

ANNUAL STATEMENT

OF THE

Beacon Mutual Insurance Company

of **Warwick**

STATE OF **Rhode Island**

TO THE

Insurance Department

OF THE

State of Rhode Island

FOR THE YEAR ENDED

December 31, 2021

PROPERTY AND CASUALTY

2021



ANNUAL STATEMENT

For the Year Ended December 31, 2021
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

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

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

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

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

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

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

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

Internet Web Site Address www.beaconmutual.com

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

OFFICERS

	Name	Title
1.	Brian Joseph Spero	President & CEO
2.	Amy Clark Vitale	Vice President, General Counsel & Assistant Secretary
3.	Gregg Christopher Tumeinski #	Chief Financial Officer

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Rhode Island

County of Kent ss

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

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

Subscribed and sworn to (or affirmed) before me this on this _____ day of _____, 2022, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	298,444,671		298,444,671	303,724,231
2. Stocks (Schedule D):				
2.1 Preferred stocks	9,649,325		9,649,325	10,454,331
2.2 Common stocks	58,308,124		58,308,124	51,267,111
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	9,864,208		9,864,208	9,624,959
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 5,505,940, Schedule E - Part 1), cash equivalents (\$ 10,333,406, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	15,839,346		15,839,346	13,167,299
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	18,536		18,536	18,466
9. Receivables for securities	1,094,991		1,094,991	678,405
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	393,219,201		393,219,201	388,934,802
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	2,234,819		2,234,819	2,428,074
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,615,152	89,961	1,525,191	1,911,866
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	30,408,129	5,898	30,402,231	32,396,721
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	573,645		573,645	474,754
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	143,339		143,339	382,375
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	865,993	301,214	564,779	150,784
21. Furniture and equipment, including health care delivery assets (\$ 0)	753,174	753,174		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	96,662		96,662	98,400
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	7,165,918	3,877,526	3,288,392	4,528,765
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	437,076,032	5,027,773	432,048,259	431,306,541
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	437,076,032	5,027,773	432,048,259	431,306,541

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	3,757,456	3,757,456		
2502. Transferable State Tax Credits	2,773,830		2,773,830	4,160,745
2503. SERP Account	504,240		504,240	354,321
2598. Summary of remaining write-ins for Line 25 from overflow page	130,392	120,070	10,322	13,699
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,165,918	3,877,526	3,288,392	4,528,765

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	153,255,039	153,437,504
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	49,948	29,431
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	21,848,488	22,117,225
4. Commissions payable, contingent commissions and other similar charges	4,945,937	5,946,383
5. Other expenses (excluding taxes, licenses and fees)	5,339,558	6,093,538
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	5,790,952	6,072,292
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 89,867 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)	52,536,099	54,454,701
10. Advance premium	2,810,997	1,960,548
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	3,500,095	8,000,000
12. Ceded reinsurance premiums payable (net of ceding commissions)	36,117	309,060
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		
14. Amounts withheld or retained by company for account of others	1,097,541	1,072,950
15. Remittances and items not allocated	32,251	107,543
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3 Column 78)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	250,444	245,113
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	251,493,466	259,846,288
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	251,493,466	259,846,288
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds	20,758,685	20,758,685
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	159,796,108	150,701,568
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	180,554,793	171,460,253
38. Totals (Page 2, Line 28, Col. 3)	432,048,259	431,306,541

DETAILS OF WRITE-IN LINES		
2501. Miscellaneous Liabilities	136,177	10,165
2502. Deferred Gain - CH Investments	114,267	234,948
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	250,444	245,113
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	NONE	
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. Capital assessment by RI Dept of Labor to provide residual market	20,758,685	20,758,685
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	20,758,685	20,758,685

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	99,480,270	107,155,628
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	52,993,586	49,315,187
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	17,310,880	16,902,182
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	36,580,331	37,601,831
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	106,884,797	103,819,200
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(7,404,527)	3,336,428
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	10,990,565	11,677,312
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))	6,632,729	5,034,611
11. Net investment gain (loss) (Lines 9 + 10)	17,623,294	16,711,923
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 410,854 amount charged off \$ 662,486)	(251,632)	(451,826)
13. Finance and service charges not included in premiums	81,295	96,200
14. Aggregate write-ins for miscellaneous income	235,250	(2,143,974)
15. Total other income (Lines 12 through 14)	64,913	(2,499,600)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	10,283,680	17,548,751
17. Dividends to policyholders	3,500,000	8,000,000
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	6,783,680	9,548,751
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	6,783,680	9,548,751
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	171,460,253	164,247,244
22. Net income (from Line 20)	6,783,680	9,548,751
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	1,602,635	(2,593,403)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	708,225	257,661
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	9,094,540	7,213,009
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	180,554,793	171,460,253

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Miscellaneous Income (Loss)	234,989	352,984
1402. Retroactive Reinsurance Gain (Loss)	886	73,342
1403. Gain (Loss) on Disposal of Assets	625	
1498. Summary of remaining write-ins for Line 14 from overflow page	(1,250)	(2,570,300)
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	235,250	(2,143,974)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	100,565,997	106,428,718
2. Net investment income	12,427,711	13,472,675
3. Miscellaneous income	64,912	(2,499,602)
4. Total (Lines 1 through 3)	113,058,620	117,401,791
5. Benefit and loss related payments	53,290,189	54,527,970
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	55,972,286	60,170,741
8. Dividends paid to policyholders	7,999,905	6,000,000
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	117,262,380	120,698,711
11. Net cash from operations (Line 4 minus Line 10)	(4,203,760)	(3,296,920)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	45,664,610	60,145,031
12.2 Stocks	134,115,416	84,194,936
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	179,780,026	144,339,967
13. Cost of investments acquired (long-term only):		
13.1 Bonds	40,966,343	64,473,774
13.2 Stocks	132,456,203	86,294,326
13.3 Mortgage loans		
13.4 Real estate	613,668	
13.5 Other invested assets		
13.6 Miscellaneous applications	415,699	526,443
13.7 Total investments acquired (Lines 13.1 to 13.6)	174,451,913	151,294,543
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	5,328,113	(6,954,576)
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)	1,547,694	3,382,186
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,547,694	3,382,186
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	2,672,047	(6,869,310)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	13,167,299	20,036,609
19.2 End of year (Line 18 plus Line 19.1)	15,839,346	13,167,299

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	97,561,668	54,454,701	52,536,099	99,480,270
17.1 Other liability—occurrence				
17.2 Other liability—claims-made				
17.3 Excess workers' compensation				
18.1 Products liability—occurrence				
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	97,561,668	54,454,701	52,536,099	99,480,270

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical professional liability—occurrence					
11.2 Medical professional liability—claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	50,645,112			1,890,986	52,536,098
17.1 Other liability—occurrence					
17.2 Other liability—claims-made					
17.3 Excess workers' compensation					
18.1 Products liability—occurrence					
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability					
19.3,19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	50,645,112			1,890,986	52,536,098
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					52,536,098

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	99,065,109		3,162,187		4,665,628	97,561,668
17.1 Other liability—occurrence						
17.2 Other liability—claims-made						
17.3 Excess workers' compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	99,065,109		3,162,187		4,665,628	97,561,668

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

NONE

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability—occurrence								
11.2 Medical professional liability—claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	52,136,631	2,472,565	1,433,145	53,176,051	153,255,039	153,437,504	52,993,586	53.270
17.1 Other liability—occurrence								
17.2 Other liability—claims-made								
17.3 Excess workers' compensation								
18.1 Products liability—occurrence								
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	52,136,631	2,472,565	1,433,145	53,176,051	153,255,039	153,437,504	52,993,586	53.270

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation	111,983,963	6,925,506	15,850,118	103,059,351	49,502,774	3,931,201	3,238,287	153,255,039	21,848,487
17.1 Other liability—occurrence									
17.2 Other liability—claims-made									
17.3 Excess workers' compensation									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability									
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	111,983,963	6,925,506	15,850,118	103,059,351	49,502,774	3,931,201	3,238,287	153,255,039	21,848,487
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	1,765,751			1,765,751
1.2 Reinsurance assumed	224,384			224,384
1.3 Reinsurance ceded	93,974			93,974
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,896,161			1,896,161
2. Commission and brokerage:				
2.1 Direct, excluding contingent		6,714,115		6,714,115
2.2 Reinsurance assumed, excluding contingent		603,619		603,619
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent—direct		3,579,160		3,579,160
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		79,838		79,838
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		10,817,056		10,817,056
3. Allowances to manager and agents				
4. Advertising		438,212		438,212
5. Boards, bureaus and associations		523,912		523,912
6. Surveys and underwriting reports		44,662		44,662
7. Audit of assureds' records		166,620		166,620
8. Salary and related items:				
8.1 Salaries	9,088,579	9,971,437	137,256	19,197,272
8.2 Payroll taxes	657,701	718,677	9,933	1,386,311
9. Employee relations and welfare	2,323,133	2,508,437	35,086	4,866,656
10. Insurance	300,557	289,064	4,539	594,160
11. Directors' fees	124,100	119,355	1,874	245,329
12. Travel and travel items	39,685	69,612	801	110,098
13. Rent and rent items	828,224	548,415	7,257	1,383,896
14. Equipment	927,537	1,627,024	18,710	2,573,271
15. Cost or depreciation of EDP equipment and software	271,707	476,609	5,481	753,797
16. Printing and stationery	76,995	135,059	1,553	213,607
17. Postage, telephone and telegraph, exchange and express	208,013	364,882	4,196	577,091
18. Legal and auditing	459,167	1,970,066	8,417	2,437,650
19. Totals (Lines 3 to 18)	15,305,398	19,972,043	235,103	35,512,544
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		7,509,492		7,509,492
20.2 Insurance department licenses and fees	109,321	105,141	1,651	216,113
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		58,733		58,733
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	109,321	7,673,366	1,651	7,784,338
21. Real estate expenses			498,469	498,469
22. Real estate taxes			240,477	240,477
23. Reimbursements by uninsured plans		(1,882,136)		(1,882,136)
24. Aggregate write-ins for miscellaneous expenses			647,674	647,674
25. Total expenses incurred	17,310,880	36,580,329	1,623,374	(a) 55,514,583
26. Less unpaid expenses—current year	21,848,487	16,076,446		37,924,933
27. Add unpaid expenses—prior year	22,117,225	18,112,213		40,229,438
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	17,579,618	38,616,096	1,623,374	57,819,088

DETAILS OF WRITE-IN LINES				
2401. Professional Maintenance Expense			647,674	647,674
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			647,674	647,674

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 633,216	617,034
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 9,091,609	8,920,547
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 513,242	513,109
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,654,470	1,648,593
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 1,265,107	1,265,107
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 1,047	1,047
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	22,924	22,924
10. Total gross investment income	13,181,615	12,988,361
11. Investment expenses		(g) 1,621,724
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 1,651
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 374,420
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		1,997,795
17. Net investment income (Line 10 minus Line 16)		10,990,566

DETAILS OF WRITE-IN LINES		
0901. SERP Accounts	22,924	22,924
0902.		
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	22,924	22,924
1501.	NONE	
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 150,983 accrual of discount less \$ 1,020,464 amortization of premium and less \$ 35,604 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 1,265,107 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 9 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 1,621,724 investment expenses and \$ 1,651 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 374,420 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	99,175		99,175	113,013	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	142,840		142,840	(213,571)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	6,270,033		6,270,033	1,673,269	
2.21 Common stocks of affiliates				22,649	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets				71	
9. Aggregate write-ins for capital gains (losses)	120,681		120,681	7,204	
10. Total capital gains (losses)	6,632,729		6,632,729	1,602,635	

DETAILS OF WRITE-IN LINES					
0901. Realized gains-sales of CH investments with def gains	120,681		120,681		
0902. SERP Accounts				7,204	
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	120,681		120,681	7,204	

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	89,961	102,830	12,869
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,898	38,686	32,788
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	301,214	946,343	645,129
21. Furniture and equipment, including health care delivery assets	753,174	225,026	(528,148)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	3,877,526	4,423,113	545,587
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,027,773	5,735,998	708,225
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	5,027,773	5,735,998	708,225

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses	3,757,456	4,363,864	606,408
2502. Miscellaneous Receivables	120,070	59,249	(60,821)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,877,526	4,423,113	545,587

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of The Beacon Mutual Insurance Company (the "Company") have been prepared in conformity with insurance accounting practices prescribed or permitted by the Rhode Island Insurance Department. The State of Rhode Island requires insurance companies domiciled in the State of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual.

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

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

	<u>SSAP</u> <u>#</u>	<u>F/S</u> <u>Page</u>	<u>F/S</u> <u>Line#</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Net Income	97	4	20	\$ 6,783,680	\$ 9,548,750
Rhode Island Basis State Permitted Practice Value of Castle Hill subsidiary					
NAIC SAP	97	4	20	<u>\$ 6,783,680</u>	<u>\$ 9,548,750</u>
SURPLUS					
Rhode Island Basis State Permitted Practice Value of Castle Hill subsidiary	97	3	37	\$180,554,793	\$171,460,253
NAIC SAP	97	3	37	(1,490,665)	(1,468,016)
				<u>\$179,064,128</u>	<u>\$169,992,237</u>

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

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

C. Accounting Policies

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

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

NOTES TO FINANCIAL STATEMENTS

In addition, the Company uses the following accounting policies:

1. Short-term investments and Cash Equivalents are stated at amortized value.
2. Bonds not backed by other loans, with an NAIC designation of 1 or 2, are stated at amortized value using the interest method. Bonds not backed by other loans, with an NAIC designation of 3 through 6, are stated at the lower of amortized cost or fair value using the interest method.
3. Common stocks, other than investments in stocks of subsidiaries, are stated at fair value.
4. Perpetual preferred stocks are stated at fair value, not to exceed any currently effective call price. Redeemable preferred stocks with an NAIC designation of 1 or 2 are stated at cost. Redeemable preferred stocks with an NAIC designation of 3 through 6 are stated at the lower of cost or fair value. Our investment managers are currently updating their accounting system to amortize redeemable preferred stock based on revised SSAP32R - Preferred Stock (Ref#2019-04).
5. The Company does not own mortgage loans.
6. Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value using the interest method, including anticipated prepayments at the time of purchase. Prepayment assumptions are generated using a third-party prepayment model, and on an ongoing basis, the rate of prepayment is monitored and the model calibrated to reflect actual experience, market factors, and viewpoint. Loan-backed securities are revalued periodically based upon the new prepayment assumptions, if needed. The retrospective adjustment method is used to revalue all securities except for interest only securities, securities where the yield has become negative or securities where an "other than temporary impairment" was recognized, which are valued using the prospective method.
7. The Company values its investments in subsidiaries as follows: GAAP basis for BMIC Service Corporation and the Statutory Equity Method for Castle Hill Insurance Company as described in part Five, Sections 8biii and 8bi, respectively, of the NAIC Purposes and Procedures Manual of the Securities Valuation Office.
8. The Company has minor ownership interests in joint ventures and partnerships which are carried at fair market value.
9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2021.
11. The Company provides reserves for unpaid insurance losses and loss adjustment expenses which cover events that occurred in the current and prior years. These reserves reflect estimates of the total cost of claims reported but not yet paid, and the cost of claims not yet reported, as well as the estimated expenses necessary to settle the claims. Reserve estimates are based on past loss experience modified for current claim trends as well as prevailing social, economic and legal conditions. Final claim payments may ultimately differ from the established reserves, particularly when these payments may not occur for several years. Reserve estimates are continually reviewed and updated and any resulting adjustments are reflected in current operating results.

Reserves are reduced for amounts to be recovered through reinsurance agreements but are not discounted or reduced for estimated salvage and subrogation recoveries. Salvage and subrogation recoveries are recorded when received.
12. The Company has a written capitalization policy for the purchase of items such as land, buildings and improvements, leasehold improvements, furniture and equipment, leased property, software, electronic data processing equipment, vehicles and other equipment. No change has taken place during the year.
13. The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Corrections of Errors

NOTES TO FINANCIAL STATEMENTS

Not applicable

3. Business Combinations and Goodwill

There were no business combinations.

4. Discontinued Operations

Not applicable

5. Investments

A. The Company does not invest in mortgages loans, including mezzanine real estate loans.

B. The Company does not invest in debt restructuring.

C. The Company does not invest in reverse mortgages.

D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage backed/asset-backed securities were obtained from an external investment manager.

2. Not applicable.

3. The Company did not recognize an other-than-temporary impairment during 2021.

4. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position.

a. The aggregate amount of unrealized losses:		
1. Less than 12 Months	\$	(634,291)
2. 12 Months or Longer		<u>(108,481)</u>
	\$	<u>(742,772)</u>
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 Months	\$	40,716,195
2. 12 Months or Longer		<u>2,583,320</u>
		\$43,299,515

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of December 31, 2021, the Company has not made a decision to sell any such securities. The Company evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2021, the Company can attest that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are determined by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other than temporary impairments in the future on some of the securities held at December 31, 2021 if future events, information, and the passage of time causes it to conclude that declines in value are other than temporary.

E. Repurchase Agreements

Not applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable

G. Reverse Repurchase Agreements Transactions for as Secured Borrowing

Not applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

NOTES TO FINANCIAL STATEMENTS

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

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

Not applicable

K. Low-Income Housing Tax Credits (LIHTC)

Not applicable

L. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							8	9	Percentage	
	Current Year					6	7			10	11
	1	2	3	4	5						
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total	Total From Prior Year	Increase/Decrease	Total Nonadmitted Restricted	Total Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
On deposit with states	\$ 800,661	\$ -	\$ -	\$ -	\$ 800,661	\$ 808,760	\$ (8,099)	\$ -	\$ 800,661	.18%	.18%
On deposit with regulatory bodies	\$ 448,703	\$ -	\$ -	\$ -	\$ 448,703	\$ 448,667	\$ 36	\$ -	\$ 448,703	.10%	.10%
Pledged as collateral not captured in other categories	\$17,315,684	\$ -	\$ -	\$ -	\$17,315,684	\$ 19,398,873	\$ (2,083,189)	\$ -	\$17,315,684	4.0%	4.0%
Total Restricted Assets	\$18,565,048	\$ -	\$ -	\$ -	\$ 18,565,048	\$ 20,656,300	\$ (2,091,252)	\$ -	\$18,565,048	4.2%	4.3%

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

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

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total	Total From Prior Year	Increase/Decrease	Total Current Year Admitted Restricted	Gross (Admitted and Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Pledged to cedants as part of reinsurance collateral	\$ 3,061,548	\$ -	\$ -	\$ -	\$ 3,061,548	\$ 3,097,166	\$ (35,618)	\$ 3,061,548	.70%	.71%
Collateral trust agreement with ceding reinsurer	\$ 14,254,137	\$ -	\$ -	\$ -	\$14,254,137	\$16,301,707	\$ (2,047,570)	\$14,254,137	3.3%	3.3%
Total Restricted Assets	\$ 17,315,685	\$ -	\$ -	\$ -	\$ 17,315,685	\$19,398,873	\$ (2,083,188)	\$17,315,685	4.0%	4.0%

3. Detail of Other Restricted Assets

Not applicable

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

Not applicable

M. Working Capital Finance Investments

Not applicable

N. Offsetting and Netting of Assets and Liabilities

Not applicable

O. 5GI Securities

NOTES TO FINANCIAL STATEMENTS

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

P. Short Sales

Not applicable

Q. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	<u>10</u>	<u>0</u>
(2) Aggregate Amount of Investment Income	<u>\$ 76,000</u>	<u>\$ 0</u>

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. When it appears probable that the Company will be unable to recover the outstanding carrying value of an investment, or there is evidence indicating an inability of the investee to sustain earnings which would justify the carrying value of the investment, an other-than-temporary impairment is recognized in realized capital losses for the excess of the carrying value over the estimated fair value of the investment. During 2021, the Company did not recognize any impairments for its investment in the Business Development Company of Rhode Island. The estimated fair value was determined by evaluating the Company's current equity value in the underlying investment, performed by assessing the corporation's balance sheet and current financial condition.

7. Investment Income

A. Due and accrued income is excluded from surplus for all investment income due and accrued with amounts that are over 90 days past due. There was no income due over 90 days past due at December 31, 2021.

B. Amounts nonadmitted

None

8. Derivative Instruments

The Company has no derivative financial instruments.

9. Income Taxes

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

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

A. Nature of Relationships

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

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

NOTES TO FINANCIAL STATEMENTS

necessary to assure the Company's future solvency on an indefinite basis.

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

Not applicable

C. Change in Terms of Intercompany Arrangements

None

D. Amounts Due to or from Related Parties

At the end of the current year, the Company reported \$96,663 due from its subsidiary BMIC Service Corporation. No amount is due from Castle Hill Insurance Company at year end.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

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

G. Nature of Relationships that Could Affect Operations

Not applicable

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

No impairment was recorded in 2021.

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable.

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

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

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received	NAIC Disallowed Entities Valuation Method, Resubmission Required	Code
BMIC Service Corp	SUB 2	03/30/21	0	Y	N	8b(iii)

N. Insurance SCA Entities Utilizing Prescribed or Permitted Practices

The Company owns one insurance SCA entity, Castle Hill Insurance Company. As Castle Hill has been inactive since its inception, the State of Rhode Island has granted a permitted practice to exempt Castle Hill from filing audited financials and an actuarial

NOTES TO FINANCIAL STATEMENTS

opinion. There is no impact to Castle Hill's financials for this exemption. This exemption did not trigger any risk-based capital or other regulatory event. The impact of carrying the unaudited statutory equity value on the Company's books is reflected in Note 1.

O. SCA or SSAP No. 48 Entity Loss Tracking

Not applicable.

11. Debt

Not applicable.

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

A. Defined Benefit Plan

The Company has no defined benefit plans.

B. Investment policies and strategies of defined benefit plans

Not applicable

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

Not applicable

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

Not applicable

E. Defined Contribution Plans

The Company sponsors a qualified 401(k) defined contribution plan for all employees. The Company matches 50% of the employee's contribution up to 6% of an individual's gross salary and may contribute additional amounts as authorized by the Board of Directors within IRS limitations on compensation, elective deferrals and annual additions. Employees vest ratably in the matching contribution over five years. The Company's expense under this plan totaled \$2,146,264 and \$2,123,524 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021, the fair value of plan assets was \$108,634,574.

F. Multiemployer Plan

Not applicable

G. Consolidated/Holding Company Plans

Not applicable

H. Postemployment Benefits and Compensated Absences

During 2003, the Company entered into employment agreements with certain key employees; the Company's total commitment for officers under these employment agreements was \$668,788 at December 31, 2021.

A Rabbi Trust was established in 2017 for an active senior executive officer with initial funding of \$37,500; \$125,000 was contributed in years 2021 and 2020. The fair value of the trust at December 31, 2021 was \$504,240 and is listed in other assets of the Company.

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

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

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

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

A. Authorized and Outstanding Shares

Not applicable

NOTES TO FINANCIAL STATEMENTS

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Policyholder dividends are paid out of unassigned surplus in accordance with a percentage or amounts as approved by the Board of Directors. Eligibility restrictions for the 2021 dividend include: must be a 12-month term policyholder of record as of December 31, 2021, must have complied with all audit and policy premium obligations, must be a policyholder as of the dividend evaluation date of February 28, 2022, and must have a loss ratio which does not exceed 45 percent as of the evaluation date. Similar restrictions applied for the 2020 dividend. Dividends declared and unpaid are recorded as a liability. The Company is required to satisfy the legal minimum capital requirements of its domiciliary state - Rhode Island. Under the terms of its enabling act, the Company may declare a dividend when there is an excess of assets over liabilities and minimum surplus requirements.

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

D. Dates and Amounts of Dividends Paid

In December 2021, the Board of Directors declared a dividend in the amount of \$3,500,000 to be paid to policyholders which meet the established eligibility criteria. Dividends of \$8,000,000 were declared for 2020.

E. Amount of Ordinary Dividends that May Be Paid

No restriction other than stated above.

F. Restrictions on Unassigned Funds

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

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

Not applicable

J. Change in Unassigned Funds

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

Unrealized gains or (losses):	\$1,602,635
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K. Surplus Notes

Not applicable

L. Impact of Quasi-Reorganizations

Not applicable

M. Date of Quasi-Reorganizations

Not applicable

14. Liabilities, Contingencies and Assessments

NOTES TO FINANCIAL STATEMENTS

A. Contingent Commitments

Not applicable

B. Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable

E. Product Warranties

Not applicable

F. Joint and Several Liabilities

Not applicable

G. All Other Contingencies

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

15. Leases

A. Lessee Leasing Arrangements

1. The Company leases office equipment under various noncancelable operating lease agreements that expire in 2023. Total lease and rent expense for 2021 and 2020 was approximately \$1,309,927 and \$1,321,724 respectively. Rental expense recognized as part of occupancy costs and included in lease and rent expense totalled \$1,211,941 in each year.

2. Future minimum aggregate lease commitments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	73,508
2023	52,764
2024	<u>24,905</u>
	\$ 151,177

B. Lessor Leasing Arrangements

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

Future minimum lease payments receivable under the noncancelable leasing arrangement as of December 31, 2021 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	\$58,000
2023	<u>\$29,000</u>
Total	\$87,000

C. Sale-leaseback Transactions

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

NOTES TO FINANCIAL STATEMENTS

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

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

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

1. Occasionally, market conditions prevail such that a security fitting a sell profile will resurface quickly as an attractive investment for purchase. In these circumstances, investment opportunities are taken irrespective of the proximity of prior transaction dates.
2. At December 31, 2021, no securities with an NAIC Designation 3 or below were sold and reacquired within 30 days of the sale date.

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

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

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

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

20. Fair Value Measurement

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

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

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

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

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

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

The following tables provide information as of December 31, 2021 and 2020 about the Company's financial assets and liabilities measured at fair value.

NOTES TO FINANCIAL STATEMENTS

✚ December 31, 2021

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value (NAV)</u>	<u>Total</u>
Assets at fair value (in 000's)						
Bonds and debt securities	\$	-	\$ 448	\$ -	\$ -	\$ 448
Cash Equivalents		7,083	-	-	-	7,083
Preferred Stock		-	7,426	-	-	7,426
Common stock		<u>56,586</u>	<u>231</u>	<u>-</u>	<u>-</u>	<u>56,817</u>
Total assets at fair value/NAV	\$	<u>63,669</u>	\$ <u>8,105</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>71,774</u>

December 31, 2020

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

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

During 2021, the Company had no transfers into or out of Level 3.

2. Rollforward of Level 3 Items

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

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

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

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

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

Typical inputs to models used by independent pricing services include but are not limited to benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events. Because some preferred and common stocks do not trade daily, independent pricing services regularly derive fair values using recent trades of securities with similar features. When recent trades are not available, pricing models are used to estimate the fair values of securities by discounting future cash flows at estimated market interest rates.

5. The Company has no derivative assets or liabilities.

B. Combination of Fair Value Information

Not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Other Fair Value Disclosures

The following tables provide information as of December 31, 2021 and 2020 about the Company's financial assets and liabilities, including those measured at other than fair value in the Statements of Admitted Assets, Liabilities, and Policyholders' Surplus.

December 31, 2021							
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value (NAV)</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Not Practicable (Carrying Value)</u>
Assets at fair value (in 000's)							
Bonds and debt securities							
	\$ 9,012	\$ 308,797	\$ -	\$ -	\$ 317,809	\$ 298,445	\$ -
Cash Equivalents	7,083	3,250	-	-	10,333	10,333	-
Preferred Stock		9,822	-	-	9,822	9,649	-
Common stock	<u>56,586</u>	<u>231</u>	<u>-</u>	<u>-</u>	<u>56,817</u>	<u>56,817</u>	<u>-</u>
Total assets at fair value	<u>\$ 72,681</u>	<u>\$ 322,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,781</u>	<u>\$ 375,244</u>	<u>\$ -</u>

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

D. Reasons Not Practical to Estimate Fair Values

Not applicable

E. Investments Measured Using the NAV Practical Expedient

Not applicable

21. Other Items

A. Unusual or Infrequent Items

Not applicable.

B. Trouble Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

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

D. Business Interruption Insurance Recoveries

Not applicable

E. State Transferable Tax Credits

During 2019, \$8,354,910 of transferable state tax credits were purchased at a cost of \$6,934,575. These credits will be evenly spread over the five year period between 2019 and 2023.

NOTES TO FINANCIAL STATEMENTS

1. Carrying Value of Transferable State Tax Credits

<u>Description of State Transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
River House -Rebuild Rhode Island	RI	\$2,773,830	\$3,341,964

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

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

3. Impairment Loss

Not applicable.

4. State Tax Credits Admitted and NonAdmitted

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
a. Transferable	\$2,773,830	\$0
b. Non-transferable	\$0	\$0

F. Subprime Mortgage Related Risk Exposure

1. Not applicable.

2. Direct Exposure – Mortgage Loans

Not applicable .

3. Direct Exposures – Other Investment Classes

Not applicable.

4. Underwriting Exposure

Not applicable.

G. Insurance-linked Securities

Not applicable.

22. Events Subsequent

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

23. Reinsurance

A. Unsecured Reinsurance Recoverables

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

<u>NAIC Code</u>	<u>Federal ID#</u>	<u>Name of Reinsurance</u>	<u>Amount</u>
22039	13-2673100	General Reinsurance Corp.	\$19,668

(000 omitted)

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at December 31, 2021.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded and Protected Cells

All reinsurance premiums are paid on earned premium; therefore, return commission is zero. At December 31, 2021, the unearned premium reserves for direct and assumed premiums were \$48,759,437 and \$1,885,675 respectively. The unearned premium

reserves for ceded premiums was \$89,867 at December 31, 2021.

Certain ceded reinsurance contracts provide for additional or return contingent commission based on actual loss experience of the reinsured business. The annual contingent commission adjustment was settled during 2021 and there is no payable or receivable at December 31, 2021.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance contracts during 2021.

F. Retroactive Reinsurance

Part (1)

		Assumed
1. Reserves Transferred:		
	a. Initial Reserves	(\$1,845,479)
	b. Adjustments – Prior Yr.	310,800
	c. Adjustments – Current Yr.	<u>886</u>
	d. Current Total	(\$1,533,793)
2. Consideration Paid or Received:		
	a. Initial Consideration	\$ 1,845,479
	b. Adjustments – Prior Yr.	-
	c. Adjustments – Current Yr.	<u>-</u>
	d. Current Total	\$ 1,845,479
3. Paid Losses Reimbursed or Recovered:		
	a. Prior Year	\$ 1,580,801
	b. Current Year	<u>(886)</u>
	c. Current Total	\$ 1,579,915
4. Special Surplus from Retroactive Reinsurance:		
	a. Initial Surplus Gain or Loss	\$ -
	b. Adjustments – Prior Year	310,800
	c. Adjustments – Current Year	886
	d. Current Year Restricted Surplus	<u>-</u>
	e. Cumulative total Transferred to Unassigned Funds	\$ 311,686

In 2021, the Company has no ceded retroactive reinsurance.

5. Insurers included in the above transactions:

	Fairfield Insurance	NAIC#44784	\$1,533,793
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G. Reinsurance Accounted for as a Deposit

Not applicable

H. Transfer of Property and Casualty Run-off Agreements

Not applicable

I. Certified Reinsurer Rating Downgraded

Not applicable

NOTES TO FINANCIAL STATEMENTS

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate

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

B. Method Used to Record

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

C. Amount and Percent of Net Retrospective Premiums

See Schedule P - Part 7A

D. Medical Loss Ratio Rebates

Not applicable

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Not applicable

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

Not applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by \$3.4 million during 2021. Decreases are the result of reserve takedowns due to ongoing review of claim reserves as additional information becomes available, along with strong settlement activity.

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

a. Reserves Released due to Purchase of Annuities

The Company has purchased annuities with the claimant as payee and has received a signed release from the claimant eliminating any future liability for the Company. The Company has released reserves of \$236,436 and \$636,968 through the purchase of annuities during 2021 and 2020, respectively.

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

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Policies

Not applicable

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves

The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2021.

31. High Deductibles

The Company has no High Deductible plans.

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

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

33. Asbestos/Environmental Reserves

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

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No]
- If yes, complete Schedule Y, Parts 1, 1A, 2 and 3
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No] N/A]
- 1.3 State Regulating? Rhode Island
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes No]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 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]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2019
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2019
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/30/2021
- 3.4 By what department or departments?
 Department of Business Regulation, State of Rhode Island

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No] N/A]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No] N/A]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No]
- 4.12 renewals? Yes No]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No]
- 4.22 renewals? Yes No]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No]
- If yes, complete and file the merger history data file with the NAIC.

GENERAL INTERROGATORIES

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,
 7.21 State the percentage of foreign control. _____ %
 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....

8.1 Is the company a subsidiary of a depository institution holding company (DIHC) or a DIHC itself, regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the DIHC.

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

8.5 Is the reporting entity a depository institution holding company with significant insurance operations as defined by the Board of Governors of Federal Reserve System or a subsidiary of the reporting entity? Yes [] No [X]

8.6 If response to 8.5 is no, is the reporting entity a company or subsidiary of a company that has otherwise been made subject to the Federal Reserve Board's capital rule? Yes [] No [X] N/A []

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Johnson Lambert LLP, One Lawson Lane, Box 525, Burlington, Vermont 05402

GENERAL INTERROGATORIES

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Yi Jing, Willis Towers Watson, 175 Powder Forest Drive, Weatogue, CT 06089-9658

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company	
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$

12.2 If yes, provide explanation:

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 N/A

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

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

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

GENERAL INTERROGATORIES

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules, and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

Yes No

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

.....

14.2 Has the code of ethics for senior managers been amended?

Yes No

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

.....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes No

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

.....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes No

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes No

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes No

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes No

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes No

GENERAL INTERROGATORIES

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

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

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

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

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$ _____
22.22 Amount paid as expenses	\$ _____
22.23 Other amounts paid	\$ _____

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

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

24.1 Does the insurer utilize third parties to pay agent commissions in which the amounts advanced by the third parties are not settled in full within 90 days? Yes [] No [X]

24.2 If the response to 24.1 is yes, identify the third-party that pays the agents and whether they are a related party.

1 Name of Third Party	2 Is the Third-Party Agent a Related Party (Yes/No)
.....
.....

INVESTMENT

25.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 25.03) Yes [X] No []

25.02 If no, give full and complete information, relating thereto:

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

25.04 For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk Based Capital Instructions. \$ _____

25.05 For the reporting entity's securities lending program report amount of collateral for other programs. \$ _____

GENERAL INTERROGATORIES

25.06 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]

25.07 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

25.08 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

25.09 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

25.091 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____

25.092 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____

25.093 Total payable for securities lending reported on the liability page \$ _____

26.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 25.03). Yes [X] No []

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

26.21	Subject to repurchase agreements	\$ _____
26.22	Subject to reverse repurchase agreements	\$ _____
26.23	Subject to dollar repurchase agreements	\$ _____
26.24	Subject to reverse dollar repurchase agreements	\$ _____
26.25	Placed under option agreements	\$ _____
26.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
26.27	FHLB Capital Stock	\$ <u>231,200</u>
26.28	On deposit with states	\$ <u>800,661</u>
26.29	On deposit with other regulatory bodies	\$ <u>448,703</u>
26.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ <u>17,315,685</u>
26.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
26.32	Other	\$ _____

26.3 For category (26.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....

27.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

GENERAL INTERROGATORIES

27.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
 If no, attach a description with this statement.

LINES 27.3 through 27.5 : FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

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

27.4 If the response to 27.3 is YES, does the reporting entity utilize:

27.41	Special accounting provision of SSAP No. 108	Yes [] No []
27.42	Permitted accounting practice	Yes [] No []
27.43	Other accounting guidance	Yes [] No []

27.5 By responding YES to 27.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [] No []

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

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

28.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

29. 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 []

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

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

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

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

29.03 Have there been any changes, including name changes, in the custodian(s) identified in 29.01 during the current year? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

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

1 Name Firm or Individual	2 Affiliation
New England Asset Management	U

29.0597 For those firms/individuals listed in the table for Question 29.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's invested assets?

Yes [X] No []

29.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 29.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?

Yes [X] No []

29.06 For those firms or individuals listed in the table 29.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

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

Yes [X] No []

30.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
02110A-69-6	DDJ OPPORTUNISTIC H/Y - INST	11,212,491
78462F-10-3	SPDR S&P 500 ETF TRUST	14,248,800
30.2999 TOTAL		25,461,291

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Valu Attributable to the Holding	4 Date of Valuation
SPDR S&P500 ETF TRUST	Apple, Inc.	977,468	12/31/2021
SPDR S&P500 ETF TRUST	Microsoft Corp	891,975	12/31/2021
SPDR S&P500 ETF TRUST	Amazon.com, Inc.	512,957	12/31/2021
SPDR S&P500 ETF TRUST	Alphabet, Inc	307,774	12/31/2021
SPDR S&P500 ETF TRUST	Tesla Inc	303,499	12/31/2021
DDJ CAP OPPORTUNITY H/Y FUND	Century Aluminum Co	422,679	12/31/2021
DDJ CAP OPPORTUNITY H/Y FUND	NFP Corp	379,791	12/31/2021
DDJ CAP OPPORTUNITY H/Y FUND	Ford Holdings, Inc.	358,673	12/31/2021
DDJ CAP OPPORTUNITY H/Y FUND	Baffinland Iron Mines Corp.	357,108	12/31/2021
DDJ CAP OPPORTUNITY H/Y FUND	Tenet Healthcare Corporation	313,159	12/31/2021

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
31.1 Bonds	301,694,643	321,058,768	19,364,125
31.2 Preferred stocks	9,649,325	9,821,891	172,566
31.3 Totals	311,343,968	330,880,659	19,536,691

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

Fair values are based on end of period prices provided by independent pricing services (vendor price) such as: Refinitiv, ICE Data Services, Bloomberg, IHS Markit, S&P Capital IQ or Pricing Direct. Under certain circumstances, if a vendor price is unavailable, a price may be obtained from a broker. Short Term securities and Cash Equivalents acquired one year or less to maturity are valued at amortized cost.

32.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

32.2 If the answer to 32.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

32.3 If the answer to 32.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
Not applicable

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

33.2 If no, list exceptions:

.....

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

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
 - b. Issuer or obligor is current on all contracted interest and principal payments.
 - c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
- Has the reporting entity self-designated 5GI securities? Yes [] No [X]

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

- a. The security was purchased prior to January 1, 2018.
 - b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 - c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
 - d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
- Has the reporting entity self-designated PLGI securities? Yes [] No [X]

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

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

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

GENERAL INTERROGATORIES

37. By rolling/renewing short-term or cash-equivalent investments with continued reporting on Schedule DA, part 1 or Schedule E Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying to the following:
- a. The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.
 - b. If the investment is with a nonrelated party or nonaffiliate, then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.
 - c. If the investment is with a related party or affiliate, then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.
 - d. Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 37.a - 37.c are reported as long-term investments.

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

OTHER

38.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 546,195

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

1 Name	2 Amount Paid
NCCI	\$ 513,593
.....	\$
.....	\$

39.1 Amount of payments for legal expenses, if any? \$ 267,484

39.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Partridge, Snow & Hahn	\$ 85,382
.....	\$
.....	\$

40.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 90,000

40.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Athena Solutions LLC	\$ 50,000
Government Strategies Inc	\$ 32,083
.....	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only. \$ _____

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

1.31 Reason for excluding

.....

.....

.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ _____		\$ _____	
2.2 Premium Denominator	\$ 99,480,270		\$ 107,155,628	
2.3 Premium Ratio (2.1 / 2.2)	_____		_____	
2.4 Reserve Numerator	\$ _____		\$ _____	
2.5 Reserve Denominator	\$ 225,798,587		\$ 227,990,668	
2.6 Reserve Ratio (2.4 / 2.5)	_____		_____	

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

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

3.21 Participating policies \$ _____

3.22 Non-participating policies \$ _____

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

4.2 Does the reporting entity issue non-assessable policies? Yes [X] No []

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? _____ %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ _____

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

.....

.....

.....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]

5.5 If yes, give full information

.....

.....

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
 The Company has excess of loss workers' compensation treaties, as well as catastrophe coverage which provides additional protection

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 Not Applicable. The Company is a monoline workers' compensation carrier.

- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 Property insurance is not written

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes No
- 8.2 If yes, give full information
 In 2002, 25 GenRe insurance claims were capped at \$5,532,533 in the aggregate. Of the 25 capped claims, 23 are closed and will not have an impact on losses. Additionally, reinsurance claims with GenRe for the policy years 7/1/2003 to 6/30/2013 have been commuted.

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes No
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes No
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes No
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes No

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No
- 11.2 If yes, give full information

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | |
|---|----------|
| 12.11 Unpaid losses | \$ _____ |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ _____ |
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ _____
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | |
|------------|---------|
| 12.41 From | _____ % |
| 12.42 To | _____ % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | |
|----------------------------------|----------|
| 12.61 Letters of Credit | \$ _____ |
| 12.62 Collateral and other funds | \$ _____ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. _____
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes No
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes No
- 14.5 If the answer to 14.4 is no, please explain:

- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes No
- 15.2 If yes, give full information

- 16.1 Does the reporting entity write any warranty business? Yes No
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | | 1
Direct Losses
Incurred | 2
Direct Losses
Unpaid | 3
Direct Written
Premium | 4
Direct Premium
Unearned | 5
Direct Premium
Earned |
|------------------|----|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home | \$ | _____ | _____ | _____ | _____ | _____ |
| 16.12 Products | \$ | _____ | _____ | _____ | _____ | _____ |
| 16.13 Automobile | \$ | _____ | _____ | _____ | _____ | _____ |
| 16.14 Other* | \$ | _____ | _____ | _____ | _____ | _____ |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [] No [X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:
- | | |
|---|----------|
| 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3
exempt from the statutory provision for unauthorized reinsurance | \$ _____ |
| 17.12 Unfunded portion of Interrogatory 17.11 | \$ _____ |
| 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 | \$ _____ |
| 17.14 Case reserves portion of Interrogatory 17.11 | \$ _____ |
| 17.15 Incurred but not reported portion of Interrogatory 17.11 | \$ _____ |
| 17.16 Unearned premium portion of Interrogatory 17.11 | \$ _____ |
| 17.17 Contingent commission portion of Interrogatory 17.11 | \$ _____ |
- 18.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ _____
- 18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ _____
19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No []
- 19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X] N/A []

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2021	2020	2019	2018	2017
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	102,227,296	108,220,540	123,141,265	127,983,041	128,935,596
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	102,227,296	108,220,540	123,141,265	127,983,041	128,935,596
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	97,561,668	103,144,851	117,676,290	122,430,567	122,766,441
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	97,561,668	103,144,851	117,676,290	122,430,567	122,766,441
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(7,404,527)	3,336,437	(4,767,327)	(9,881,959)	(18,436,841)
14. Net investment gain (loss) (Line 11)	17,623,294	16,711,924	18,294,700	14,745,961	14,666,795
15. Total other income (Line 15)	64,913	(2,499,600)	(530,101)	(683,656)	164,810
16. Dividends to policyholders (Line 17)	3,500,000	8,000,000	6,000,000		
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	6,783,680	9,548,761	6,997,272	4,180,346	(3,605,236)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	432,048,259	431,306,541	437,800,033	420,474,915	403,527,043
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	1,525,191	1,911,866	1,481,911	2,230,869	2,702,650
20.2 Deferred and not yet due (Line 15.2)	30,402,231	32,396,721	36,784,238	38,294,545	36,798,090
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	251,493,466	259,846,288	273,552,789	266,837,667	250,534,714
22. Losses (Page 3, Line 1)	153,255,039	153,437,504	158,792,818	156,013,160	140,786,423
23. Loss adjustment expenses (Page 3, Line 3)	21,848,488	22,117,225	24,032,624	24,006,297	22,809,913
24. Unearned premiums (Page 3, Line 9)	52,536,099	54,454,701	58,465,479	61,924,620	62,163,222
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	180,554,793	171,460,253	164,247,244	153,637,248	152,992,329
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(4,203,760)	(3,296,920)	11,108,674	18,448,307	3,934,671
Risk-Based Capital Analysis					
28. Total adjusted capital	180,554,793	171,460,253	164,247,244	153,637,248	152,992,329
29. Authorized control level risk-based capital	21,068,473	21,304,165	21,421,165	20,681,855	18,723,717
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	75.9	78.1	77.3	81.3	88.3
31. Stocks (Lines 2.1 & 2.2)	17.3	15.9	14.9	11.8	5.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	2.5	2.5	2.6	2.8	3.0
34. Cash, cash equivalents and short-term investments (Line 5)	4.0	3.4	5.2	3.8	3.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.3	0.2	0.0	0.3	0.1
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	1,490,665	1,468,016	1,442,774	1,411,477	1,381,090
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	1,490,665	1,468,016	1,442,774	1,411,477	1,381,090
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.8	0.9	0.9	0.9	0.9

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2021	2020	2019	2018	2017
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	1,602,635	(2,593,403)	5,251,861	(4,957,330)	213,857
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	9,094,540	7,213,017	10,609,996	644,919	(5,545,948)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	54,609,196	59,419,950	67,796,601	69,823,507	76,971,115
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	54,609,196	59,419,950	67,796,601	69,823,507	76,971,115
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	53,176,051	54,670,501	66,302,445	59,533,661	74,736,252
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	53,176,051	54,670,501	66,302,445	59,533,661	74,736,252
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	53.3	46.0	57.0	60.9	68.1
68. Loss expenses incurred (Line 3)	17.4	15.8	16.2	17.0	18.0
69. Other underwriting expenses incurred (Line 4)	36.8	35.1	30.7	30.1	28.5
70. Net underwriting gain (loss) (Line 8)	(7.4)	3.1	(3.9)	(8.1)	(14.6)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	37.4	38.9	32.1	30.7	29.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.7	61.8	73.2	77.9	86.1
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	54.0	60.2	71.6	79.7	80.2
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(3,449)	(5,223)	1,567	5,696	12,917
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(2.0)	(3.2)	1.0	3.7	8.1
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(7,167)	305	5,981	20,436	21,482
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(4.4)	0.2	3.9	12.9	13.6

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

Yes [] No []

If no, please explain:

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

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P – PART 1 – SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	3,156	1,472	203	19	213		10	2,081	X X X
2. 2012	102,597	8,432	94,165	74,397	5,575	5,236	35	13,787		1,024	87,810	X X X
3. 2013	111,600	8,778	102,822	74,814		5,468		14,119		1,270	94,401	X X X
4. 2014	126,456	7,849	118,607	72,174		5,898		14,737		2,084	92,809	X X X
5. 2015	135,250	8,033	127,217	73,908		6,672		15,113		1,627	95,693	X X X
6. 2016	139,815	7,408	132,407	67,520		6,146		14,976		1,023	88,642	X X X
7. 2017	132,505	6,169	126,336	59,882		6,342		14,891		995	81,115	X X X
8. 2018	128,222	5,552	122,670	56,169		5,318		13,079		823	74,566	X X X
9. 2019	126,600	5,465	121,135	47,342		3,977		13,064		359	64,383	X X X
10. 2020	112,231	5,076	107,155	27,943		3,492		15,805		128	47,240	X X X
11. 2021	104,146	4,666	99,480	13,689		1,149		4,142		32	18,980	X X X
12. Totals	X X X	X X X	X X X	570,994	7,047	49,901	54	133,926		9,375	747,720	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	34,044	11,315	2,395		714	230			3,200			28,808	X X X
2. 2012	6,642		813		82		1		717			8,255	X X X
3. 2013	3,098	1,181	465	15	218	45	10	2	304			2,852	X X X
4. 2014	2,060	157	685	53	80		19		240			2,874	X X X
5. 2015	3,263	664	991	175	166	5	19		376			3,971	X X X
6. 2016	4,596		1,679	345	225		23		562			6,740	X X X
7. 2017	4,030		3,227	188	273		35	3	639			8,013	X X X
8. 2018	9,844	597	3,465	236	396	13	56	12	1,211			14,114	X X X
9. 2019	10,966		6,680	419	608		87	13	1,546			19,455	X X X
10. 2020	11,863		14,210	744	802		91	17	2,387			28,592	X X X
11. 2021	28,504	1,935	18,825	1,063	1,717	3	293	44	5,138			51,432	X X X
12. Totals	118,910	15,849	53,435	3,238	5,281	296	634	91	16,320			175,106	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	25,124	3,684
2. 2012	101,675	5,610	96,065	99.101	66.532	102.018				7,455	800
3. 2013	98,496	1,243	97,253	88.258	14.160	94.584				2,367	485
4. 2014	95,893	210	95,683	75.831	2.676	80.672				2,535	339
5. 2015	100,508	844	99,664	74.313	10.507	78.342				3,415	556
6. 2016	95,727	345	95,382	68.467	4.657	72.037				5,930	810
7. 2017	89,319	191	89,128	67.408	3.096	70.548				7,069	944
8. 2018	89,538	858	88,680	69.830	15.454	72.292				12,476	1,638
9. 2019	84,270	432	83,838	66.564	7.905	69.210				17,227	2,228
10. 2020	76,593	761	75,832	68.246	14.992	70.769				25,329	3,263
11. 2021	73,457	3,045	70,412	70.533	65.259	70.780				44,331	7,101
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	153,258	21,848

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	One Year	Two Year	
1. Prior	92,472	91,367	89,277	87,370	88,654	91,230	92,740	94,325	96,648	96,594	(54)	2,269	
2. 2012	72,829	70,713	74,930	77,098	77,830	77,818	81,396	81,310	81,948	81,561	(387)	251	
3. 2013	XXX	68,900	70,847	77,575	79,980	80,874	82,312	82,503	82,471	82,830	359	327	
4. 2014	XXX	XXX	71,727	72,476	77,645	79,693	81,150	81,189	81,143	80,706	(437)	(483)	
5. 2015	XXX	XXX	XXX	76,340	78,550	82,726	84,528	84,306	84,151	84,175	24	(131)	
6. 2016	XXX	XXX	XXX	XXX	78,929	82,164	79,898	79,366	79,267	79,844	577	478	
7. 2017	XXX	XXX	XXX	XXX	XXX	79,608	77,785	77,095	74,679	73,598	(1,081)	(3,497)	
8. 2018	XXX	XXX	XXX	XXX	XXX	XXX	74,811	76,093	74,618	74,390	(228)	(1,703)	
9. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	73,906	69,945	69,228	(717)	(4,678)	
10. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	59,145	57,640	(1,505)	XXX	
11. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	61,132	XXX	XXX	
											12. Totals	(3,449)	(7,167)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
1. Prior	000	32,080	50,034	61,543	65,116	68,626	62,838	67,133	69,118	70,986	XXX	XXX
2. 2012	22,951	47,028	59,942	69,839	72,878	74,948	76,383	77,086	73,708	74,023	XXX	XXX
3. 2013	XXX	22,356	47,655	63,415	70,425	74,609	77,290	79,189	79,742	80,282	XXX	XXX
4. 2014	XXX	XXX	23,720	47,311	63,010	70,957	74,731	76,851	78,141	78,072	XXX	XXX
5. 2015	XXX	XXX	XXX	25,793	50,731	66,183	74,073	77,473	79,371	80,580	XXX	XXX
6. 2016	XXX	XXX	XXX	XXX	23,204	48,956	61,396	67,530	71,633	73,666	XXX	XXX
7. 2017	XXX	XXX	XXX	XXX	XXX	22,104	46,204	58,496	63,619	66,224	XXX	XXX
8. 2018	XXX	XXX	XXX	XXX	XXX	XXX	19,030	42,107	55,106	61,487	XXX	XXX
9. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,834	39,659	51,319	XXX	XXX
10. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,648	31,435	XXX	XXX
11. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,838	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1. Prior	15,294	6,980	3,371	1,259	735	2,124	1,214	1,151	1,688	2,395
2. 2012	24,958	7,272	2,172	1,025	663	190	709	461	503	814
3. 2013	XXX	22,212	4,772	2,360	1,983	888	579	415	204	458
4. 2014	XXX	XXX	26,713	7,691	3,557	1,766	833	730	666	651
5. 2015	XXX	XXX	XXX	26,583	10,853	3,781	1,908	1,737	1,049	835
6. 2016	XXX	XXX	XXX	XXX	29,415	14,155	5,351	2,398	2,362	1,357
7. 2017	XXX	XXX	XXX	XXX	XXX	31,668	12,543	5,852	4,524	3,071
8. 2018	XXX	XXX	XXX	XXX	XXX	XXX	28,055	11,199	4,572	3,273
9. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,556	12,831	6,335
10. 2020	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,756	13,540
11. 2021	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,011

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

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		Active Status (a)	2						
		Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	L							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	L	99,065,109	101,518,755	3,414,339	52,136,631	55,058,574	161,486,737	76,875
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 2		99,065,109	101,518,755	3,414,339	52,136,631	55,058,574	161,486,737	76,875

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

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

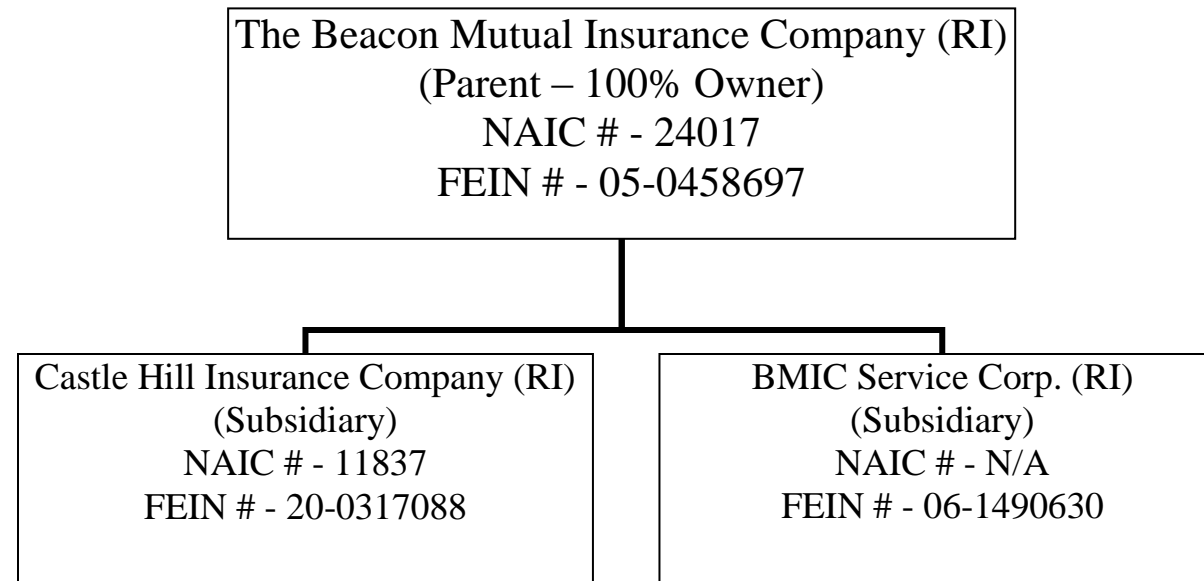
(a) Active Status Counts

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

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

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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Miscellaneous Receivables	130,392	120,070	10,322	13,699
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	130,392	120,070	10,322	13,699

OVERFLOW PAGE FOR WRITE-INS

**Page 4 - Continuation
STATEMENT OF INCOME**

REMAINING WRITE-INS AGGREGATED AT LINE 14 FOR MISCELLANEOUS INCOME	1	2
	Current Year	Prior Year
1404. Charitable Contributions - Donations		(2,569,500)
1405. Interest and Penalties	(1,250)	(800)
1497. Totals (Lines 1404 through 1496) (Page 4, Line 1498)	(1,250)	(2,570,300)