



ANNUAL STATEMENT
For the Year Ended December 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
Providence Washington Insurance Company

NAIC Group Code 04725, 04725 NAIC Company Code 24295 Employer's ID Number 05-0204450
Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island
Country of Domicile United States
Incorporated/Organized 01/05/1799 Commenced Business 02/01/1799
Statutory Home Office 475 Kilvert Street, Suite 330, Warwick, RI, US 02886
Main Administrative Office 475 Kilvert Street, Suite 330, Warwick, RI, US 02886 401-453-7000
Mail Address 475 Kilvert Street, Suite 330, Warwick, RI, US 02886
Primary Location of Books and Records 475 Kilvert Street, Suite 330, Warwick, RI, US 02886 401-453-7101
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OFFICERS

Name Title Name Title
PAUL MICHAEL JAMES BROCKMAN, President / CEO / Chairman THOMAS JOHN BALKAN, Corporate Secretary
TERESA MARIE REALI, Treasurer and Vice President JENNIFER MIU #, Chief Financial Officer

OTHER OFFICERS

RICHARD SEELINGER, Senior Vice President ANTHONY SCIARRA #, Senior Vice President - Tax
ROBERT FRANCIS REDPATH, Senior Vice President NADJA STAVENHAGEN, Assistant Secretary

DIRECTORS OR TRUSTEES

RICHARD SEELINGER, TERESA MARIE REALI, JENNIFER MIU #, ROBERT FRANCIS REDPATH
PAUL MICHAEL JAMES BROCKMAN

State of Rhode Island

ss

County of Kent

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.

PAUL MICHAEL JAMES BROCKMAN
President / CEO / Chairman

THOMAS JOHN BALKAN
Corporate Secretary

TERESA MARIE REALI
Treasurer and Vice President

Subscribed and sworn to before me
this 6th day of February, 2017

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

Deborah Marquis, Notary
February 17, 2019

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	152,448,635		152,448,635	165,508,681
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	16,522		16,522	12,500
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(577,228) , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$4,622,031 , Schedule DA).....	4,044,803		4,044,803	26,352,741
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	17,505,537		17,505,537	5,324,010
9. Receivables for securities	9,704		9,704	14,165
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	174,025,201	0	174,025,201	197,212,098
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	780,237		780,237	839,315
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	42,805		42,805	43,837
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	3,265,128		3,265,128	3,846,780
16.2 Funds held by or deposited with reinsured companies	191,594		191,594	191,594
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....	12,735,006	10,813,739	1,921,267	1,351,032
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	393,492		393,492	631,745
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other-than-invested assets	7,814,094	0	7,814,094	10,713,298
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	199,247,557	10,813,739	188,433,818	214,829,699
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	199,247,557	10,813,739	188,433,818	214,829,699
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. EQUITIES AND DEPOSITS IN POOLS AND ASSOCIATIONS.....	22,240		22,240	44,148
2502. RECOVERABLE ON RETROACTIVE REINSURANCE-CEDED.....	7,791,854		7,791,854	10,669,150
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,814,094	0	7,814,094	10,713,298

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	38,300,242	54,900,538
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	4,478,110	5,224,796
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	8,147,491	9,999,708
4. Commissions payable, contingent commissions and other similar charges	0	0
5. Other expenses (excluding taxes, licenses and fees)	10,938,240	12,622,422
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	90,000	348,290
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	2,646,442
7.2 Net deferred tax liability	0	0
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	0	0
10. Advance premium	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	433,919	433,919
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	51,741,932	13,999
14. Amounts withheld or retained by company for account of others	0	0
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	1,526,883	1,564,936
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	11,591,684	930,271
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	4,455,490	50,979,487
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	131,703,991	139,664,808
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	131,703,991	139,664,808
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	5,021,200	5,021,200
31. Preferred capital stock	0	0
32. Aggregate write-ins for other-than-special surplus funds	0	0
33. Surplus notes	0	0
34. Gross paid in and contributed surplus	123,014,905	141,146,914
35. Unassigned funds (surplus)	(71,306,278)	(71,003,223)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)	0	0
36.2 shares preferred (value included in Line 31 \$)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	56,729,827	75,164,891
38. Totals (Page 2, Line 28, Col. 3)	188,433,818	214,829,699
DETAILS OF WRITE-INS		
2501. RETROACTIVE REINSURANCE RESERVES ASSUMED	119,708,923	147,714,736
2502. RETROACTIVE REINSURANCE RESERVES CEDED	(119,192,484)	(100,007,651)
2503. BAD DEBT PROVISION REINSURANCE	2,312,766	3,077,766
2598. Summary of remaining write-ins for Line 25 from overflow page	1,626,285	194,636
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,455,490	50,979,487
2901.	0	0
2902.	0	0
2903.	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	(18,416,531)	269,407
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	(15,078,102)	(459,677)
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,637,555	(13,365,137)
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	5,453,855	6,325,194
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	(7,986,692)	(7,499,620)
7. Net income of protected cells		0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(10,429,840)	7,769,027
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,175,630	3,691,314
10. Net realized capital gains (losses) less capital gains tax of \$ 52,236 (Exhibit of Capital Gains (Losses))	97,010	19,446
11. Net investment gain (loss) (Lines 9 + 10)	3,272,640	3,710,760
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		0
13. Finance and service charges not included in premiums		0
14. Aggregate write-ins for miscellaneous income	2,324,472	8,971,163
15. Total other income (Lines 12 through 14)	2,324,472	8,971,163
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(4,832,728)	20,450,949
17. Dividends to policyholders		0
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)	(4,832,728)	20,450,949
19. Federal and foreign income taxes incurred	(100,651)	2,208,518
20. Net income (Line 18 minus Line 19) (to Line 22)	(4,732,077)	18,242,431
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	75,164,891	55,372,586
22. Net income (from Line 20)	(4,732,077)	18,242,431
23. Net transfers (to) from Protected Cell accounts		0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	742,259	(594,654)
25. Change in net unrealized foreign exchange capital gain (loss)		0
26. Change in net deferred income tax	1,620,332	11,114,674
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(1,050,097)	(9,763,642)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	38,053	790,065
29. Change in surplus notes		0
30. Surplus (contributed to) withdrawn from protected cells		0
31. Cumulative effect of changes in accounting principles		0
32. Capital changes:		
32.1 Paid in		0
32.2 Transferred from surplus (Stock Dividend)		0
32.3 Transferred to surplus		0
33. Surplus adjustments:		
33.1 Paid in		0
33.2 Transferred to capital (Stock Dividend)		0
33.3 Transferred from capital		0
34. Net remittances from or (to) Home Office		0
35. Dividends to stockholders	(18,132,009)	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	3,078,475	3,430
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(18,435,064)	19,792,304
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	56,729,827	75,164,891
DETAILS OF WRITE-INS		
0501.		0
0502.		0
0503.		0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. OTHER INCOME (EXPENSE)	97,640	247,763
1402. RETROACTIVE REINSURANCE RESERVE - CEDED	18,087,884	8,723,400
1403. RETROACTIVE REINSURANCE RESERVE-ASSUMED	(16,626,052)	0
1498. Summary of remaining write-ins for Line 14 from overflow page	765,000	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	2,324,472	8,971,163
3701. CHANGE IN ADDITIONAL PENSION LIABILITY	3,078,475	3,430
3702.		0
3703.		0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	3,078,475	3,430

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	(18,415,499)	(3,066)
2. Net investment income	3,701,098	4,312,407
3. Miscellaneous income	2,346,380	9,045,133
4. Total (Lines 1 through 3)	(12,368,021)	13,354,474
5. Benefit and loss related payments	1,687,229	457,569
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	10,887,534	10,521,809
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	2,598,027	248,403
10. Total (Lines 5 through 9)	15,172,790	11,227,781
11. Net cash from operations (Line 4 minus Line 10)	(27,540,811)	2,126,693
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	51,976,815	44,705,397
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	519,669	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1,859	(54)
12.7 Miscellaneous proceeds	4,463	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	52,502,806	44,705,343
13. Cost of investments acquired (long-term only):		
13.1 Bonds	39,023,113	73,248,621
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	12,174,185	0
13.6 Miscellaneous applications	0	14,165
13.7 Total investments acquired (Lines 13.1 to 13.6)	51,197,298	73,262,786
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,305,508	(28,557,443)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	18,132,009	0
16.6 Other cash provided (applied)	22,059,373	17,243,881
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	3,927,364	17,243,881
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)	(22,307,939)	(9,186,869)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	26,352,747	35,539,616
19.2 End of year (Line 18 plus Line 19.1)	4,044,809	26,352,747

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	0	0	0	0
2. Allied lines	0	0	0	0
3. Farmowners multiple peril	0	0	0	0
4. Homeowners multiple peril	0	0	0	0
5. Commercial multiple peril	0	0	0	0
6. Mortgage guaranty	0	0	0	0
8. Ocean marine	0	0	0	0
9. Inland marine	0	0	0	0
10. Financial guaranty	0	0	0	0
11.1 Medical professional liability-occurrence	0	0	0	0
11.2 Medical professional liability-claims-made	0	0	0	0
12. Earthquake	0	0	0	0
13. Group accident and health	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0
15. Other accident and health	0	0	0	0
16. Workers' compensation	(18,444,638)	0	0	(18,444,638)
17.1 Other liability-occurrence	0	0	0	0
17.2 Other liability-claims-made	0	0	0	0
17.3 Excess workers' compensation	0	0	0	0
18.1 Products liability-occurrence	0	0	0	0
18.2 Products liability-claims-made	0	0	0	0
19.1,19.2 Private passenger auto liability	0	0	0	0
19.3,19.4 Commercial auto liability	28,107	0	0	28,107
21. Auto physical damage	0	0	0	0
22. Aircraft (all perils)	0	0	0	0
23. Fidelity	0	0	0	0
24. Surety	0	0	0	0
26. Burglary and theft	0	0	0	0
27. Boiler and machinery	0	0	0	0
28. Credit	0	0	0	0
29. International	0	0	0	0
30. Warranty	0	0	0	0
31. Reinsurance-nonproportional assumed property	0	0	0	0
32. Reinsurance-nonproportional assumed liability	0	0	0	0
33. Reinsurance-nonproportional assumed financial lines	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0
35. TOTALS	(18,416,531)	0	0	(18,416,531)
DETAILS OF WRITE-INS				
3401.	0	0	0	0
3402.	0	0	0	0
3403.	0	0	0	0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					0
2. Allied lines					0
3. Farmowners multiple peril					0
4. Homeowners multiple peril					0
5. Commercial multiple peril					0
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine					0
10. Financial guaranty					0
11.1 Medical professional liability-occurrence					0
11.2 Medical professional liability-claims-made					0
12. Earthquake					0
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation					0
17.1 Other liability-occurrence					0
17.2 Other liability-claims-made					0
17.3 Excess workers' compensation					0
18.1 Products liability-occurrence					0
18.2 Products liability-claims-made					0
19.1,19.2 Private passenger auto liability					0
19.3,19.4 Commercial auto liability					0
21. Auto physical damage					0
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft					0
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Warranty					0
31. Reinsurance-nonproportional assumed property					0
32. Reinsurance-nonproportional assumed liability					0
33. Reinsurance-nonproportional assumed financial lines					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0
35. TOTALS	0	0	0	0	0
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					0
DETAILS OF WRITE-INS					
3401.					0
3402.					0
3403.					0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines						0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril						0
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine						0
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation			276	18,444,914		(18,444,638)
17.1 Other liability-occurrence						0
17.2 Other liability-claims-made						0
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence						0
18.2 Products liability-claims-made						0
19.1,19.2 Private passenger auto liability						0
19.3,19.4 Commercial auto liability			28,107			28,107
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance-nonproportional assumed property	XXX					0
32. Reinsurance-nonproportional assumed liability	XXX					0
33. Reinsurance-nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	0	0	28,383	18,444,914	0	(18,416,531)
DETAILS OF WRITE-INS						
3401.						0
3402.						0
3403.						0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

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				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril	(125)		(125)	.0	.0	.0	.0	.0
5. Commercial multiple peril	390,044		133,226	256,818	2,365,252	1,943,023	679,047	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical professional liability-occurrence				.0	.0	.0	.0	.0
11.2 Medical professional liability-claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation	1,542,180	234,725	1,601,425	175,480	2,725,283	19,761,158	(16,860,395)	91.4
17.1 Other liability-occurrence	1,004,255		234,108	770,147	8,474,955	7,710,119	1,534,983	.0
17.2 Other liability-claims-made				.0	.0	.0	.0	.0
17.3 Excess workers' compensation				.0	.0	.0	.0	.0
18.1 Products liability-occurrence	540,599		540,599	.0	.0	.0	.0	.0
18.2 Products liability-claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability	(682)			(682)	.0	.0	(682)	.0
19.3,19.4 Commercial auto liability	29,300	31,600		60,900	2,727	52,540	11,087	39.4
21. Auto physical damage	(1,334)		(467)	(867)	.0	.0	(867)	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety	45,000			45,000	.0	50,000	(5,000)	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Warranty				.0	.0	.0	.0	.0
31. Reinsurance-nonproportional assumed property	XXX			.0	.0	.0	.0	.0
32. Reinsurance-nonproportional assumed liability	XXX	250,243	34,844	215,399	24,732,025	25,383,698	(436,275)	.0
33. Reinsurance-nonproportional assumed financial lines	XXX			.0	.0	.0	.0	.0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	.0
35. TOTALS	3,549,237	516,568	2,543,610	1,522,195	38,300,242	54,900,538	(15,078,102)	81.9
DETAILS OF WRITE-INS								
3401.				.0	.0	.0	.0	.0
3402.				.0	.0	.0	.0	.0
3403.								
3498. Sum. of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	.0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

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				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril	862,237	100,000	566,024	396,213	8,941,826		6,972,787	2,365,252	1,269,024
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical professional liability-occurrence				.0				.0	
11.2 Medical professional liability-claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0				(a) .0	
14. Credit accident and health (group and individual)				.0				(a) .0	
15. Other accident and health				.0				(a) .0	
16. Workers' compensation	16,147,627	3,437,499	17,982,876	1,602,250	5,437,183	1,360,110	5,674,260	2,725,283	740,378
17.1 Other liability-occurrence	11,567,800		7,257,707	4,310,093	9,306,074		5,141,212	8,474,955	2,475,648
17.2 Other liability-claims-made				.0				.0	
17.3 Excess workers' compensation				.0				.0	
18.1 Products liability-occurrence	4,888,924		4,888,924	.0	133,012		133,012	.0	327,006
18.2 Products liability-claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	29,910
19.3,19.4 Commercial auto liability	22	2,727	22	2,727				2,727	179
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Warranty				.0				.0	
31. Reinsurance-nonproportional assumed property	XXX			.0	XXX			.0	
32. Reinsurance-nonproportional assumed liability	XXX	7,612,692	196,766	7,415,926	XXX	17,476,099	160,000	24,732,025	3,305,346
33. Reinsurance-nonproportional assumed financial lines	XXX			.0	XXX			.0	
34. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS	33,466,610	11,152,918	30,892,319	13,727,209	23,818,095	18,836,209	18,081,271	38,300,242	8,147,491
DETAILS OF WRITE-INS									
3401.				.0				.0	
3402.				.0				.0	
3403.				.0				.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	4,438,635			4,438,635
1.2 Reinsurance assumed	546,973			546,973
1.3 Reinsurance ceded	3,463,950			3,463,950
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,521,658	0	0	1,521,658
2. Commission and brokerage:				
2.1 Direct, excluding contingent				0
2.2 Reinsurance assumed, excluding contingent		66,492		66,492
2.3 Reinsurance ceded, excluding contingent				0
2.4 Contingent-direct				0
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	66,492	0	66,492
3. Allowances to manager and agents				0
4. Advertising				0
5. Boards, bureaus and associations		7,300		7,300
6. Surveys and underwriting reports				0
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries				0
8.2 Payroll taxes				0
9. Employee relations and welfare	0	2,272,758		2,272,758
10. Insurance				0
11. Directors' fees				0
12. Travel and travel items				0
13. Rent and rent items				0
14. Equipment				0
15. Cost or depreciation of EDP equipment and software				0
16. Printing and stationery				0
17. Postage, telephone and telegraph, exchange and express				0
18. Legal and auditing		504,138	0	504,138
19. Totals (Lines 3 to 18)	0	2,784,196	0	2,784,196
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		13,445		13,445
20.2 Insurance department licenses and fees		200,755		200,755
20.3 Gross guaranty association assessments		(84,940)		(84,940)
20.4 All other (excluding federal and foreign income and real estate)		260		260
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	129,520	0	129,520
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	115,897	2,473,647	353,736	2,943,280
25. Total expenses incurred	1,637,555	5,453,855	353,736	(a) 7,445,146
26. Less unpaid expenses-current year	8,147,491	10,974,202	54,038	19,175,731
27. Add unpaid expenses-prior year	9,999,708	12,918,109	52,603	22,970,420
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	3,489,772	7,397,762	352,301	11,239,835
DETAILS OF WRITE-INS				
2401. Contract Services.....	115,897	2,453,818	174,739	2,744,454
2402. Miscellaneous Expenses.....		19,829	178,997	198,826
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	115,897	2,473,647	353,736	2,943,280

(a) Includes management fees of \$ 5,635,261 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a).....503,195	.....480,082
1.1 Bonds exempt from U.S. tax	(a).....	.....
1.2 Other bonds (unaffiliated)	(a).....2,928,170	.....2,908,486
1.3 Bonds of affiliates	(a).....0	.....
2.1 Preferred stocks (unaffiliated)	(b).....0	.....
2.11 Preferred stocks of affiliates	(b).....0	.....
2.2 Common stocks (unaffiliated)	.....0	.....
2.21 Common stocks of affiliates	.....0	.....
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....	.....
5. Contract loans	.....	.....
6. Cash, cash equivalents and short-term investments	(e).....78,722	.....62,441
7. Derivative instruments	(f).....	.....
8. Other invested assets	.....78,357	.....78,357
9. Aggregate write-ins for investment income	.....0	.....0
10. Total gross investment income	3,588,445	3,529,366
11. Investment expenses		(g).....353,736
12. Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13. Interest expense		(h).....
14. Depreciation on real estate and other invested assets		(i).....
15. Aggregate write-ins for deductions from investment income		.....0
16. Total deductions (Lines 11 through 15)		.....353,736
17. Net investment income (Line 10 minus Line 16)		3,175,630
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$63,606 accrual of discount less \$528,561 amortization of premium and less \$105,054 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$27,213 accrual of discount less \$18,770 amortization of premium and less \$14,421 paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ 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	.....25,138	.....	.....25,138	.....5,378	.....
1.1 Bonds exempt from U.S. tax	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated)	.....(115,781)	.....	.....(115,781)	.....443,875	.....
1.3 Bonds of affiliates	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated)	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated)	.....0	.....0	.....0	.....4,022	.....0
2.21 Common stocks of affiliates	.....0	.....0	.....0	.....0	.....0
3. Mortgage loans	.....0	.....0	.....0	.....0	.....0
4. Real estate	.....0	.....0	.....0	.....0	.....0
5. Contract loans	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments	.....1,271	.....	.....1,271	.....588	.....0
7. Derivative instruments	.....	.....	.....0	.....	.....
8. Other invested assets	.....238,617	.....0	.....238,617	.....288,394	.....0
9. Aggregate write-ins for capital gains (losses)	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses)	149,246	0	149,246	742,257	0
DETAILS OF WRITE-INS					
0901. ....			.....0		
0902. ....			.....0		
0903. ....			.....0		
0998. Summary of remaining write-ins for Line 9 from overflow page	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income.....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.0	.0	.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	10,813,739	9,763,642	(1,050,097)
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	.0	.0
21. Furniture and equipment, including health care delivery assets .....	.0	.0	.0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	.0	.0	.0
25. Aggregate write-ins for other-than-invested assets .....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	10,813,739	9,763,642	(1,050,097)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	10,813,739	9,763,642	(1,050,097)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. ....		.0	.0
2502. ....		.0	.0
2503. ....		.0	.0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory financial statements of Providence Washington Insurance Company (the "Company" or "PW") have been prepared in conformity with accounting practices prescribed or permitted by the Rhode Island Department of Business Regulation ("RIDBR").

The RIDBR recognizes only statutory accounting practices prescribed or permitted by the state of Rhode Island for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Rhode Island Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Rhode Island. The Rhode Island Insurance Department has the right to permit specific practices that deviate from prescribed practices.

Reconciliations of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Rhode Island for the twelve months ending December 31, 2016 and 2015 are shown below:

	SSAP #	F/S Page	F/S Line #	2016	2015
<u>NET INCOME</u>					
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ (4,732,077)	\$ 18,242,431
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:				\$	\$
(3) State Permitted Practices that increase/(decrease) NAIC SAP:				\$	\$
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ (4,732,077)	\$ 18,242,431
<u>SURPLUS</u>					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 56,729,827	\$ 75,164,891
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:				\$	\$
(7) State Permitted Practices that increase/(decrease) NAIC SAP:				\$	\$
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 56,791,198	\$ 75,164,891

B. Use of estimates in the preparation of the financial statements

The preparation of financial statements in conformity with Statutory Accounting Principles and prescribed or permitted by RI DBR requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The Company's principal estimates include unpaid loss and loss adjustment reserves, unpaid reinsurance recoverable and impairments to the fair value of investments. The Company utilizes historical information, actuarial analyses, financial modeling and other analytical techniques to prepare these estimates. Actual results could differ from those estimates.

C. Accounting policy

Premiums are earned over the terms of the related reinsurance contracts or insurance policies. Premium adjustments and contingent commissions on retrospectively rated contracts are recognized in the periods in which the related losses are incurred. Unearned premium liabilities are established to cover the unexpired portion of premiums written. Such liabilities are computed by pro rata methods based on statistical data and reports received from ceding companies. Commissions and other acquisition costs related to premiums written are expensed at the time premiums are written.

The liability for unpaid losses and loss adjustment expenses is based on direct reports and individual case estimates received from ceding companies and is net of amounts recoverable from retrocessionaires. In addition, a liability is included for unpaid loss and loss adjustment expenses incurred but not reported ("IBNR"). The methods for establishing such estimates and resulting liabilities are reviewed quarterly and any adjustments resulting therefrom are included in income currently. While management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The liabilities also include a provision for environmental and latent injury claims.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments include money market funds and highly liquid debt instruments purchased with a remaining maturity of twelve months or less, excluding those investments classified as cash or cash equivalents. Short-term investments are stated at cost, which approximates fair value.
- (2) Bonds are reported at amortized cost or the lower of cost or market value based on the security's rating as prescribed by the NAIC; in accordance with the Policies and Procedures Manual of the Securities Valuation Office of the NAIC ("SVO"), bonds which are below medium grade (a designation BB, B, CCC, CC, C, or D) are stated at the lower of cost or fair value. The discount is accreted and premium is amortized on bonds using the scientific method.
- (3) Perpetual preferred stocks are carried at fair value for high quality investments. Perpetual preferred stocks of medium or low investment quality as determined by the Securities Valuation Office are carried at the lower of cost or market.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

(4) Common stocks are carried at market value, except that investments in stocks of subsidiaries, controlled and affiliated companies are carried in accordance with SSAP No 97, *Investment in Subsidiaries, controlled Entities and Affiliates*.

(5) Loan-back and structured securities are stated at either amortized cost or the lower of amortized cost or fair market value. The constant yield scientific method including anticipated prepayment assumptions is used to value all securities. Changes in current prepayment assumptions are accounted for using the prospective method.

(6) Loss and loss adjustment expense reserves are estimates that provide for the ultimate expected cost of settling unpaid losses and claims reported at each balance sheet date. Losses and claims incurred but not reported, as well as expenses required to settle losses and claims, are established on the basis of various criteria, including historical cost experience and anticipated costs of servicing reinsured and other risks. Considerable judgment is required to evaluate claims and establish estimated claim liabilities, particularly with respect to certain lines of business, such as reinsurance assumed, or certain types of claims, such as environmental and asbestos liabilities. The environmental and asbestos exposures do not lend themselves to traditional methods of loss development determination and, therefore, reserve estimates related to these exposures may be considerably less reliable than for other lines of business. The Company believes that overall reserving practices have been consistently applied, and that its aggregate net reserves have resulted in reasonable approximations of the ultimate net costs of claims incurred. These estimates are continually reviewed and adjusted as necessary; such adjustments are reflected in current operations. The Company's liability for unpaid loss and loss adjustment expense is presented net of amounts recoverable from reinsurers.

(7) The Company is a member of an affiliated group of companies which file a consolidated federal income tax return. Under the terms of an intercompany tax allocation agreement, the Company is allocated federal income taxes by applying the current regular federal tax rate to statutory results of operations modified by book versus tax adjustments. Alternative minimum taxes are allocated ratably to companies with taxable income.

(8) Realized capital gains and losses on the sale of investments are determined on a specific identification method and are included in the determination of net income. Unrealized capital gains and losses resulting from changes in the valuation of investments at fair value are credited or charged directly to surplus.

(9) The Company regularly evaluates investments based on current economic conditions, credit risk experience and other circumstances of the underlying securities. A decline in a security's net market value that is not a temporary fluctuation is recognized as a realized loss, and the cost basis of that security is reduced.

(10) Premiums earned, loss and loss adjustment expenses incurred, unearned premiums, and the liability for losses and loss adjustment expenses are reflected net of reinsurance assumed from and ceded to other companies.

(11) The assets and liabilities of operations with foreign functional currencies are translated net into U.S. dollars at current exchange rates and the resulting adjustment recorded is reflected as a liability in the statutory financial statements. The resulting net translation adjustments for each period are included in surplus.

2. Accounting Changes and Corrections of Errors

The prior year balances included the assets and liabilities of Seaton Insurance Company, an affiliate of the Company, both a party to a merger effective March 31, 2015. The method of accounting is the statutory merger method adopting SSAP 68 is reported in the surplus. There were no stock shares issued in the transaction.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable.

B. Statutory Merger

Not Applicable.

C. Impairment Loss

Not Applicable.

4. Discontinued Operations

The Company did not have discontinued operations in 2016

5. Investments

A. Mortgage Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

(1) Our asset manager uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities with inputs from major third party data providers. It combines the effects of interest rates, volatility, and prepayment speeds based on Monte Carlo simulation with credit loss analysis and resulting effective analytics (spreads, duration, and convexity) and cash-flows are reported to clients on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.

(2) The Company did not recognize any other-than-temporary-impairment during the current year.

(3) The Company did not recognize any other-than-temporary-impairment during the current year.

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NOTES TO FINANCIAL STATEMENTS

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains)

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$.....214,983
2. 12 Months or Longer	\$.....23,104

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

1. Less than 12 Months	\$.....17,077,939
2. 12 Months or Longer	\$.....2,771,680

(5) There are a number of factors that are considered in determining if there is not an other-than-temporary impairment on an investment, including but not limited to, debt burden, credit ratings sector, liquidity, financial flexibility, company management, expected earnings and cash flow stream, and economic prospects associated with the investment

E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Real Estate

Not Applicable

G. Low Income Housing Tax Credits

Not Applicable

H. Restricted Assets

(1) Restricted assets (including pledged) summarized by restricted asset category

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6	7
	1	2	3	4	5	Total From Prior Year	Increase/ (Decrease) (5 minus 6)
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)			
j. On deposit with states	7,523,898				7,523,898	8,362,767	(838,869)
m. Pledged as collateral not captured in other categories	3,294,019				3,294,019	3,717,980	(423,961)
n. Other restricted assets							
o. Total Restricted Assets	\$ 10,817,917	\$	\$	\$	\$ 10,817,917	\$ 12,080,747	\$ (1,262,830)

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5	Total From Prior Year	Increase/ (Decrease) (5 minus 6)			
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total Current Year Admitted Restricted			Total Current Year Admitted Restricted to Total Assets	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Centre Re - Trust account	\$ 2,599,969	\$	\$	\$	\$ 2,599,969	\$ 2,877,009	\$ (277,040)	\$ 2,599,969	%	%
NCCI	\$ 694,049	\$	\$	\$	\$ 694,049	\$ 840,971	\$ (146,922)	\$ 694,049	%	%
Total (c)	\$ 3,294,019	\$	\$	\$	\$ 3,294,019	\$ 3,717,980	\$ (423,961)	\$ 3,294,019	1.7 %	1.8 %

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

(3) Detail of other restricted assets

Not Applicable.

I. Working Capital Finance Investments

Not Applicable.

J. Offsetting and Netting of Assets and Liabilities

Not Applicable.

K. Structured Notes

Not Applicable Not Applicable.

L. 5* Securities

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds – AC	1	1	-	-	-	-
(2) Bonds – FV	-	-	-	-	-	-
(3) LB&SS – AC	-	-	-	-	-	-
(4) LB&SS – FV	-	-	-	-	-	-
(5) Preferred Stock – AC	-	-	-	-	-	-
(6) Preferred Stock – FV	-	-	-	-	-	-
(7) Total (1 through 6)	1	1	-	-	-	-

6. Joint Ventures, Partnerships and Limited Liability Companies

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

B. The Company did not recognized any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2016.

8. Derivative Instruments

Not Applicable.

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

	12/31/2016		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 413,625,895	\$	\$ 13,625,895
(b) Statutory Valuation Allowance Adjustments	\$	\$	\$
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 13,625,895	\$ 0	\$ 13,625,895
(d) Deferred Tax Assets Nonadmitted	\$ 10,813,739	\$	\$ 10,813,739
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 2,812,156	\$ 0	\$ 2,812,156
(f) Deferred Tax Liabilities	\$ 284	\$ 890,606	\$ 890,890
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 2,811,872	\$ (890,606)	\$ 1,921,266

	12/31/2015		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 11,928,666	\$ 93,868	\$ 12,022,534
(b) Statutory Valuation Allowance Adjustments	\$	\$	\$
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 11,928,666	\$ 93,868	\$ 12,022,534
(d) Deferred Tax Assets Nonadmitted	\$ 9,669,774	\$ 93,868	\$ 9,763,642
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 2,258,892	\$	\$ 2,258,892
(f) Deferred Tax Liabilities	\$	\$ 907,860	\$ 907,860
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)	\$ 2,258,892	\$ (907,860)	\$ 1,351,032

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NOTES TO FINANCIAL STATEMENTS

(1e - 1f)

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 1,697,229	\$ (93,868)	\$ 1,603,361
(b) Statutory Valuation Allowance Adjustments	\$	\$	\$
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 1,697,229	\$ (93,868)	\$ 1,603,361
(d) Deferred Tax Assets Nonadmitted	\$ 1,143,965	\$ (93,868)	\$ 1,050,097
(e) Subtotal Net Admitted Deferred Tax Asset (1c -1d)	\$ 553,264	\$	\$ 553,264
(f) Deferred Tax Liabilities	\$ 284	\$ (17,254)	\$ (16,970)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 552,980	\$ 17,254	\$ 570,234

2. Admission Calculation Components under SSAP No. 101

	12/31/2016		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$	\$	\$
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 1,921,266	\$	\$ 1,921,266
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$	\$	\$
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 284	\$ 890,606	\$ 890,890
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 1,921,550	\$ 890,606	\$ 2,812,156

	12/31/2015		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$	\$	\$
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 1,351,032	\$	\$ 1,351,032
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$	\$	\$
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ 11,396,106
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$	\$ 907,860	\$ 907,860
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 1,351,032	\$ 907,860	\$ 2,258,892

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$	\$	\$
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 570,234	\$	\$ 570,234
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$	\$	\$
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ (11,396,106)
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 284	\$ (17,254)	\$ (16,970)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 570,518	\$ (17,254)	\$ 553,264

3. Threshold

	2016	2015
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	554.000	769.000
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ 56,791,198.000	\$ 75,164,891.000

4. The Company has not considered tax-planning strategies in the measurement of deferred tax assets and liabilities.

B. Deferred tax liabilities are not recognized for the following amounts
Not applicable.

C. Current income taxes incurred consist of the following major components:

	(1) 12/31/2016	(2) 12/31/2015	(3) (Col 1-2) Change
	1. Current Income Tax		
(a) Federal	\$ (52,236.0)	\$ 2,177,835.0	\$ (2,230,071)
(b) Foreign	\$	\$	\$
(c) Subtotal	\$ (52,236.0)	\$ 2,177,835.0	\$ (2,230,071)
(d) Federal income tax on net capital gains	\$ 52,236.0	\$ 10,471.0	\$ 41,765
(e) Utilization of capital loss carry-forwards	\$	\$	\$
(f) Other	\$ (48,415.0)	\$ 30,683.0	\$ (79,098)
(g) Federal and foreign income taxes incurred	\$ (48,415.0)	\$ 2,218,989.0	\$ (2,267,404)

The Company has no income tax contingencies to report for the periods ending December 31, 2016 and December 31, 2015.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows at December 31, 2016 and December 31, 2015:

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NOTES TO FINANCIAL STATEMENTS

2.	Deferred Tax Assets:						
	(a) Ordinary						
	(1) Discounting of unpaid losses	\$ 1,373,400	\$ 3,378,596	\$ (2,005,196)			
	(2) Unearned premium reserve	\$	\$	\$			
	(3) Policyholder reserves	\$	\$	\$			
	(4) Investments	\$	\$	\$			
	(5) Deferred acquisition costs	\$	\$	\$			
	(6) Policyholder dividends accrual	\$	\$	\$			
	(7) Fixed assets	\$	\$	\$			
	(8) Compensation and benefits accrual	\$	\$	\$			
	(9) Pension accrual	\$ 3,610,962	\$ 3,911,907	\$ (300,945)			
	(10) Receivables - nonadmitted	\$	\$	\$			
	(11) Net operating loss carry-forward	\$ 8,641,533	\$ 4,638,163	\$ 4,003,370			
	(12) Tax credit carry-forward	\$	\$	\$			
	(13) Other (including items <5% of total ordinary tax assets)	\$	\$	\$			
	(99) Subtotal	\$ 13,625,895	\$ 11,928,666	\$ 1,697,229			
	(b) Statutory valuation allowance adjustment	\$	\$	\$			
	(c) Nonadmitted	\$ 10,813,739	\$ 9,669,774	\$ 1,143,965			
	(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 2,812,156	\$ 2,258,892	\$ 553,264			
	(e) Capital:						
	(1) Investments	\$	\$ 93,868	\$ (93,868)			
	(2) Net capital loss carry-forward	\$	\$	\$			
	(3) Real estate	\$	\$	\$			
	(4) Other (including items <5% of total capital tax assets)	\$	\$	\$			
	(99) Subtotal	\$	\$ 93,868	\$ (93,868)			
	(f) Statutory valuation allowance adjustment	\$	\$	\$			
	(g) Nonadmitted	\$	\$ 93,868	\$ (93,868)			
	(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$	\$	\$			
	(i) Admitted deferred tax assets (2d + 2h)	\$ 2,812,156	\$ 2,258,892	\$ 553,264			
3.	Deferred Tax Liabilities:						
	(a) Ordinary						
	(1) Investments	\$	\$	\$			
	(2) Fixed assets	\$	\$	\$			
	(3) Deferred and uncollected premium	\$	\$	\$			
	(4) Policyholder reserves	\$	\$	\$			
	(5) Other (including items <5% of total ordinary tax liabilities)	\$ 284	\$	\$ 284			
	(99) Subtotal	\$ 284	\$	\$ 284			
	(b) Capital:						
	(1) Investments	\$ 890,606	\$ 907,860	\$ (17,254)			
	(2) Real estate	\$	\$	\$			
	(3) Other (including items <5% of total capital tax liabilities)	\$	\$	\$			
	(99) Subtotal	\$ 890,606	\$ 907,860	\$ (17,254)			
	(c) Deferred tax liabilities (3a99 + 3b99)	\$ 890,890	\$ 907,860	\$ (16,970)			
4.	Net deferred tax assets/liabilities (2i - 3c)	\$ 1,921,266	\$ 1,351,032	\$ 570,234			

The change in net deferred income taxes between December 31, 2016 and December 31, 2015 is composed of the following (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	12/31/2016	12/31/2015	Change
Total deferred tax assets	13,625,895	12,022,534	1,603,361
Total deferred tax liabilities	890,890	907,860	(16,970)
Net deferred tax assets/liabilities	12,735,005	11,114,674	1,620,331
Statutory valuation allowance	-	-	-
Net deferred tax assets after valuation allowance	12,735,005	11,114,674	1,620,331
Tax effect of unrealized gains/(losses)	(650,080)	(650,080)	-
Statutory valuation allowance on unrealized	650,080	650,080	-
Change in net deferred income tax (expense)/benefit	\$12,735,0005	\$11,114,674	\$1,620,331

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to pre-tax income. The significant items causing this difference are as follows:

	Amount	Tax Effect	Effective Tax Rate
Income from operations before income taxes	\$(4,929,738)	\$ (1,725,408)	
Net realized capital gains before income taxes	149,246	52,236	
Statutory pretax income	(4,780,492)	(1,673,172)	35.00%

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NOTES TO FINANCIAL STATEMENTS

Other, including prior year true-up	116,697	40,844	-.09%
Total statutory income tax	(4,767,848)	(1,668,746)	34.91%
Federal income taxes incurred		(52,236)	1.09%
Tax on capital gains		52,236	-1.09%
Other, including prior period adjustments		(48,415)	1.01%
Change in net deferred income tax expense (benefit)		(1,620,331)	33.89%
Total statutory income tax		(1,668,746)	34.91%

E. Carryforwards, recoverable taxes, and IRC 6603 deposits

- (1) The Company has net operating loss carryforwards in total the amount of \$112M beginning to expire in 2033. There are no capital loss carryforwards as of December 31, 2016. The Company has no tax credit carryforwards as of December 31, 2015.
- (2) The Company has federal income taxes incurred in prior years that are available for recoupment in the event of future net losses. The amounts are as follows

Year	Ordinary	Capital	Income Tax Amount
2014	-	-	-
2014	-	-	-
2016	-	-	-

- (3) The Company has no deposits admitted under Section 6603 of the Internal Revenue Code.

F. Federal Income Tax Allocation

1. The company files a consolidated federal tax return with the its current parent. The consolidated group includes the following companies:

Enstar Holdings (US) , Inc.
 Enstar (US) Inc.
 Cranmore (US) Inc.
 Capital Assurance Services, Inc.
 Providence Washington Insurance company
 Clarendon National Insurance Company
 Enstar New York, Inc.
 Seabright Insurance Company
 Paladin Managed Care Services, Inc.
 Point Sure Insurance Services
 Sussex Holdings, Inc.
 Sussex Insurance Company

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

A. Nature of Relationships

The Company is a wholly owned subsidiary of Enstar Holdings (US) Inc., an insurance company domiciled in the State of Delaware and ultimately owned by Enstar Group Ltd (the Ultimate Parent or Enstar), a publicly traded Bermuda corporation.

B. Detail of Transactions greater that ½% of Admitted Assets

The Company paid dividends to its parent in the amount of \$18,132,009 for the year ended 2016. See note 13 part 4 for details.

C. There were no changes in Terms of Intercompany Arrangements

D. Amount Due (to) or From Related Parties

As of December 31, 2016, the Company reported \$(11,198,191) due from/(due to) affiliates as follows:

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NOTES TO FINANCIAL STATEMENTS

Clarendon National Insurance Company	(1)
Enstar (US) Inc	(114,269)
Enstar Group Limited	(222,257)
Enstar Holdings (US) Inc	(2,646,442)
Fitzwilliam #30 – PWIC Reciprocal	(7,901,258)
Paladin Managed Care Services	(520)
Seabright Insurance Company	(313,445)

E. Guarantees or Undertakings for Related Parties
Not Applicable.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company is party to a written intercompany services agreement whereby the Company pays management fees and receives run-off administrative services from Enstar (US) Inc. The Company is also a member of the tax sharing agreement described in Note 9-Income Tax.

For the year ended December 31, 2016, the Company paid \$5,635,261 to Enstar (US) Inc. in respect of management fees.

The Company contracts with Paladin Managed Care Services, Inc. (Paladin), a California corporation, to provide medical bill review, utilization review, and case management services. The amount incurred under this agreement during 2016 was \$659,567.

G. Nature of Relationships that could affect Operations

All outstanding shares of the Company are owned by Enstar Holdings (US) Inc. (Parent)

H. Amount Deducted for Investment in Upstream Company

The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company (SCA).

I. Detail of Investments in Affiliates greater than 10% of Admitted Assets

The Company has no investments in SCA entities.

J. Write-downs for Impairment of Investments in Affiliates

Not Applicable.

K. Foreign Insurance Subsidiary Valued Using CARVM

Not Applicable.

L. Downstream Holding Company Valued Using Look-Through Method

Not Applicable.

11. Debt

Not Applicable.

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

A. Defined Benefit Plan and Postretirement Benefits

The Company, on behalf of employees of itself and employees of all subsidiaries, sponsors a defined benefit pension plan which covers substantially all employees hired before April 1, 2003, and provides pension and death benefits. The funding policy is to accrue and pay an amount sufficient to fund the minimum amount that can be deducted for federal income tax purposes which considers the annual current service cost on an annual basis, and an amount needed to amortize the plan's unfunded accrued liability over a seven year period. In addition, the Company sponsors and has accrued for a noncontributory executive retirement benefit for a former employee.

Effective April 1, 2004, the Company announced a freezing of its defined benefit pension plan.

A summary of total assets, total obligations and assumptions of the Pension Benefit Plan follows, at December 31, 2016 and 2015, respectively. The Company records the 100% Plan costs disclosed below.

The Company's Postretirement Benefit Plan was terminated on December 31, 2003. There are no assets or obligations to report.

(1) Change in benefit obligation

a. Pension Benefits

	<u>Underfunded</u>	
	2016	2015
1. Benefit obligation at beginning of year	\$ 31,384,506	\$ 33,781,375
2. Service cost	\$	\$
3. Interest cost	\$ 1,199,945	\$ 1,197,816

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

4. Contribution by plan participants	\$	\$
5. Actuarial gain (loss)	\$ 61,525	\$ (2,038,109)
6. Foreign currency exchange rate changes	\$ (640,747)	\$
7. Benefits paid	\$ (1,632,418)	\$ (1,556,576)
8. Plan amendments	\$	\$
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	\$ (3,086,144)	\$
10. Benefit obligation at end of year	\$ 27,286,667	\$ 31,384,506

(2) Change in plan assets

	<u>Pension Benefits</u>	
	2016	2015
a. Fair value of plan assets at beginning of year	\$... 19,246,611	\$... 21,156,963
b. Actual return on plan assets	\$ 1,750,160	\$.. (1,240,065)
c. Foreign currency exchange rate changes	\$	\$
d. Reporting entity contribution	\$ 1,015,144	\$ 1,102,415
e. Plan participants' contributions	\$	\$
f. Benefits paid	\$... (1,956,138)	\$.. (1,772,702)
g. Business combinations, divestitures and settlements	\$... (3,086,144)	\$
h. Fair value of plan assets at end of year	\$... 16,969,633	\$... 19,246,611

(3) Funded status

	<u>Pension Benefits</u>	
	2016	2015
Overfunded:		
a. Assets (nonadmitted)		
1. Prepaid benefit costs	\$	\$
2. Overfunded plan assets	\$	\$
3. Total assets (nonadmitted)	\$	\$
Underfunded:		
b. Liabilities recognized		
1. Accrued benefit costs	\$	\$
2. Liability for pension benefits	\$ 10,317,034	\$ 12,137,895
3. Total liabilities recognized	\$ 10,317,034	\$ 12,137,895
c. Unrecognized liabilities	\$	\$

(4) Components of net periodic benefit cost

	<u>Pension Benefits</u>	
	2016	2015
a. Service cost	\$	\$
b. Interest cost	\$ 1,199,945	\$ 1,197,816
c. Expected return on plan assets	\$ (860,069)	\$ (1,060,159)
d. Transition asset or obligation	\$ (14,674)	\$ (14,674)
e. Gains and losses	\$ 550,101	\$ 496,345
f. Prior service cost or credit	\$	\$
g. Gain or loss recognized due to a settlement or curtailment	\$	\$
h. Total net periodic benefit cost	\$ 875,303	\$ 619,328

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	<u>Pension Benefits</u>	
	2016	2015
a. Items not yet recognized as a component of net periodic cost - prior year	\$ 15,405,193	\$ 15,301,627
b. Net transition asset or obligation recognized	\$ (14,674)	\$ (14,674)
c. Net prior service cost or credit arising during the period	\$	\$
d. Net prior service cost or credit recognized	\$	\$
e. Net gain and loss arising during the period	\$ (1,230,278)	\$ 478,241
f. Net gain and loss recognized	\$ 1,950,304	\$ 496,345

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

g. Items not yet recognized as a component of net periodic cost - current year \$ 12,239,285 \$ 15,298,197

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	<u>Pension Benefits</u>	
	2016	2015
a. Net transition asset or obligation	\$ (14,674)	\$ (14,674)
b. Net prior service cost or credit	\$	\$
c. Net recognized gains and losses	\$ 466,031	\$ 540,543

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	<u>Pension Benefits</u>	
	2016	2015
a. Net transition asset or obligation	\$ (58,703)	\$ (73,377)
b. Net prior service cost or credit	\$	\$
c. Net recognized gains and losses	\$ 12,297,988	\$ 15,371,574

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

	2016	2015
a. Weighted-average discount rate	..... 3.950	..... 3.700
b. Expected long-term rate of return on plan assets	..... 5.750	..... 5.750
c. Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	2016	2015
d. Weighted-average discount rate	..... 3.600	..... 3.950
e. Rate of compensation increase	N/A	N/A

(9) The amount of the accumulated benefit obligation for defined benefit pension was \$27,286,667 for the current year and \$31,384,506 for the prior year

(10) Not applicable

(11) Not applicable

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

<u>Year(s)</u>	<u>Amount</u>
a. 2017	\$ 1,706,328
b. 2018	\$ 1,733,721
c. 2019	\$ 1,707,791
d. 2020	\$ 1,741,499
e. 2021	\$ 1,769,109
f. Thereafter Total	\$ 8,463,991

(13) Best estimate of contributions expected to be paid during next fiscal year is \$1,648,009

B. Information about Plan Assets

The defined benefit pension plan asset allocation as of the measurement date, December 31 and the target asset allocation, presented as a percentage of total plan assets were as follows:

	<u>2016</u>	<u>2015</u>	<u>Target Allocations</u>
a. Debt Securities	32%	28%	15% - 50%
b. Equity Securities	57%	63%	20% - 70%
c. Cash & Cash Equivalents	11%	9%	4% - 20%
d. Other	-	-	0% - 5%
e. Total	<u>100%</u>	<u>100%</u>	

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

Pension Plan assets are invested in a broad based asset allocation fund, comprised primarily of high grade domestic fixed income securities and domestic equities. The Company utilizes a target allocation strategy, designed to create an asset mix that appreciates in value, as well as manages expenses and contributions.

Asset allocations and investment performance is formally reviewed quarterly by the plan's investment Oversight Committee. Forecasting of asset and liability growth is performed at least annually. More thorough analysis of assets and liabilities are also performed periodically.

C.

(1) Fair Value Measurements of Plan Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Debt Securities	\$ 5,452,085			\$ 5,452,085
Equity Securities	\$ 9,674,233			\$ 9,674,233
Cash and Cash Equivalents		\$ 1,911,447		\$ 1,911,447
Total Plan Assets	\$ 15,126,318	\$ 1,911,447		\$ 17,037,765

D. The expected long-term rate of return is estimated based on many factors including the expected forecast for inflation, risk premiums for each asset class, expected asset allocation, current and future financial market conditions, and diversification and rebalancing strategies. Historical return patterns and correlations, consensus return forecasts and other relevant financial factors are analyzed to check for reasonability and appropriateness.

E. Defined Contribution Plan

Not applicable

F. Multiemployer Plans

Not applicable

G. Consolidated/Holding Company Plans

See Note 12A

H. Post-Employment Benefits and Compensated Absences

Not applicable

I. Impact of Medicare Modernization Act on Postretirement Benefits

Not Applicable

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

(1) Outstanding Shares

The Company has 530,000 shares of \$10 par value common stock authorized; 502,120 shares issued and outstanding.

(2) Dividend rate of preferred stock

The company has no preferred shares authorized.

(3) Dividend restrictions

There are no dividend restrictions

(4) Dates and amounts of dividends paid

The Company made a payment of extraordinary dividend in the amount of \$18,132,009 to its parent on November 21, 2016. An extraordinary dividend is a dividend that, together with all other dividends made within the past 12 months, does exceed the greatest of 10% of the Company's statutory policyholders' surplus as of the preceding year end or the net income of the Company for the preceding year.

(5) Amount of ordinary dividends that may be paid

Dividends to common stockholders are paid as declared by the Board of Directors of the Company. The Company's dividends are subject to the regulation and prior approval of the State of Rhode Island. The current regulation allows an annual dividend without prior approval that is limited to the lesser of net income, exclusive of realized gains, for the latest twelve month period ending December 31, next preceding, or 10% of policyholders surplus as of the 31st day of December next preceding

(6) Restrictions on unassigned funds

There are no restrictions on the unassigned funds of the Company.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

(7) Mutual surplus advances

Not Applicable.

(8) Company stock held for special purposes

Not Applicable.

(9) Changes in special surplus funds

Not Applicable.

(10) Change in unassigned funds

The portion of unassigned funds (surplus) represented or reduced by unrealized gain is as follow:

(1) Unrealized gains(loss)	742,259
----------------------------	---------

(11) Surplus Notes

Not Applicable.

(12) Impact of quasi-reorganizations

Not Applicable.

(13) Date of quasi-reorganizations

Not Applicable.

Note 14 - Contingencies

A. Contingent Commitments

As described in Note 10(E), the Company has made no guarantees on behalf of affiliates.

As described in Note 27, the Company has purchased annuities from life insurers that are directly payable to claimants but for which the Company may be contingently liable. The annuities have been used to reduced unpaid losses by approximately \$8,999,530 and \$9,242,870 as of December 31, 2015 and 2014, respectively.

B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has not accrued a liability for guaranty fund and other assessments. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

C. Gain Contingencies

Not applicable

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

Not Applicable

E. Product warranties

Not Applicable.

F. Joint and Several Liabilities

Not Applicable.

G. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

15. Leases

Not Applicable.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk not Applicable

Not Applicable.

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

Not Applicable.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

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

Not Applicable.

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

Not Applicable.

20. Fair Value Measurements

A. Assets Measured at Fair Value – Recurring Basis

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds	\$	\$ 796,000	\$	\$ 796,000
Common Stock	\$ 16,522	\$	\$	\$ 16,522
Short-term Investments	\$	\$	\$	\$
Other Invested Assets	\$	\$	\$ 16,469,753	\$ 16,469,753
Total assets at fair value	\$ 16,522	\$ 796,000	\$ 16,469,753	\$ 17,282,275

(2) The roll forward of assets measured at fair value using unobservable inputs (Level 3) is as follows:

Description	Beginning Balance at 01/01/2016	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
a. Assets:										
Other Invested Assets										
Assets	4,128,197			113,341	448,423	11,779,792				16,469,753
Total Assets	4,128,197			113,341	448,423	11,779,792				16,469,753

There were no Level 3 financial instruments measured at fair value, changes in Level 3 financial instruments measured at fair value during the year, or assets at fair value transferred to/from Level 3.

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

The Company's policy is to recognize transfers in and out at the end of the reporting period, consistent with the date of the determination of fair value.

(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 2 & 3 categories. In agreement with SSAP100, the valuation techniques for measuring fair values are based on the following:

- Level 1- Fair value measurements of the equity securities and derivatives within this category are based on quoted prices in active markets and are thus classified as Level 1.
- Level 2 - Fair value measurements of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded. The Company has no assets or liabilities measured at fair value in Level 2.
- Level 3 – Fair value measurements of these items use significant inputs that are unobservable. The Company has no assets or liabilities measured at fair value in Level 3.

(5) Derivative Fair Values

Not Applicable.

B. Other Fair Value Disclosures

Not Applicable.

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

The table below shows the fair values of all financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures).

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

Type of Financial Instrument	Aggregate		Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
	Fair Value						
Bonds.....	\$ 152,376,259	\$ 152,376,259	\$	\$ 152,376,259	\$	\$	
Common Stock.....	\$ 16,522	\$ 16,522	\$ 16,522	\$	\$	\$	
Short-term Investments.....	\$ 4,302,808	\$ 4,302,808	\$ 3,338,731	\$ 319,888	\$	\$	
Other Invested Assets.....	\$ 17,368,970	\$ 17,368,970	\$	\$	\$ 17,368,970	\$	

D. Items for which Not Practicable to Estimate Fair Values

Not Applicable.

21. Other Items

A. Extraordinary Items

Not Applicable.

B. Troubled Debt Restructuring for Debtors

Not Applicable.

C. Other Disclosures and Unusual Items

Not Applicable.

D. Business Interruption Insurance Recoveries

Not Applicable.

E. State Transferable and Non-transferable Tax Credits

Not Applicable.

F. Subprime Mortgage Related Risk Exposure

Not Applicable.

22. Events Subsequent

Subsequent events have been considered through February 24, 2017, the date of issuance of these statutory financial statements. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with individual reinsurers, authorized and unauthorized, that exceeds 3% of the policyholders' surplus.

<u>NAIC Group #</u>	<u>NAIC</u>	<u>FEIN</u>	<u>COMPANY</u>	<u>AMOUNT</u>
00796	25747	91-6027360	UNIGARD INS CO	24,813,068
00796	10219	23-1641984	QBE REINS CORP	324,109
				<u>25,137,177</u>
04716	26220	94-1590201	YOSEMITE INS CO	2,906,811
	00000	AA-9991401	ALASKA WORKERS COMP	1,841,424

B. Reinsurance Recoverable in Dispute

The Company does not have reinsurance recoverable in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

C. Reinsurance Assumed and Ceded and Protected Cells

The company does not have any ceded and assumed unearned premiums and related equity at December 31, 2016

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance

During 2016, the Company has written off in the current year reinsurance balances of \$146,184. This amount is shown below by Statement of Income classification and by reinsurer.

a.	Losses incurred	\$	.....181,675
b.	Loss adjustment expenses incurred	\$	..... (35,491)
c.	Premiums earned	\$	.....
d.	Other	\$	.....
e.	<u>Company</u>		<u>Amount</u>
	<u>XL Reinsurance America Inc.</u>	\$	.....2,064
	<u>General Reinsurance Corporation</u>	\$	.....3,096
	<u>Swiss Re</u>	\$	.....4,454
	<u>Munich</u>	\$	.....45,000
	<u>New England Re</u>	\$	.....91,189
	<u>Global Re</u>	\$	.....380

E. Commutation of Ceded Reinsurance

The Company did not commuted any ceded reinsurance agreements during the year

F. Retroactive Reinsurance

(1)

Reported Company

As:

		<u>Assumed</u>		<u>Ceded</u>
a.	Reserves Transferred:			
1.	Initial Reserves	\$ 226,213,063	\$	..... (211,878,862)
2.	Adjustments - Prior Year(s)	.....(78,498,376)		.....64,729,994
3.	Adjustments - Current Year	.....(27,559,297)		.....27,509,943
4.	Current Total	\$ 120,155,390	\$	\$ (119,638,925)
		<hr/>		<hr/>
b.	Consideration Paid or Received:			
1.	Initial Consideration	\$ 226,213,063	\$	..... (211,878,862)
2.	Adjustments - Prior Year(s)	.....(4,668,707)		.....4,668,707
3.	Adjustments - Current Year	..... 1,432,239		.....
4.	Current Total	\$ 222,976,595	\$	\$ (207,210,155)
		<hr/>		<hr/>
c.	Paid Losses Reimbursed or Recovered:			
1.	Prior Year (s)	\$ 5,194,943	\$	..... (4,415,247)
2.	Current Year	..... 10,511,944		..... (10,488,891)
3.	Current Total	\$ 15,706,887	\$	\$ (14,904,138)
		<hr/>		<hr/>

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

d. Special Surplus from Retroactive Reinsurance:

	\$	\$
1. Initial Surplus Gain or Loss	\$	\$
2. Adjustments - Prior Year(s)	.....	.....
3. Adjustments - Current Year	.....	.....
4. Current Year Restricted Surplus	.....	.....
5. Cumulative Total Transferred to	.....	.....
Unassigned Funds	\$	\$

e. All cedents and reinsurers involved in all transactions included in summary totals above:

<u>Company</u>	<u>Assumed Amount</u>	<u>Ceded Amount</u>
American Physicians Assurance Corporation	\$ 14,955,811	\$
Reciprocal of America, In Liquidation	\$ 85,295,002	\$
American Healthcare Indemnity Company	\$ 19,904,577	\$
Fitzwilliam Insurance Ltd, Bermuda	\$	\$(119,638,925)
Total	\$ 120,155,390 *	\$ (119,638,925)

f. List total Paid Loss /LAE amounts recoverable and amounts more than 90 days overdue, and collateral held as respects amounts recoverable from unauthorized reinsurers:

1. Authorized Reinsurers

<u>Company</u>	<u>Total Paid/Loss/LAE Recoverable</u>	<u>Amounts Over 90 Days Overdue</u>
General Re	\$ 10,326	\$
Odyssey Reinsurance	\$(3,338)	\$
Swiss Re (formerly GE Rein)	\$ 25,939	\$
Midwest Employers (MECC)	\$ 85,887	\$
SAFETY NATIONAL	\$ 488,232	\$ 437,209
United States Fire	\$ 1,028	\$
Total	\$ 608,074 *	\$ 437,209 *

2. Unauthorized Reinsurers

Total			
<u>Company</u>	<u>Paid/Loss/LAE Recoverable</u>	<u>Amounts Over 90 Days Overdue</u>	<u>Collateral Held</u>

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

2. Unauthorized Reinsurers

WCRA	36,353	\$	\$
Rosemont	684,705	\$	\$
Total	\$ 721,058	\$	\$

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 or Status Subject to Revocation

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

NONE

25. Changes in Incurred Losses and Loss Adjustment Expenses

For 2016, the Company has recorded prior year savings totaling \$15.1 million. There were two Schedule P – Part 2 lines of business experiencing material development. Other Liability-Occurrence recorded \$2.8 million of development and Commercial Multiple Peril recorded \$0.6 million. However, more than offsetting the development was the savings recorded for two other Schedule P – Part 2 lines of business. Reinsurance Nonproportional Assumed Liability recorded savings of \$0.1 million and Workers' Compensation recorded \$18.4 million of savings.

26. Intercompany Pooling Arrangements

Not Applicable

27. Structured Settlements

A

<u>Loss Reserves Eliminated by</u>	<u>Unrecorded Loss</u>
<u>Annuities</u>	<u>Contingencies</u>
\$8,571,962	\$ 8,571,962

The Company has purchased annuities from life insurers under which the claimants are payees (see Note 14A).

These annuities have been used to reduce unpaid losses by \$8,571,962 as of December 31, 2016. The Company has a contingent liability of \$8,571,962 should the issuers of these annuities fail to perform under the terms of the annuities.

(B) Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

<u>NAIC #</u>	<u>Company & Location</u>	<u>Licensed in Company's State of Domicile</u>	<u>Present Value of Annuity</u>
60488	American General Life Insurance Co. Houston, Texas	Yes	\$ 1,106,478
70025	Genworth Life Insurance Company Richmond, Virginia	Yes	\$ 2,729,996
65978	Metropolitan Life Insurance Company New York, New York	Yes	\$ 813,017
68608	Symetra Life Insurance Company Seattle, Washington	Yes	\$ 2,863,118

28. Health care Receivables

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

Not Applicable.

29. Participating Policies

Not Applicable.

30. Premium Deficiency Reserves

Not Applicable.

31. High Deductibles

Not Applicable

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

The Company's liabilities for unpaid workers' compensation claims are not discounted.

33. Asbestos/Environmental Reserves

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (X) No ()

(1) Direct -

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$27,860,000	\$20,663,000	\$15,683,000	\$14,132,000	\$9,502,000
b. Incurred losses and loss adjustment expense:	\$4,958,000	\$(3,295,000)	\$2,134,000	\$(2,922,000)	\$1,139,478
c. Calendar year payments for losses and loss adjustment expenses:	\$12,155,000	\$1,685,000	\$3,685,000	\$1,708,000	\$1,968,552
d. Ending reserves:	\$20,663,000	\$15,683,000	\$14,132,000	\$9,502,000	\$8,672,926

(2) Assumed Reinsurance -

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$45,365,000	\$38,919,000	\$30,379,000	\$16,629,000	\$12,214,000
b. Incurred losses and loss adjustment expense:	\$2,636,000	\$4,163,000	\$(7,869,000)	\$(3,251,000)	\$1,513,558
c. Calendar year payments for losses and loss adjustment expenses:	\$9,082,000	\$12,703,000	\$5,881,000	\$1,164,000	\$214,895
d. Ending reserves:	\$38,919,000	\$30,379,000	\$16,629,000	\$12,214,000	\$13,512,663

(3) Net of Ceded Reinsurance -

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$61,811,000	\$44,738,000	\$37,183,000	\$20,538,000	\$14,937,000
b. Incurred losses and loss adjustment expense:	.....2,271,000	.....(4,288,000)	.....(10,438,000)	.....(4,327,000)	.....4,016,752
c. Calendar year payments for losses and loss adjustment expenses:	.....19,344,000	.....3,267,000	.....6,207,000	.....1,274,000	.....1,593,748
d. Ending reserves:	\$44,738,000	\$37,183,000	\$20,538,000	\$14,937,000	\$17,360,004

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

(1) Direct Basis:	\$ 1,070,957
(2) Assumed Reinsurance Basis:	\$ 9,224,000
(3) Net of Ceded Reinsurance Basis:	\$ 9,858,609

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

(1) Direct Basis:	\$ 1,538,589
(2) Assumed Reinsurance Basis:	\$37,311
(3) Net of Ceded Reinsurance Basis:	\$ 1,174,391

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of,

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

NOTES TO FINANCIAL STATEMENTS

a liability due to environmental losses? Yes

(1) Direct -

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$19,663,000	\$20,043,000	\$16,767,000	\$19,317,000	\$5,424,000
b. Incurred losses and loss adjustment expense:	\$1,160,000	\$(1,194,000)	\$5,911,000	\$(6,607,000)	\$3,311,794
c. Calendar year payments for losses and loss adjustment expenses:	\$780,000	\$2,082,000	\$3,361,000	\$7,286,000	\$1,952,511
d. Ending reserves:	\$20,043,000	\$16,767,000	\$19,317,000	\$5,424,000	\$6,783,283

(2) Assumed Reinsurance -

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$11,852,000	\$9,655,000	\$8,158,000	\$6,243,000	\$5,744,000
b. Incurred losses and loss adjustment expense:	\$420,000	\$(283,000)	\$(824,000)	\$(285,000)	\$(1,715,072)
c. Calendar year payments for losses and loss adjustment expenses:	\$2,617,000	\$1,214,000	\$1,091,000	\$214,000	\$42,498
d. Ending reserves:	\$9,655,000	\$8,158,000	\$6,243,000	\$5,744,000	\$3,986,430

(3) Net of Ceded Reinsurance -

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$19,048,000	\$17,052,000	\$13,156,000	\$9,130,000	\$9,649,000
b. Incurred losses and loss adjustment expense:	.....1,212,000	.....(2,339,000)	.....(1,429,000)	.....1,370,000	.....1,647,895
c. Calendar year payments for losses and loss adjustment expenses:	.....3,208,000	.....1,557,000	.....2,597,000	.....851,000	.....1,914,782
d. Ending reserves:	\$17,052,000	\$13,156,000	\$9,130,000	\$9,649,000	\$9,382,113

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

(1) Direct Basis:	\$ 2,810,685
(2) Assumed Reinsurance Basis:	\$ 2,053,000
(3) Net of Ceded Reinsurance Basis:	\$ 3,476,085

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

(1) Direct Basis:	\$427,562
(2) Assumed Reinsurance Basis:	\$
(3) Net of Ceded Reinsurance Basis:	\$272,745

34. Subscriber Savings Account

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 and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A []
- 1.3 State Regulating? Rhode Island.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 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.12/31/2013
- 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.12/31/2015
- 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).06/10/2015
- 3.4 By what department or departments? 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 []
- 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 []
- 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 []
- 7.2 If yes,
 7.21 State the percentage of foreign control100.0
 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
Bermuda.....	Corporation.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No []
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 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 []
 10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to 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 []
 10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [] N/A []
 10.6 If the response to 10.5 is no or n/a, please explain
 The Board of Directors serves as and performs the duties of an Audit Committee.....

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?
 Josh Zirin, FCAS, MAAA Enstar (US) Inc at 190 S. Lasalle, Chicago, IL 60603.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No []
 12.11 Name of real estate holding company
 12.12 Number of parcels involved0
 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?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.

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

14.2 Has the code of ethics for senior managers been amended? Yes [] 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).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
 - 20.12 To stockholders not officers \$.....
 - 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
 - 20.22 To stockholders not officers \$.....
 - 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
 - 21.22 Borrowed from others \$.....
 - 21.23 Leased from others \$.....
 - 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
 - 22.22 Amount paid as expenses \$.....
 - 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
 - 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
 - 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

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

25.21 Subject to repurchase agreements	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Placed under option agreements	\$
25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock	\$
25.27 FHLB Capital Stock	\$
25.28 On deposit with states	\$7,523,898
25.29 On deposit with other regulatory bodies	\$
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$3,294,019
25.31 Pledged as collateral to FHLB – including assets backing funding agreements	\$
25.32 Other	\$

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

28.01 For 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 New York Mellon.....	500 Grant Street, Pittsburgh, PA 15258.....

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

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

1 Name of Firm or Individual	2 Affiliation
Conning Asset Management.....	U.....
.....
.....

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

Yes [X] No []

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

Yes [X] No []

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107423.....	Conning Inc.....	549300Z0G14KK37BDV40.....	Securities Exchange Commission.....	NO.....

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

Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
29.2999 TOTAL		0

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....
.....

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	157,070,666	156,998,956	(71,711)
30.2 Preferred Stocks.....	0	0	0
30.3 Totals	157,070,666	156,998,956	(71,711)

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$7,300
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

- 34.1 Amount of payments for legal expenses, if any? \$33,572
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Rubin, Fiorella & Friedman LLP.....	\$.....8,803
Wollmuth Maher & Deutsch LLP.....	\$.....8,885

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U. S. business only. \$0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.3.1 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. \$0

1.6 Individual policies:

Most current three years:

1.6.1 Total premium earned \$0
 1.6.2 Total incurred claims \$0
 1.6.3 Number of covered lives 0

All years prior to most current three years:

1.6.4 Total premium earned \$0
 1.6.5 Total incurred claims \$0
 1.6.6 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.7.1 Total premium earned \$0
 1.7.2 Total incurred claims \$0
 1.7.3 Number of covered lives 0

All years prior to most current three years:

1.7.4 Total premium earned \$0
 1.7.5 Total incurred claims \$0
 1.7.6 Number of covered lives 0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$(18,416,531)	\$	.....269,407
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$0	\$	.....0
2.5	Reserve Denominator	\$50,925,843	\$	.....70,125,042
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.2.1 Participating policies \$
 3.2.2 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies?..... Yes [] No []
 4.2 Does the reporting entity issue non-assessable policies?..... Yes [] No []
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents?..... Yes [] No []
 5.2 If yes, is the commission paid:
 5.2.1 Out of Attorney's-in-fact compensation..... Yes [] No [] N/A []
 5.2.2 As a direct expense of the exchange..... Yes [] No [] N/A []

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

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

5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
 None - company in runoff since 2004 - no current exposure.....
- 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 - see response to 6.1 above.....
- 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?.....
 Not applicable - see response to 6.1 above.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [] No [X]
- 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
 Not applicable - see response to 6.1 above.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?..... Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R - *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the 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 [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... %
 12.42 To..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 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 reporting entity a cedant in a multiple cedant reinsurance contract?..... Yes [] No [X]
 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 [X]
 15.2 If yes, give full information

- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

	1 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 it excludes from Schedule F – Part 5. Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5..... \$.....
- 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..... \$.....

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

- 17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5..... \$.....
- 17.19 Unfunded portion of Interrogatory 17.18..... \$.....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$.....
- 17.21 Case reserves portion of Interrogatory 17.18..... \$.....
- 17.22 Incurred but not reported portion of Interrogatory 17.18..... \$.....
- 17.23 Unearned premium portion of Interrogatory 17.18..... \$.....
- 17.24 Contingent commission portion of Interrogatory 17.18..... \$.....

- 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. \$.....

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

FIVE-YEAR HISTORICAL DATA

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

	1 2016	2 2015	3 2014	4 2013	5 2012
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	28,383	0	125	13,207	16,918
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	13,565
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	26,446	2,426	(32)
6. Total (Line 35)	28,383	0	26,571	15,633	30,451
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)	(18,416,531)	156,256	60,846	320,946	138,432
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	113,151	49,760	260,873	113,042
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	26,446	2,426	(32)
12. Total (Line 35)	(18,416,531)	269,407	137,052	584,245	251,442
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(10,429,840)	7,769,027	33,272,689	(25,055,230)	(9,199,917)
14. Net investment gain (loss) (Line 11)	3,272,640	3,710,760	3,703,325	3,444,890	3,372,114
15. Total other income (Line 15)	2,324,472	8,971,163	(20,218,648)	1,164,885	12,556,319
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	(100,651)	2,208,518	1,246,965	(2,451,347)	1,754,040
18. Net income (Line 20)	(4,732,077)	18,242,431	15,510,401	(17,994,107)	4,974,477
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	188,433,818	214,829,699	201,342,249	222,212,210	217,755,219
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	42,805	43,837	301,142	317,051	325,738
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	131,703,991	139,664,808	145,969,659	177,433,883	149,376,712
22. Losses (Page 3, Line 1)	38,300,242	54,900,538	63,214,879	85,945,089	108,718,675
23. Loss adjustment expenses (Page 3, Line 3)	8,147,491	9,999,708	27,194,137	37,526,363	23,702,512
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	0
25. Capital paid up (Page 3, Lines 30 & 31)	5,021,200	5,021,200	7,621,200	9,971,200	13,071,200
26. Surplus as regards policyholders (Page 3, Line 37)	56,729,827	75,164,891	55,372,590	44,778,322	57,174,652
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(27,540,811)	2,126,693	(21,467,668)	(3,688,235)	15,492,625
Risk-Based Capital Analysis					
28. Total adjusted capital	56,729,827	75,164,891	55,372,590	44,778,322	57,174,652
29. Authorized control level risk-based capital	9,900,906	9,774,795	14,690,158	21,807,504	25,447,937
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)	87.6	83.9	77.1	75.9	72.7
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	7.9	11.7
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	2.3	13.4	19.8	10.7	8.9
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	10.1	2.7	3.1	5.6	6.7
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
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)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	0	0	0	4	11,103,848
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	0	0	0	4	11,103,848
49. Total Investment in parent included in Lines 42 to 47 above	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	19.4

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	742,259	(594,654)	(817,579)	194,973	771,230
52. Dividends to stockholders (Line 35)	(18,132,009)	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	(18,435,064)	19,792,304	10,594,273	(24,054,861)	5,869,782
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)	3,381,977	9,855,074	6,633,968	6,804,171	19,819,471
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(1,334)	(1,142)	(5,115)	8,926	(16,575)
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	389,919	905,885	4,282,647	477,695	751,288
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	45,000	(45)	0	(29)	(43)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	250,243	2,900,224	(9,600,227)	20,759,355	15,506,282
59. Total (Line 35)	4,065,805	13,659,996	1,311,273	28,050,118	36,060,423
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)	1,005,845	4,650,162	(1,356,697)	3,723,850	13,016,404
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(867)	(733)	(4,500)	10,164	(13,168)
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	256,818	455,681	3,032,416	296,261	288,721
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	45,000	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	215,399	2,749,554	(12,189,274)	18,964,862	13,472,856
65. Total (Line 35)	1,522,195	7,854,664	(10,518,055)	22,995,137	26,764,812
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)	81.9	(170.6)	(24,259.6)	560.3	(3,365.6)
68. Loss expenses incurred (Line 3)	(8.9)	(4,960.9)	(2,782.1)	2,978.5	(269.3)
69. Other underwriting expenses incurred (Line 4)	(29.6)	2,347.8	2,864.3	460.9	1,057.3
70. Net underwriting gain (loss) (Line 8)	56.6	2,883.8	24,277.4	(3,899.7)	2,677.7
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)	(17.0)	(982.1)	17,616.9	376.7	1,052.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	73.0	(5,131.6)	(27,041.7)	3,538.8	(3,634.9)
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	(32.5)	0.4	0.2	1.8	0.5
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(15,066)	(1,419)	(33,508)	4,393	78
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)	(20.0)	(2.6)	(74.8)	7.3	(24.4)
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)	(16,485)	(34,926)	(29,151)	4,470	(6,652)
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)	(29.8)	(78.0)	(50.9)	(15.9)	(38.7)

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

Yes [] No []

If no, please explain

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	4,066	2,544	5,365	3,521	4,228	609	194	6,985	XXX
2. 2007	1,702	1,698	3	536	466	40	47	352	0	7	415	XXX
3. 2008	581	1,080	(499)	53	51	1	6	80	0	0	77	XXX
4. 2009	9	415	(406)	0	0	0	0	(8)	0	0	(8)	XXX
5. 2010	40	(416)	456	0	0	0	0	0	0	0	0	XXX
6. 2011	103	(85)	188	0	0	0	0	0	0	0	0	XXX
7. 2012	0	(251)	251	0	0	0	0	0	0	0	0	XXX
8. 2013	15	(569)	584	0	0	0	0	0	0	0	0	XXX
9. 2014	26	(111)	137	0	0	0	0	0	0	0	0	XXX
10. 2015	0	(269)	269	0	0	0	0	0	0	0	0	XXX
11. 2016	28	18,445	(18,417)	0	0	0	0	0	0	0	0	XXX
12. Totals	XXX	XXX	XXX	4,655	3,060	5,406	3,574	4,652	609	201	7,470	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1.	44,620	30,892	42,654	18,081	4,273	1,412	3,168	2,314	5,683	1,250	0	46,448	XXX
2.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
5.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
10.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
11.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
12.	44,620	30,892	42,654	18,081	4,273	1,412	3,168	2,314	5,683	1,250	0	46,448	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	38,300	8,147
2.	928	513	415	54.6	30.2	12,114.2	0	0		0	0
3.	134	57	77	23.1	5.3	(15.5)	0	0		0	0
4.	(8)	0	(8)	(93.0)	0.0	2.0	0	0		0	0
5.	0	0	0	0.0	0.0	0.0	0	0		0	0
6.	0	0	0	0.0	0.0	0.0	0	0		0	0
7.	0	0	0	0.0	0.0	0.0	0	0		0	0
8.	0	0	0	0.0	0.0	0.0	0	0		0	0
9.	0	0	0	0.0	0.0	0.0	0	0		0	0
10.	0	0	0	0.0	0.0	0.0	0	0		0	0
11.	0	0	0	0.0	0.0	0.0	0	0		0	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	38,300	8,147

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.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE Providence Washington Insurance Company

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior	337,315	321,682	308,163	294,295	287,566	287,643	292,000	258,492	257,074	242,008	(15,066)	(16,485)
2. 2007	46	62	69	64	63	64	63	63	63	63	0	0
3. 2008	XXX	(5)	(3)	(2)	(2)	(3)	(2)	(3)	(3)	(3)	0	0
4. 2009	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 2010	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2011	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2012	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											(15,066)	(16,485)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior	000	60,954	78,291	113,875	135,812	167,827	194,697	187,557	196,626	199,992	XXX	XXX
2. 2007	21	32	47	54	60	62	63	63	63	63	XXX	XXX
3. 2008	XXX	(5)	(4)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	XXX	XXX
4. 2009	XXX	XXX	0	0	0	0	0	0	0	0	XXX	XXX
5. 2010	XXX	XXX	XXX	0	0	0	0	0	0	0	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	0	0	0	0	0	0	XXX	XXX
7. 2012	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	XXX	XXX
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	XXX	XXX
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX	XXX
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior	175,648	125,440	95,822	83,270	70,613	64,339	55,056	41,722	30,211	25,427
2. 2007	(3)	13	6	3	1	0	0	0	0	0
3. 2008	XXX	0	0	0	0	0	0	0	0	0
4. 2009	XXX	XXX	0	0	0	0	0	0	0	0
5. 2010	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2011	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2012	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL L	.0	.0	.0	434	1,309	77,253	.0	.0
2. Alaska	AK L	.0	.0	.0	463,839	789,693	5,626,180	.0	.0
3. Arizona	AZ L	.0	.0	.0	40,753	(2,896)	2,148,158	.0	.0
4. Arkansas	AR L	.0	.0	.0	0	(213,836)	.0	.0	.0
5. California	CA L	.0	.0	.0	1,243,940	(881,223)	16,435,598	.0	.0
6. Colorado	CO L	.0	.0	.0	531	(7,639)	64,773	.0	.0
7. Connecticut	CT L	.0	.0	.0	141	54,251	1,822,633	.0	.0
8. Delaware	DE L	.0	.0	.0	0	0	.0	.0	.0
9. Dist. Columbia	DC L	.0	.0	.0	0	0	.0	.0	.0
10. Florida	FL L	.0	.0	.0	297,258	(114,990)	290,688	.0	.0
11. Georgia	GA L	.0	.0	.0	(3,917)	43,381	171,627	.0	.0
12. Hawaii	HI N	.0	.0	.0	0	0	.0	.0	.0
13. Idaho	ID L	.0	.0	.0	0	0	.0	.0	.0
14. Illinois	IL L	.0	.0	.0	33,878	471,882	1,808,418	.0	.0
15. Indiana	IN L	.0	.0	.0	8,384	(9,439)	753,931	.0	.0
16. Iowa	IA L	.0	.0	.0	0	0	.0	.0	.0
17. Kansas	KS L	.0	.0	.0	0	0	.0	.0	.0
18. Kentucky	KY L	.0	.0	.0	7,235	20,483	337,511	.0	.0
19. Louisiana	LA L	.0	.0	.0	34,509	39,481	214,057	.0	.0
20. Maine	ME L	.0	.0	.0	4,004	(1)	28,911	.0	.0
21. Maryland	MD L	.0	.0	.0	5,000	4,756	.0	.0	.0
22. Massachusetts	MA L	.0	.0	.0	62,699	(30,822)	1,182,079	.0	.0
23. Michigan	MI L	.0	.0	.0	0	0	.0	.0	.0
24. Minnesota	MN L	.0	.0	.0	0	0	.0	.0	.0
25. Mississippi	MS L	.0	.0	.0	2,431	1,254	30,332	.0	.0
26. Missouri	MO L	.0	.0	.0	0	0	.0	.0	.0
27. Montana	MT L	.0	.0	.0	0	(51)	4,087	.0	.0
28. Nebraska	NE L	.0	.0	.0	0	0	.0	.0	.0
29. Nevada	NV L	.0	.0	.0	0	0	.0	.0	.0
30. New Hampshire	NH L	.0	.0	.0	3,177	909	28,845	.0	.0
31. New Jersey	NJ L	.0	.0	.0	71,642	86,200	2,030,936	.0	.0
32. New Mexico	NM L	.0	.0	.0	0	0	.0	.0	.0
33. New York	NY L	.0	.0	.0	799,636	(427,946)	8,668,958	.0	.0
34. No. Carolina	NC L	.0	.0	.0	9,089	11,693	216,755	.0	.0
35. No. Dakota	ND L	.0	.0	.0	0	0	.0	.0	.0
36. Ohio	OH L	.0	.0	.0	(47)	3,286	38,972	.0	.0
37. Oklahoma	OK L	.0	.0	.0	0	0	.0	.0	.0
38. Oregon	OR L	.0	.0	.0	(686)	25,603	807,618	.0	.0
39. Pennsylvania	PA L	.0	.0	.0	10,628	(1,061,753)	924,200	.0	.0
40. Rhode Island	RI L	.0	.0	.0	20,398	(176,014)	334,164	.0	.0
41. So. Carolina	SC L	.0	.0	.0	0	13,333	155,890	.0	.0
42. So. Dakota	SD L	.0	.0	.0	0	0	.0	.0	.0
43. Tennessee	TN L	.0	.0	.0	75,864	30,488	673,757	.0	.0
44. Texas	TX L	.0	.0	.0	357,851	511,794	3,047,735	.0	.0
45. Utah	UT N	.0	.0	.0	46,142	90,845	194,616	.0	.0
46. Vermont	VT L	.0	.0	.0	0	0	.0	.0	.0
47. Virginia	VA L	.0	.0	.0	0	0	.0	.0	.0
48. Washington	WA L	.0	.0	.0	(45,577)	773,854	9,166,020	.0	.0
49. West Virginia	WV L	.0	.0	.0	0	0	.0	.0	.0
50. Wisconsin	WI L	.0	.0	.0	0	0	.0	.0	.0
51. Wyoming	WY N	.0	.0	.0	0	0	.0	.0	.0
52. American Samoa	AS N	.0	.0	.0	0	0	.0	.0	.0
53. Guam	GU N	.0	.0	.0	0	0	.0	.0	.0
54. Puerto Rico	PR N	.0	.0	.0	0	0	.0	.0	.0
55. U.S. Virgin Islands	VI N	.0	.0	.0	0	0	.0	.0	.0
56. Northern Mariana Islands	MP N	.0	.0	.0	0	0	.0	.0	.0
57. Canada	CAN N	.0	.0	.0	0	0	.0	.0	.0
58. Aggregate other alien	OT XXX	.0	.0	.0	0	0	.0	.0	.0
59. Totals	(a) 48	0	0	0	3,549,236	47,885	57,284,702	0	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

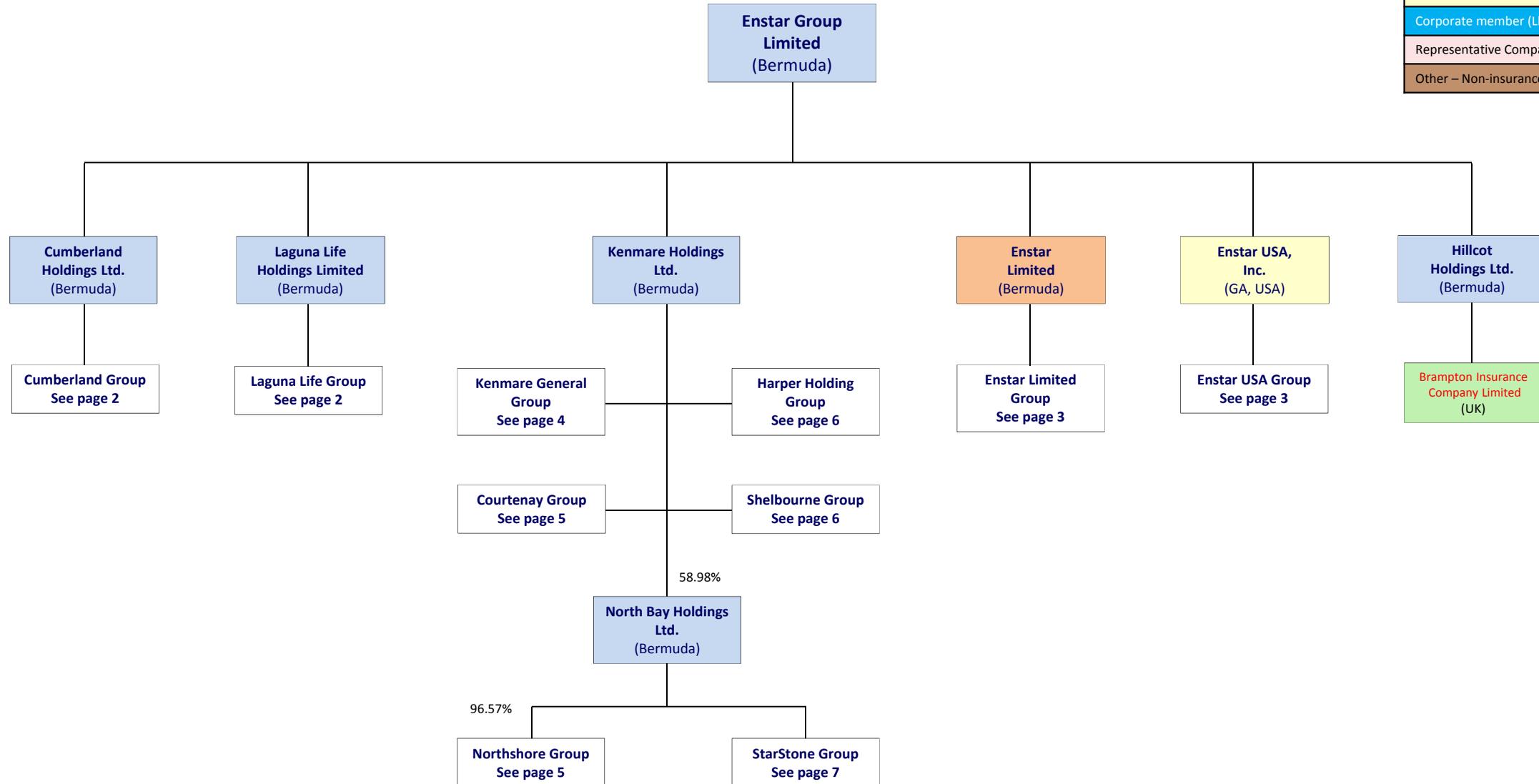
Explanation of basis of allocation of premiums by states, etc.

(a) Insert the number of L responses except for Canada and Other Alien

STATEMENT AS OF DECEMBER 31, 2016 OF THE Providence Washington Insurance Company
Schedule Y- Information concerning activities of insurer members of a holding company group
Part 1 – Organizational Chart

Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies

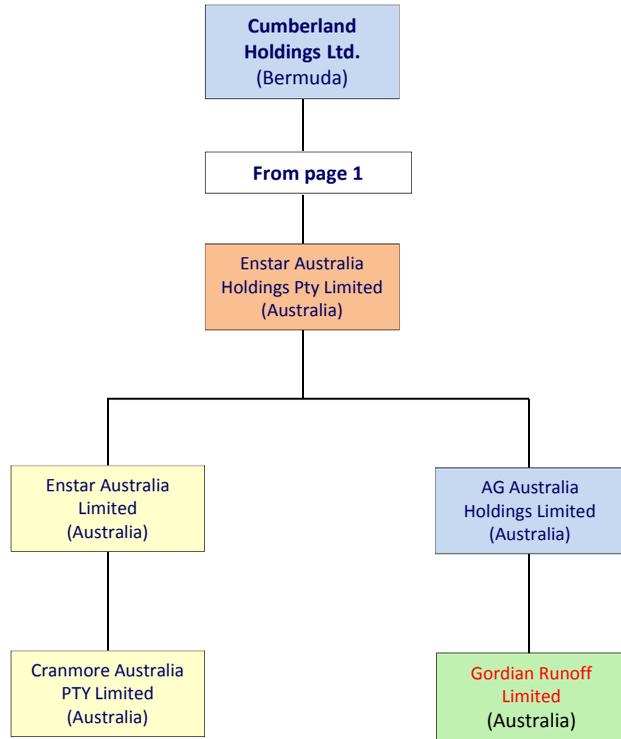
Enstar Group Limited
Group Structure Chart



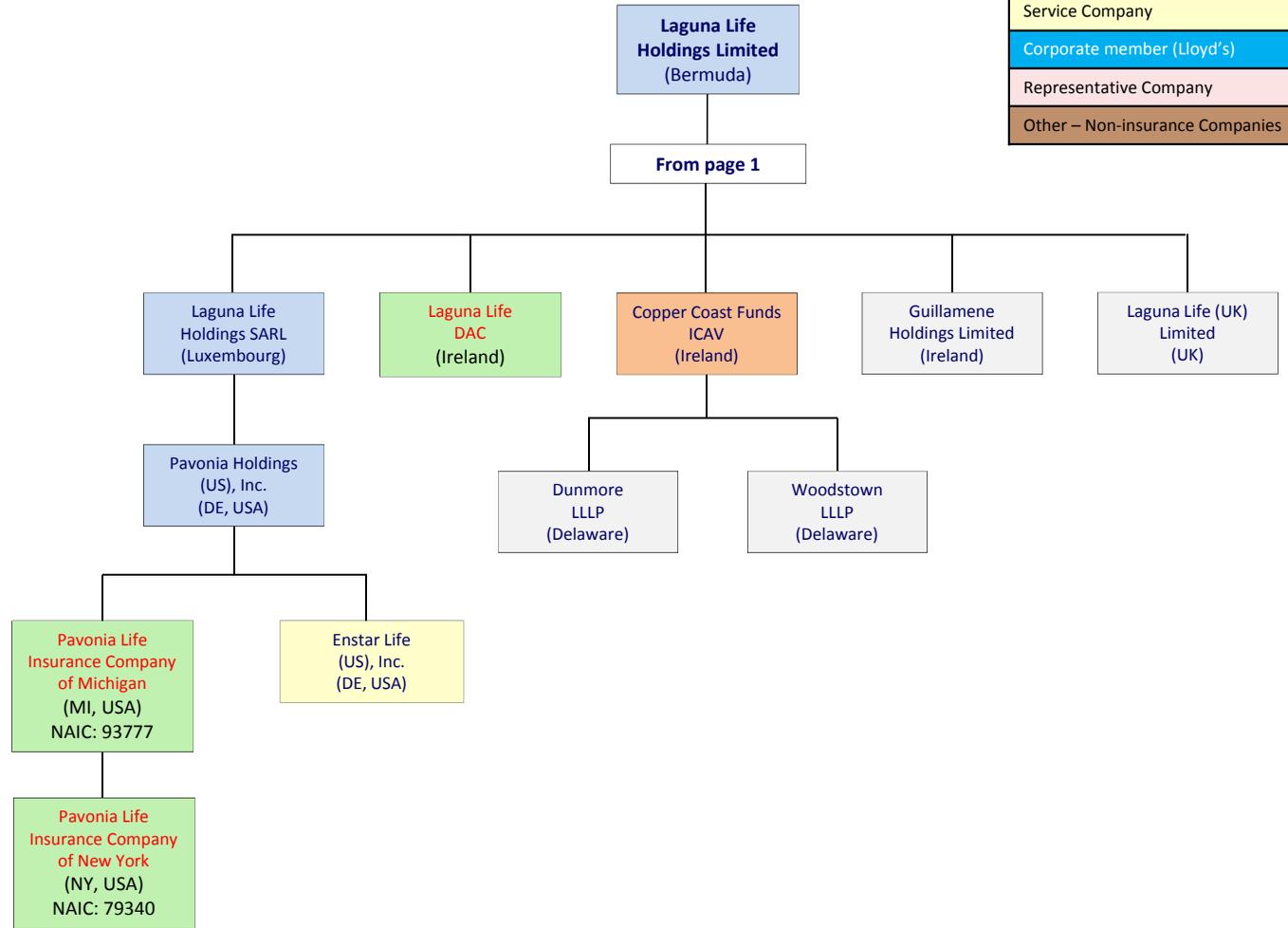
STATEMENT AS OF DECEMBER 30, 2016 OF THE Providence Washington Insurance Company
Schedule Y- Information concerning activities of insurer members of a holding company group
Part 1 – Organizational Chart

Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies

Cumberland Group



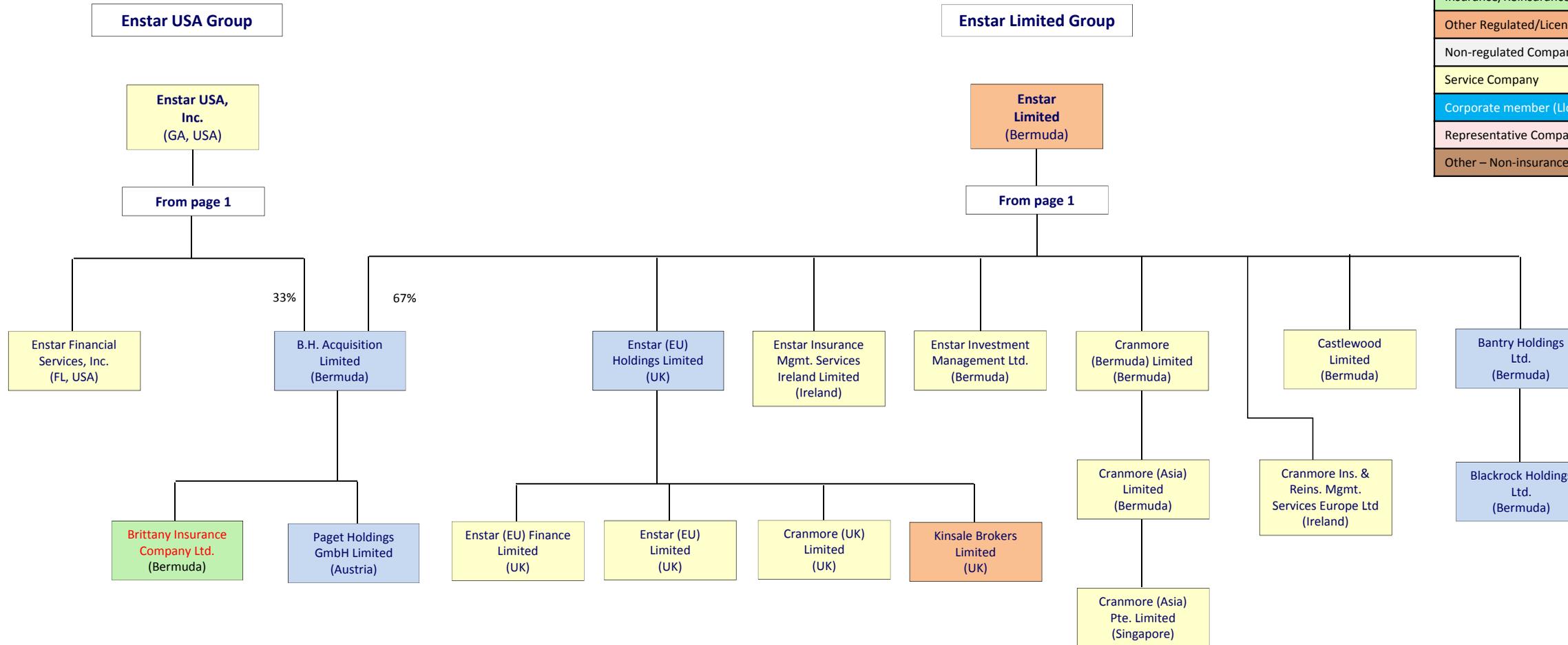
Laguna Life Group



96.1

STATEMENT AS OF DECEMBER 31, 2016 OF THE Providence Washington Insurance Company
Schedule Y- Information concerning activities of insurer members of a holding company group
Part 1 – Organizational Chart

Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies



96.2

STATEMENT AS OF DECEMBER 31, 2016 OF THE Providence Washington Insurance Company

Schedule Y- Information concerning activities of insurer members of a holding company group

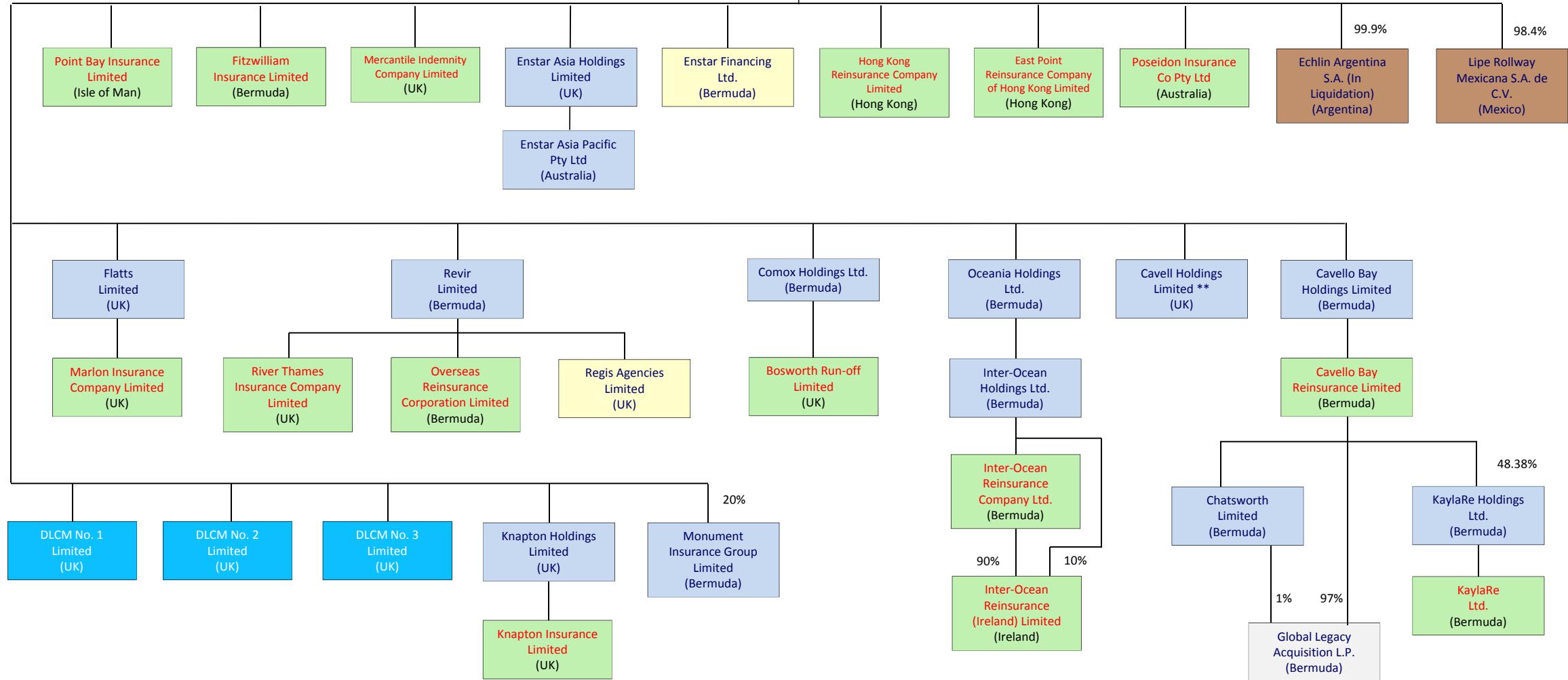
Part 1 – Organizational Chart

Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies

Kenmare General Group

Kenmare Holdings Ltd. (Bermuda)

From page 1



96.3

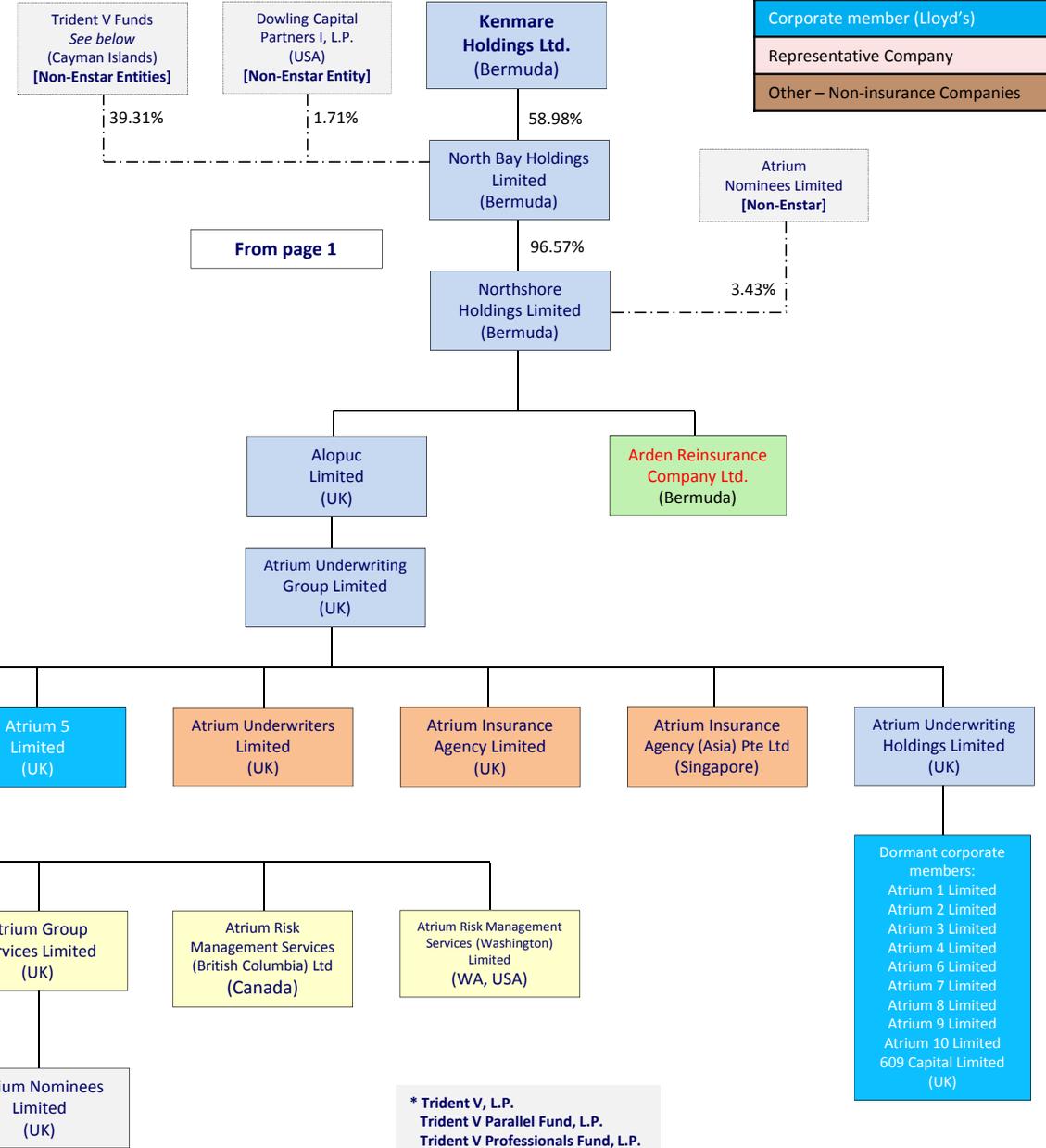
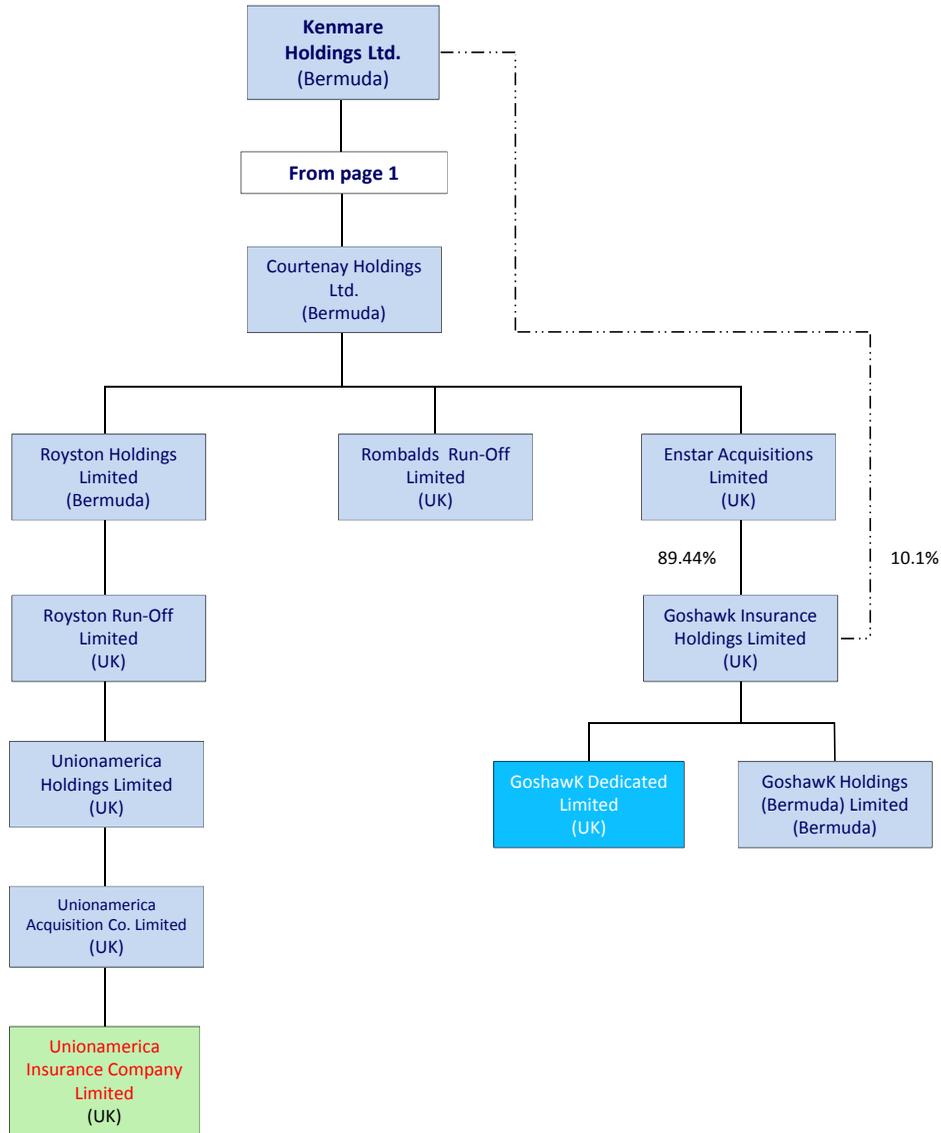
** Cavell Holdings Limited holds one share in Alpha Insurance SA

STATEMENT AS OF DECEMBER 31, 2016 OF THE Providence Washington Insurance Company
Schedule Y- Information concerning activities of insurer members of a holding company group
Part 1 – Organizational Chart

Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies

Courtenay Group

Northshore Group

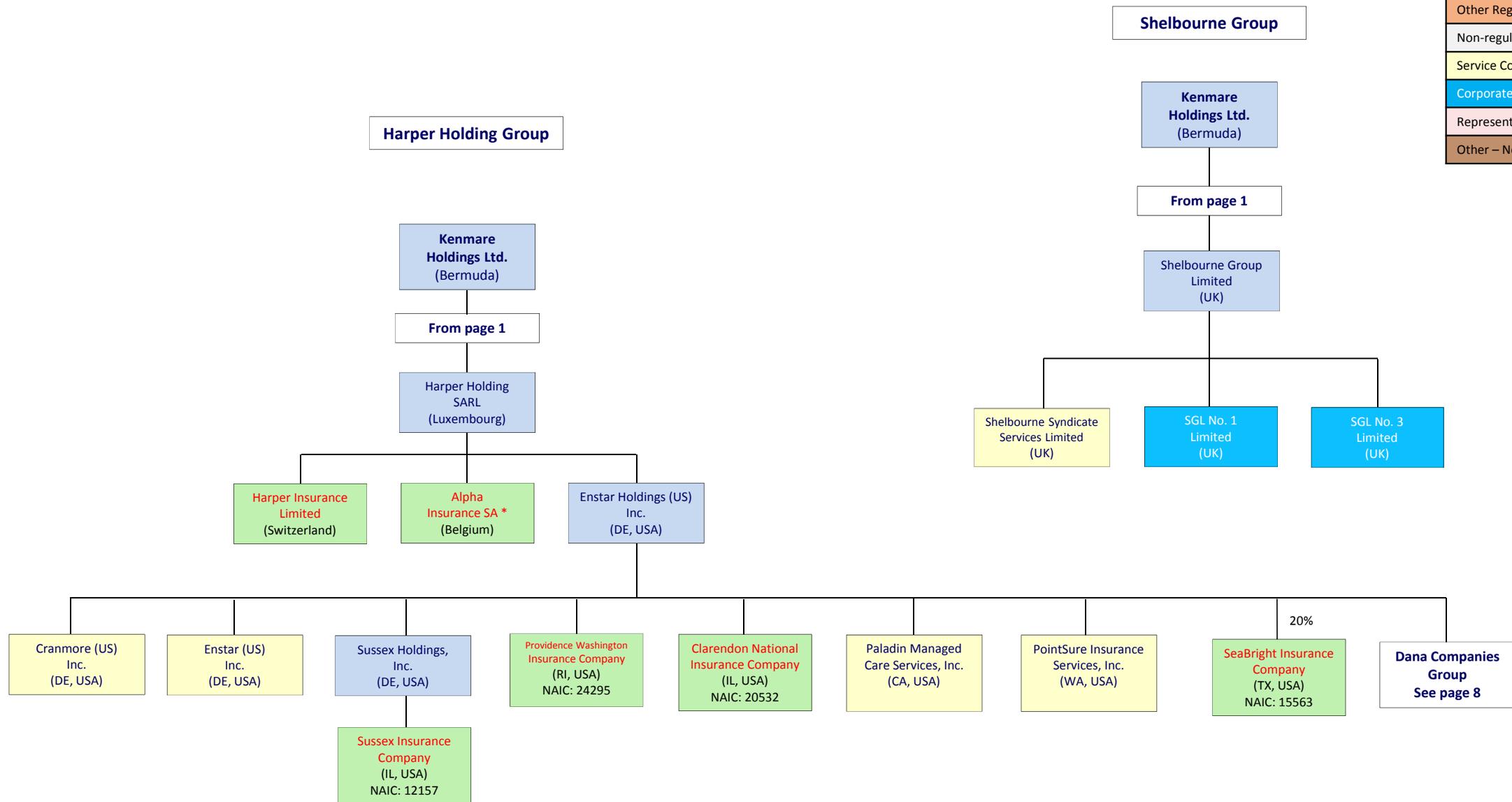


96.4

* Trident V, L.P.
 Trident V Parallel Fund, L.P.
 Trident V Professionals Fund, L.P.

STATEMENT AS OF DECEMBER 31, 2016 OF THE Providence Washington Insurance Company
Schedule Y- Information concerning activities of insurer members of a holding company group
Part 1 – Organizational Chart

Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies

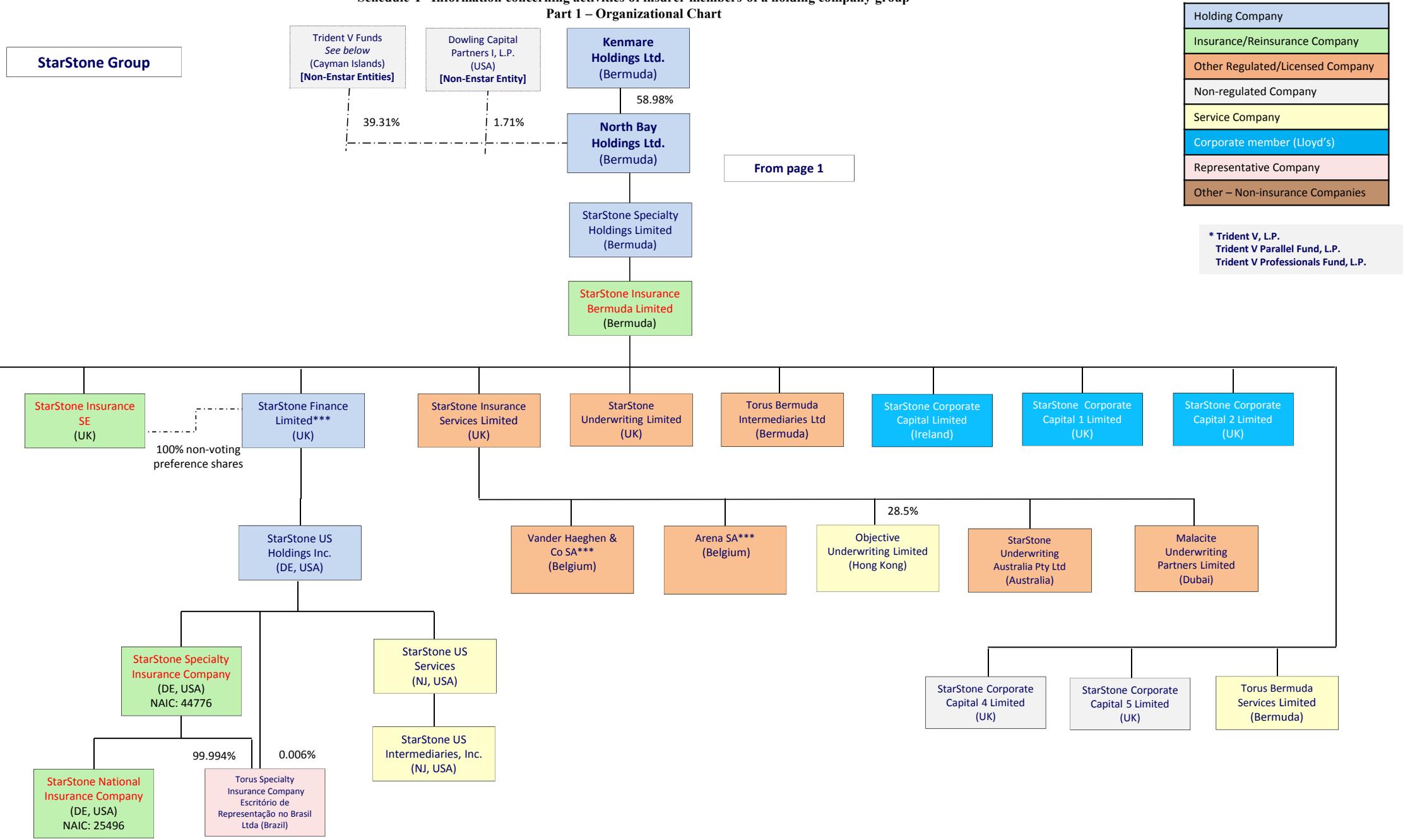


96.5

* One share in Alpha Insurance SA is held by Cavell Holdings Limited

STATEMENT AS OF DECEMBER 31, 2016 OF THE Providence Washington Insurance Company
 Schedule Y- Information concerning activities of insurer members of a holding company group

Part 1 – Organizational Chart



Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies

* Trident V, L.P.
 Trident V Parallel Fund, L.P.
 Trident V Professionals Fund, L.P.

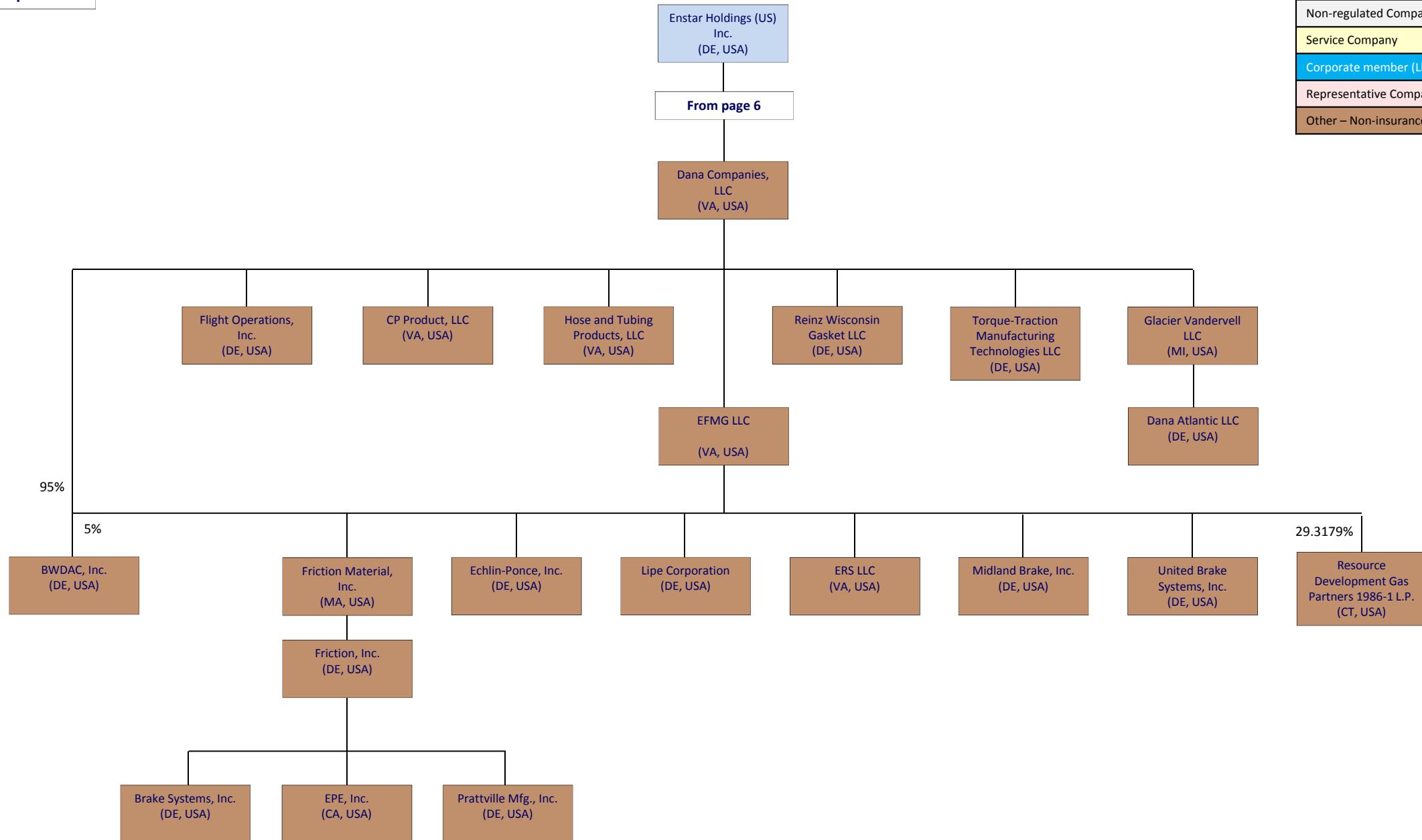
*** StarStone Finance Limited holds one share in each of Vander Haeghen & Co SA and Arena SA

96.6

STATEMENT AS OF DECEMBER 31, 2016 OF THE Providence Washington Insurance Company
Schedule Y- Information concerning activities of insurer members of a holding company group
Part 1 – Organizational Chart

Dana Companies Group

Holding Company
Insurance/Reinsurance Company
Other Regulated/Licensed Company
Non-regulated Company
Service Company
Corporate member (Lloyd's)
Representative Company
Other – Non-insurance Companies



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