

QUARTERLY STATEMENT

OF THE

BEACON MUTUAL INSURANCE COMPANY

of **WARWICK**

in the state of **RHODE ISLAND**

TO THE

Insurance Department

OF THE

STATE OF

STATE OF RHODE ISLAND

FOR THE QUARTER ENDED

September 30, 2017

PROPERTY AND CASUALTY

2017



24017201720100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2017
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

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

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

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

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

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

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

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

Internet Website Address www.beaconmutual.com

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

OFFICERS

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

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Pamela Lee Alarie</u>	<u>Vice President</u>	<u>Timothy Francis Benson</u>	<u>Vice President</u>
<u>Robert Glenn DeOrsey</u>	<u>Vice President</u>	<u>Michael Dennis Lynch</u>	<u>Vice President</u>
<u>Rajani Mahadevan</u>	<u>EVP & COO</u>	<u>James Wallace Moody Jr</u>	<u>Vice President</u>

DIRECTORS OR TRUSTEES

<u>Harry Robert Bacon</u>	<u>Raymond Christopher Coia</u>	<u>Brian Joseph Spero</u>	<u>Robert Anthony Walsh Jr.</u>
<u>Myrth York</u>	<u>Linda D'Amario Rossi</u>	<u>Kate Coyne-McCoy</u>	<u>Bradford Alan Dean #</u>
<u>Steven Issa #</u>			

State of Rhode Island

County of Kent ss

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

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

Subscribed and sworn to before me this _____ day of _____, 2017

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	320,139,165		320,139,165	318,521,808
2. Stocks:				
2.1 Preferred stocks				861,800
2.2 Common stocks	15,058,741		15,058,741	17,813,966
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	10,834,711		10,834,711	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 (\$ 829,326), cash equivalents (\$ 4,998,585), and short-term investments (\$ 1,575,455)	7,403,366		7,403,366	8,297,726
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	35,285		35,285	35,455
9. Receivables for securities	1,604,148		1,604,148	
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	355,075,416		355,075,416	356,704,083
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,012,522		3,012,522	2,953,002
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,824,856	192,496	1,632,360	2,419,278
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 1,432,493 earned but unbilled premiums)	28,371,370	37,823	28,333,547	39,956,634
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	274,825		274,825	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	1,193,868	1,081,395	112,473	203,291
21. Furniture and equipment, including health care delivery assets (\$ 0)	196,859	196,859		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	423,568		423,568	145,860
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	3,441,540	3,422,193	19,347	1,019,976
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	393,814,824	4,930,766	388,884,058	404,179,859
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	393,814,824	4,930,766	388,884,058	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	3,380,240	3,366,099	14,141	
2502. SERP Accounts	61,300	56,094	5,206	1,007,208
2503. Miscellaneous Receivables				12,768
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,441,540	3,422,193	19,347	1,019,976

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 44,042,976)	141,917,522	129,500,630
2. Reinsurance payable on paid losses and loss adjustment expenses		11,223
3. Loss adjustment expenses	22,650,155	22,276,641
4. Commissions payable, contingent commissions and other similar charges	4,181,865	6,352,749
5. Other expenses (excluding taxes, licenses and fees)	6,047,690	6,810,970
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	5,592,441	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 (after deducting unearned premiums for ceded reinsurance of \$ 62,401 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)	53,339,643	65,732,771
10. Advance premium	2,175,657	2,852,533
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders	678,957	2,079,604
12. Ceded reinsurance premiums payable (net of ceding commissions)		126,957
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others	91,811	179,334
15. Remittances and items not allocated	93,080	58,099
16. Provision for reinsurance (including \$ 0 certified)		
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	525,724	590,964
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	237,294,545	245,641,583
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	237,294,545	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)	130,830,828	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)	151,589,513	158,538,276
38. Totals (Page 2, Line 28, Col. 3)	388,884,058	404,179,859

DETAILS OF WRITE-IN LINES		
2501. Deferred Gain - CH Investments	524,032	582,007
2502. Miscellaneous Liabilities	1,692	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)	525,724	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	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 84,863,505)	95,623,115	99,470,263	133,663,432
1.2 Assumed (written \$ 2,772,691)	4,406,209	4,692,034	6,151,962
1.3 Ceded (written \$ 4,733,362)	4,733,362	5,651,637	7,407,958
1.4 Net (written \$ 82,902,834)	95,295,962	98,510,660	132,407,436
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 56,185,314):			
2.1 Direct	62,371,018	49,648,482	70,035,235
2.2 Assumed	4,742,649	5,716,779	5,805,593
2.3 Ceded	(663,751)	(7,737,384)	(7,658,829)
2.4 Net	67,777,418	63,102,645	83,499,657
3. Loss adjustment expenses incurred	17,524,703	16,342,456	22,285,036
4. Other underwriting expenses incurred	26,504,972	28,751,994	40,128,491
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	111,807,093	108,197,095	145,913,184
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(16,511,131)	(9,686,435)	(13,505,748)
INVESTMENT INCOME			
9. Net investment income earned	9,349,973	8,892,388	11,885,774
10. Net realized capital gains (losses) less capital gains tax of \$ 0	1,376,029	3,005,304	3,373,937
11. Net investment gain (loss) (Lines 9 + 10)	10,726,002	11,897,692	15,259,711
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 342,397 amount charged off \$ 582,173)	(239,777)	(546,368)	(571,188)
13. Finance and service charges not included in premiums	113,705	116,650	148,315
14. Aggregate write-ins for miscellaneous income	24,415	12,869	33,382
15. Total other income (Lines 12 through 14)	(101,657)	(416,849)	(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)	(5,886,786)	1,794,408	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)	(5,886,786)	1,794,408	364,472
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	(5,886,786)	1,794,408	364,472
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	158,538,277	158,216,326	158,216,326
22. Net income (from Line 20)	(5,886,786)	1,794,408	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	248,139	(413,603)	(165,297)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(1,310,117)	54,174	122,776
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	(6,948,764)	1,434,979	321,951
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	151,589,513	159,651,305	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)	22,476	11,049	3,857
1402. Gain (Loss) on Disposal of Assets	3,189	1,820	1,920
1403. Retroactive Reinsurance Gain (Loss)			27,605
1498. Summary of remaining write-ins for Line 14 from overflow page	(1,250)		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	24,415	12,869	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)			

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	94,701,326	98,213,519	130,937,322
2. Net investment income	10,390,158	10,331,770	13,718,532
3. Miscellaneous income	(142,864)	(416,848)	(389,492)
4. Total (Lines 1 to 3)	104,948,620	108,128,441	144,266,362
5. Benefit and loss related payments	54,876,835	52,358,027	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	50,040,620	49,554,703	61,024,940
8. Dividends paid to policyholders	1,400,647	1,743,883	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)	106,318,102	103,656,613	134,470,991
11. Net cash from operations (Line 4 minus Line 10)	(1,369,482)	4,471,828	9,795,371
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	36,031,908	46,417,912	66,040,778
12.2 Stocks	9,574,030	27,995,661	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)	45,605,938	74,413,573	94,036,439
13. Cost of investments acquired (long-term only):			
13.1 Bonds	38,203,215	54,845,612	76,496,485
13.2 Stocks	4,715,270	27,302,666	29,811,239
13.3 Mortgage loans			
13.4 Real estate	(87,947)		
13.5 Other invested assets			
13.6 Miscellaneous applications	1,604,148	241,411	
13.7 Total investments acquired (Lines 13.1 to 13.6)	44,434,686	82,389,689	106,307,724
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,171,252	(7,976,116)	(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)	(696,131)	(343,047)	81,757
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(696,131)	(343,047)	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)	(894,361)	(3,847,335)	(2,394,157)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	8,297,726	10,691,883	10,691,883
19.2 End of period (Line 18 plus Line 19.1)	7,403,365	6,844,548	8,297,726

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

20.0001			
20.0002			
20.0003			

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 Department of Business Regulation-Insurance Division. 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 practices 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:

		F/S	F/S		
	SSAP #	Page	Line #	9/30/2017	12/31/2016
<u>NET INCOME</u>					
Rhode Island Basis	97	4	20	\$ (5,886,785)	\$ 364,472
State Permitted Practice:					
Value of Castle Hill Subsidiary					
NAIC SAP	97	4	20	\$ (5,886,785)	\$ 364,472
<u>SURPLUS</u>					
Rhode Island Basis	97	3	37	\$151,589,513	\$158,538,279
State Permitted Practice:					
Value of Castle Hill Subsidiary				\$ (1,376,834)	\$ (1,350,844)
NAIC SAP	97	3	37	\$ 150,212,679	\$ 157,187,435

2. Accounting Changes and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

(A, B, C, E, F & G) No change.

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. The Company did not recognize any other-than-temporary impairments on loan back or structured securities during the third quarter of 2017.
3. Not applicable.

NOTES TO FINANCIAL STATEMENTS

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	\$ (789,377)
2. 12 Months or Longer	<u>(151,973)</u>
	(941,350)

b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	\$ 43,748,681
2. 12 Months or Longer	<u>8,772,892</u>
	52,521,573

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 September 30, 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 September 30, 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 September 30, 2017 if future events, information, and the passage of time cause it to conclude that declines in value are other than temporary.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

7. Investment Income

No change.

8. Derivative Instruments

Not applicable.

9. Income Taxes

No change.

10. Information Concerning Parent, Subsidiaries and Affiliates

No significant change.

11. Debt

A. No change.

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Boston. Through its membership, the Company has the ability to conduct business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds as backup liquidity if necessary.

2. FHLB Capital Stock - Aggregate Totals

The Company holds 2,312 shares of Membership stock – Class B at \$100 par value, totaling \$231,200. None of the stock is eligible for redemption.

3. Collateral Pledged to FHLB

There is no collateral pledged to the FHLB as of September 30, 2017.

4. Borrowing from FHLB

There have no been borrowings from the FHLB as of September 30, 2017.

NOTES TO FINANCIAL STATEMENTS

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

No significant change.

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

No significant change.

14. Contingencies

No significant change.

15. Leases

No significant change.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

20. Fair Value 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 table provides information about the Company's financial assets and liabilities measured at fair value:

	September 30, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value (in 000's)				
Bonds and debt securities	\$ -	\$ 1,767	\$ -	\$ 1,767
Short-term investments	1,575	-	-	1,575
Common stock	13,451	-	-	13,451
Total assets at fair value	<u>\$ 15,026</u>	<u>\$ 1,767</u>	<u>\$ -</u>	<u>\$ 16,793</u>

The following table provides information about the Company's financial assets and

NOTES TO FINANCIAL STATEMENTS

liabilities, including those measured at other than fair value in the Statements of Admitted Assets, Liabilities, and Policyholders' Surplus.

September 30, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Not Practicable (Carrying Value)</u>
Assets at fair value (in 000's)						
Bonds and debt securities			-			-
Short-term investments	\$ 10,045	\$ 321,915	-	\$ 331,960	\$ 320,139	-
Cash Equivalents	1,575	-	-	1,575	1,575	-
Common stock		4,999	-	4,999	4,999	-
	13,451	231	-	13,682	13,682	-
Total assets at fair value	<u>\$ 25,071</u>	<u>\$ 327,145</u>	<u>\$ -</u>	<u>\$ 352,216</u>	<u>\$ 340,395</u>	<u>-</u>

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.

B. Other Fair Value Disclosures

Not applicable.

C. Reasons Not Practical to Estimate Fair Values

Not applicable.

21. Other Items

No significant changes.

22. Events Subsequent

No change.

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

A. Reinsurance Assumed and Ceded and Protected Cells

All reinsurance premiums are paid on earned premium; therefore, return commission is zero. At September 30, 2017, the unearned premium reserves for direct and assumed premiums were \$50,553,210 and \$1,413,935 respectively. The unearned premium reserve for ceded premiums was \$62,401 at September 30, 2017.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No significant change.

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 \$12.7M during 2017. Increases (or decreases) of this nature take place as the result of ongoing claims activity and the review of claim reserves as additional information becomes available.

Two main factors contributed to the IBNR adjustment during the year. The first relates to the higher than expected loss activity Beacon has been experiencing in the 2013-2015 accident years. Although loss trends take time to develop, management feels there is now sufficient data to increase the ultimate loss ratio selections for these years. Second, management's goal is to maintain a conservative estimate in Beacon's overall loss reserves due to Beacon's role as the carrier of last resort in Rhode Island. Loss reserves in recent years have been subject to the negative effects of the economic downturn, workforce co-morbidity, and uncontrollable cost escalators such as medical fee schedules.

26. Intercompany Pooling Arrangements

Not applicable.

27. Structured Settlements

No change.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No change.

31. High Deductibles

Not applicable.

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

Not applicable.

33. Asbestos/Environmental Reserves

No change.

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change: _____

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []

If yes, complete Schedule Y, Parts 1, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No []

3.3 If the response to 3.2 is yes, provide a brief description of those changes.
 Effective 7/1/17, Brian J. Spero was appointed President & CEO upon the retirement of James V. Rosati. Rajani Mahadevan was appointed as Executive Vice President and Chief Operating Officer. James W. Moody, Jr. became VP of Information Systems and Amy C. Vitale became Vice President, General Counsel & Assistant Secretary.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] N/A [X]
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2015 _____

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2015 _____

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 04/05/2017 _____

6.4 By what department or departments?
 Department of Business Regulation, Rhode Island

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

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

GENERAL INTERROGATORIES

7.2 If yes, give full information

.....

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 below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

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

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

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

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

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

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

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

GENERAL INTERROGATORIES

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

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ _____

13. Amount of real estate and mortgages held in short-term investments: \$ _____

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ <u>1,350,844</u>	\$ <u>1,376,834</u>
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ <u>1,350,844</u>	\$ <u>1,376,834</u>
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

15.2 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

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

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

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

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

1 Name of Custodian(s)	2 Custodian Address
Bank of America, National Association	135 South LaSalle Street, Chicago, IL 60603
.....

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:
.....
.....
.....
.....

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

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....
.....
.....
TOTAL		

5. Operating Percentages:
 5.1. A&H loss percent _____ %
 5.2. A&H cost containment percent _____ %
 5.3. A&H expense percent excluding cost containment expenses _____ %

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

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

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

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

NONE **Schedule F**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
		Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	
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	84,863,505	94,351,300	53,787,617	52,000,663	151,620,761	140,976,692
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		84,863,505	94,351,300	53,787,617	52,000,663	151,620,761	140,976,692

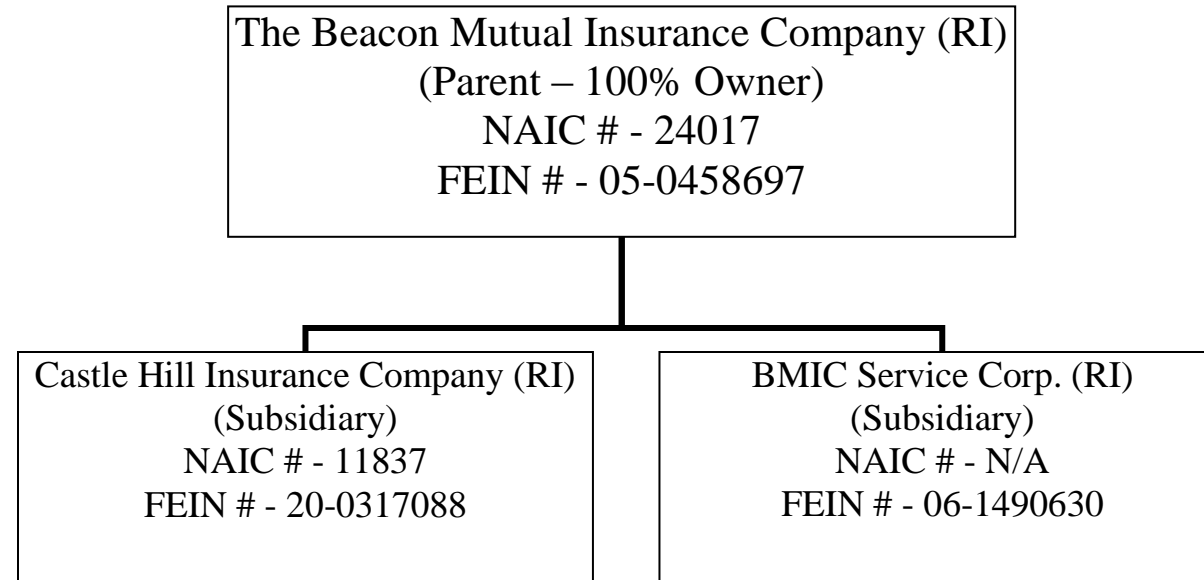
DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X					
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X					

NONE

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

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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
3490	Beacon Mutual Insurance Group	24017	05-0458697				Beacon Mutual Insurance Company	RI						N	
3490	Beacon Mutual Insurance Group	11837	20-0317088				Castle Hill Insurance Company	RI	DS	Beacon Mutual Insurance Company	Ownership	100.0	Beacon Mutual Insurance Company	N	
		00000	06-1490630				BMIC Service Corp	RI	DS	Beacon Mutual Insurance Company	Ownership	100.0	Beacon Mutual Insurance Company	Y	

12

Asterik	Explanation
	NONE

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
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				
15. Other accident and health				
16. Workers' compensation	95,623,115	62,371,018	65.2	49.9
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	95,623,115	62,371,018	65.2	49.9

DETAILS OF WRITE-INS			
3401.	NONE		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
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			
15. Other accident and health			
16. Workers' compensation	27,598,917	84,863,505	94,351,300
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	27,598,917	84,863,505	94,351,300

DETAILS OF WRITE-INS			
3401.	NONE		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2017 Loss and LAE Payments on Claims Reported as of Prior Year-End	2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2017 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2014 + prior	45,742	13,540	59,282	14,244	24	14,268	37,404	42	11,670	49,116	5,906	(1,804)	4,102
2. 2015	16,966	13,410	30,376	12,910	34	12,944	14,648	108	6,888	21,644	10,592	(6,380)	4,212
3. Subtotals 2015 + prior	62,708	26,950	89,658	27,154	58	27,212	52,052	150	18,558	70,760	16,498	(8,184)	8,314
4. 2016	26,310	35,809	62,119	23,024	894	23,918	20,894	872	20,827	42,593	17,608	(13,216)	4,392
5. Subtotals 2016 + prior	89,018	62,759	151,777	50,178	952	51,130	72,946	1,022	39,385	113,353	34,106	(21,400)	12,706
6. 2017	X X X	X X X	X X X	X X X	21,379	21,379	X X X	20,875	30,341	51,216	X X X	X X X	X X X
7. Totals	89,018	62,759	151,777	50,178	22,331	72,509	72,946	21,897	69,726	164,569	34,106	(21,400)	12,706

8. Prior Year-End Surplus As Regards Policyholders

158,538

Col. 11, Line 7	Col. 12, Line 7	Col. 13, Line 7
As % of Col. 1,	As % of Col. 2,	As % of Col. 3,
Line 7	Line 7	Line 7
1. <u>38.314</u>	2. <u>-34.099</u>	3. <u>8.371</u>
		Col. 13, Line 7
		Line 8
		4. <u>8.014</u>

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

- Question 1: Not applicable
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- Question 2: Not applicable
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.....
- Question 3: Not applicable
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.....
- Question 4: Not applicable
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.....
.....

Bar Code:



24017201749000030



24017201745500030



24017201736500030



24017201750500030

OVERFLOW PAGE FOR WRITE-INS

Page 4 - Continuation**STATEMENT OF INCOME**

	1	2	3
REMAINING WRITE-INS AGGREGATED AT LINE 14 FOR MISCELLANEOUS INCOME	Current Year	Prior Year	Prior Year Ended December 31
1404. Interest & Penalties	(1,250)		
1497. Totals (Lines 1404 through 1496) (Page 4, Line 1498)	(1,250)		

SCHEDULE A - VERIFICATION**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	11,173,328	11,558,043
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	(87,947)	
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	250,669	384,715
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	10,834,712	11,173,328
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	10,834,712	11,173,328

SCHEDULE B - VERIFICATION**Mortgage Loans**

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

NONE

SCHEDULE BA - VERIFICATION**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	35,455	82,849
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(171)	(47,394)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	35,284	35,455
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	35,284	35,455

SCHEDULE D - VERIFICATION**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	337,197,574	323,084,781
2. Cost of bonds and stocks acquired	42,918,481	106,307,730
3. Accrual of discount	62,347	91,418
4. Unrealized valuation increase (decrease)	181,420	(156,487)
5. Total gain (loss) on disposals	1,318,053	3,361,511
6. Deduct consideration for bonds and stocks disposed of	45,605,940	94,036,437
7. Deduct amortization of premium	874,030	1,413,762
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		41,180
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	335,197,905	337,197,574
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	335,197,905	337,197,574

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	286,871,217	23,120,178	23,492,365	(242,902)	282,481,557	286,871,217	286,256,128	278,012,415
2. NAIC 2 (a)	41,733,090		1,480,863	(1,809,033)	43,251,572	41,733,090	38,443,194	44,626,710
3. NAIC 3 (a)	1,601,832		1,354,167	1,766,219	1,611,680	1,601,832	2,013,884	1,615,859
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	330,206,139	23,120,178	26,327,395	(285,716)	327,344,809	330,206,139	326,713,206	324,254,984
PREFERRED STOCK								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3								500,000
11. NAIC 4								361,800
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock								861,800
15. Total Bonds & Preferred Stock	330,206,139	23,120,178	26,327,395	(285,716)	327,344,809	330,206,139	326,713,206	325,116,784

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 6,574,040; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	1,575,455	X X X	1,575,455	16	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,733,174	11,189,510
2. Cost of short-term investments acquired	29,360,621	45,724,459
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	33,518,341	51,180,795
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	1,575,454	5,733,174
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,575,454	5,733,174

NONE Schedule DB - Part A and B Verification

NONE Schedule DB - Part C - Section 1

NONE Schedule DB - Part C - Section 2

NONE Schedule DB - Verification

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of cash equivalents acquired	4,998,071	
3. Accrual of discount	514	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	4,998,585	
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	4,998,585	

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
Two story home office on 7 acres	Warwick	RI	09/01/2017	N/A - internal transfer to equipment				(87,947)
0199999 Acquired by Purchase								(87,947)
								(87,947)
								(87,947)
0399999 Totals								(87,947)

EO1

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B./A.C.V.							
NONE																			
0399999 Totals																			

NONE **Schedule B - Part 2 and 3**

NONE **Schedule BA - Part 2 and 3**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
686053-DR-7	OREGON ST SCH BRDS ASSN SHORT-		08/07/2017	RBC CAPITAL MARKETS		294,990	250,000.00	1,536	1FE
1799999	Subtotal - Bonds - U.S. States, Territories and Possessions				X X X	294,990	250,000.00	1,536	X X X
196479-C3-1	COLORADO ST HSG & FIN AUTH		08/17/2017	RBC CAPITAL MARKETS		250,000	250,000.00		1FE
389532-FW-7	GRAYS HARBOR CNTY WA PUBLIC UT		08/16/2017	US BANCORP PIPER JAFFRAY		441,842	345,000.00	3,214	1FE
41978C-AS-4	HAWAII ST ARPTS SYS CUSTOMER		07/13/2017	MERRILL LYNCH		500,000	500,000.00		1FE
64971X-BB-3	NEW YORK CITY NY TRANSITIONAL		08/09/2017	JP MORGAN SECURITIES INC.		249,945	250,000.00		1FE
677561-JU-7	OHIO ST HOSP FAC REVENUE		08/09/2017	JP MORGAN SECURITIES INC.		500,000	500,000.00		1FE
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	1,941,787	1,845,000.00	3,214	X X X
12189L-AK-7	BURLINGTN NORTH SANTA FE		07/07/2017	GOLDMAN SACHS		535,795	500,000.00	7,960	1FE
26443C-AA-1	DUKE UNIVERSITY HEALTH		07/07/2017	RAYMOND JAMES		249,078	250,000.00	980	1FE
369604-BH-5	GENERAL ELECTRIC CO		07/21/2017	MORGAN STANLEY & CO		1,128,860	1,000,000.00	16,875	1FE
678858-BS-9	OKLAHOMA G&E CO		08/08/2017	MITSUBISHI UFJ SECURITIES USA INC		747,615	750,000.00		1FE
717081-DK-6	PFIZER INC		07/05/2017	BARCLAYS CAPITAL		549,745	500,000.00	3,361	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	3,211,093	3,000,000.00	29,176	X X X
8399997	Subtotal - Bonds - Part 3				X X X	5,447,870	5,095,000.00	33,926	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	5,447,870	5,095,000.00	33,926	X X X
166764-10-0	CHEVRON CORP		07/13/2017	WEEDEN & CO	100.000	10,383			L
17275R-10-2	CISCO SYSTEMS INC		07/13/2017	WEEDEN & CO	500.000	15,623			L
237194-10-5	DARDEN RESTAURANTS INC		07/13/2017	WEEDEN & CO	200.000	17,722			L
532457-10-8	ELI LILLY & CO		07/13/2017	WEEDEN & CO	200.000	16,792			L
291011-10-4	EMERSON ELECTRIC CO		07/13/2017	WEEDEN & CO	200.000	12,015			L
46625H-10-0	JP MORGAN CHASE & COMPANY		07/13/2017	WEEDEN & CO	200.000	18,565			L
49456B-10-1	KINDER MORGAN INC		07/13/2017	WEEDEN & CO	400.000	7,746			L
500754-10-6	KRAFT HEINZ COMPANY		07/13/2017	WEEDEN & CO	200.000	16,956			L
580135-10-1	MCDONALDS CORP		07/13/2017	WEEDEN & CO	100.000	15,510			L
58933Y-10-5	MERCK & CO INC		07/13/2017	WEEDEN & CO	200.000	12,523			L
594918-10-4	MICROSOFT CORP		07/13/2017	WEEDEN & CO	300.000	21,596			L
69007J-10-6	OUTFRONT MEDIA INC		07/13/2017	WEEDEN & CO	500.000	11,449			L
723484-10-1	PINNACLE WEST CAPITAL CORP		07/13/2017	WEEDEN & CO	100.000	8,491			L
742718-10-9	PROCTER & GAMBLE CO/THE		07/13/2017	WEEDEN & CO	200.000	17,414			L
871829-10-7	SYSCO CORP		07/13/2017	WEEDEN & CO	300.000	15,140			L

E/4

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

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
9099999	Subtotal - Common Stock - Industrial and Miscellaneous (Unaffiliated)				X X X	217,925	X X X		X X X
9799997	Subtotal - Common Stock - Part 3				X X X	217,925	X X X		X X X
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X
9799999	Total - Common Stock				X X X	217,925	X X X		X X X
9899999	Total - Preferred and Common Stock				X X X	217,925	X X X		X X X
9999999	Totals				X X X	5,665,795	X X X	33,926	X X X

E04.1

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

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicat (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
38373A-L2-0	GOVERNMENT NATIONAL MORTGAGE A 09		09/01/2017	PAYDOWN		15,055	15,055.00	15,823	15,221		(166)		(166)		15,055				452	07/20/2038	1FE
38376F-J3-7	GOVERNMENT NATIONAL MORTGAGE A 09		09/01/2017	PAYDOWN		1,325	1,325.00	1,463	1,362		(37)		(37)		1,325				39	08/20/2038	1FE
38378K-RR-2	GOVERNMENT NATIONAL MORTGAGE A 13		09/01/2017	PAYDOWN		12,601	12,601.00	12,954	12,613		(12)		(12)		12,601				204	03/16/2048	1FE
36296H-Q6-9	GOVERNMENT NATL MTG ASSOC #691777		09/01/2017	PAYDOWN		593	593.00	605	595		(1)		(1)		593				20	07/15/2038	1FE
36296Q-LY-3	GOVERNMENT NATL MTG ASSOC #697943		09/01/2017	PAYDOWN		10,643	10,643.00	10,882	10,647		(4)		(4)		10,643				312	03/15/2039	1FE
36296W-WP-7	GOVERNMENT NATL MTG ASSOC #703654		09/01/2017	PAYDOWN		186	186.00	191	186						186				6	02/15/2039	1FE
3620C6-EG-6	GOVERNMENT NATL MTG ASSOC #749935		09/01/2017	PAYDOWN		30,496	30,496.00	31,820	30,467		29		29		30,496				906	11/15/2040	1FE
36241K-YZ-5	GOVERNMENT NATL MTG ASSOC #782528		09/01/2017	PAYDOWN		10,481	10,481.00	10,691	10,501		(20)		(20)		10,481				354	01/15/2039	1FE
0599999	Subtotal - Bonds - U.S. Governments				X X X	81,380	81,380.00	84,429	81,592		(211)		(211)		81,380				2,293	X X X	X X X
93974B-P9-7	WASHINGTON ST		07/01/2017	PREREFUNDED		400,000	400,000.00	462,128	407,023		(7,023)		(7,023)		400,000				20,000	07/01/2030	1FE
1799999	Subtotal - Bonds - U.S. States, Territories and Possessions				X X X	400,000	400,000.00	462,128	407,023		(7,023)		(7,023)		400,000				20,000	X X X	X X X
31396V-4B-1	FANNIE MAE 07 58 FG		09/25/2017	PAYDOWN		4,892	4,892.00	4,892	4,892						4,892				44	06/25/2037	1FE
3136A5-TB-2	FANNIE MAE 12 33 GV		09/01/2017	PAYDOWN		27,744	27,744.00	29,635	27,908		(164)		(164)		27,744				648	07/25/2028	1FE
312943-7E-7	FEDERAL HOME LN MTG CORP #A95393		09/01/2017	PAYDOWN		30,961	30,961.00	30,976	30,962		(1)		(1)		30,961				831	12/01/2040	1FE
312944-FE-6	FEDERAL HOME LN MTG CORP #A95565		09/01/2017	PAYDOWN		67,122	67,122.00	65,752	67,041		80		80		67,122		1,845			12/01/2040	1FE
312962-VW-0	FEDERAL HOME LN MTG CORP #B10629		09/01/2017	PAYDOWN		1,850	1,850.00	2,001	1,895		(45)		(45)		1,850				59	11/01/2018	1FE
312962-ZK-2	FEDERAL HOME LN MTG CORP #B10746		09/01/2017	PAYDOWN		953	953.00	1,031	975		(21)		(21)		953				32	11/01/2018	1FE
312962-3G-6	FEDERAL HOME LN MTG CORP #B10799		09/01/2017	PAYDOWN		2,660	2,660.00	2,876	2,717		(58)		(58)		2,660				89	12/01/2018	1FE
312963-PY-1	FEDERAL HOME LN MTG CORP #B11339		09/01/2017	PAYDOWN		1,705	1,705.00	1,843	1,751		(46)		(46)		1,705				57	12/01/2018	1FE
31292S-AN-0	FEDERAL HOME LN MTG CORP #C09013		09/01/2017	PAYDOWN		10,650	10,650.00	10,856	10,662		(12)		(12)		10,650				211	09/01/2042	1FE
3128H8-CB-4	FEDERAL HOME LN MTG CORP #E99966		09/01/2017	PAYDOWN		1,324	1,324.00	1,432	1,355		(31)		(31)		1,324				44	10/01/2018	1FE
3128M4-CP-6	FEDERAL HOME LN MTG CORP #G02478		09/01/2017	PAYDOWN		1,454	1,454.00	1,433	1,451		4		4		1,454				53	12/01/2036	1FE
3128MJ-Q7-8	FEDERAL HOME LN MTG CORP #G08477		09/01/2017	PAYDOWN		20,403	20,403.00	21,328	20,486		(83)		(83)		20,403				476	02/01/2042	1FE
3128MJ-Q9-4	FEDERAL HOME LN MTG CORP #G08479		09/01/2017	PAYDOWN		6,702	6,702.00	7,130	6,738		(36)		(36)		6,702				154	03/01/2042	1FE
3128MJ-RV-4	FEDERAL HOME LN MTG CORP #G08499		09/01/2017	PAYDOWN		7,329	7,329.00	7,474	7,338		(9)		(9)		7,329				142	07/01/2042	1FE
3128MJ-R5-1	FEDERAL HOME LN MTG CORP #G08507		09/01/2017	PAYDOWN		3,260	3,260.00	3,419	3,270		(10)		(10)		3,260				65	10/01/2042	1FE
3128MM-K7-7	FEDERAL HOME LN MTG CORP #G18317		09/01/2017	PAYDOWN		5,771	5,771.00	6,017	5,816		(45)		(45)		5,771				175	07/01/2024	1FE
3128PP-YY-3	FEDERAL HOME LN MTG CORP #J10727		09/01/2017	PAYDOWN		1,128	1,128.00	1,206	1,142		(13)		(13)		1,128				32	10/01/2024	1FE
3128PP-4D-2	FEDERAL HOME LN MTG CORP #J10820		09/01/2017	PAYDOWN		2,066	2,066.00	2,121	2,073		(7)		(7)		2,066				62	10/01/2024	1FE
3128PR-FA-2	FEDERAL HOME LN MTG CORP #J11961		09/01/2017	PAYDOWN		18,964	18,964.00	19,734	19,044		(80)		(80)		18,964				554	04/01/2025	1FE
3128PR-M7-1	FEDERAL HOME LN MTG CORP #J12182		09/01/2017	PAYDOWN		105,709	105,709.00	109,484	106,214		(504)		(504)		105,709				3,166	05/01/2025	1FE
3128PT-7B-5	FEDERAL HOME LN MTG CORP #J14490		09/01/2017	PAYDOWN		22,742	22,742.00	22,781	22,748		(6)		(6)		22,742				528	02/01/2026	1FE
3128PV-BD-1	FEDERAL HOME LN MTG CORP #J15436		09/01/2017	PAYDOWN		7,710	7,710.00	8,041	7,771		(60)		(60)		7,710				205	05/01/2026	1FE

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SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Forfeiture	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicant (a)
3128PV-5E-6	FEDERAL HOME LN MTG CORP #J16245		09/01/2017	PAYDOWN		3,238	3,238.00	3,403	3,282		(44)		(44)		3,238				86	08/01/2026	1FE
3128Q0-VW-4	FEDERAL HOME LN MTG CORP #J19629		09/01/2017	PAYDOWN		21,299	21,299.00	22,337	21,415		(117)		(117)		21,299				406	07/01/2027	1FE
31306Y-KF-7	FEDERAL HOME LN MTG CORP #J21194		09/01/2017	PAYDOWN		67,985	67,985.00	70,991	68,203		(218)		(218)		67,985				1,133	11/01/2027	1FE
3132GM-KJ-0	FEDERAL HOME LN MTG CORP #Q05997		09/01/2017	PAYDOWN		10,418	10,418.00	10,816	10,422		(5)		(5)		10,418				240	02/01/2042	1FE
3132GT-DJ-3	FEDERAL HOME LN MTG CORP #Q07905		09/01/2017	PAYDOWN		86,866	86,866.00	90,313	87,161		(295)		(295)		86,866				2,246	05/01/2042	1FE
3132HL-A2-9	FEDERAL HOME LN MTG CORP #Q10025		09/01/2017	PAYDOWN		9,286	9,286.00	9,879	9,334		(48)		(48)		9,286				226	08/01/2042	1FE
3132QU-AK-9	FEDERAL HOME LN MTG CORP #Q37209		09/01/2017	PAYDOWN		13,166	13,166.00	13,623	13,187		(21)		(21)		13,166				308	11/01/2045	1FE
31371L-PL-7	FEDERAL NATIONAL MTG ASSOC #255227		09/01/2017	PAYDOWN		9,591	9,591.00	9,894	9,658		(66)		(66)		9,591				287	05/01/2019	1FE
31400S-BR-9	FEDERAL NATIONAL MTG ASSOC #695848		09/01/2017	PAYDOWN		1,140	1,140.00	1,242	1,173		(33)		(33)		1,140				38	05/01/2018	1FE
31400S-CF-4	FEDERAL NATIONAL MTG ASSOC #695870		09/01/2017	PAYDOWN		719	719.00	784	741		(22)		(22)		719				24	04/01/2018	1FE
31401C-LJ-0	FEDERAL NATIONAL MTG ASSOC #704229		09/01/2017	PAYDOWN		1,211	1,211.00	1,319	1,251		(40)		(40)		1,211				41	05/01/2018	1FE
31401X-L4-7	FEDERAL NATIONAL MTG ASSOC #721347		09/01/2017	PAYDOWN		1,351	1,351.00	1,472	1,389		(38)		(38)		1,351				45	06/01/2018	1FE
31405D-KC-0	FEDERAL NATIONAL MTG ASSOC #786091		09/01/2017	PAYDOWN		411	411.00	448	420		(9)		(9)		411				14	07/01/2019	1FE
31407B-WY-1	FEDERAL NATIONAL MTG ASSOC #826063		09/01/2017	PAYDOWN		8,614	8,614.00	8,255	8,583		31		31		8,614				292	07/01/2035	1FE
31410G-ME-0	FEDERAL NATIONAL MTG ASSOC #888757		09/01/2017	PAYDOWN		133	133.00	134	133						133				3	09/01/2037	1FE
31410G-RJ-4	FEDERAL NATIONAL MTG ASSOC #888889		09/01/2017	PAYDOWN		1,566	1,566.00	1,692	1,611		(45)		(45)		1,566				47	12/01/2018	1FE
31410K-3R-3	FEDERAL NATIONAL MTG ASSOC #890108		09/01/2017	PAYDOWN		4,232	4,232.00	4,347	4,254		(23)		(23)		4,232				126	03/01/2018	1FE
31412U-AJ-9	FEDERAL NATIONAL MTG ASSOC #934809		09/01/2017	PAYDOWN		2,274	2,274.00	2,355	2,289		(15)		(15)		2,274				68	03/01/2024	1FE
31412U-L7-3	FEDERAL NATIONAL MTG ASSOC #935150		09/01/2017	PAYDOWN		1,199	1,199.00	1,241	1,203		(4)		(4)		1,199				36	04/01/2024	1FE
31413J-FD-1	FEDERAL NATIONAL MTG ASSOC #946664		09/01/2017	PAYDOWN		56	56.00	56	56						56				2	09/01/2037	1FE
31417M-KJ-1	FEDERAL NATIONAL MTG ASSOC #AC2996		09/01/2017	PAYDOWN		3,278	3,278.00	3,393	3,298		(20)		(20)		3,278				100	09/01/2024	1FE
3138ED-2V-2	FEDERAL NATIONAL MTG ASSOC #AK8887		09/01/2017	PAYDOWN		1,247	1,247.00	1,332	1,253		(5)		(5)		1,247				29	04/01/2042	1FE
3138EK-H9-9	FEDERAL NATIONAL MTG ASSOC #AL2955		09/01/2017	PAYDOWN		23,673	23,673.00	24,829	23,802		(129)		(129)		23,673				394	01/01/2028	1FE
3138ET-DZ-6	FEDERAL NATIONAL MTG ASSOC #AL8219		09/01/2017	PAYDOWN		123,276	123,276.00	132,898	124,249		(973)		(973)		123,276				3,351	02/01/2046	1FE
3138M6-R2-5	FEDERAL NATIONAL MTG ASSOC #AP3204		09/01/2017	PAYDOWN		9,070	9,070.00	9,416	9,109		(39)		(39)		9,070				147	08/01/2027	1FE
3138W0-RB-7	FEDERAL NATIONAL MTG ASSOC #AR3181		09/01/2017	PAYDOWN		1,100	1,100.00	1,147	1,101		(1)		(1)		1,100				22	03/01/2043	1FE
3138W0-TZ-2	FEDERAL NATIONAL MTG ASSOC #AR3267		09/01/2017	PAYDOWN		4,579	4,579.00	4,776	4,583		(4)		(4)		4,579				92	02/01/2043	1FE
3138W1-YJ-0	FEDERAL NATIONAL MTG ASSOC #AR4312		09/01/2017	PAYDOWN		42,355	42,355.00	44,162	42,504		(149)		(149)		42,355				749	02/01/2043	1FE
3138W1-3L-9	FEDERAL NATIONAL MTG ASSOC #AR4402		09/01/2017	PAYDOWN		6,033	6,033.00	6,275	6,060		(27)		(27)		6,033				100	02/01/2028	1FE
3138W7-KH-6	FEDERAL NATIONAL MTG ASSOC #AR9295		09/01/2017	PAYDOWN		13,672	13,672.00	14,248	13,702		(30)		(30)		13,672				272	03/01/2043	1FE
3138WE-C5-6	FEDERAL NATIONAL MTG ASSOC #AS4591		09/01/2017	PAYDOWN		35,141	35,141.00	38,021	35,351		(210)		(210)		35,141				1,003	03/01/2045	1FE
3138WG-6E-9	FEDERAL NATIONAL MTG ASSOC #AS7168		09/01/2017	PAYDOWN		217,523	217,523.00	229,317	218,349		(826)		(826)		217,523				5,142	05/01/2046	1FE
31418A-HX-9	FEDERAL NATIONAL MTG ASSOC #MA1145		09/01/2017	PAYDOWN		14,213	14,213.00	14,970	14,311		(98)		(98)		14,213				289	08/01/2027	1FE
31418B-6G-6	FEDERAL NATIONAL MTG ASSOC #MA2670		09/01/2017	PAYDOWN		86,028	86,028.00	89,139	86,228		(201)		(201)		86,028				1,737	07/01/2046	1FE
31396H-J8-3	FREDDIE MAC 3114 PF		09/15/2017	PAYDOWN		12,078	12,078.00	12,140	12,084		(6)		(6)		12,078				106	02/15/2036	1FE
3137A4-ZH-3	FREDDIE MAC 3794 JH		07/01/2017	PAYDOWN		931	931.00	970	946		(15)		(15)		931				19	12/15/2023	1FE
3137AJ-RJ-5	FREDDIE MAC 3976 AE		09/01/2017	PAYDOWN		19,510	19,510.00	20,016	19,595		(85)		(85)		19,510				326	08/15/2029	1FE

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SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicat (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.								
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligations				X X X	1,211,561	1,211,561.00	1,263,112	1,216,539		(4,977)		(4,977)		1,211,561				29,018	X X X	X X X	
025816-AX-7	AMERICAN EXPRESS CO		08/28/2017	MATURITY		750,000	750,000.00	748,065	749,845		155		155		750,000				46,125	08/28/2017	1FE	
14041N-DX-6	CAPITAL ONE MULTI-ASSET 07 A7 A7		09/15/2017	PAYDOWN		150,000	150,000.00	173,971	154,599		(4,599)		(4,599)		150,000				6,469	07/15/2020	1FE	
12532L-AA-3	CGGS COMMERCIAL MORTGAGE TR 16 RN		08/01/2017	PAYDOWN		28,048	28,048.00	28,047	28,048						28,048				516	02/10/2033	1FM	
17119Y-AC-1	CHRYSLER CAPITAL AUTO RECV 14 BA A3		07/15/2017	PAYDOWN		15,194	15,194.00	15,191	15,223		(30)		(30)		15,194				113	05/15/2019	1FE	
17320D-AC-2	CITIGROUP COMMERCIAL MORT 13 GC11		09/01/2017	PAYDOWN		341	341.00	351	342		(1)		(1)		341				5	04/10/2046	1FM	
12613S-AD-4	CNH EQUIPMENT TRUST 13 C A4		09/15/2017	PAYDOWN		1,775,943	1,775,943.00	1,775,867	1,776,456		(513)		(513)		1,775,943				20,681	08/16/2021	1FE	
34531P-AC-5	FORD CREDIT AUTO OWNER TRUST 16 A A		09/15/2017	PAYDOWN		137,054	137,054.00	137,054	137,054						137,054				1,243	12/15/2018	1FE	
38137D-AA-5	GOLDENTREE LOAN OPPORTUNITIES 13 7		07/25/2017	PAYDOWN		8,903	8,903.00	8,841	8,878		25		25		8,903				147	04/25/2025	1FE	
41284A-AD-0	HARLEY-DAVIDSON MOTORCYCLE TR 14 1		09/15/2017	PAYDOWN		34,614	34,614.00	34,605	34,612		2		2		34,614				253	09/15/2019	1FE	
48126E-AA-5	JPMORGAN CHASE & CO		08/15/2017	MATURITY		100,000	100,000.00	101,988	100,273		(273)		(273)		100,000				2,000	08/15/2017	1FE	
494368-BB-8	KIMBERLY-CLARK CORP		08/01/2017	MATURITY		3,000,000	3,000,000.00	3,497,400	3,045,523		(45,523)		(45,523)		3,000,000				183,750	08/01/2017	1FE	
565849-AD-8	MARATHON OIL CORP		08/14/2017	SECURITY CALLED BY IS		1,358,451	1,350,000.00	1,529,586	1,373,426	379	(19,637)		(19,258)		1,354,167		4,284	4,284	70,425	10/01/2017	3FE	
665772-CD-9	NORTHERN STATES PWR-MINN		09/29/2017	SECURITY CALLED BY IS		1,371,264	1,350,000.00	1,489,077	1,374,022		(15,215)		(15,215)		1,358,807		12,457	12,457	76,388	03/01/2018	1FE	
67741Y-AA-6	OHIO PHASE-IN-RECOVERY FUNDING 13 1		07/01/2017	PAYDOWN		98,436	98,436.00	98,435	98,436						98,436				943	07/01/2018	1FE	
69121P-DE-0	OWNIT MORTGAGE LOAN ASSET-BACK 06		09/01/2017	PAYDOWN		5,295	5,295.00	3,891	5,036		259		259		5,295				137	01/25/2037	1FM	
75970N-BD-8	RENAISSANCE HOME EQUITY LOAN 05 3 A		09/01/2017	PAYDOWN		42,858	42,858.00	42,857	42,858						42,858				1,340	11/25/2035	1FM	
82651Y-AA-3	SIERRA RECEIVABLES FUNDING CO 13 1A		09/20/2017	PAYDOWN		6,114	6,114.00	6,113	6,110		4		4		6,114				65	11/20/2029	1FE	
82652B-AA-2	SIERRA RECEIVABLES FUNDING CO 13 2A		09/20/2017	PAYDOWN		20,159	20,159.00	20,159	20,142		17		17		20,159				304	11/20/2025	1FE	
82652D-AA-8	SIERRA RECEIVABLES FUNDING CO 14 2A		09/20/2017	PAYDOWN		6,380	6,380.00	6,379	6,375		5		5		6,380				87	06/20/2031	1FE	
82652J-AA-5	SIERRA RECEIVABLES FUNDING CO 15 3A		09/20/2017	PAYDOWN		39,560	39,560.00	39,552	39,520		40		40		39,560				677	09/20/2032	1FE	
92343V-BS-2	VERIZON COMMUNICATIONS		08/16/2017	TENDER OFFER		1,569,113	1,250,000.00	1,509,583	1,486,822		(5,959)		(5,959)		1,480,863		88,249	88,249	73,556	09/15/2033	2FE	
92903P-AA-7	VORNADO DP LLC 10 VNO A1		09/10/2017	PAYDOWN		40,156	40,156.00	40,156	40,131		25		25		40,156				795	09/13/2028	1FM	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	10,557,883	10,209,055.00	11,307,168	10,543,731	379	(91,218)		(90,839)		10,452,892		104,990	104,990	486,019	X X X	X X X	
8199999	Subtotal - Bonds - SVO Identified Funds				X X X															X X X	X X X	
8399997	Subtotal - Bonds - Part 4				X X X	12,250,824	11,901,996.00	13,116,837	12,248,885	379	(103,429)		(103,050)		12,145,833		104,990	104,990	537,330	X X X	X X X	
8399998	Summary Item from Part 5 for Bonds				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	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
8399999	Total - Bonds				X X X	12,250,824	11,901,996.00	13,116,837	12,248,885	379	(103,429)		(103,050)		12,145,833		104,990	104,990	537,330	X X X	X X X	
026874-78-4	AMERICAN INTERNATIONAL GROUP INC		08/23/2017	SETTLEMENTS		1,140											1,140	1,140			L	

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SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicat (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.								
98157D-10-6	WORLDCOM INC - WORLDCOM GROUP		08/24/2017	SETTLEMENTS		84										84	84				U	
9099999	Subtotal - Common Stock - Industrial and Miscellaneous (Unaffiliated)				X X X	1,224										1,224	1,224			X X X	X X X	
9799997	Subtotal - Common Stock - Part 4				X X X	1,224	X X X									1,224	1,224			X X X	X X X	
9799998	Summary Item from Part 5 for Common Stocks				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	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
9799999	Total - Common Stocks				X X X	1,224	X X X									1,224	1,224			X X X	X X X	
9899999	Total - Preferred and Common Stocks				X X X	1,224	X X X									1,224	1,224			X X X	X X X	
9999999	Totals					12,252,048	X X X	13,116,837	12,248,885	379	(103,429)		(103,050)		12,145,833	106,214	106,214	537,330		X X X	X X X	

E053

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- NONE Schedule DB - Part A - Section 1**
- NONE Schedule DB - Part B - Section 1**
- NONE Schedule DB - Part D - Section 1**
- NONE Schedule DB - Part D - Section 2**
- NONE Schedule DL - Part 1**
- NONE Schedule DL - Part 2**

