

ANNUAL STATEMENT

OF THE

Beacon Mutual Insurance Company

of Warwick

in the state of Rhode Island

TO THE

Insurance Department

OF THE

State of Rhode Island

FOR THE YEAR ENDED

December 31, 2017

PROPERTY AND CASUALTY

2017



24017201720100100

ANNUAL STATEMENT

For the Year Ended December 31, 2017
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

NAIC Group Code 3490 (Current Period) 3490 (Prior Period) NAIC Company Code 24017 Employer's ID Number 05-0458697
Organized under the Laws of Rhode Island, State of Domicile or Port of Entry RI
Country of Domicile US
Incorporated/Organized July 11, 1990 Commenced Business August 12, 1992
Statutory Home Office One Beacon Centre, Warwick, RI, US 02886-1378
Main Administrative Office One Beacon Centre, Warwick, RI, US 02886-1378
Mail Address One Beacon Centre, Warwick, RI, US 02886-1378
Primary Location of Books and Records One Beacon Centre, Warwick, RI, US 02886-1378
Internet Web Site Address www.beaconmutual.com
Statutory Statement Contact Ann Lazzareschi, alazzareschi@beaconmutual.com

OFFICERS

Table with 2 columns: Name, Title. Rows include Brian Joseph Spero (President & CEO), Amy Clark Vitale (Vice President, General Counsel & Assistant Secretary), and Cynthia Lee Lawlor (Chief Financial Officer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Rows include Pamela Lee Alarie, Michael Dennis Lynch, James Wallace Moody Jr, Robert Glenn DeOrsey, and Rajani Mahadevan.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include Harry Robert Bacon, Myrth York, Steven Issa, Raymond Christopher Coia, Linda D'Amario Rossi, Brian Joseph Spero, Kate Coyne-McCoy, Timothy Ludger Byrne, and Bradford Alan Dean.

State of Rhode Island

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...

Table with 3 columns for signatures and titles of Brian Joseph Spero, Amy Clark Vitale, and Cynthia Lee Lawlor.

Subscribed and sworn to (or affirmed) before me this on this day of 2018, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	318,189,901		318,189,901	318,521,808
2. Stocks (Schedule D):				
2.1 Preferred stocks	933,811		933,811	861,800
2.2 Common stocks	18,569,537		18,569,537	17,813,966
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	10,736,993		10,736,993	11,173,328
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 3,330,123, Schedule E - Part 1), cash equivalents (\$ 8,298,556, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	11,628,679		11,628,679	8,297,726
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	37,245		37,245	35,455
9. Receivables for securities	347,606		347,606	
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	360,443,772		360,443,772	356,704,083
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,003,357		3,003,357	2,953,002
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,945,484	242,834	2,702,650	2,419,278
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 1,238,038 earned but unbilled premiums)	36,799,258	1,168	36,798,090	39,956,634
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	336,316		336,316	777,735
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,271,212	1,094,714	176,498	203,291
21. Furniture and equipment, including health care delivery assets (\$ 0)	190,279	190,279		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				145,860
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	4,310,791	4,244,431	66,360	1,019,976
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	409,300,469	5,773,426	403,527,043	404,179,859
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	409,300,469	5,773,426	403,527,043	404,179,859

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	4,191,057	4,176,917	14,140	
2502. Miscellaneous Receivables	82,234	67,514	14,720	12,768
2503. SERP Account	37,500		37,500	1,007,208
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,310,791	4,244,431	66,360	1,019,976

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	140,786,423	129,500,630
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	13,102	11,223
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	22,809,913	22,276,641
4. Commissions payable, contingent commissions and other similar charges	4,974,292	6,352,749
5. Other expenses (excluding taxes, licenses and fees)	7,946,327	6,810,970
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	8,056,487	9,069,108
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 78,211 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	62,163,222	65,732,771
10. Advance premium	2,547,924	2,852,533
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	395,600	2,079,604
12. Ceded reinsurance premiums payable (net of ceding commissions)		126,957
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	242,970	179,334
15. Remittances and items not allocated	116,571	58,099
16. Provision for reinsurance (including \$ 3,000 certified) (Schedule F, Part 8)	3,000	
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	478,883	590,964
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	250,534,714	245,641,583
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	250,534,714	245,641,583
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds	20,758,685	20,758,685
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	132,233,644	137,779,591
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	152,992,329	158,538,276
38. Totals (Page 2, Line 28, Col. 3)	403,527,043	404,179,859

DETAILS OF WRITE-IN LINES		
2501. Deferred Gain - CH Investments	476,264	582,007
2502. Miscellaneous Liabilities	2,619	8,957
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	478,883	590,964
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. Capital assessment by RI Dept of Labor to provide residual market	20,758,685	20,758,685
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	20,758,685	20,758,685

NONE

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	126,335,989	132,407,436
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	86,022,044	83,499,657
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	22,725,143	22,285,036
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	36,025,643	40,128,491
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	144,772,830	145,913,184
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(18,436,841)	(13,505,748)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	12,414,330	11,885,774
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))	2,252,465	3,373,937
11. Net investment gain (loss) (Lines 9 + 10)	14,666,795	15,259,711
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 664,088 amount charged off \$ 432,331)	(231,757)	(571,188)
13. Finance and service charges not included in premiums	144,570	148,315
14. Aggregate write-ins for miscellaneous income	251,997	33,382
15. Total other income (Lines 12 through 14)	164,810	(389,491)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(3,605,236)	1,364,472
17. Dividends to policyholders		1,000,000
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(3,605,236)	364,472
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(3,605,236)	364,472
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	158,538,277	158,216,326
22. Net income (from Line 20)	(3,605,236)	364,472
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	213,857	(165,297)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(2,151,569)	122,776
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(3,000)	
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(5,545,948)	321,951
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	152,992,329	158,538,277

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Miscellaneous Income (Loss)	170,956	3,857
1402. Impairment Recovery - Subsidiary	62,294	
1403. Retroactive Reinsurance Gain (Loss)	16,807	27,605
1498. Summary of remaining write-ins for Line 14 from overflow page	1,940	1,920
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	251,997	33,382
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

NONE

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	125,388,683	130,937,322
2. Net investment income	13,857,574	13,718,532
3. Miscellaneous income	164,809	(389,492)
4. Total (Lines 1 through 3)	139,411,066	144,266,362
5. Benefit and loss related payments	74,322,849	71,123,842
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	59,469,542	61,024,940
8. Dividends paid to policyholders	1,684,004	2,322,209
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	135,476,395	134,470,991
11. Net cash from operations (Line 4 minus Line 10)	3,934,671	9,795,371
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	45,493,841	66,040,778
12.2 Stocks	17,590,292	27,995,661
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	63,084,133	94,036,439
13. Cost of investments acquired (long-term only):		
13.1 Bonds	45,990,796	76,496,485
13.2 Stocks	16,413,343	29,811,239
13.3 Mortgage loans		
13.4 Real estate	(87,947)	
13.5 Other invested assets		
13.6 Miscellaneous applications	347,605	
13.7 Total investments acquired (Lines 13.1 to 13.6)	62,663,797	106,307,724
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	420,336	(12,271,285)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(1,024,054)	81,757
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,024,054)	81,757
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,330,953	(2,394,157)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	8,297,726	10,691,883
19.2 End of year (Line 18 plus Line 19.1)	11,628,679	8,297,726

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	122,766,441	65,732,771	62,163,223	126,335,989
17.1 Other liability—occurrence				
17.2 Other liability—claims-made				
17.3 Excess workers' compensation				
18.1 Products liability—occurrence				
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	122,766,441	65,732,771	62,163,223	126,335,989

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical professional liability—occurrence					
11.2 Medical professional liability—claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	60,442,989			1,720,234	62,163,223
17.1 Other liability—occurrence					
17.2 Other liability—claims-made					
17.3 Excess workers' compensation					
18.1 Products liability—occurrence					
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability					
19.3,19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	60,442,989			1,720,234	62,163,223
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					62,163,223

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	123,705,337		5,230,259		6,169,155	122,766,441
17.1 Other liability—occurrence						
17.2 Other liability—claims-made						
17.3 Excess workers' compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	123,705,337		5,230,259		6,169,155	122,766,441

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

NONE

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

If yes: 1. The amount of such installment premiums \$ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability—occurrence								
11.2 Medical professional liability—claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	71,443,239	5,527,876	2,234,863	74,736,252	140,786,422	129,500,630	86,022,044	68.090
17.1 Other liability—occurrence								
17.2 Other liability—claims-made								
17.3 Excess workers' compensation								
18.1 Products liability—occurrence								
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	71,443,239	5,527,876	2,234,863	74,736,252	140,786,422	129,500,630	86,022,044	68.090

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation	99,095,932	7,820,156	19,802,314	87,113,774	52,383,552	6,184,129	4,895,033	140,786,422	22,809,913
17.1 Other liability—occurrence									
17.2 Other liability—claims-made									
17.3 Excess workers' compensation									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability									
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	99,095,932	7,820,156	19,802,314	87,113,774	52,383,552	6,184,129	4,895,033	140,786,422	22,809,913
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	2,923,141			2,923,141
1.2 Reinsurance assumed	695,646			695,646
1.3 Reinsurance ceded	15,731			15,731
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	3,603,056			3,603,056
2. Commission and brokerage:				
2.1 Direct, excluding contingent		7,920,046		7,920,046
2.2 Reinsurance assumed, excluding contingent		944,156		944,156
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent—direct		3,532,455		3,532,455
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		170,201		170,201
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		12,226,456		12,226,456
3. Allowances to manager and agents				
4. Advertising		345,232		345,232
5. Boards, bureaus and associations		615,017		615,017
6. Surveys and underwriting reports		34,684		34,684
7. Audit of assureds' records		202,479		202,479
8. Salary and related items:				
8.1 Salaries	11,694,739	6,691,627	51,462	18,437,828
8.2 Payroll taxes	775,053	444,121	3,386	1,222,560
9. Employee relations and welfare	2,903,185	1,663,582	12,682	4,579,449
10. Insurance	335,266	192,114	1,465	528,845
11. Directors' fees	138,139	79,156	603	217,898
12. Travel and travel items	81,128	138,461	535	220,124
13. Rent and rent items	885,756	569,341	7,534	1,462,631
14. Equipment	712,947	1,216,792	4,700	1,934,439
15. Cost or depreciation of EDP equipment and software	202,030	344,805	1,332	548,167
16. Printing and stationery	84,779	144,692	559	230,030
17. Postage, telephone and telegraph, exchange and express	256,601	437,941	1,692	696,234
18. Legal and auditing	946,617	1,061,056	4,480	2,012,153
19. Totals (Lines 3 to 18)	19,016,240	14,181,100	90,430	33,287,770
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		9,501,956		9,501,956
20.2 Insurance department licenses and fees	105,847	60,652	462	166,961
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		55,479		55,479
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	105,847	9,618,087	462	9,724,396
21. Real estate expenses			471,956	471,956
22. Real estate taxes			247,346	247,346
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			478,555	478,555
25. Total expenses incurred	22,725,143	36,025,643	1,288,749	(a) 60,039,535
26. Less unpaid expenses—current year	22,809,913	20,977,106		43,787,019
27. Add unpaid expenses—prior year	22,276,641	22,232,827		44,509,468
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	22,191,871	37,281,364	1,288,749	60,761,984

DETAILS OF WRITE-IN LINES				
2401. Professional Maintenance Expense			478,555	478,555
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			478,555	478,555

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 601,719	606,564
1.1 Bonds exempt from U.S. tax	(a) 53,126	42,068
1.2 Other bonds (unaffiliated)	(a) 11,559,799	11,604,016
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 31,691	31,691
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	471,331	483,684
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 1,259,941	1,259,941
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 48,599	48,599
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	8,283	8,283
10. Total gross investment income	14,034,489	14,084,846
11. Investment expenses		(g) 1,288,287
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 462
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 381,767
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		1,670,516
17. Net investment income (Line 10 minus Line 16)		12,414,330

DETAILS OF WRITE-IN LINES		
0901. SERP Accounts	8,283	8,283
0902.		
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	8,283	8,283
1501.	NONE	
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 89,116 accrual of discount less \$ 1,183,061 amortization of premium and less \$ 182,423 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 1,259,941 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 1,288,287 investment expenses and \$ 462 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 381,767 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	25,789		25,789		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	255,736		255,736	(12,043)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	172,178		172,178	400	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	1,856,680	(181,551)	1,675,129	126,578	
2.21 Common stocks of affiliates				30,246	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	17,888		17,888	1,789	
9. Aggregate write-ins for capital gains (losses)	105,745		105,745	66,890	
10. Total capital gains (losses)	2,434,016	(181,551)	2,252,465	213,860	

DETAILS OF WRITE-IN LINES					
0901. Realized gains on sales of investments with deferred gains	105,743		105,743		
0902. SERP Accounts	2		2	66,890	
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	105,745		105,745	66,890	

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	242,834	384,885	142,051
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,168	37,754	36,586
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	1,094,714	996,174	(98,540)
21. Furniture and equipment, including health care delivery assets	190,279	148,346	(41,933)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	4,244,431	2,054,697	(2,189,734)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,773,426	3,621,856	(2,151,570)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	5,773,426	3,621,856	(2,151,570)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses	4,176,917	1,995,247	(2,181,670)
2502. Miscellaneous Receivables	67,514	59,450	(8,064)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,244,431	2,054,697	(2,189,734)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

	SSAP #	F/S Page	F/S Line #	12/31/2017	12/31/2016
<u>NET INCOME</u>					
Rhode Island Basis	97	4	20	\$ (3,605,236)	\$ 364,472
State Permitted Practice:					
Value of Castle Hill subsidiary					
NAIC SAP	97	4	20	<u>\$ (3,605,236)</u>	<u>\$ 364,472</u>
<u>SURPLUS</u>					
Rhode Island Basis	97	3	37	\$ 152,992,329	\$ 158,538,276
State Permitted Practice:					
Value of Castle Hill subsidiary					
NAIC SAP	97	3	37	<u>(1,381,090)</u>	<u>(1,350,844)</u>
				<u>\$ 151,611,239</u>	<u>\$ 157,187,432</u>

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

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

C. Accounting Policies

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

Real estate investments are classified in the balance sheet as properties occupied by the Company and carried at depreciated cost less encumbrances, if any. The fair values reported in Schedule A - Part 1 were obtained from an external independent appraisal company with values as of December 1, 2014.

In addition, the Company uses the following accounting policies:

NOTES TO FINANCIAL STATEMENTS

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair market value.
2. Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair market value.
3. Common stocks, other than investments in stocks of subsidiaries, are stated at fair market value.
4. Redeemable preferred stocks are stated at cost or amortized cost in accordance with NAIC guidance. Perpetual preferred stocks are stated at fair market value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
5. The Company does not own mortgage loans.
6. Loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities.
7. The Company values its investments in subsidiaries as follows: GAAP basis for BMIC Service Corporation and the Statutory Equity Method for Castle Hill Insurance Company as described in part Five, Sections 2cIB3 and 2cIB1, respectively, of the NAIC Purposes and Procedures Manual of the Securities Valuation Office.
8. The Company has minor ownership interests in joint ventures and partnerships which are carried at fair market value.
9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2017.
11. The Company provides reserves for unpaid insurance losses and loss adjustment expenses which cover events that occurred in the current and prior years. These reserves reflect estimates of the total cost of claims reported but not yet paid, and the cost of claims not yet reported, as well as the estimated expenses necessary to settle the claims. Reserve estimates are based on past loss experience modified for current claim trends as well as prevailing social, economic and legal conditions. Final claim payments may ultimately differ from the established reserves, particularly when these payments may not occur for several years. Reserve estimates are continually reviewed and updated and any resulting adjustments are reflected in current operating results.

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

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

There were no business combinations.

4. Discontinued Operations

Not applicable

NOTES TO FINANCIAL STATEMENTS

5. Investments

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

B. The Company does not invest in debt restructuring.

C. The Company does not invest in reverse mortgages.

D. Loan-Backed Securities

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

2. Not applicable.

3. The Company did not recognize an other-than-temporary impairment during 2017.

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

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$	(101,503)
2. 12 Months or Longer		<u>(1,105,562)</u>
		(1,207,065)

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

1. Less than 12 Months		\$19,689,134
2. 12 Months or Longer		<u>40,071,962</u>
		59,761,096

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of December 31, 2017, the Company has not made a decision to sell any such securities. The Company evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2017, the Company can attest that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are determined by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other than temporary impairments in the future on some of the securities held at December 31, 2017 if future events, information, and the passage of time causes it to conclude that declines in value are other than temporary.

E. Repurchase Agreements

Not applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable

G. Reverse Repurchase Agreements Transactions for as Secured Borrowing

Not applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

K. Low-Income Housing Tax Credits (LIHTC)

Not applicable

L. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							8	9	Percentage	
	Current Year					6	7			10	11
	1	2	3	4	5						
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total	Total From Prior Year	Increase/Decrease	Total Nonadmitted Restricted	Total Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
On deposit with states	\$ 831,803	\$ -	\$ -	\$ -	\$ 831,803	\$ 839,084	\$ (7,281)	\$ -	\$ 831,803	0.2%	0.2%
On deposit with regulatory bodies	\$ 448,563	\$ -	\$ -	\$ -	\$ 448,563	\$ 400,000	\$ 48,563	\$ -	\$ 448,563	0.1%	0.1%
Pledged as collateral not captured in other categories	\$ 21,859,050	\$ -	\$ -	\$ -	\$ 21,859,050	\$ 21,498,159	\$ 360,891	\$ -	\$ 21,859,050	5.4%	5.4%
Total Restricted Assets	\$ 23,139,416	\$ -	\$ -	\$ -	\$ 23,139,416	\$ 22,737,243	\$ 402,173	\$ -	\$ 23,139,416	5.7%	5.7%

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

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

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total	Total From Prior Year	Increase/Decrease	Total Current Year Admitted Restricted	Gross (Admitted and Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Pledged to cedants as part of reinsurance collateral	\$ 5,280,758	\$ -	\$ -	\$ -	\$ 5,280,758	\$ 5,323,060	\$ (42,302)	\$ 5,280,758	1.3%	1.3%
Collateral trust agreement with ceding reinsurer	\$ 16,578,292	\$ -	\$ -	\$ -	\$ 16,578,292	\$ 16,175,099	\$ 403,193	\$ 16,578,292	4.1%	4.1%
Total Restricted Assets	\$ 21,859,050	\$ -	\$ -	\$ -	\$ 21,859,050	\$ 21,498,159	\$ 360,891	\$ 21,859,050	5.4%	5.4%

3. Detail of Other Restricted Assets

Not applicable

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

Not applicable

M. Working Capital Finance Investments

Not applicable

N. Offsetting and Netting of Assets and Liabilities

Not applicable

O. Structured Notes

Cusip Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage Referenced Security(Yes/No)
060505EU4	\$ 565,400	\$ 565,000	\$ 564,612	NO
290876AD3	570,625	562,500	569,774	NO
29250NAN5	528,750	520,000	528,474	NO
29278NAB9	500,000	484,806	484,807	NO
369604BQ5	517,945	515,300	517,252	NO
3418BAC2	532,500	530,625	530,625	NO
493267AK4	261,000	258,125	258,125	NO
89356BAB4	546,875	541,250	546,334	NO
907818DGO	113,208	104,677	105,285	NO
931427AB4	1,490,025	1,566,240	1,491,055	NO
Total	\$ 5,626,328	\$ 5,648,523	\$ 5,596,343	

NOTES TO FINANCIAL STATEMENTS

P. 5* Securities

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

Q. Short Sales

Not applicable

R. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	<u>6</u>	<u>0</u>
(2) Aggregate Amount of Investment Income	<u>\$ 272,949</u>	<u>\$ 0</u>

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. When it appears probable that the Company will be unable to recover the outstanding carrying value of an investment, or there is evidence indicating an inability of the investee to sustain earnings which would justify the carrying value of the investment, an other-than-temporary impairment is recognized in realized capital losses for the excess of the carrying value over the estimated fair value of the investment. During 2017, the Company did not recognize any impairments for its investments in Point Judith Venture Fund or Business Development Company of Rhode Island. The estimated fair value was determined by evaluating the Company's current equity value in the underlying investment, performed by assessing the corporations' balance sheet and current financial condition.

7. Investment Income

- A. Due and accrued income was excluded from surplus for all investment income due and accrued with amounts that are over 90 days past due.
- B. Amounts nonadmitted

None

8. Derivative Instruments

The Company has no derivative financial instruments.

9. Income Taxes

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

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

A. Nature of Relationships

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

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

NOTES TO FINANCIAL STATEMENTS

surplus reasonably adequate to allow it to write required insurance. If required, such law provides for continuing capital assessment funding of the Company at whatever level may be necessary to assure the Company's future solvency on an indefinite basis.

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

Not applicable

C. Change in Terms of Intercompany Arrangements

None

D. Amounts Due to or from Related Parties

At the end of the current year, no balances were due from its subsidiaries - BMIC Service Corporation or Castle Hill Insurance Company. The BMIC Service Corp balance is net of impairments. The inception-to-date impairment of the BMIC Service Corporation receivable is \$35,321.55 at December 31, 2017 and \$97,615.50 at December 31, 2016. Recoveries on impaired receivables of \$62,293.95 were recorded during 2017.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

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

G. Nature of Relationships that Could Affect Operations

Not applicable

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

No impairment was recorded in 2017.

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable.

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

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

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received	NAIC Disallowed Entities Valuation Method, Resubmission Required	Code
BMIC Service Corp	SUB 2	03/23/17	0	Y	N	I

NOTES TO FINANCIAL STATEMENTS

N. Insurance SCA Entities Utilizing Prescribed or Permitted Practices

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

11. Debt

The Company does not have any capital notes or reverse repurchase agreements at December 31, 2017.

The Company has an irrevocable standby letter of credit with Bank of America for the benefit of General Reinsurance Corporation. The credit limit was \$3,431,903 as of December 31, 2017 and 2016. To collateralize this letter of credit, the Company was required to deposit US Agency securities with Bank of America. The carrying value of the deposit is \$5,280,758 and \$5,323,060 at December 31, 2017 and 2016 respectively.

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

A. Defined Benefit Plan

The Company has no defined benefit plans

B. Investment policies and strategies of defined benefit plans

Not applicable

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

Not applicable

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

Not applicable

E. Defined Contribution Plans

The Company sponsors a qualified 401(k) defined contribution plan for all employees. The Company matches 50% of the employee's contribution up to 6% of an individual's gross salary and may contribute additional amounts as authorized by the Board of Directors within IRS limitations on compensation, elective deferrals and annual additions. Employees vest ratably in the matching contribution over five years. The Company's expense under this plan totaled \$1,695,625 and \$1,872,391 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017, the fair value of plan assets was \$73,782,132.

F. Multiemployer Plan

Not applicable

G. Consolidated/Holding Company Plans

Not applicable

H. Postemployment Benefits and Compensated Absences

During 2003, the Company entered into employment agreements with certain key employees; the Company's total commitment for officers under these employment agreements was \$1,931,468 at December 31, 2017.

During 2007, a Rabbi Trust was established for a senior executive officer with initial funding of \$75,000. Additional annual payments of \$75,000 were made for years 2008 through 2016 with a final (half-year) payment of \$37,500 in 2017. The funds were distributed during 2017 and the Trust was closed upon retirement of the senior executive officer. An additional Rabbi Trust was established in 2017 for an active senior executive officer with initial funding of \$37,500 which was invested in money market funds. The fair value of the trust at December 31, 2017 was \$37,500 and is listed in other assets of the Company.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

A. Authorized and Outstanding Shares

Not applicable

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Policyholder dividends are paid out of unassigned surplus in accordance with a percentage or amounts approved by the Board of Directors. Dividends declared and unpaid are recorded as a liability. The Company is required to satisfy the legal minimum capital requirements of its domiciliary state - Rhode Island. Under the terms of its enabling act, the Company may declare a dividend when there is an excess of assets over liabilities and minimum surplus requirements.

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

D. Dates and Amounts of Dividends Paid

No dividend was declared for 2017. In December 2016, the Board of Directors declared a dividend of .74% of final audit premium, representing approximately \$1,000,000, to be paid to all eligible policyholders of record as of December 30, 2016.

E. Amount of Ordinary Dividends that May Be Paid

No restriction other than stated above.

F. Restrictions on Unassigned Funds

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

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

Not applicable

J. Change in Unassigned Funds

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

Unrealized gains or (losses):	\$213,857
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K. Surplus Notes

Not applicable

L. Impact of Quasi-Reorganizations

Not applicable

NOTES TO FINANCIAL STATEMENTS

M. Date of Quasi-Reorganizations

Not applicable

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not applicable

B. Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable

E. Product Warranties

Not applicable

F. Joint and Several Liabilities

Not applicable

G. All Other Contingencies

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

15. Leases

A. Lessee Leasing Arrangements

1. The Company leases office equipment under various noncancelable operating lease agreements that expire in 2022. Total lease and rent expense for 2017 and 2016 was approximately \$1,399,504 and \$1,296,859, respectively. Rental expense recognized as part of occupancy costs and included in lease and rent expense totalled \$1,211,941 in each year.

2. Future minimum aggregate lease commitments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2018	71,853
2019	35,733
2020	20,663
2021	17,279
2022	<u>7,200</u>
	\$ 152,728

B. Lessor Leasing Arrangements

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

Future minimum lease payments receivable under the noncancelable leasing arrangement as of December 31, 2017 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2018	48,000
2019	<u>24,000</u>
	\$ 72,000

NOTES TO FINANCIAL STATEMENTS

C. Sale-leaseback Transactions

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

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

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

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

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

1. Occasionally, market conditions prevail such that a security fitting a sell profile will resurface quickly as an attractive investment for purchase. In these circumstances, investment opportunities are taken irrespective of the proximity of prior transaction dates.

2. At December 31, 2017, no securities with an NAIC Designation 3 or below were sold and reacquired within 30 days of the sale date.

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

The Company does not write Accident & Health business.

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

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

20. Fair Value Measurement

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

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

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

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

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

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

The following tables provide information as of December 31, 2017 and 2016 about the Company's financial assets and liabilities measured at fair value.

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets at fair value (in 000's):				
Short-term investments	\$ 2,201	\$ -	\$ -	\$ 2,201
Bonds	-	1,274	-	1,274
Preferred stock	-	511	-	511
Common stock	16,957	231	-	17,188
Total assets at fair value	<u>\$ 19,158</u>	<u>\$ 2,016</u>	<u>\$ -</u>	<u>\$ 21,174</u>

NOTES TO FINANCIAL STATEMENTS

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets at fair value (in 000's):				
Short-term investments	\$ 5,733	\$ -	\$ -	\$ 5,733
Bonds	-	345	-	345
Preferred stock	-	-	-	-
Common stock	16,463	-	-	16,463
Total assets at fair value	<u>\$ 22,196</u>	<u>\$ 345</u>	<u>\$ -</u>	<u>\$ 22,541</u>

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

During 2017, the Company had no transfers into or out of Level 3.

2. Rollforward of Level 3 Items

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

3. Policy on Transfers Into and Out of Level 3

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

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

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

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

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

5. The Company has no derivative assets or liabilities.

B. Combination of Fair Value Information

Not applicable

C. Other Fair Value Disclosures

The following tables provide information as of December 31, 2017 and 2016 about the Company's financial assets and liabilities, including those measured at other than fair value in the Statements of Admitted Assets, Liabilities, and Policyholders' Surplus.

NOTES TO FINANCIAL STATEMENTS

	December 31, 2017					
	Level 1	Level 2	Level 3	Aggregate Fair Value	Admitted Assets	Not Practicable (Carrying Value)
Assets at fair value (in 000's):						
Bonds and debt securities	\$ 11,676	\$ 318,485	\$ -	\$ 330,161	\$ 318,190	\$ -
Short-term investments	2,201	6,098	-	8,299	8,299	-
Preferred stock	-	936	-	936	934	-
Common stock	16,957	231	-	17,188	17,188	-
Total assets at fair value	<u>\$ 30,834</u>	<u>\$ 325,750</u>	<u>\$ -</u>	<u>\$ 356,584</u>	<u>\$ 344,611</u>	<u>\$ -</u>

	December 31, 2016					
	Level 1	Level 2	Level 3	Aggregate Fair Value	Admitted Assets	Not Practicable (Carrying Value)
Assets at fair value (in 000's):						
Bonds and debt securities	\$ 17,546	\$ 309,013	\$ -	\$ 326,559	\$ 318,521	\$ -
Short-term investments	5,733	-	-	5,733	5,733	-
Preferred stock	-	1,010	-	1,010	862	-
Common stock	16,463	-	-	16,463	16,463	-
Total assets at fair value	<u>\$ 39,742</u>	<u>\$ 310,023</u>	<u>\$ -</u>	<u>\$ 349,765</u>	<u>\$ 341,579</u>	<u>\$ -</u>

D. Reasons Not Practical to Estimate Fair Values

Not applicable

21. Other Items

A. Unusual or Infrequent Items

Not applicable

B. Trouble Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

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

D. Business Interruption Insurance Recoveries

Not applicable

E. State Transferable Tax Credits

During 2017, \$2,000,000 of 2017 transferable state tax credits were purchased at a cost of \$1,840,000 and are payable in 2018. In the 2017 financials, the credits have been applied in full against the Company's 2017 State of Rhode Island premium tax.

F. Subprime Mortgage Related Risk Exposure

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

NOTES TO FINANCIAL STATEMENTS

2. Direct Exposure – Mortgage Loans

Not applicable

3. Direct Exposures – Other Investment Classes

a. Structured Securities

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

	Cost	Book/Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized	Rating
Subprime/HELOC	\$127,368	\$139,910	\$147,694	-	B+/CCC-

4. Underwriting Exposure

Not applicable

B. Insurance-linked Securities

Not applicable

22. Events Subsequent

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

23. Reinsurance

A. Unsecured Reinsurance Recoverables

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

<u>NAIC Code</u>	<u>Federal ID#</u>	<u>Name of Reinsurance</u>	<u>(000 omitted)</u> <u>Amount</u>
22039	13-2673100	General Reinsurance Corp.	\$24,852

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at December 31, 2017.

C. Reinsurance Assumed and Ceded and Protected Cells

All reinsurance premiums are paid on earned premium; therefore return commission is zero. At December 31, 2017, the unearned premium reserves for direct and assumed premiums were \$57,710,430 and \$2,732,558, respectively. The unearned premium reserves for ceded premiums was \$78,211 at December 31, 2017.

Certain ceded reinsurance contracts provide for additional or return contingent commission based on actual loss experience of the reinsured business. The annual contingent commission adjustment was settled during 2017 and there is no payable or receivable at December 31, 2017.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

The Company commuted one reinsurance contract during 2017 with General Reinsurance Corp. The Company recognized the amounts received from the reinsurer as a reduction to losses and direct cost containment (DCC) paid and reduced reserves to recognize the effect of releasing the reinsurer from its obligation under the contract. The net effect of the commutation was an increase in losses incurred and DCC incurred. This amount is shown below by Statement of Income classification:

NOTES TO FINANCIAL STATEMENTS

Losses Incurred	\$ (918,434)
DCC Incurred	<u>(14,200)</u>
	\$ (932,634)

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

F. Retroactive Reinsurance

Part (1)

1. Reserves Transferred:	Assumed
a. Initial Reserves	(\$1,845,479)
b. Adjustments – Prior Yr.	27,605
c. Adjustments – Current Yr.	<u>(29,315)</u>
d. Current Total	(\$1,847,189)
2. Consideration Paid or Received:	
a. Initial Consideration	\$ 1,845,479
b. Adjustments – Prior Yr.	-
c. Adjustments – Current Yr.	<u>-</u>
d. Current Total	\$ 1,845,479
3. Paid Losses Reimbursed or Recovered:	
a. Prior Year	\$ 20,495
b. Current Year	<u>29,315</u>
c. Current Total	\$ 49,810
4. Special Surplus from Retroactive Reinsurance:	
a. Initial Surplus Gain or Loss	\$ -
b. Adjustments – Prior Year	27,605
c. Adjustments – Current Year	<u>(29,315)</u>
d. Current Year Restricted Surplus	-
e. Cumulative total Transferred to Unassigned Funds	\$ (1,710)

In 2017, the Company has no ceded retroactive reinsurance.

5. Insurers included in the above transactions:

Fairfield Insurance	NAIC#44784	\$1,847,189
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G. Reinsurance Accounted for as a Deposit

Not applicable

H. Transfer of Property and Casualty Run-off Agreements

Not applicable

I. Certified Reinsurer Rating Downgraded

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate

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

B. Method Used to Record

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

NOTES TO FINANCIAL STATEMENTS

C. Amount and Percent of Net Retrospective Premiums

See Schedule P - Part 7A

D. Medical Loss Ratio Rebates

Not applicable

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Not applicable

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

Not applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years increased by \$12.9 million during 2017. Increases of this nature take place as the result of commutation of claims during the year, increased severity of claims within reinsurance retention levels, and the ongoing review of claim reserves as additional information becomes available.

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

a. Reserves Released due to Purchase of Annuities

The Company has purchased annuities with the claimant as payee and has received a signed release from the claimant eliminating any future liability for the Company. The Company has released reserves of \$486,609 and \$2,094,3053 through the purchase of annuities during 2017 and 2016, respectively.

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

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Policies

Not applicable

30. Premium Deficiency Reserves

The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2017.

31. High Deductibles

The Company has no High Deductible plans.

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

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

33. Asbestos/Environmental Reserves

The likelihood of material liability related to asbestos and environmental loss is remote since reported claim activity levels are minimal and the Company does not write lines of business which are typically exposed to such losses. To-date, payments of \$826,809 have been made for 19 claims including denial and dismissal settlements and claim related expenses; there are currently \$4,672 in outstanding reserves.

34. Subscriber Savings Accounts

Not applicable

NOTES TO FINANCIAL STATEMENTS

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. 12/31/2015
- 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). 04/05/2017
- 3.4 By what department or departments?
 Department of Business Regulation, State of Rhode Island

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

GENERAL INTERROGATORIES

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

6.2 If yes, give full information:

.....

.....

.....

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

7.2 If yes,

7.21 State the percentage of foreign control. _____ %

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

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

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

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

.....

.....

.....

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Pricewaterhouse Coopers, LLP; 185 Asylum Street, Suite 2400; Hartford, CT 06103

.....

.....

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

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

.....

.....

.....

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

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

.....

.....

.....

GENERAL INTERROGATORIES

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.

.....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

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

.....

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$ _____

12.2 If yes, provide explanation:

.....

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

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

N/A

.....

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

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?

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

Yes No

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]

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

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

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

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

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

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

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

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

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

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]

GENERAL INTERROGATORIES

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 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 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)
 N/A

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 N/A

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 N/A

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

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 N/A

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		\$ _____

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 No

GENERAL INTERROGATORIES

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

25.21	Subject to repurchase agreements	\$ _____
25.22	Subject to reverse repurchase agreements	\$ _____
25.23	Subject to dollar repurchase agreements	\$ _____
25.24	Subject to reverse dollar repurchase agreements	\$ _____
25.25	Placed under option agreements	\$ _____
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
25.27	FHLB Capital Stock	\$ <u>231,200</u>
25.28	On deposit with states	\$ <u>831,803</u>
25.29	On deposit with other regulatory bodies	\$ <u>448,563</u>
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ <u>21,859,050</u>
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
25.32	Other	\$ _____

25.3 For category (25.26) provide the following:

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

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

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

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 America, National Association	135 South LaSalle Street, Chicago, IL 60603
.....

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 [X] No []

GENERAL INTERROGATORIES

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Bank of America	Bank of America, National Associati	02/06/2017	Change in servicing office from Boston to Chicago

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

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

28.059 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 No

28.059 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 No

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

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

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
78462F-10-3	SPDR S&P 500 ETF Trust	2,828,716
29.2999 TOTAL		2,828,716

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
SPDR S&P500 ETF TRUST	Apple, Inc.	102,032	12/31/2017
SPDR S&P500 ETF TRUST	Microsoft Corp	82,712	12/31/2017
SPDR S&P500 ETF TRUST	Amazon.com, Inc.	63,986	12/31/2017
SPDR S&P500 ETF TRUST	Facebook, Inc.	51,907	12/31/2017
SPDR S&P500 ETF TRUST	Berkshire Hathaway, Inc.	48,060	12/31/2017

GENERAL INTERROGATORIES

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	324,287,842	336,258,712	11,970,870
30.2 Preferred stocks	933,811	936,351	2,540
30.3 Totals	325,221,653	337,195,063	11,973,410

30.4 Describe the sources or methods utilized in determining the fair values:
 Fair values have not been obtained from brokers/custodians; pricing has been obtained from pricing services such as Merrill Lynch indices, ICE, Reuters, Markit, Pricing Direct and Bloomberg.

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

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

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

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

32.2 If no, list exceptions:

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

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

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

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 643,812

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

1 Name	2 Amount Paid
NCCI	\$ 616,461
	\$
	\$

35.1 Amount of payments for legal expenses, if any? \$ 183,968

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
Partridge, Snow, & Hahn	\$ 91,133
.....	\$
.....	\$

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$ 80,000

36.2 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
Roberts, Carroll, Feldstein & Peirce	\$ 50,000
Government Strategies, Inc.	\$ 25,000
.....	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ _____		\$ _____	
2.2 Premium Denominator	\$ 126,335,989		\$ 132,407,436	
2.3 Premium Ratio (2.1 / 2.2)	_____		_____	
2.4 Reserve Numerator	\$ _____		\$ _____	
2.5 Reserve Denominator	\$ 224,052,425		\$ 215,800,099	
2.6 Reserve Ratio (2.4 / 2.5)	_____		_____	

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:

3.21 Participating policies \$ _____

3.22 Non-participating policies \$ _____

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

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

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 N/A The Company is a monoline workers' compensation carrier.

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

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

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes No
- 8.2 If yes, give full information
 In 2002, 25 GenRe Insurance claims were capped at \$5,532,533 in the aggregate. Of the 25 capped claims, 23 are closed and will not have an impact on losses. Additionally, reinsurance claims with GenRe for the policy years 7/1/2003-6/30/2010 have been commuted.

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that 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. \$ _____

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2017	2016	2015	2014	2013
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)	128,935,596	141,324,999	136,888,773	131,332,550	118,423,824
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	128,935,596	141,324,999	136,888,773	131,332,550	118,423,824
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)	122,766,441	133,917,041	128,856,101	123,483,752	109,645,635
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	122,766,441	133,917,041	128,856,101	123,483,752	109,645,635
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(18,436,841)	(13,505,748)	(10,196,130)	(11,551,802)	(13,571,832)
14. Net investment gain (loss) (Line 11)	14,666,795	15,259,711	14,110,815	13,751,756	17,685,529
15. Total other income (Line 15)	164,810	(389,491)	(315,566)	18,740	210,184
16. Dividends to policyholders (Line 17)		1,000,000	2,637,740	2,000,000	2,335,344
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	(3,605,236)	364,472	961,379	218,694	1,988,537
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	403,527,043	404,179,859	389,965,648	391,783,785	391,246,692
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	2,702,650	2,419,278	2,160,200	2,084,689	2,899,097
20.2 Deferred and not yet due (Line 15.2)	36,798,090	39,956,634	37,668,365	34,527,343	30,071,731
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	250,534,714	245,641,583	231,749,322	233,709,020	233,712,748
22. Losses (Page 3, Line 1)	140,786,423	129,500,630	116,685,842	119,638,132	123,561,624
23. Loss adjustment expenses (Page 3, Line 3)	22,809,913	22,276,641	21,714,300	22,736,897	23,628,745
24. Unearned premiums (Page 3, Line 9)	62,163,222	65,732,771	64,223,166	62,584,082	57,707,999
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	152,992,329	158,538,276	158,216,326	158,074,765	157,533,944
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	3,934,671	9,795,371	(5,107,913)	(2,458,268)	(12,051,181)
Risk-Based Capital Analysis					
28. Total adjusted capital	152,992,329	158,538,276	158,216,326	158,074,765	157,533,944
29. Authorized control level risk-based capital	18,723,717	18,649,086	17,960,776	18,436,633	17,056,823
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)	88.3	89.3	89.2	90.9	90.0
31. Stocks (Lines 2.1 & 2.2)	5.4	5.2	4.4	4.5	4.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	3.0	3.1	3.3	3.4	3.4
34. Cash, cash equivalents and short-term investments (Line 5)	3.2	2.3	3.1	1.2	1.7
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.1			0.0	
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	1,381,090	1,350,844	1,321,062	1,291,616	1,273,597
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	1,381,090	1,350,844	1,321,062	1,291,616	1,273,597
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.9	0.9	0.8	0.8	0.8

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2017	2016	2015	2014	2013
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	213,857	(165,297)	(659,577)	847,331	(1,165,639)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(5,545,948)	321,951	141,561	540,821	57,008
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)	76,971,115	74,785,010	81,790,285	77,645,389	78,848,733
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	76,971,115	74,785,010	81,790,285	77,645,389	78,848,733
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)	74,736,252	70,684,869	80,024,655	74,536,272	73,881,775
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	74,736,252	70,684,869	80,024,655	74,536,272	73,881,775
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)	68.1	63.1	60.6	59.5	59.9
68. Loss expenses incurred (Line 3)	18.0	16.8	16.3	16.0	16.4
69. Other underwriting expenses incurred (Line 4)	28.5	30.3	31.2	34.2	36.9
70. Net underwriting gain (loss) (Line 8)	(14.6)	(10.2)	(8.0)	(9.7)	(13.2)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	29.2	30.3	31.0	32.8	34.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	86.1	79.9	76.8	75.6	76.3
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)	80.2	84.5	81.4	78.1	69.6
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)	12,917	11,800	7,738	4,074	(3,221)
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)	8.1	7.5	4.9	2.6	(2.0)
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)	21,482	17,328	11,063	(1,094)	(9,816)
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)	13.6	11.0	7.0	(0.7)	(6.3)

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

Yes [] No []

If no, please explain:

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

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

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	2,194	781	48	18	142		137	1,585	X X X
2. 2008	118,728	9,972	108,756	70,875	1,038	4,153	42	16,636		1,505	90,584	X X X
3. 2009	101,670	7,173	94,497	69,792	2,893	3,927	27	13,229		1,454	84,028	X X X
4. 2010	91,451	8,028	83,423	68,605	2,192	3,514	39	13,688		1,110	83,576	X X X
5. 2011	92,459	7,451	85,008	70,873		4,668		13,545		1,494	89,086	X X X
6. 2012	102,597	8,432	94,165	71,343	1,361	4,985	19	13,645		787	88,593	X X X
7. 2013	111,600	8,778	102,822	69,497		5,112		13,912		929	88,521	X X X
8. 2014	126,456	7,849	118,607	65,632		5,325		14,438		898	85,395	X X X
9. 2015	135,250	8,033	127,217	60,571		5,612		14,575		571	80,758	X X X
10. 2016	139,815	7,408	132,407	44,661		4,295		14,005		382	62,961	X X X
11. 2017	132,505	6,169	126,336	19,911		2,193		11,145		22	33,249	X X X
12. Totals	X X X	X X X	X X X	613,954	8,265	43,832	145	138,960		9,289	788,336	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	19,872	10,211	555		606	237			1,688			12,273	X X X
2. 2008	776		359		42				109			1,286	X X X
3. 2009	6,168		147		103		2		588			7,008	X X X
4. 2010	4,300	2,578	339	155	85	12	3		447			2,429	X X X
5. 2011	1,826	388	874	5	141	13	5		252			2,692	X X X
6. 2012	8,898	6,380	205	27	179	17	12		885			3,755	X X X
7. 2013	5,248	246	1,167	300	388	13	24	3	554			6,819	X X X
8. 2014	6,540		2,337	606	430		41	6	780			9,516	X X X
9. 2015	11,979		4,262	526	783		51	6	1,431			17,974	X X X
10. 2016	17,807		14,833	827	1,246		167	18	2,927			36,135	X X X
11. 2017	23,503		33,491	2,449	2,333		702	76	6,206			63,710	X X X
12. Totals	106,917	19,803	58,569	4,895	6,336	292	1,007	109	15,867			163,597	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	10,216	2,057
2. 2008	92,950	1,080	91,870	78,288	10,830	84,474				1,135	151
3. 2009	93,956	2,920	91,036	92,413	40,708	96,337				6,315	693
4. 2010	90,981	4,976	86,005	99,486	61,983	103,095				1,906	523
5. 2011	92,184	406	91,778	99,703	5,449	107,964				2,307	385
6. 2012	100,152	7,804	92,348	97,617	92,552	98,070				2,696	1,059
7. 2013	95,902	562	95,340	85,934	6,402	92,723				5,869	950
8. 2014	95,523	612	94,911	75,539	7,797	80,021				8,271	1,245
9. 2015	99,264	532	98,732	73,393	6,623	77,609				15,715	2,259
10. 2016	99,941	845	99,096	71,481	11,407	74,842				31,813	4,322
11. 2017	99,484	2,525	96,959	75,079	40,930	76,747				54,545	9,165
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	140,788	22,809

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	One Year	Two Year
1. Prior	140,712	118,318	105,833	101,513	93,832	90,327	88,823	86,728	86,646	87,707	1,061	979
2. 2008	84,231	85,750	83,289	77,607	76,653	76,486	75,744	75,180	74,885	75,125	240	(55)
3. 2009	X X X	84,563	81,644	76,090	76,042	75,567	76,211	76,411	77,371	77,219	(152)	808
4. 2010	X X X	X X X	76,022	70,119	71,877	71,614	71,564	71,495	71,301	71,870	569	375
5. 2011	X X X	X X X	X X X	74,526	72,740	76,045	75,607	76,228	77,123	77,981	858	1,753
6. 2012	X X X	X X X	X X X	X X X	72,829	70,713	74,930	77,098	77,830	77,818	(12)	720
7. 2013	X X X	X X X	X X X	X X X	X X X	68,900	70,847	77,575	79,980	80,874	894	3,299
8. 2014	X X X	X X X	X X X	X X X	X X X	X X X	71,727	72,476	77,645	79,693	2,048	7,217
9. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	76,340	78,550	82,726	4,176	6,386
10. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	78,929	82,164	3,235	X X X
11. 2017	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	79,608	X X X	X X X
12. Totals											12,917	21,482

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
1. Prior	000	28,670	44,290	54,282	61,091	65,253	69,313	73,549	75,679	77,122	X X X	X X X
2. 2008	21,739	45,872	58,896	65,943	69,309	71,688	73,256	73,490	73,633	73,948	X X X	X X X
3. 2009	X X X	22,460	44,923	58,064	65,355	69,509	71,661	72,954	71,515	70,799	X X X	X X X
4. 2010	X X X	X X X	19,837	42,857	55,129	62,826	66,311	68,406	69,153	69,888	X X X	X X X
5. 2011	X X X	X X X	X X X	23,047	47,788	61,476	68,165	71,816	73,808	75,541	X X X	X X X
6. 2012	X X X	X X X	X X X	X X X	22,951	47,028	59,942	69,839	72,878	74,948	X X X	X X X
7. 2013	X X X	X X X	X X X	X X X	X X X	22,356	47,655	63,415	70,425	74,609	X X X	X X X
8. 2014	X X X	X X X	X X X	X X X	X X X	X X X	23,720	47,311	63,010	70,957	X X X	X X X
9. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	25,793	50,731	66,183	X X X	X X X
10. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	23,204	48,956	X X X	X X X
11. 2017	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	22,104	X X X	X X X

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior	56,991	34,763	17,785	12,535	4,933	2,272	1,039	537	276	555
2. 2008	27,073	12,179	6,547	3,130	966	457	408	109	129	359
3. 2009	X X X	26,746	9,312	2,444	1,701	293	325	73	80	149
4. 2010	X X X	X X X	19,521	3,960	2,281	872	601	188	70	187
5. 2011	X X X	X X X	X X X	22,862	5,413	3,086	998	352	180	874
6. 2012	X X X	X X X	X X X	X X X	24,958	7,272	2,172	1,025	663	190
7. 2013	X X X	X X X	X X X	X X X	X X X	22,212	4,772	2,360	1,983	888
8. 2014	X X X	X X X	X X X	X X X	X X X	X X X	26,713	7,691	3,557	1,766
9. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	26,583	10,853	3,781
10. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	29,415	14,155
11. 2017	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	31,668

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	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	L							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	L	123,705,337	126,959,990	71,443,239	79,885,362	151,479,484	138,135	
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 2		123,705,337	126,959,990	71,443,239	79,885,362	151,479,484	138,135	

NONE

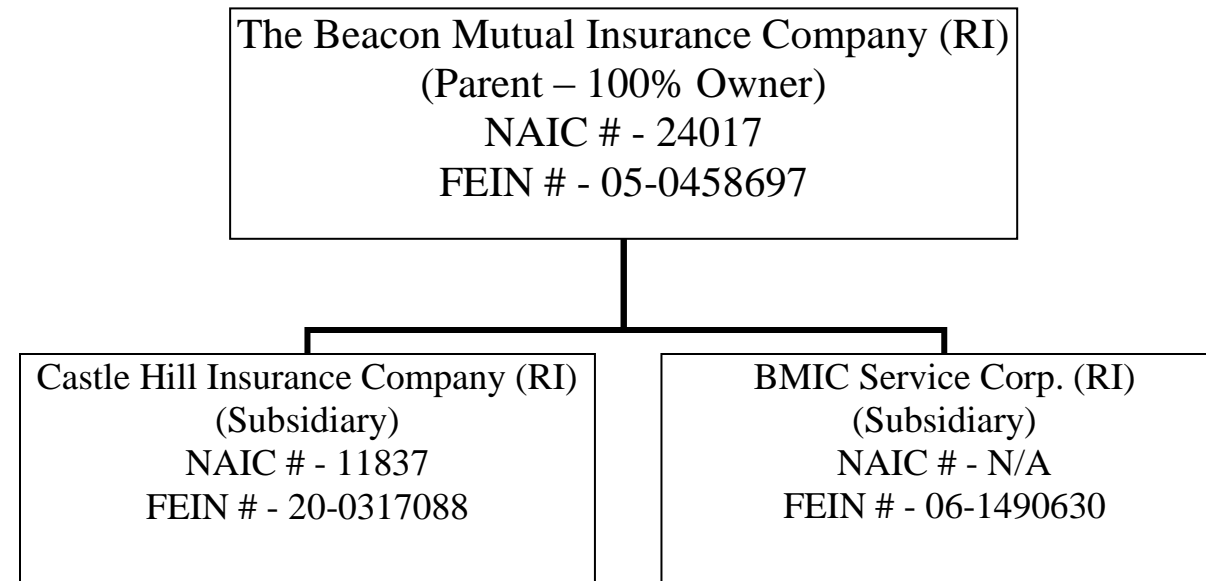
DETAILS OF WRITE-INS									
58001.	X X X								
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

None

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

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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

**Page 4 - Continuation
STATEMENT OF INCOME**

REMAINING WRITE-INS AGGREGATED AT LINE 14 FOR MISCELLANEOUS INCOME	1	2
	Current Year	Prior Year
1404. Gain (Loss) on Disposal of Assets	3,190	1,920
1405. Interest and Penalties	(1,250)	
1497. Totals (Lines 1404 through 1496) (Page 4, Line 1498)	1,940	1,920

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule E – Part 3 – Special Deposits	E28
Cash Flow	5	Schedule E – Verification Between Years	SI15
Exhibit of Capital Gains (Losses)	12	Schedule F – Part 1	20
Exhibit of Net Investment Income	12	Schedule F – Part 2	21
Exhibit of Nonadmitted Assets	13	Schedule F – Part 3	22
Exhibit of Premiums and Losses (State Page)	19	Schedule F – Part 4	23
Five-Year Historical Data	17	Schedule F – Part 5	24
General Interrogatories	15	Schedule F – Part 6 - Section 1	25
Jurat Page	1	Schedule F – Part 6 - Section 2	26
Liabilities, Surplus and Other Funds	3	Schedule F – Part 7	27
Notes To Financial Statements	14	Schedule F – Part 8	28
Overflow Page For Write-ins	100	Schedule F – Part 9	29
Schedule A – Part 1	E01	Schedule H – Accident and Health Exhibit – Part 1	30
Schedule A – Part 2	E02	Schedule H – Part 2, Part 3 and Part 4	31
Schedule A – Part 3	E03	Schedule H – Part 5 – Health Claims	32
Schedule A – Verification Between Years	SI02	Schedule P – Part 1 – Summary	33
Schedule B – Part 1	E04	Schedule P – Part 1A – Homeowners/Farmowners	35
Schedule B – Part 2	E05	Schedule P – Part 1B – Private Passenger Auto Liability/Medical	36
Schedule B – Part 3	E06	Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	37
Schedule B – Verification Between Years	SI02	Schedule P – Part 1D – Workers' Comp (Excluding Excess Workers' Comp)	38
Schedule BA – Part 1	E07	Schedule P – Part 1E – Commercial Multiple Peril	39
Schedule BA – Part 2	E08	Schedule P – Part 1F – Section 1 – Medical Professional Liability	
Schedule BA – Part 3	E09	– Occurrence	40
Schedule BA – Verification Between Years	SI03	Schedule P – Part 1F – Section 2 – Medical Professional Liability	
Schedule D – Part 1	E10	– Claims-Made	41
Schedule D – Part 1A – Section 1	SI05	Schedule P – Part 1G – Special Liability (Ocean, Marine, Aircraft (All	
Schedule D – Part 1A – Section 2	SI08	Perils), Boiler and Machinery)	42
Schedule D – Part 2 – Section 1	E11	Schedule P – Part 1H – Section 1 – Other Liability – Occurrence	43
Schedule D – Part 2 – Section 2	E12	Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	44
Schedule D – Part 3	E13	Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule D – Part 4	E14	Earthquake, Burglary & Theft)	45
Schedule D – Part 5	E15	Schedule P – Part 1J – Auto Physical Damage	46
Schedule D – Part 6 – Section 1	E16	Schedule P – Part 1K – Fidelity/Surety	47
Schedule D – Part 6 – Section 2	E16	Schedule P – Part 1L – Other (Including Credit, Accident and Health)	48
Schedule D – Summary By Country	SI04	Schedule P – Part 1M – International	49
Schedule D – Verification Between Years	SI03	Schedule P – Part 1N – Reinsurance - Nonproportional Assumed Property	50
Schedule DA – Part 1	E17	Schedule P – Part 1O – Reinsurance - Nonproportional Assumed Liability	51
Schedule DA – Verification Between Years	SI10	Schedule P – Part 1P – Reinsurance - Nonproportional Assumed Financial Lines	52
Schedule DB – Part A – Section 1	E18	Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	53
Schedule DB – Part A – Section 2	E19	Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	54
Schedule DB – Part A – Verification Between Years	SI11	Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	55
Schedule DB – Part B – Section 1	E20	Schedule P – Part 1T – Warranty	56
Schedule DB – Part B – Section 2	E21	Schedule P – Part 2, Part 3 and Part 4 - Summary	34
Schedule DB – Part B – Verification Between Years	SI11	Schedule P – Part 2A – Homeowners/Farmowners	57
Schedule DB – Part C – Section 1	SI12	Schedule P – Part 2B – Private Passenger Auto Liability/Medical	57
Schedule DB – Part C – Section 2	SI13	Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	57
Schedule DB - Part D - Section 1	E22	Schedule P – Part 2D – Workers' Comp (Excluding Excess Workers' Comp)	57
Schedule DB - Part D - Section 2	E23	Schedule P – Part 2E – Commercial Multiple Peril	57
Schedule DB - Verification	SI14	Schedule P – Part 2F – Section 1 – Medical Professional Liability	
Schedule DL - Part 1	E24	– Occurrence	58
Schedule DL - Part 2	E25	Schedule P - Part 2F - Medical Professional Liability - Claims - Made	58
Schedule E – Part 1 – Cash	E26	Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils),	
Schedule E – Part 2 – Cash Equivalents	E27	Boiler and Machinery)	58

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	58	Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	69
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	58	Schedule P – Part 4J – Auto Physical Damage	69
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	59	Schedule P – Part 4K – Fidelity/Surety	69
Schedule P – Part 2J – Auto Physical Damage	59	Schedule P – Part 4L – Other (Including Credit, Accident and Health)	69
Schedule P – Part 2K – Fidelity, Surety	59	Schedule P – Part 4M – International	69
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	59	Schedule P – Part 4N – Reinsurance - Nonproportional Assumed Property	70
Schedule P – Part 2M – International	59	Schedule P – Part 4O – Reinsurance - Nonproportional Assumed Liability	70
Schedule P – Part 2N – Reinsurance - Nonproportional Assumed Property	60	Schedule P – Part 4P – Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule P – Part 2O – Reinsurance - Nonproportional Assumed Liability	60	Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	71
Schedule P – Part 2P – Reinsurance - Nonproportional Assumed Financial Lines	60	Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	71
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	61	Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	71
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	61	Schedule P – Part 4T – Warranty	71
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	61	Schedule P – Part 5A – Homeowners/Farmowners	72
Schedule P – Part 2T – Warranty	61	Schedule P – Part 5B – Private Passenger Auto Liability/Medical	73
Schedule P – Part 3A – Homeowners/Farmowners	62	Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	74
Schedule P – Part 3B – Private Passenger Auto Liability/Medical	62	Schedule P – Part 5D – Workers' Comp (Excluding Excess Workers' Comp)	75
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	62	Schedule P – Part 5E – Commercial Multiple Peril	76
Schedule P – Part 3D – Workers' Comp (Excluding Excess Workers' Comp)	62	Schedule P – Part 5F – Medical Professional Liability – Claims-Made	78
Schedule P – Part 3E – Commercial Multiple Peril	62	Schedule P – Part 5F – Medical Professional Liability – Occurrence	77
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	63	Schedule P – Part 5H – Other Liability – Claims-Made	80
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	63	Schedule P – Part 5H – Other Liability – Occurrence	79
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	63	Schedule P – Part 5R – Products Liability – Claims-Made	82
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	63	Schedule P – Part 5R – Products Liability – Occurrence	81
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	63	Schedule P – Part 5T – Warranty	83
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	63	Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	84
Schedule P – Part 3J – Auto Physical Damage	63	Schedule P – Part 6D – Workers' Comp (Excluding Excess Workers' Comp)	84
Schedule P – Part 3K – Fidelity/Surety	63	Schedule P – Part 6E – Commercial Multiple Peril	85
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	63	Schedule P – Part 6H – Other Liability – Claims-Made	86
Schedule P – Part 3M – International	63	Schedule P – Part 6H – Other Liability – Occurrence	85
Schedule P – Part 3N – Reinsurance - Nonproportional Assumed Property	64	Schedule P – Part 6M – International	86
Schedule P – Part 3O – Reinsurance - Nonproportional Assumed Liability	64	Schedule P – Part 6N – Reinsurance - Nonproportional Assumed Property	87
Schedule P – Part 3P – Reinsurance - Nonproportional Assumed Financial Lines	64	Schedule P – Part 6O – Reinsurance - Nonproportional Assumed Liability	87
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	65	Schedule P – Part 6R – Products Liability – Claims-Made	88
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	65	Schedule P – Part 6R – Products Liability – Occurrence	88
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	65	Schedule P – Part 7A – Primary Loss Sensitive Contracts	89
Schedule P – Part 3T – Warranty	65	Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	91
Schedule P – Part 4A – Homeowners/Farmowners	66	Schedule P Interrogatories	93
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	66	Schedule T – Exhibit of Premiums Written	94
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	66	Schedule T – Part 2 – Interstate Compact	95
Schedule P – Part 4D – Workers' Comp (Excluding Excess Workers' Comp)	66	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P – Part 4E – Commercial Multiple Peril	66	Schedule Y - Part 1A - Detail of Insurance Holding Company System	97
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	67	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	98
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	67	Statement of Income	4
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	67	Summary Investment Schedule	SI01
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	67	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	67	Underwriting and Investment Exhibit Part 1	6
		Underwriting and Investment Exhibit Part 1A	7
		Underwriting and Investment Exhibit Part 1B	8
		Underwriting and Investment Exhibit Part 2	9
		Underwriting and Investment Exhibit Part 2A	10
		Underwriting and Investment Exhibit Part 3	11