--|---------------|

(required NAIC disclosure regardless of whether there is any significant change)

(4) Collateral Administered by an Affiliated Agent

No significant changes

(5) Collateral Reinvestment

No significant changes

(6) Collateral Not Permitted to Sell or Repledge

No significant changes

(7) Collateral Transactions Beyond One Year

No significant changes

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features

No significant changes

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INVESTMENTS (continued from preceding page)

- G. Low Income Housing Tax Credits
No significant changes
- H. Restricted Assets
No significant changes
- I. Working Capital Finance Investments (required NAIC disclosure regardless of whether there is any significant change) - Not applicable
- J. Offsetting and Netting of Assets and Liabilities (required NAIC disclosure regardless of whether there is any significant change)
Not applicable
- K. Structured Notes - Not applicable
- L. 5* Securities - Not applicable

NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

No significant changes

NOTE 7 – INVESTMENT INCOME

No significant changes

NOTE 8 – DERIVATIVE INSTRUMENTS

No significant changes

NOTE 9 – INCOME TAXES

No significant changes

NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

No significant changes

NOTE 11 – DEBT

- A. Debt
No significant changes
- B. Federal Home Loan Bank Agreements (required NAIC disclosure regardless of whether there is any significant change) - Not applicable

NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

- A. Defined Benefit Plan
(1) - (3)
No significant changes
(4) Net Periodic Benefit Cost (required NAIC disclosure regardless of whether there is any significant change) - Not applicable
(5) - (21)
No significant changes
- B. Description of Investment Policies
No significant changes
- C. Fair Value of Plan Assets
No significant changes

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)

- D. Rate of Return Assumptions
No significant changes
- E. Defined Contribution Plans
No significant changes
- F. Multiemployer Plans
No significant changes
- G. Consolidated/Holding Company Plans
No significant changes
- H. Postemployment Benefits and Compensated Absences
No significant changes
- I. Impact of Medicare Modernization Act on Postretirement Benefits
No significant changes

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

No significant changes

NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS

No significant changes

NOTE 15 – LEASES

No significant changes

NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

No significant changes

NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A. Transfers of Receivables Reported as Sales - Not applicable
- B. Transfer and Servicing of Financial Assets
- (1) Loaned Securities
No significant changes
- (2) Servicing Asset and Liabilities (**required NAIC disclosure regardless of whether there is any significant change**) - Not applicable
- (3) Servicing Assets and Liabilities Subsequently Measured at Fair Value - Not applicable
- (4) Securitized Financial Assets that Transfer as a Sale (**required NAIC disclosure regardless of whether there is any significant change**)
Not applicable
- (5) Transfers of Financial Assets Accounted for as Secured Borrowing - Not applicable
- (6) Transfers of Receivables with Recourse - Not applicable
- (7) Repurchase Agreements - Not applicable
- C. Wash Sales (**required NAIC disclosure regardless of whether there is any significant change**) - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 18 – GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE PORTION OF PARTIALLY INSURED PLANS**

No significant changes

NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

No significant changes

NOTE 20 – FAIR VALUE MEASUREMENTS (required NAIC disclosure regardless of whether there is any significant change)**A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value****(1) Fair Value Measurements at Reporting Date**

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

| Assets at Fair Value | Level 1 | Level 2 | Level 3 | Total |
|------------------------|---------------|---------|---------|---------------|
| Short Term Investments | \$ 60,358,026 | \$ - | \$ - | \$ 60,358,026 |
| Total | \$ 60,358,026 | \$ - | \$ - | \$ 60,358,026 |

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

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

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

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

(4) Inputs and Techniques Used for Fair Value

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

Level 1 Quoted prices for identical instruments in active markets

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

Level 3 Significant inputs to the valuation model are unobservable

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

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

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

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

(5) Derivative Fair Values - Not applicable**B. Other Fair Value Disclosures - Not applicable**

NOTES TO FINANCIAL STATEMENTS**NOTE 20 – FAIR VALUE MEASUREMENTS (required NAIC disclosure regardless of whether there is any significant change) (continued from preceding page)**

C. Fair Values for All Financial Instruments by Levels 1,2, and 3

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|---|----------------------|-----------------|---------------|----------------|-----------|----------------------------------|
| Bonds | \$ 223,348,529 | \$ 221,203,816 | \$ - | \$ 221,203,816 | \$ - | \$ - |
| Cash, cash equivalents and short-term investments | \$ 73,180,256 | \$ 73,180,256 | \$ 73,180,256 | \$ - | \$ - | \$ - |
| Securities lending reinvested collateral assets | \$ 15,722,058 | \$ 15,722,058 | \$ 15,722,058 | \$ - | \$ - | \$ - |
| Total | \$ 312,250,843 | \$ 310,106,130 | \$ 88,902,314 | \$ 221,203,816 | \$ - | \$ - |

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

NOTE 21 – OTHER ITEMS

No significant changes

NOTE 22 – EVENTS SUBSEQUENT

No significant changes

NOTE 23 – REINSURANCE

No significant changes

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A- E. No significant changes

F. Risk Sharing Provisions of the Affordable Care Act - Not applicable

(required NAIC disclosure regardless of whether there is any significant change)**NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES****(required NAIC disclosure regardless of whether there is any significant change)**

No significant changes

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

No significant changes

NOTE 27 – STRUCTURED SETTLEMENTS

No significant changes

NOTE 28 – HEALTH CARE RECEIVABLES

No significant changes

NOTE 29 – PARTICIPATING POLICIES

No significant changes

NOTE 30 – PREMIUM DEFICIENCY RESERVES

No significant changes

NOTE 31 – HIGH DEDUCTIBLES

No significant changes

NOTES TO FINANCIAL STATEMENTS

NOTE 32 – DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

No significant changes

NOTE 33 – ASBESTOS/ENVIRONMENTAL RESERVES

No significant changes

NOTE 34 – SUBSCRIBER SAVINGS ACCOUNTS

No significant changes

NOTE 35 – MULTIPLE PERIL CROP INSURANCE

No significant changes

NOTE 36 – FINANCIAL GUARANTY INSURANCE

A. Financial Guarantee Insurance Contracts

No significant changes

B. Schedule of Insured Financial Obligations at End of Period (**required NAIC disclosure regardless of whether there is any significant change**)

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
|---------------------|------------------------------|---------------------------|
| | | |

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] N/A []
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/10/2014
- 6.4 By what department or departments?
Rhode Island Division of Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 7.2 If yes, give full information:
- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

| 1 Affiliate Name | 2 Location (City, State) | 3 FRB | 4 OCC | 5 FDIC | 6 SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0
13. Amount of real estate and mortgages held in short-term investments: \$ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []
- 14.2 If yes, please complete the following:

- 14.21 Bonds
- 14.22 Preferred Stock
- 14.23 Common Stock
- 14.24 Short-Term Investments
- 14.25 Mortgage Loans on Real Estate
- 14.26 All Other
- 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)
- 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above

| | 1 Prior Year End Book/Adjusted Carrying Value | 2 Current Quarter Book/Adjusted Carrying Value |
|----|---|--|
| \$ | 0 | \$ 0 |
| | 2,500,000 | 2,500,000 |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| \$ | 2,500,000 | \$ 2,500,000 |
| \$ | 0 | \$ 0 |

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
If no, attach a description with this statement.

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

- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 15,722,058
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 15,722,058
- 16.3 Total payable for securities lending reported on the liability page: \$ 15,722,058

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

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

| 1 Name of Custodian(s) | 2 Custodian Address |
|---|---------------------------------------|
| JP Morgan Worldwide Securities Services | 383 Madison Avenue New York, NY 10179 |

17.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

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

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

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

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

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

| 1 Name of Firm or Individual | 2 Affiliation |
|---------------------------------|------------------|
| | |

- 17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [] No []

- 17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No []

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

| 1 Central Registration Depository Number | 2 Name of Firm or Individual | 3 Legal Entity Identifier (LEI) | 4 Registered With | 5 Investment Management Agreement (IMA) Filed |
|--|---------------------------------|------------------------------------|----------------------|--|
| | | | | |

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

18.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

| 1 Line of Business | 2 Maximum Interest | 3 Disc. Rate | Total Discount | | | | Discount Taken During Period | | | |
|-----------------------|-----------------------|-----------------|--------------------|-----------------|-----------|------------|------------------------------|-----------------|------------|-------------|
| | | | 4 Unpaid Losses | 5 Unpaid LAE | 6 IBNR | 7 Total | 8 Unpaid Losses | 9 Unpaid LAE | 10 IBNR | 11 Total |
| | 0.000 | 0.000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

5.1 Operating Percentages:

| | |
|---|--------|
| 5.1 A&H loss percent | 0.000% |
| 5.2 A&H cost containment percent | 0.000% |
| 5.3 A&H expense percent excluding cost containment expenses | 0.000% |

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

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0

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

6.4 If yes, please provide the amount of funds administered as of the reporting date. \$ 0

APPALACHIAN INSURANCE COMPANY

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------|-----------|-------------------|--------------------------|-------------------|--|--|
| NAIC Company Code | ID Number | Name of Reinsurer | Domiciliary Jurisdiction | Type of Reinsurer | Certified Reinsurer Rating (1 through 6) | Effective Date of Certified Reinsurer Rating |

U.S. Insurers

| | | | | | | |
|------------|-----------------|---------------------------|----------|------------------|--|--|
| 16573..... | 47-2606709..... | Relsure Vermont, Inc..... | USA..... | Unauthorized.... | | |
|------------|-----------------|---------------------------|----------|------------------|--|--|

All Other Insurers

| | | | | | | |
|-------|-----------------|--------------------------------------|----------|------------------|--|--|
| ..... | ..... | Estrella Insurance Company, LTD..... | BMU..... | Unauthorized.... | | |
| ..... | AA-5760058..... | MMG Insurance Singapore Pld Ltd..... | SGP..... | Unauthorized.... | | |
| ..... | AA-5760061..... | Nemre Insurance PTE. LTD..... | SGP..... | Unauthorized.... | | |
| ..... | AA-1120097..... | Neon Underwriting Limited..... | GBR..... | Authorized.... | | |
| ..... | AA-1370037..... | Recticel Re B..... | LUX..... | Unauthorized.... | | |
| ..... | AA-5760059..... | Sire Insurance Pte. LTD..... | SGP..... | Unauthorized.... | | |
| ..... | ..... | Suez RE S.A..... | LUX..... | Unauthorized.... | | |

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

| 1 States, Etc. | Active Status | Direct Premiums Written | | Direct Losses Paid (Deducting Salvage) | | Direct Losses Unpaid | |
|-------------------------------------|---------------|---------------------------|-------------------------|--|-------------------------|---------------------------|-------------------------|
| | | 2 Current Year to Date | 3 Prior Year to Date | 4 Current Year to Date | 5 Prior Year to Date | 6 Current Year to Date | 7 Prior Year to Date |
| 1. Alabama.....AL | E | 790,260 | 713,690 | | | | |
| 2. Alaska.....AK | E | | | | | | |
| 3. Arizona.....AZ | E | 378,899 | 391,566 | | | | |
| 4. Arkansas.....AR | E | | | 207,444 | | | |
| 5. California.....CA | E | 3,224,761 | 3,045,828 | | 365,059 | 19,718,744 | 22,192,382 |
| 6. Colorado.....CO | E | 365,946 | 310,692 | | | | |
| 7. Connecticut.....CT | E | | | | | | |
| 8. Delaware.....DE | E | 17,719 | 16,695 | | | | |
| 9. District of Columbia.....DC | E | 295 | | | | | |
| 10. Florida.....FL | E | 4,602,893 | 4,733,316 | | | 491,070 | 506,556 |
| 11. Georgia.....GA | E | 756,488 | 689,719 | | | 33,360,912 | 34,777,197 |
| 12. Hawaii.....HI | E | | | | | | |
| 13. Idaho.....ID | E | | | | | | |
| 14. Illinois.....IL | E | 4,428 | 4,377 | | | 1,504 | 1,556 |
| 15. Indiana.....IN | E | 53,603 | 59,002 | | | | |
| 16. Iowa.....IA | E | 5,486 | | | | | |
| 17. Kansas.....KS | E | | | | | | |
| 18. Kentucky.....KY | E | 945,610 | 5,440 | | | | |
| 19. Louisiana.....LA | E | 20,059 | 841,318 | | | 403 | 405 |
| 20. Maine.....ME | E | | | | | | |
| 21. Maryland.....MD | E | 46,744 | 19,983 | | | | |
| 22. Massachusetts.....MA | E | 2,804 | 45,907 | | | 10 | 10 |
| 23. Michigan.....MI | E | | | 30,222 | 1,900,000 | 16 | 17 |
| 24. Minnesota.....MN | E | | | | | 7 | 7 |
| 25. Mississippi.....MS | E | 23,392 | 2,794 | | | 10 | 10 |
| 26. Missouri.....MO | E | 12,041 | 23,163 | | | 20,016,496 | 20,866,264 |
| 27. Montana.....MT | E | | | | | | |
| 28. Nebraska.....NE | E | 2,362 | 18,630 | | | | |
| 29. Nevada.....NV | E | 161,694 | 2,896 | | | | |
| 30. New Hampshire.....NH | E | | | | | | |
| 31. New Jersey.....NJ | E | | | | | | |
| 32. New Mexico.....NM | E | 21,948 | 55,235 | | | | |
| 33. New York.....NY | E | | | | 1,411,341 | 22,872,925 | 23,751,490 |
| 34. North Carolina.....NC | E | 116,202 | 468,265 | 31,602 | | | |
| 35. North Dakota.....ND | E | | | | | | |
| 36. Ohio.....OH | E | 486,655 | 17,434 | | | | |
| 37. Oklahoma.....OK | E | 17,763 | 32,264 | | | | |
| 38. Oregon.....OR | E | 31,951 | 405,828 | | | | |
| 39. Pennsylvania.....PA | E | 406,719 | 33,805 | | | 757 | 789 |
| 40. Rhode Island.....RI | L | | | | | 3,145 | 3,264 |
| 41. South Carolina.....SC | E | 33,939 | 51 | | | | |
| 42. South Dakota.....SD | E | | | | | | |
| 43. Tennessee.....TN | E | 602,006 | 513,210 | | | | |
| 44. Texas.....TX | E | 2,887,861 | 3,459,663 | | | 18,467 | 19,246 |
| 45. Utah.....UT | E | 51 | | | | | |
| 46. Vermont.....VT | E | | | | | | |
| 47. Virginia.....VA | E | 2,181 | 3,347 | | | | |
| 48. Washington.....WA | E | 119,018 | 123,385 | | 26,353 | 13,289,190 | 14,104,132 |
| 49. West Virginia.....WV | E | 3,571 | 3,096 | | | 1,000 | 1,000 |
| 50. Wisconsin.....WI | E | | | | | | |
| 51. Wyoming.....WY | E | | | | | | |
| 52. American Samoa.....AS | N | | | | | | |
| 53. Guam.....GU | E | | | | | | |
| 54. Puerto Rico.....PR | E | | | | | | |
| 55. US Virgin Islands.....VI | E | | | | | | |
| 56. Northern Mariana Islands.....MP | N | | | | | | |
| 57. Canada.....CAN | E | | | | | | |
| 58. Aggregate Other Alien.....OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Totals..... | (a).....1 | 16,145,349 | 16,040,599 | 269,267 | 3,702,753 | 109,774,655 | 116,224,325 |

DETAILS OF WRITE-INS

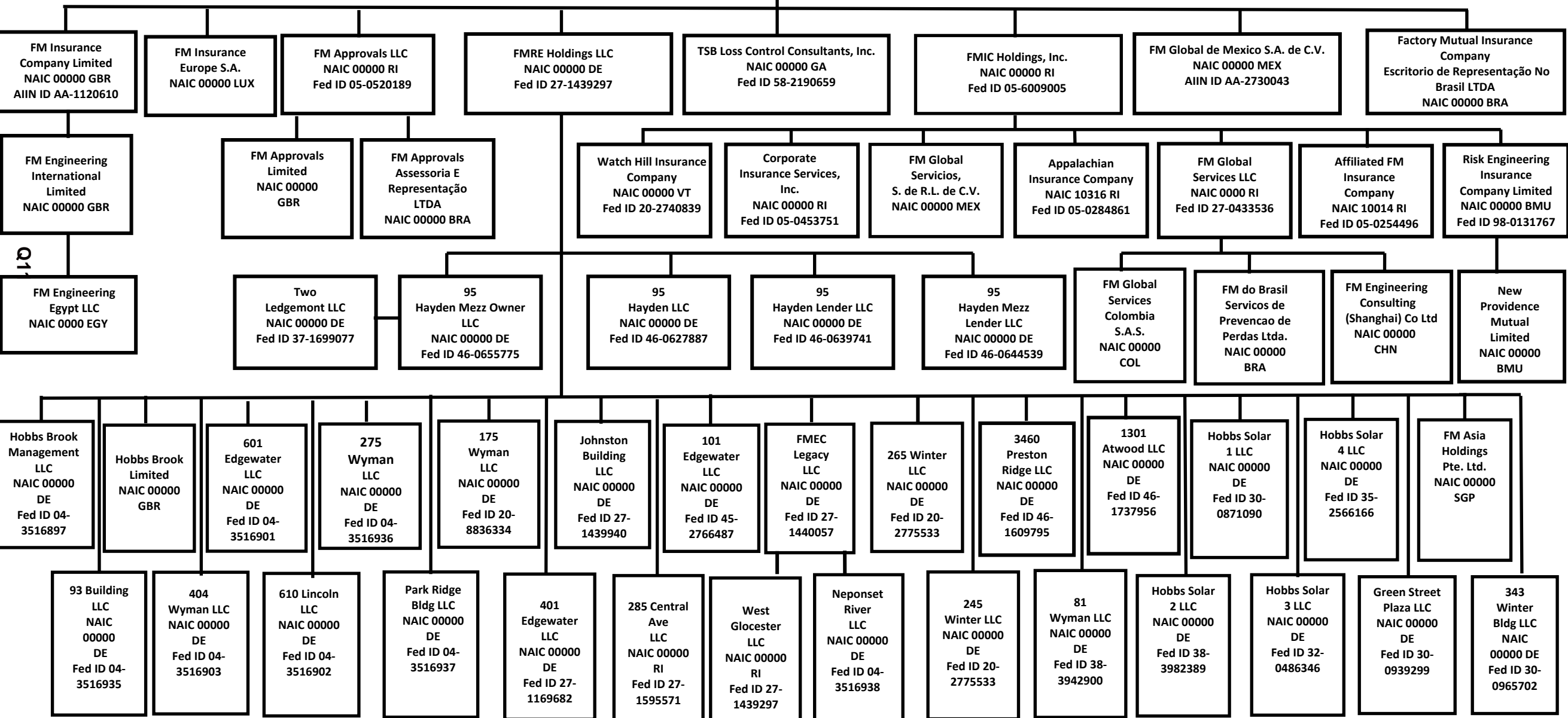
| | | | | | | | |
|---|-----|---|---|---|---|---|---|
| 58001..... | XXX | | | | | | |
| 58002..... | XXX | | | | | | |
| 58003..... | XXX | | | | | | |
| 58998. Summary of remaining write-ins for Line 58 from overflow page.... | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)..... | XXX | 0 | 0 | 0 | 0 | 0 | 0 |

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
 (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile see DSLI); (D) - DSLI - Domestic Surplus Lines Insurer
 (DSLI) - Reporting entities authorized to write Surplus Lines in the state of domicile; (N) - None of the above - Not allowed to write business in the state.
 (a) Insert the number of D and L responses except for Canada and Other Alien.

Organizational Chart
September 30, 2017

Policyholders

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



Q1

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|----------------|---|-------------------|--------------|--------------|-----|--|--|----------------------|----------------------------------|--|---|--|--|----------------------------------|--------|
| Group Code | Group Name | NAIC Company Code | ID Number | Federal RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Names of Parent, Subsidiaries or Affiliates | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity/Person) | Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies)/Person(s) | Is an SCA Filing Required? (Y/N) | * |
| Members | | | | | | | | | | | | | | | |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 21482.. | 05-0316605.. | | | | Factory Mutual Insurance Company..... | RI..... | UIP..... | | | | | ..N..... | 1..... |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 10014.. | 05-0254496.. | | | | Affiliated FM Insurance Company..... | RI..... | IA..... | FMIC Holdings, Inc..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | 1..... |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 10316.. | 05-0284861.. | | | | Appalachian Insurance Company..... | RI..... | RE..... | FMIC Holdings, Inc..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | 1..... |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 00000.. | AA-1120610.. | | | | FM Insurance Company Limited..... | GBR..... | IA..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..Y..... | |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 00000.. | 98-0131767.. | | | | Risk Engineering Insurance Company Limited.. | BMU..... | IA..... | FMIC Holdings, Inc..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | | | | | FM Insurance Europe S.A..... | LUX..... | IA..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..Y..... | |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 00000.. | AA-2730043.. | | | | FM Global de Mexico S.A. de C.V..... | MEX..... | IA..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..Y..... | |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 00000.. | 20-2740839.. | | | | Watch Hill Insurance Company..... | VT..... | IA..... | FMIC Holdings, Inc..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 00000.. | 05-0453751.. | | | | Corporate Insurance Services, Inc..... | RI..... | NIA..... | FMIC Holdings, Inc..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 00000.. | | | | | New Providence Mutual Limited..... | BMU..... | IA..... | Risk Engineering Insurance Company Limited | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0065 | Factory Mutual Insurance Company & its Affiliates | 00000.. | | | | | Factory Mutual Insurance Company - Escritorio de Representação No Brasil LTDA. | BRA..... | IA..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..Y..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | 05-0520189.. | | | | FM Approvals LLC..... | RI..... | NIA..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | | | | | FM Engineering International Limited..... | GBR..... | NIA..... | FM Insurance Company Limited..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | | | | | FM Engineering Consulting (Shanghai) Co. Ltd. | CHN..... | NIA..... | FM Global Services LLC..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | | | | | FM Approvals Limited..... | GBR..... | NIA..... | FM Approvals LLC..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | | | | | FM Approvals Assessoria E Representação LTDA. | BRA..... | NIA..... | FM Approvals LLC..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | 27-1439297.. | | | | FMRE Holdings LLC..... | DE..... | NIA..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | 58-2190659.. | | | | TSB Loss Control Consultants, Inc..... | GA..... | NIA..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..Y..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000.. | 05-6009005.. | | | | FMIC Holdings, Inc..... | RI..... | UDP..... | Factory Mutual Insurance Company..... | Ownership..... | ...100.000 | Factory Mutual Insurance Company..... | ..Y..... | |

Q12

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|------------|---|-------------------|--------------|--------------|-----|--|--|----------------------|----------------------------------|--|---|--|--|----------------------------------|----|
| Group Code | Group Name | NAIC Company Code | ID Number | Federal RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Names of Parent, Subsidiaries or Affiliates | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity/Person) | Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies)/Person(s) | Is an SCA Filing Required? (Y/N) | * |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | | | | | FM Global Servicios, S.de R.L. de C.V..... | MEX..... | NIA..... | FMIC Holdings, Inc..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 27-0433536.. | | | | FM Global Services LLC..... | RI..... | NIA..... | FMIC Holdings, Inc..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | | | | | FM do Brasil Servicos de Prevencao de Perdas LTDA. | BRA..... | NIA..... | FM Global Services LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516902.. | | | | 610 Lincoln LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516903.. | | | | 404 Wyman LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516936.. | | | | 275 Wyman LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 20-8836334.. | | | | 175 Wyman LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516937.. | | | | Park Ridge Building LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516935.. | | | | 93 Building LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 20-2775533.. | | | | 265 Winter LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | | | | | 245 Winter LLC..... | DE..... | NIA..... | 265 Winter LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 27-1440057.. | | | | FMEC Legacy LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516938.. | | | | Neponset River LLC..... | DE..... | NIA..... | FMEC Legacy LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 27-1439297.. | | | | West Gloucester LLC..... | RI..... | NIA..... | FMEC Legacy LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516901.. | | | | 601 Edgewater LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 27-1595571.. | | | | 285 Central Avenue, LLC..... | RI..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 04-3516897.. | | | | Hobbs Brook Management LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | | | | | Hobbs Brook Limited..... | GBR..... | NIA..... | FMRE Holdings LLC..... | Ownership..... | 100.000 | Factory Mutual Insurance Company..... | N..... | |

Q12.1

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|------------|---|-------------------|------------|--------------|-----|--|---|----------------------|----------------------------------|--|---|--|--|----------------------------------|----|
| Group Code | Group Name | NAIC Company Code | ID Number | Federal RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Names of Parent, Subsidiaries or Affiliates | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity/Person) | Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies)/Person(s) | Is an SCA Filing Required? (Y/N) | * |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 45-2766487 | | | | 101 Edgewater LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 27-1169682 | | | | 401 Edgewater LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 27-1439940 | | | | Johnston Building LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | | | | | FM Global Services Colombia S.A.S. | COL | NIA | FM Global Services LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 37-1699077 | | | | Two Ledgemont LLC | DE | NIA | 95 Hayden Mezz Owner LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 46-0627887 | | | | 95 Hayden LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 46-0639741 | | | | 95 Hayden Lender LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 46-0655775 | | | | 95 Hayden Mezz Owner LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 46-0644539 | | | | 95 Hayden Mezz Lender LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 46-1609795 | | | | 3460 Preston Ridge, LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 46-1737956 | | | | 1301 Atwood LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 38-3942900 | | | | 81 Wyman LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 30-0871090 | | | | Hobbs Solar 1 LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 38-3982389 | | | | Hobbs Solar 2 LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 32-0486346 | | | | Hobbs Solar 3 LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | | | | | FM Asia Holdings Pte. Ltd | SGP | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 30-0939299 | | | | Green Street Plaza LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | 35-2566166 | | | | Hobbs Solar 4 LLC | DE | NIA | FMRE Holdings LLC | Ownership | 100.000 | Factory Mutual Insurance Company | N | |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000 | | | | | FM Engineering Egypt LLC | EGY | NIA | FM Engineering International Limited | Ownership | 100.000 | Factory Mutual Insurance Company | N | |

Q12.2

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|------------|---|-------------------|--------------|--------------|-------|--|---|----------------------|----------------------------------|--|---|--|--|----------------------------------|-------|
| Group Code | Group Name | NAIC Company Code | ID Number | Federal RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Names of Parent, Subsidiaries or Affiliates | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity/Person) | Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies)/Person(s) | Is an SCA Filing Required? (Y/N) | * |
| 0000 | Factory Mutual Insurance Company & its Affiliates | 00000... | 30-0965702.. | ..... | ..... | ..... | 343 Winter Bldg LLC..... | DE..... | NIA..... | FMRE Holdings LLC..... | Ownership..... |100.000 | Factory Mutual Insurance Company..... |N..... | ..... |

| Aster | Explanation |
|-------|--|
| 1 | Pool Participants:Factory Mutual Insurance Company (86%), Affiliated FM Insurance Company (12%), and Appalachian Insurance Company (2%). |

APPALACHIAN INSURANCE COMPANY

PART 1 - LOSS EXPERIENCE

| Lines of Business | Current Year to Date | | | 4 Prior Year to Date Direct Loss Percentage |
|--|--------------------------------|--------------------------------|--------------------------------|--|
| | 1 Direct Premiums Earned | 2 Direct Losses Incurred | 3 Direct Loss Percentage | |
| 1. Fire..... | 1,693,155 | | 0.000 | |
| 2. Allied lines..... | 2,687,451 | | 0.000 | |
| 3. Farmowners multiple peril..... | | | 0.000 | |
| 4. Homeowners multiple peril..... | | | 0.000 | |
| 5. Commercial multiple peril..... | | | 0.000 | |
| 6. Mortgage guaranty..... | | | 0.000 | |
| 8. Ocean marine..... | 2,005,392 | | 0.000 | |
| 9. Inland marine..... | 5,689,551 | | 0.000 | |
| 10. Financial guaranty..... | | | 0.000 | |
| 11.1. Medical professional liability - occurrence..... | | | 0.000 | |
| 11.2. Medical professional liability - claims-made..... | | | 0.000 | |
| 12. Earthquake..... | | | 0.000 | |
| 13. Group accident and health..... | | | 0.000 | |
| 14. Credit accident and health..... | | | 0.000 | |
| 15. Other accident and health..... | | | 0.000 | |
| 16. Workers' compensation..... | | | 0.000 | |
| 17.1. Other liability-occurrence..... | | | 0.000 | |
| 17.2. Other liability-claims made..... | | | 0.000 | |
| 17.3. Excess workers' compensation..... | | | 0.000 | |
| 18.1. Products liability-occurrence..... | | | 0.000 | |
| 18.2. Products liability-claims made..... | | | 0.000 | |
| 19.1, 19.2. Private passenger auto liability..... | | | 0.000 | |
| 19.3, 19.4. Commercial auto liability..... | | | 0.000 | |
| 21. Auto physical damage..... | | | 0.000 | |
| 22. Aircraft (all perils)..... | | | 0.000 | |
| 23. Fidelity..... | | | 0.000 | |
| 24. Surety..... | | | 0.000 | |
| 26. Burglary and theft..... | | | 0.000 | |
| 27. Boiler and machinery..... | | | 0.000 | |
| 28. Credit..... | | | 0.000 | |
| 29. International..... | | | 0.000 | |
| 30. Warranty..... | | | 0.000 | |
| 31. Reinsurance-nonproportional assumed property..... | XXX | XXX | XXX | XXX |
| 32. Reinsurance-nonproportional assumed liability..... | XXX | XXX | XXX | XXX |
| 33. Reinsurance-nonproportional assumed financial lines..... | XXX | XXX | XXX | XXX |
| 34. Aggregate write-ins for other lines of business..... | 0 | 0 | 0.000 | |
| 35. Totals..... | 12,075,549 | 0 | 0.000 | |

DETAILS OF WRITE-INS

| | | | | |
|---|---|---|-------|-----|
| 3401..... | | | 0.000 | |
| 3402..... | | | 0.000 | |
| 3403..... | | | 0.000 | |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0.000 | XXX |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)..... | 0 | 0 | 0.000 | |

PART 2 - DIRECT PREMIUMS WRITTEN

| Lines of Business | 1 | 2 | 3 |
|--|--------------------|-------------------------|----------------------------|
| | Current Quarter | Current Year to Date | Prior Year Year to Date |
| 1. Fire..... | | 2,263,759 | 2,259,131 |
| 2. Allied lines..... | | 3,593,234 | 3,559,862 |
| 3. Farmowners multiple peril..... | | | |
| 4. Homeowners multiple peril..... | | | |
| 5. Commercial multiple peril..... | | | |
| 6. Mortgage guaranty..... | | | |
| 8. Ocean marine..... | | 2,681,266 | 2,663,870 |
| 9. Inland marine..... | | 7,607,090 | 7,557,736 |
| 10. Financial guaranty..... | | | |
| 11.1. Medical professional liability - occurrence..... | | | |
| 11.2. Medical professional liability - claims made..... | | | |
| 12. Earthquake..... | | | |
| 13. Group accident and health..... | | | |
| 14. Credit accident and health..... | | | |
| 15. Other accident and health..... | | | |
| 16. Workers' compensation..... | | | |
| 17.1. Other liability-occurrence..... | | | |
| 17.2. Other liability-claims made..... | | | |
| 17.3. Excess workers' compensation..... | | | |
| 18.1. Products liability-occurrence..... | | | |
| 18.2. Products liability-claims made..... | | | |
| 19.1 19.2. Private passenger auto liability..... | | | |
| 19.3 19.4. Commercial auto liability..... | | | |
| 21. Auto physical damage..... | | | |
| 22. Aircraft (all perils)..... | | | |
| 23. Fidelity..... | | | |
| 24. Surety..... | | | |
| 26. Burglary and theft..... | | | |
| 27. Boiler and machinery..... | | | |
| 28. Credit..... | | | |
| 29. International..... | | | |
| 30. Warranty..... | | | |
| 31. Reinsurance-nonproportional assumed property..... | XXX | XXX | XXX |
| 32. Reinsurance-nonproportional assumed liability..... | XXX | XXX | XXX |
| 33. Reinsurance-nonproportional assumed financial lines..... | XXX | XXX | XXX |
| 34. Aggregate write-ins for other lines of business..... | 0 | 0 | 0 |
| 35. Totals..... | 0 | 16,145,349 | 16,040,599 |

DETAILS OF WRITE-INS

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|---|---|--|--|--|--|---|--|--------------------------------------|--|---|---|--|
| Years in Which Losses Occurred | Prior Year-End Known Case Loss and LAE Reserves | Prior Year-End IBNR Loss and LAE Reserves | Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2) | 2017 Loss and LAE Payments on Claims Reported as of Prior Year-End | 2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End | Total 2017 Loss and LAE Payments (Cols. 4 + 5) | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End | Q.S. Date IBNR Loss and LAE Reserves | Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9) | Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1) | Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2) | Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12) |
| 1. 2014 + Prior..... | 8,071 | 63,395 | 71,466 | 1,099 | | 1,099 | 7,743 | | 62,623 | 70,367 | 771 | (772) | (0) |
| 2. 2015..... | | | 0 | | | 0 | | | | 0 | 0 | 0 | 0 |
| 3. Subtotals 2015 + Prior..... | 8,071 | 63,395 | 71,466 | 1,099 | 0 | 1,099 | 7,743 | 0 | 62,623 | 70,367 | 771 | (772) | (0) |
| 4. 2016..... | | | 0 | | | 0 | | | | 0 | 0 | 0 | 0 |
| 5. Subtotals 2016 + Prior..... | 8,071 | 63,395 | 71,466 | 1,099 | 0 | 1,099 | 7,743 | 0 | 62,623 | 70,367 | 771 | (772) | (0) |
| 6. 2017..... | XXX | XXX | XXX | XXX | 49,566 | 49,566 | XXX | | | 0 | XXX | XXX | XXX |
| 7. Totals..... | 8,071 | 63,395 | 71,466 | 1,099 | 49,566 | 50,665 | 7,743 | 0 | 62,623 | 70,367 | 771 | (772) | (0) |
| 8. Prior Year-End's Surplus As Regards Policyholders..... | 217,408 | | | | | | | | | | | | |
| | | | | | | | | | | | Col. 11, Line 7 As % of Col. 1, Line 7 | Col. 12, Line 7 As % of Col. 2, Line 7 | Col. 13, Line 7 As % of Col. 3, Line 7 |
| | | | | | | | | | | | 1. ....9.558 % | 2. ....(1.217)% | 3. ....(0.001)% |
| | | | | | | | | | | | | | Col. 13, Line 7 Line 8 |
| | | | | | | | | | | | | | 4. ....(0.000)% |

Q14

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

1. The data for this supplement is not required to be filed.
2. The data for this supplement is not required to be filed.
3. The data for this supplement is not required to be filed.
4. The data for this supplement is not required to be filed.

Bar Code:



Overflow Page for Write-Ins

Additional Write-ins for Liabilities:

| | 1 Current Statement Date | 2 December 31, Prior Year |
|---|--------------------------------|---------------------------------|
| 2904. | | |
| 2905. | | |
| 2997. Summary of remaining write-ins for Line 29..... | .0 | .0 |

Additional Write-ins for Liabilities:

| | 1 Current Statement Date | 2 December 31, Prior Year |
|---|--------------------------------|---------------------------------|
| 3204. | | |
| 3205. | | |
| 3297. Summary of remaining write-ins for Line 32..... | .0 | .0 |

APPALACHIAN INSURANCE COMPANY
SCHEDULE A - VERIFICATION

Real Estate

| | 1 Year to Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year..... | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition..... | | |
| 2.2 Additional investment made after acquisition..... | | |
| 3. Current year change in encumbrances..... | | |
| 4. Total gain (loss) on disposals..... | | |
| 5. Deduct amounts received on disposals..... | | |
| 6. Total foreign exchange change in book/adjusted carrying value..... | | |
| 7. Deduct current year's other-than-temporary impairment recognized..... | | |
| 8. Deduct current year's depreciation..... | | |
| 9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)..... | 0 | 0 |
| 10. Deduct total nonadmitted amounts..... | | |
| 11. Statement value at end of current period (Line 9 minus Line 10)..... | 0 | 0 |

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

| | 1 Year to Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year..... | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition..... | | |
| 2.2 Additional investment made after acquisition..... | | |
| 3. Capitalized deferred interest and other..... | | |
| 4. Accrual of discount..... | | |
| 5. Unrealized valuation increase (decrease)..... | | |
| 6. Total gain (loss) on disposals..... | | |
| 7. Deduct amounts received on disposals..... | | |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees..... | | |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest..... | | |
| 10. Deduct current year's other-than-temporary impairment recognized..... | | |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)..... | 0 | 0 |
| 12. Total valuation allowance..... | | |
| 13. Subtotal (Line 11 plus Line 12)..... | 0 | 0 |
| 14. Deduct total nonadmitted amounts..... | | |
| 15. Statement value at end of current period (Line 13 minus Line 14)..... | 0 | 0 |

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

| | 1 Year to Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year..... | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition..... | | |
| 2.2 Additional investment made after acquisition..... | | |
| 3. Capitalized deferred interest and other..... | | |
| 4. Accrual of discount..... | | |
| 5. Unrealized valuation increase (decrease)..... | | |
| 6. Total gain (loss) on disposals..... | | |
| 7. Deduct amounts received on disposals..... | | |
| 8. Deduct amortization of premium and depreciation..... | | |
| 9. Total foreign exchange change in book/adjusted carrying value..... | | |
| 10. Deduct current year's other-than-temporary impairment recognized..... | | |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)..... | 0 | 0 |
| 12. Deduct total nonadmitted amounts..... | | |
| 13. Statement value at end of current period (Line 11 minus Line 12)..... | 0 | 0 |

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

| | 1 Year to Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year..... | 175,394,481 | 182,405,086 |
| 2. Cost of bonds and stocks acquired..... | 65,069,167 | 1,445,768 |
| 3. Accrual of discount..... | 50,352 | 84,485 |
| 4. Unrealized valuation increase (decrease)..... | | |
| 5. Total gain (loss) on disposals..... | 160,421 | 131,993 |
| 6. Deduct consideration for bonds and stocks disposed of..... | 16,654,727 | 8,234,987 |
| 7. Deduct amortization of premium..... | 315,878 | 437,864 |
| 8. Total foreign exchange change in book/adjusted carrying value..... | | |
| 9. Deduct current year's other-than-temporary impairment recognized..... | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 223,703,816 | 175,394,481 |
| 11. Deduct total nonadmitted amounts..... | | |
| 12. Statement value at end of current period (Line 10 minus Line 11)..... | 223,703,816 | 175,394,481 |

SCHEDULE D - PART 1B

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

| NAIC Designation | 1 Book/Adjusted Carrying Value Beginning of Current Quarter | 2 Acquisitions During Current Quarter | 3 Dispositions During Current Quarter | 4 Non-Trading Activity During Current Quarter | 5 Book/Adjusted Carrying Value End of First Quarter | 6 Book/Adjusted Carrying Value End of Second Quarter | 7 Book/Adjusted Carrying Value End of Third Quarter | 8 Book/Adjusted Carrying Value December 31 Prior Year |
|--|--|--|--|--|--|---|--|--|
| BONDS | | | | | | | | |
| 1. NAIC 1 (a)..... | 149,468,099 | 53,071,729 | 781,729 | (82,388) | 149,565,590 | 149,468,099 | 201,675,711 | 153,142,122 |
| 2. NAIC 2 (a)..... | 19,535,112 | 996,401 | 996,441 | (6,967) | 20,039,887 | 19,535,112 | 19,528,105 | 19,752,359 |
| 3. NAIC 3 (a)..... | | | | | | | 0 | |
| 4. NAIC 4 (a)..... | | | | | | | 0 | |
| 5. NAIC 5 (a)..... | | | | | | | 0 | |
| 6. NAIC 6 (a)..... | | | | | | | 0 | |
| 7. Total Bonds..... | 169,003,211 | 54,068,130 | 1,778,170 | (89,355) | 169,605,477 | 169,003,211 | 221,203,816 | 172,894,481 |
| PREFERRED STOCK | | | | | | | | |
| 8. NAIC 1..... | 2,500,000 | | | | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| 9. NAIC 2..... | | | | | | | 0 | |
| 10. NAIC 3..... | | | | | | | 0 | |
| 11. NAIC 4..... | | | | | | | 0 | |
| 12. NAIC 5..... | | | | | | | 0 | |
| 13. NAIC 6..... | | | | | | | 0 | |
| 14. Total Preferred Stock..... | 2,500,000 | 0 | 0 | 0 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| 15. Total Bonds and Preferred Stock..... | 171,503,211 | 54,068,130 | 1,778,170 | (89,355) | 172,105,477 | 171,503,211 | 223,703,816 | 175,394,481 |

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

APPALACHIAN INSURANCE COMPANY
SCHEDULE DA - PART 1

Short-Term Investments

| | 1 Book/Adjusted Carrying Value | 2 Par Value | 3 Actual Cost | 4 Interest Collected Year To Date | 5 Paid for Accrued Interest Year To Date |
|--------------|--------------------------------------|----------------|---------------------|---|--|
| 9199999..... | 60,358,026 | XXX..... | 60,364,052 | 275,312 | |

SCHEDULE DA - VERIFICATION

Short-Term Investments

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year..... | 80,324,907 | 80,080,175 |
| 2. Cost of short-term investments acquired..... | 80,540,820 | 236,712 |
| 3. Accrual of discount..... | | |
| 4. Unrealized valuation increase (decrease)..... | (14,030) | 8,020 |
| 5. Total gain (loss) on disposals..... | 14,053 | |
| 6. Deduct consideration received on disposals..... | 100,507,724 | |
| 7. Deduct amortization of premium..... | | |
| 8. Total foreign exchange change in book/adjusted carrying value..... | | |
| 9. Deduct current year's other-than-temporary impairment recognized..... | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 60,358,026 | 80,324,907 |
| 11. Deduct total nonadmitted amounts..... | | |
| 12. Statement value at end of current period (Line 10 minus Line 11)..... | 60,358,026 | 80,324,907 |

**Sch. DB - Pt. A - Verification
NONE**

**Sch. DB - Pt. B - Verification
NONE**

**Sch. DB - Pt. C - Sn. 1
NONE**

**Sch. DB - Pt. C - Sn. 2
NONE**

**Sch. DB - Verification
NONE**

**Sch. E - Verification
NONE**

**Sch. A - Pt. 2
NONE**

**Sch. A - Pt. 3
NONE**

**Sch. B - Pt. 2
NONE**

**Sch. B - Pt. 3
NONE**

**Sch. BA - Pt. 2
NONE**

**Sch. BA - Pt. 3
NONE**

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Quarter

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---------|-----------------|---------------------|---------------------------|-------------|------------|---|--|
| CUSIP Identification | Description | Foreign | Date Acquired | Name of Vendor | Number of Shares of Stock | Actual Cost | Par Value | Paid for Accrued Interest and Dividends | NAIC Designation or Market Indicator (a) |
| Bonds - U.S. Government | | | | | | | | | |
| 912828 XR 6 | U S TREASURY N/B..... | | 06/26/2017..... | CITIGROUP..... | | 14,250,557 | 14,250,000 | 18,397 | 1FE..... |
| 912828 XT 2 | US TREAS BILLS..... | | 06/28/2017..... | CITIGROUP..... | | 24,917,969 | 25,000,000 | 39,617 | 1FE..... |
| 912828 XX 3 | US TREAS BILLS..... | | 06/29/2017..... | MORGAN STANLEY..... | | 13,903,203 | 14,000,000 | | 1FE..... |
| 0599999 | Total - Bonds - U.S. Government..... | | | | | 53,071,729 | 53,250,000 | 58,014 | XXX..... |
| Bonds - Industrial and Miscellaneous | | | | | | | | | |
| 92343V EB 6 | VERIZON COMMUNICATIONS INC..... | | 08/17/2017..... | SALOMON BROS..... | | 996,401 | 866,000 | | 2FE..... |
| 3899999 | Total - Bonds - Industrial and Miscellaneous..... | | | | | 996,401 | 866,000 | 0 | XXX..... |
| 8399997 | Total - Bonds - Part 3..... | | | | | 54,068,130 | 54,116,000 | 58,014 | XXX..... |
| 8399999 | Total - Bonds..... | | | | | 54,068,130 | 54,116,000 | 58,014 | XXX..... |
| 9999999 | Total - Bonds, Preferred and Common Stocks..... | | | | | 54,068,130 | XXX | 58,014 | XXX..... |

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

QE04

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Quarter

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value | | | | | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|--|---|---------------------------------|---------------|---------------------------------|---------------------------|---------------|-----------|-------------|---|--|---|---|--------------------------------------|--|---|--|----------------------------------|-------------------------------|--|----------------------------------|--|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | |
| CUSIP Identification | Description | F o r e i g n | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase (Decrease) | Current Year's (Amortization) / Accretion | Current Year's Other-Than-Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest / Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation or Market Indicator (a) |
| Bonds - U.S. Government | | | | | | | | | | | | | | | | | | | | | |
| 36179M | 2T 6 | | 09/01/2017 | GNMA PASS-THRU..... | | 228,490 | 228,490 | 249,197 | 231,528 | | (3,038) | | (3,038) | | 228,490 | | | 0 | 7,867 | 02/20/2043 | 1..... |
| 36200Q | 2T 0 | | 09/01/2017 | GOVT NATL MTGE ASSN..... | | 393 | 393 | 402 | 394 | | (1) | | (1) | | 393 | | | 0 | 18 | 02/15/2032 | 1..... |
| 0599999 | Total - Bonds - U.S. Government..... | | | | | 228,883 | 228,883 | 249,599 | 231,922 | 0 | (3,039) | 0 | (3,039) | 0 | 228,883 | 0 | 0 | 0 | 7,885 | XXX | XXX |
| Bonds - U.S. Special Revenue and Special Assessment | | | | | | | | | | | | | | | | | | | | | |
| 31294K | M4 4 | | 09/01/2017 | FHLMC PC..... | | 4,981 | 4,981 | 5,169 | 5,007 | | (26) | | (26) | | 4,981 | | | 0 | 182 | 01/01/2018 | 1FE..... |
| 31296S | M5 2 | | 09/01/2017 | FHLMC..... | | 2,849 | 2,849 | 2,952 | 2,840 | | 9 | | 9 | | 2,849 | | | 0 | 114 | 01/01/2034 | 1FE..... |
| 31297T | WF 6 | | 09/01/2017 | FHLMC PC..... | | 14,544 | 14,544 | 13,905 | 14,448 | | 96 | | 96 | | 14,544 | | | 0 | 502 | 09/01/2035 | 1FE..... |
| 31298N | UG 8 | | 09/01/2017 | FHLMC GOLD PC..... | | 236 | 236 | 243 | 237 | | (2) | | (2) | | 236 | | | 0 | 12 | 05/01/2031 | 1FE..... |
| 31411A | JG 1 | | 08/01/2017 | FEDERAL NATL MG..... | | 16,026 | 16,026 | 16,130 | 16,076 | | (50) | | (50) | | 16,026 | | | 0 | 612 | 11/01/2036 | 1FE..... |
| 31419A | DS 3 | | 08/01/2017 | FNMA PASS-THRU LNG 30 Y..... | | 14,210 | 14,210 | 15,482 | 14,434 | | (224) | | (224) | | 14,210 | | | 0 | 566 | 09/01/2039 | 1FE..... |
| 3199999 | Total - Bonds - U.S. Special Revenue and Special Assessments..... | | | | | 52,846 | 52,846 | 53,881 | 53,042 | 0 | (197) | 0 | (197) | 0 | 52,846 | 0 | 0 | 0 | 1,988 | XXX | XXX |
| Bonds - Industrial and Miscellaneous | | | | | | | | | | | | | | | | | | | | | |
| 202795 | HS 2 | | 09/15/2017 | COMMONWEALTH EDISON CO..... | | 500,000 | 500,000 | 498,590 | 499,871 | | 129 | | 129 | | 500,000 | | | 0 | 30,750 | 09/15/2017 | 1FE..... |
| 92343V | AX 2 | | 08/17/2017 | VERIZON COMMUNICATIONS INC..... | | 1,216,401 | 1,000,000 | 991,450 | 995,883 | | 558 | | 558 | | 996,441 | | 219,960 | 219,960 | 40,250 | 04/01/2021 | 2FE..... |
| 3899999 | Total - Bonds - Industrial and Miscellaneous..... | | | | | 1,716,401 | 1,500,000 | 1,490,040 | 1,495,754 | 0 | 687 | 0 | 687 | 0 | 1,496,441 | 0 | 219,960 | 219,960 | 71,000 | XXX | XXX |
| 8399997 | Total - Bonds - Part 4..... | | | | | 1,998,130 | 1,781,729 | 1,793,520 | 1,780,718 | 0 | (2,549) | 0 | (2,549) | 0 | 1,778,170 | 0 | 219,960 | 219,960 | 80,873 | XXX | XXX |
| 8399999 | Total - Bonds..... | | | | | 1,998,130 | 1,781,729 | 1,793,520 | 1,780,718 | 0 | (2,549) | 0 | (2,549) | 0 | 1,778,170 | 0 | 219,960 | 219,960 | 80,873 | XXX | XXX |
| 9999999 | Total - Bonds, Preferred and Common Stocks..... | | | | | 1,998,130 | XXX | 1,793,520 | 1,780,718 | 0 | (2,549) | 0 | (2,549) | 0 | 1,778,170 | 0 | 219,960 | 219,960 | 80,873 | XXX | XXX |

QE05

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

Sch. DB - Pt. A - Sn. 1
NONE

Sch. DB - Pt. B - Sn. 1
NONE

Sch. DB - Pt. D - Sn. 1
NONE

Sch. DB - Pt. D - Sn. 2
NONE

APPALACHIAN INSURANCE COMPANY
SCHEDULE DL - PART 1
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

| 1 | 2 | | | 3 | 4 | 5 | 6 | 7 |
|--|--|---|--|--------|-------------------------------------|------------|------------------------------|-----------------|
| CUSIP Identification | Description | | | Code | NAIC Designation / Market Indicator | Fair Value | Book/Adjusted Carrying Value | Maturity Date |
| Cash Equivalents (Schedule E Part 2 Type) | | | | | | | | |
| 69033L | ZZ | 5 | OCBC NEW YORK..... | C..... | | 500,000 | 500,000 | 10/19/2017..... |
| 76582J | YH | 1 | RIDGEFIELD FUNDING COMPANY, LLC A..... | C..... | | 498,031 | 498,031 | 11/17/2017..... |
| 87019U | 2T | 5 | SWEDBANK, NEWYORK..... | C..... | | 500,000 | 500,000 | 09/27/2017..... |
| 10513D | 6M | 7 | BRANCH BANKING AND TRUST..... | C..... | | 500,000 | 500,000 | 09/27/2017..... |
| 000000 | 00 | 0 | CITIGROUP GLOBAL MARKETS INC..... | C..... | | 2,000,000 | 2,000,000 | 09/25/2017..... |
| 000000 | 00 | 0 | HSBC SECURITIES,INC..... | C..... | | 3,000,000 | 3,000,000 | 09/25/2017..... |
| 000000 | 00 | 0 | HSBC SECURITIES,INC..... | C..... | | 750,000 | 750,000 | 09/25/2017..... |
| 000000 | 00 | 0 | ML PIERCE FENNER & SMITH INC..... | C..... | | 1,574,027 | 1,574,027 | 09/25/2017..... |
| 000000 | 00 | 0 | ML PIERCE FENNER & SMITH INC..... | C..... | | 1,000,000 | 1,000,000 | 09/25/2017..... |
| 000000 | 00 | 0 | NATIXIS NEW YORK BRANCH..... | C..... | | 1,000,000 | 1,000,000 | 09/25/2017..... |
| 000000 | 00 | 0 | NATIXIS NEW YORK BRANCH..... | C..... | | 200,000 | 200,000 | 09/25/2017..... |
| 000000 | 00 | 0 | NOMURA SECURITIES..... | C..... | | 1,000,000 | 1,000,000 | 09/25/2017..... |
| 000000 | 00 | 0 | NOMURA SECURITIES..... | C..... | | 200,000 | 200,000 | 09/25/2017..... |
| 000000 | 00 | 0 | SOCIETE GENERALE NY BRANCH..... | C..... | | 3,000,000 | 3,000,000 | 09/25/2017..... |
| 9199999 | Total - Cash Equivalents (Schedule E Part 2 Type)..... | | | | | 15,722,058 | 15,722,058 | XXX |
| 9999999 | Totals..... | | | | | 15,722,058 | 15,722,058 | XXX |

General Interrogatories:

- The activity for the year: Fair Value \$.....11,837,726 Book/Adjusted Carrying Value \$.....11,837,726
- Average balance for the year: Fair Value \$.....11,662,293 Book/Adjusted Carrying Value \$.....11,662,293
- Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:
 NAIC 1: \$.....15,722,058 NAIC 2: \$.....0 NAIC 3: \$.....0 NAIC 4: \$.....0 NAIC 5: \$.....0 NAIC 6: \$.....0

SCHEDULE DL - PART 2

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

| 1 CUSIP Identification | 2 Description | 3 Code | 4 NAIC Designation / Market Indicator | 5 Fair Value | 6 Book/Adjusted Carrying Value | 7 Maturity Date |
|---------------------------|------------------|-----------|--|-----------------|-----------------------------------|--------------------|
|---------------------------|------------------|-----------|--|-----------------|-----------------------------------|--------------------|

General Interrogatories:

1. The activity for the year: Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year: Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0

NONE

APPALACHIAN INSURANCE COMPANY SCHEDULE E - PART 1 - CASH

Month End Depository Balances

| 1 Depository | 2 Code | 3 Rate of Interest | 4 Amount of Interest Received During Current Quarter | 5 Amount of Interest Accrued at Current Statement Date | Book Balance at End of Each Month During Current Quarter | | | 9 * |
|---|-----------|-----------------------|---|---|--|-------------------|------------------|--------|
| | | | | | 6 First Month | 7 Second Month | 8 Third Month | |
| Open Depositories | | | | | | | | |
| JP MORGAN CHASE..... NEW YORK, NY | | 0.350 | 27,610 | | 3,806,989 | 4,716,207 | 12,824,230 | XXX |
| 0199998. Deposits in.....1 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories..... | XXX | XXX | | | (2,000) | (2,000) | (2,000) | XXX |
| 0199999. Total Open Depositories..... | XXX | XXX | 27,610 | 0 | 3,806,989 | 4,714,207 | 12,822,230 | XXX |
| 0399999. Total Cash on Deposit..... | XXX | XXX | 27,610 | 0 | 3,806,989 | 4,714,207 | 12,822,230 | XXX |
| 0599999. Total Cash..... | XXX | XXX | 27,610 | 0 | 3,806,989 | 4,714,207 | 12,822,230 | XXX |

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1 Description | 2 Code | 3 Date Acquired | 4 Rate of Interest | 5 Maturity Date | 6 Book/Adjusted Carrying Value | 7 Amount of Interest Due & Accrued | 8 Amount Received During Year |
|------------------|-----------|--------------------|-----------------------|--------------------|-----------------------------------|---------------------------------------|----------------------------------|
|------------------|-----------|--------------------|-----------------------|--------------------|-----------------------------------|---------------------------------------|----------------------------------|

NONE

QE13