



ANNUAL STATEMENT

For the Year Ended December 31, 2019
of the Condition and Affairs of the

APPALACHIAN INSURANCE COMPANY

NAIC Group Code.....	0065, 0065 (Current Period) (Prior Period)	NAIC Company Code.....	10316	Employer's ID Number.....	05-0284861
Organized under the Laws of RI		State of Domicile or Port of Entry	RI	Country of Domicile	US
Incorporated/Organized.....	April 14, 1941	Commenced Business.....	January 1, 1942		
Statutory Home Office	270 Central Avenue .. Johnston .. RI .. US .. 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>				
Main Administrative Office	270 Central Avenue .. Johnston .. RI .. US .. 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			401-275-3000 <i>(Area Code) (Telephone Number)</i>	
Mail Address	P.O. Box 7500 .. Johnston .. RI .. US .. 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>				
Primary Location of Books and Records	270 Central Avenue .. Johnston .. RI .. US .. 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			401-275-3000 <i>(Area Code) (Telephone Number)</i>	
Internet Web Site Address	www.fmglobal.com				
Statutory Statement Contact	Michael Gariglio <i>(Name)</i> michael.gariglio@fmglobal.com <i>(E-Mail Address)</i>			401-415-1892 <i>(Area Code) (Telephone Number) (Extension)</i> 401-946-8306 <i>(Fax Number)</i>	

OFFICERS

Name	Title	Name	Title
1. Thomas Alan Lawson	Chairman & Chief Executive Officer	2. Jonathan Irving Mishara	Senior Vice President & Secretary
3. Rachel Cope #	Vice President & Controller	4. Denise Anastasia Hebert	Vice President & Treasurer

OTHER	
Bret Nils Ahnell	Executive Vice President
Malcolm Craig Roberts	Executive Vice President
Deanna Ruth Fidler	Senior Vice President
Kevin Scott Ingram	Executive Vice President
Sanjay Chawla	Senior Vice President

DIRECTORS OR TRUSTEES

Frank Thomas Connor	Daniel Lee Knotts	Thomas Alan Lawson	John Anderson Luke Jr
Gracia Catherine Martore	Christine Mary McCarthy	Stuart Blain Parker	Israel Ruiz
Michel Giannuzzi	Glenn Rodney Landau	David Thomas Walton	

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

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

_____ (Signature) Thomas Alan Lawson _____ 1. (Printed Name) Chairman & Chief Executive Officer _____ (Title)	_____ (Signature) Jonathan Irving Mishara _____ 2. (Printed Name) Senior Vice President & Secretary _____ (Title)	_____ (Signature) Rachel Cope _____ 3. (Printed Name) Vice President & Controller _____ (Title)
--	--	--

Subscribed and sworn to before me
This 21st day of February 2020
John A. Soares III Notary Public
Expires July 5, 2021

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	196,198,350		196,198,350	206,697,728
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	2,500,000		2,500,000	2,500,000
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....20,057,117, Schedule E-Part 1), cash equivalents (\$.....47,253,653, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	67,310,770		67,310,770	53,920,949
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....	1,083,115		1,083,115	3,658,170
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	267,092,235	.0	267,092,235	266,776,847
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	1,322,393		1,322,393	1,303,275
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	20,262,677		20,262,677	18,153,849
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	817,368		817,368	600,457
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	1,060,451		1,060,451	4,530,289
18.2 Net deferred tax asset.....	361,000	267,000	94,000	79,000
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	1,112,261
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other-than-invested assets.....	387	.0	387	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	290,916,511	267,000	290,649,511	292,555,978
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	290,916,511	267,000	290,649,511	292,555,978

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Cash clearing.....	387		387	
2502.....			.0	
2503.....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	387	.0	387	.0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	59,983,599	60,130,850
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	11,142,132	32,260,736
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	8,128,640	8,289,103
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....		
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	400	400
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 \$.....0 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).....		
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....	979,000	841,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	7,040,866	
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....	1,083,115	3,658,170
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	120
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	88,357,752	105,180,379
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	88,357,752	105,180,379
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,525,000	3,525,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	7,577,528	7,577,528
35. Unassigned funds (surplus).....	191,189,231	176,273,071
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	202,291,759	187,375,599
38. TOTAL (Page 2, Line 28, Col. 3).....	290,649,511	292,555,978

DETAILS OF WRITE-INS

2501. Miscellaneous Accounts Payable.....		120
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	120
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

Annual Statement for the year 2019 of the **APPALACHIAN INSURANCE COMPANY**
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	75,098,152	69,074,377
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	39,445,889	73,078,804
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	1,215,506	2,861,712
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	21,913,082	20,839,980
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	62,574,477	96,780,496
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	12,523,675	(27,706,119)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	6,469,891	6,121,397
10. Net realized capital gains (losses) less capital gains tax of \$.....(13,000) (Exhibit of Capital Gains (Losses)).....	(49,342)	(70,876)
11. Net investment gain (loss) (Lines 9 + 10).....	6,420,549	6,050,521
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	0
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	18,944,224	(21,655,598)
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	18,944,224	(21,655,598)
19. Federal and foreign income taxes incurred.....	3,915,760	(4,546,370)
20. Net income (Line 18 minus Line 19) (to Line 22).....	15,028,464	(17,109,228)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	187,375,599	204,433,847
22. Net income (from Line 20).....	15,028,464	(17,109,228)
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....5,000.....	5,696	1,138
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	38,000	(40,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(18,000)	34,000
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(138,000)	55,842
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.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	14,916,160	(17,058,248)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	202,291,759	187,375,599
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0	0
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	72,989,324	67,900,593
2. Net investment income.....	6,581,698	6,360,386
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	79,571,022	74,260,979
5. Benefit and loss related payments.....	60,928,655	68,839,986
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	23,289,051	24,714,016
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....(11,922) tax on capital gains (losses).....	432,922	(7,212,907)
10. Total (Lines 5 through 9).....	84,650,628	86,341,095
11. Net cash from operations (Line 4 minus Line 10).....	(5,079,606)	(12,080,116)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	71,173,421	26,011,124
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	6,183	4,053
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	71,179,604	26,015,177
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	60,862,796	14,779,418
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	60,862,796	14,779,418
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	10,316,808	11,235,759
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).....	8,152,619	(23,272,070)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	8,152,619	(23,272,070)
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).....	13,389,821	(24,116,427)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	53,920,949	78,037,376
19.2 End of year (Line 18 plus Line 19.1).....	67,310,770	53,920,949

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

20.0001		
---------------	--	--

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	.0		.0	.0
2. Allied lines.....	.0		.0	.0
3. Farmowners multiple peril.....	.0		.0	.0
4. Homeowners multiple peril.....	.0		.0	.0
5. Commercial multiple peril.....	.0		.0	.0
6. Mortgage guaranty.....	.0		.0	.0
8. Ocean marine.....	.0		.0	.0
9. Inland marine.....	.0		.0	.0
10. Financial guaranty.....	.0		.0	.0
11.1 Medical professional liability - occurrence.....	.0		.0	.0
11.2 Medical professional liability - claims-made.....	.0		.0	.0
12. Earthquake.....	.0		.0	.0
13. Group accident and health.....	.0		.0	.0
14. Credit accident and health (group and individual).....	.0		.0	.0
15. Other accident and health.....	.0		.0	.0
16. Workers' compensation.....	.0		.0	.0
17.1 Other liability - occurrence.....	.0		.0	.0
17.2 Other liability - claims-made.....	.0		.0	.0
17.3 Excess workers' compensation.....	.0		.0	.0
18.1 Products liability - occurrence.....	.0		.0	.0
18.2 Products liability - claims-made.....	.0		.0	.0
19.1, 19.2 Private passenger auto liability.....	.0		.0	.0
19.3, 19.4 Commercial auto liability.....	.0		.0	.0
21. Auto physical damage.....	.0		.0	.0
22. Aircraft (all perils).....	.0		.0	.0
23. Fidelity.....	.0		.0	.0
24. Surety.....	.0		.0	.0
26. Burglary and theft.....	.0		.0	.0
27. Boiler and machinery.....	.0		.0	.0
28. Credit.....	.0		.0	.0
29. International.....	.0		.0	.0
30. Warranty.....	.0		.0	.0
31. Reinsurance - nonproportional assumed property.....	75,098,152		.0	75,098,152
32. Reinsurance - nonproportional assumed liability.....	.0		.0	.0
33. Reinsurance - nonproportional assumed financial lines.....	.0		.0	.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	75,098,152	.0	.0	75,098,152

DETAILS OF WRITE-INS

3401. ....	.0		.0	.0
3402. ....	.0		.0	.0
3403. ....	.0		.0	.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

NONE

DETAILS OF WRITE-INS

3401.	.....					0
3402.	.....					0
3403.	.....					0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX	75,108,152		10,000		75,098,152
32. Reinsurance - nonproportional assumed liability.....	XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	.0	75,108,152	.0	10,000	.0	75,098,152

DETAILS OF WRITE-INS

3401. ....						.0
3402. ....						.0
3403. ....						.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0

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

If yes: 1. The amount of such installment premiums \$.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.....				0	0	0	0.0	
2. Allied lines.....				0	0	0	0.0	
3. Farmowners multiple peril.....				0	0	0	0.0	
4. Homeowners multiple peril.....				0	0	0	0.0	
5. Commercial multiple peril.....				0	0	0	0.0	
6. Mortgage guaranty.....				0	0	0	0.0	
8. Ocean marine.....				0	0	0	0.0	
9. Inland marine.....				0	3,000	3,000	0.0	
10. Financial guaranty.....				0	0	0	0.0	
11.1 Medical professional liability - occurrence.....				0	0	0	0.0	
11.2 Medical professional liability - claims-made.....				0	0	0	0.0	
12. Earthquake.....				0	0	0	0.0	
13. Group accident and health.....				0	0	0	0.0	
14. Credit accident and health (group and individual).....				0	0	0	0.0	
15. Other accident and health.....				0	0	0	0.0	
16. Workers' compensation.....				0	80,976	80,976	0.0	
17.1 Other liability - occurrence.....	25,815		20,652	5,163	20,694,375	18,624,629	0.0	
17.2 Other liability - claims-made.....				0	0	0	0.0	
17.3 Excess workers' compensation.....				0	0	0	0.0	
18.1 Products liability - occurrence.....	199,368		57,277	142,091	39,205,248	41,422,245	(2,074,906)	0.0
18.2 Products liability - claims-made.....				0	0	0	0.0	
19.1, 19.2 Private passenger auto liability.....				0	0	0	0.0	
19.3, 19.4 Commercial auto liability.....				0	0	0	0.0	
21. Auto physical damage.....				0	0	0	0.0	
22. Aircraft (all perils).....				0	0	0	0.0	
23. Fidelity.....				0	0	0	0.0	
24. Surety.....				0	0	0	0.0	
26. Burglary and theft.....				0	0	0	0.0	
27. Boiler and machinery.....				0	0	0	0.0	
28. Credit.....				0	0	0	0.0	
29. International.....				0	0	0	0.0	
30. Warranty.....				0	0	0	0.0	
31. Reinsurance - nonproportional assumed property.....	XXX	39,445,886		39,445,886	0	39,445,886	52.5	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	0	0	0.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	0	0	0.0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0.0	
35. TOTALS.....	225,183	39,445,886	77,929	39,593,140	59,983,599	60,130,850	39,445,889	52.5

DETAILS OF WRITE-INS

3401.				0	0	0	0.0
3402.				0	0	0	0.0
3403.				0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0.0

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 Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....	3,000			3,000				3,000	
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	138,158		110,526	27,632	486,045		432,701	80,976	6,673
17.1 Other liability - occurrence.....	9,474,134		4,703,851	4,770,283	25,546,734		9,622,642	20,694,375	955,098
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	10,529,200		4,179,620	6,349,580	62,028,786		29,173,118	39,205,248	7,166,869
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	20,144,492	0	8,993,997	11,150,495	88,061,565	0	39,228,461	59,983,599	8,128,640
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

10

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

Annual Statement for the year 2019 of the **APPALACHIAN INSURANCE COMPANY**
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.....	(6,712)			(6,712)
1.2 Reinsurance assumed.....	1,080,069			1,080,069
1.3 Reinsurance ceded.....				0
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,073,357	0	0	1,073,357
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....				0
2.2 Reinsurance assumed, excluding contingent.....		19,578,623		19,578,623
2.3 Reinsurance ceded, excluding contingent.....				0
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	19,578,623	0	19,578,623
3. Allowances to manager and agents.....				0
4. Advertising.....		29,628	3	29,631
5. Boards, bureaus and associations.....				0
6. Surveys and underwriting reports.....				0
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	92,434	1,421,902	14,616	1,528,952
8.2 Payroll taxes.....	5,117	81,402	639	87,158
9. Employee relations and welfare.....	17,688	288,318	5,260	311,266
10. Insurance.....	308	19,917	18	20,243
11. Directors' fees.....				0
12. Travel and travel items.....	13,513	132,815	1,082	147,410
13. Rent and rent items.....	8,331	109,527	1,643	119,501
14. Equipment.....	3,432	123,573	213	127,218
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	686	11,882	181	12,749
17. Postage, telephone and telegraph, exchange and express.....	640	75,230	3,708	79,578
18. Legal and auditing.....		90		90
19. Totals (Lines 3 to 18).....	142,149	2,294,284	27,363	2,463,796
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		1,190		1,190
20.2 Insurance department licenses and fees.....		38,461	200	38,661
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	39,651	200	39,851
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	524	2,638	3,162
25. Total expenses incurred.....	1,215,506	21,913,082	30,201	(a) 23,158,789
26. Less unpaid expenses - current year.....	8,128,639	400		8,129,039
27. Add unpaid expenses - prior year.....	8,289,103	400		8,289,503
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	1,375,970	21,913,082	30,201	23,319,253

DETAILS OF WRITE-INS

2401. Bank activity fees.....			2,638	2,638
2402. Miscellaneous expense.....		524		524
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	0	524	2,638	3,162

(a) Includes management fees of \$....2,447,219 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).....3,136,150	.....3,114,294
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....2,035,743	.....2,075,000
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....175,000
2.11 Preferred stocks of affiliates.....	(b).....175,000	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....1,119,797	.....1,119,797
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....47,830	.....47,830
10. Total gross investment income.....	.....6,514,520	.....6,531,921
11. Investment expenses.....	.....	(g).....30,001
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....200
13. Interest expense.....	.....	(h).....31,829
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....62,030
17. Net investment income (Line 10 minus Line 16).....	.....	.....6,469,891

DETAILS OF WRITE-INS

0901. Securities Lending Interest Income.....	.....17,315	.....17,315
0902. Miscellaneous Income.....	.....30,515	.....30,515
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....47,830	.....47,830
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....96,017 accrual of discount less \$.....226,942 amortization of premium and less \$.....171,113 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 \$.....0 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 \$.....0 investment expenses and \$.....0 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 \$.....0 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.....	.....(128,898)	.....	.....(128,898)	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....66,156	.....	.....66,156	.....4,914	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....401	.....	.....401	.....5,782	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....(62,341)	.....0	.....(62,341)	.....10,696	.....0

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page...	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 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).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	267,000	249,000	(18,000)
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	267,000	249,000	(18,000)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	267,000	249,000	(18,000)

DETAILS OF WRITE-INS

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

NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

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

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

	SSAP #	F/S Page	F/S Line #	2019	2018
NET INCOME					
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 15,028,464	\$ (17,109,228)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 15,028,464	\$ (17,109,228)
SURPLUS					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 202,291,759	\$ 187,375,599
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 202,291,759	\$ 187,375,599

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

C. Accounting Policies

Premium earned consists solely of premium assumed pursuant to an intercompany pooling agreement. Refer to footnote 26.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company utilizes the following accounting policies:

(1) Basis for Short-Term Investments

The Company has no Short Term Investments.

(2) Basis for Bonds and Amortization Schedule

Non loan-backed bonds with NAIC designations 1 or 2 are stated at amortized cost using the interest method. Non loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.

(3) Basis for Common Stocks

The Company has no common stock.

(4) Basis for Preferred Stocks

Preferred stocks are stated at cost.

(5) Basis for Mortgage Loans

The Company has no mortgage loans.

(6) Basis for Loan-Backed Securities and Adjustment Methodology

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

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern (continued from preceding page)

- (7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities

The Company has no interest in subsidiaries.

- (8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities

The Company has no investments in joint ventures, partnerships and limited liability corporations.

- (9) Accounting Policies for Derivatives

The Company has no derivatives.

- (10) Anticipated Investment Income Used in Premium Deficiency Calculation

The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.

- (11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses

Liabilities for unpaid losses and loss adjustment expenses (including Asbestos and Environmental reserves) are based on case estimates or reports from ceding companies. Estimates of incurred-but-not-reported (IBNR) reserves are based on historical experience and management analysis. Although the above-described amounts are based on estimates, management believes recorded liabilities for unpaid losses and loss adjustment expenses are reasonable to cover the ultimate settlement cost of losses incurred. These estimates are continually reviewed and adjustments to such estimates are reflected in current operations.

- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

The Company has not changed its capitalization policy from the prior period.

- (13) Method Used to Estimate Pharmaceutical Rebate Receivables

The Company has no "pharmaceutical rebate receivables".

D. Going Concern

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

Note 2 – Accounting Changes and Correction of Errors

Not Applicable

Note 3 – Business Combinations and Goodwill

Not Applicable

Note 4 – Discontinued Operations

Not Applicable

Note 5 – Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans

Not Applicable

- B. Debt Restructuring

Not Applicable

- C. Reverse Mortgages

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 5 – Investments (continued from preceding page)****D. Loan-Backed Securities****(1) Description of Sources Used to Determine Prepayment Assumptions**

Loan-backed bonds and structured securities are valued at amortized cost using the constant interest rate method, and using an effective yield based on current prepayment assumptions obtained from Bloomberg, rather than anticipated prepayments at the date of purchase. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

(2) Other-Than-Temporary Impairments (OTTI) Loss Recognized in the Aggregate

Not Applicable

(3) Recognized OTTI Securities

Not Applicable

(4) Impaired Securities for Which OTTI Not Recognized

Not Applicable

(5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary

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

E. Dollar Repurchase Agreements and/or Securities Lending Transactions**(1) Policy for Requiring Collateral or Other Security**

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of the fair value of foreign securities loaned as of the transaction date. The collateral level is monitored daily and additional cash calls are made by the agent if needed to retain the 102% or 105% collateral amount. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged as collateral in high quality short term securities. The cash collateral received under the securities lending agreement and invested in short term securities is included in the "Securities lending reinvested collateral assets" on Page 2 Line 10 and the offsetting liability in the "Payable for securities lending" on Page 3 Line 22.

(2) Disclose the Carrying Amount and Classification of Both Assets and Liabilities

Not Applicable

(3) Collateral Received

a. Aggregate Amount Collateral Received	Fair Value
1. Securities Lending	
(a) Open	\$ -
(b) 30 Days or Less	1,083,115
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	1,083,115
(g) Securities Received	-
(h) Total Collateral Received	\$ 1,083,115
2. Dollar Repurchase Agreement	
(a) Open	\$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	\$ -
b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged	\$ 1,083,115

c. Information about Sources and Uses of Collateral

The securities acquired from the use of the cash collateral are managed by the agent using conservative guidelines regarding the type, duration and quality of investments permitted.

(4) Aggregate Value of the Reinvested Collateral

The Company has no collateral administered by an affiliated agent.

NOTES TO FINANCIAL STATEMENTS**Note 5 – Investments (continued from preceding page)**

(5) Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	1,083,115	1,083,115
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	\$ 1,083,115	\$ 1,083,115
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ 1,083,115	\$ 1,083,115
2. Dollar Repurchase Agreement		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	\$ -	\$ -
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ -	\$ -

b. Explanation of Additional Sources of Liquidity for Maturity Date Mismatches

The agent matches the maturity dates of the cash collateral with the expected return dates of that collateral.

(6) Detail on Collateral Transactions Not Permitted by Contract or Custom to Sell or Repledge

In addition to the cash collateral, the Company also received collateral in the form of government securities. These securities are held by the agent and are not traded or repledged. The current fair value of the securities collateral is \$51,836,976.

(7) Collateral for Securities Lending Transactions that Extend Beyond One Year from the Reporting Date.

The Company has no collateral with transactions that extend beyond one year.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted 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. Real Estate

Not Applicable

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 5 – Investments (continued from preceding page)**

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted)				Restricted		
	Current Year				6	7	
	1	2	3	4			5
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Call Account (S/A) Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Collateral held under security lending arrangements	1,083,115	-	-	-	1,083,115	3,658,170	(2,575,055)
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	5,718,502	-	-	-	5,718,502	5,723,023	(4,521)
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$ 6,801,617	\$ -	\$ -	\$ -	\$ 6,801,617	\$ 9,381,193	\$ (2,579,576)

Restricted Asset Category	Current Year			
	8	9	Percentage	
			10	11
	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	- %	- %
b. Collateral held under security lending arrangements	-	1,083,115	0.4%	0.4%
c. Subject to repurchase agreements	-	-	- %	- %
d. Subject to reverse repurchase agreements	-	-	- %	- %
e. Subject to dollar repurchase agreements	-	-	- %	- %
f. Subject to dollar reverse repurchase agreements	-	-	- %	- %
g. Placed under option contracts	-	-	- %	- %
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	-	-	- %	- %
i. FHLB capital stock	-	-	- %	- %
j. On deposit with states	-	5,718,502	2.0%	2.0%
k. On deposit with other regulatory bodies	-	-	- %	- %
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	- %	- %
m. Pledged as collateral not captured in other categories	-	-	- %	- %
n. Other restricted assets	-	-	- %	- %
o. Total Restricted Assets	\$ -	\$ 6,801,617	2.3%	2.3%

(a) Subset of column 1

(b) Subset of column 3

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

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

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 5 – Investments (continued from preceding page)**

- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted)*	4 % of BACV to Total Admitted Assets**
General Account:				
a. Cash, Cash Equivalents and Short-Term Investments	\$ -	\$ -	- %	- %
b. Schedule D, Part 1	-	-	- %	- %
c. Schedule D, Part 2, Sec. 1	-	-	- %	- %
d. Schedule D, Part 2, Sec. 2	-	-	- %	- %
e. Schedule B	-	-	- %	- %
f. Schedule A	-	-	- %	- %
g. Schedule BA, Part 1	-	-	- %	- %
h. Schedule DL, Part 1	1,083,115	1,083,115	0.4%	0.4%
i. Other	-	-	- %	- %
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$ 1,083,115	\$ 1,083,115	0.4%	0.4%

* j = Column 1 divided by Asset Page, Line 26 (Column 1)

** j = Column 1 divided by Asset Page, Line 26, (Column 3)

	1 Amount	2 % of Liability to Total Liabilities
k. Recognized Obligation to Return Collateral Asset (General Account)	\$ 1,083,115	1.2%

* k = Column 1 divided by Liability Page, Line 26 (Column 1)

- M. Working Capital Finance Investments

Not Applicable

- N. Offsetting and Netting of Assets and Liabilities

Not Applicable

- O. 5GI Securities

Not Applicable

- P. Short Sales

Not Applicable

- Q. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	1	-
(2) Aggregate Amount of Investment Income	\$ 101,953	\$ -

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

Note 7 – Investment Income

- A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:

The Company non-admits investment income due and accrued if the amounts are over 90 days past due.

- B. The total amount excluded:

There were no accrued investment income amounts over 90 days past due as of December 31, 2019, or as of December 31, 2018.

Note 8 – Derivative Instruments

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes**

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 409,000	\$ -	\$ 409,000	\$ 382,000	\$ -	\$ 382,000	\$ 27,000	\$ -	\$ 27,000
b. Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
c. Adjusted gross deferred tax assets (1a-1b)	\$ 409,000	\$ -	\$ 409,000	\$ 382,000	\$ -	\$ 382,000	\$ 27,000	\$ -	\$ 27,000
d. Deferred tax assets nonadmitted	267,000	-	267,000	249,000	-	249,000	18,000	-	18,000
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 142,000	\$ -	\$ 142,000	\$ 133,000	\$ -	\$ 133,000	\$ 9,000	\$ -	\$ 9,000
f. Deferred tax liabilities	48,000	-	48,000	54,000	-	54,000	(6,000)	-	(6,000)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 94,000	\$ -	\$ 94,000	\$ 79,000	\$ -	\$ 79,000	\$ 15,000	\$ -	\$ 15,000

2. Admission Calculation Components SSAP No. 101

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 62,000	\$ -	\$ 62,000	\$ -	\$ -	\$ -	\$ 62,000	\$ -	\$ 62,000
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	32,000	-	32,000	79,000	-	79,000	(47,000)	-	(47,000)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	94,000	-	94,000	79,000	-	79,000	15,000	-	15,000
2. Adjusted gross deferred tax assets allowed per limitation threshold			30,329,664			28,094,476			2,235,188
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	48,000	-	48,000	54,000	-	54,000	(6,000)	-	(6,000)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 142,000	\$ -	\$ 142,000	\$ 133,000	\$ -	\$ 133,000	\$ 9,000	\$ -	\$ 9,000

3. Other Admissibility Criteria

	2019	2018
a. Ratio percentage used to determine recovery period and threshold limitation amount	779.2%	649.8%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 202,197,759	\$ 187,296,599

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2019		2018		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 409,000	\$ -	\$ 382,000	\$ -	\$ 27,000	\$ -
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	- %	- %	- %	- %	- %	- %
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 142,000	\$ -	\$ 133,000	\$ -	\$ 9,000	\$ -
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	- %	- %	- %	- %	- %	- %

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2019	2018	(Col 1-2) Change
a. Federal	\$ 3,915,760	\$ (4,546,370)	\$ 8,462,130
b. Foreign	\$ -	\$ -	\$ -
c. Subtotal	\$ 3,915,760	\$ (4,546,370)	\$ 8,462,130
d. Federal income tax on net capital gains	\$ (13,000)	\$ (19,000)	\$ 6,000
e. Utilization of capital loss carry-forwards	\$ -	\$ -	\$ -
f. Other	\$ -	\$ -	\$ -
g. Federal and Foreign income taxes incurred	\$ 3,902,760	\$ (4,565,370)	\$ 8,468,130

2. Deferred Tax Assets

	1	2	3
	2019	2018	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 409,000	\$ 377,000	\$ 32,000
2. Unearned premium reserve	-	-	-
3. Policyholder reserves	-	-	-
4. Investments	-	-	-
5. Deferred acquisition costs	-	-	-
6. Policyholder dividends accrual	-	-	-
7. Fixed assets	-	-	-
8. Compensation and benefits accrual	-	-	-
9. Pension accrual	-	-	-
10. Receivables - nonadmitted	-	-	-
11. Net operating loss carry-forward	-	-	-
12. Tax credit carry-forward	-	-	-
13. Other (items <=5% and >5% of total ordinary tax assets)	-	5,000	(5,000)
Other (items listed individually >5% of total ordinary tax assets)			
99. Subtotal	\$ 409,000	\$ 382,000	\$ 27,000
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	267,000	249,000	18,000
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 142,000	\$ 133,000	\$ 9,000
e. Capital:			
1. Investments	\$ -	\$ -	\$ -
2. Net capital loss carry-forward	-	-	-
3. Real estate	-	-	-
4. Other (items <=5% and >5% of total capital tax assets)	-	-	-
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ -	\$ -	\$ -
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets (2e99-2f-2g)	-	-	-
i. Admitted deferred tax assets (2d+2h)	\$ 142,000	\$ 133,000	\$ 9,000

3. Deferred Tax Liabilities

	1	2	3
	2019	2018	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 48,000	\$ 54,000	\$ (6,000)
2. Fixed assets	-	-	-
3. Deferred and uncollected premium	-	-	-
4. Policyholder reserves	-	-	-
5. Other (items <=5% and >5% of total ordinary tax liabilities)	-	-	-
Other (items listed individually >5% of total ordinary tax liabilities)			
99. Subtotal	\$ 48,000	\$ 54,000	\$ (6,000)
b. Capital:			
1. Investments	\$ -	\$ -	\$ -
2. Real estate	-	-	-
3. Other (Items <=5% and >5% of total capital tax liabilities)	-	-	-
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	\$ -	\$ -	\$ -
c. Deferred tax liabilities (3a99+3b99)	\$ 48,000	\$ 54,000	\$ (6,000)
4. Net Deferred Tax Assets/Liabilities (2i – 3c)	\$ 94,000	\$ 79,000	\$ 15,000

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	\$ 3,975,760	21.0%
Change in nonadmitted assets	-	-%
Proration of tax exempt investment income	-	-%
Tax exempt income deduction	-	-%
Dividends received deduction	(37,000)	(0.2)%
Disallowed travel and entertainment	-	-%
Other permanent differences	(74,000)	(0.4)%
Temporary Differences:		
Total ordinary DTAs	-	-%
Total ordinary DTLs	-	-%
Total capital DTAs	-	-%
Total capital DTLs	-	-%
Other:		
Statutory valuation allowance adjustment	-	-%
Accrual adjustment – prior year	-	-%
Other	-	-%
Totals	\$ 3,864,760	20.4%
Federal and foreign income taxes incurred	3,915,760	20.7%
Realized capital gains (losses) tax	(13,000)	(0.1)%
Change in net deferred income taxes	(38,000)	(0.2)%
Total statutory income taxes	\$ 3,864,760	20.4%

E. Operating Loss Carry Forwards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

Not Applicable

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2019	\$ 3,973,410
2018	\$ -

3. The Company's aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code is \$0.

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:

Factory Mutual Insurance Company (Parent)	FMIC Holdings, Inc.
Affiliated FM Insurance Company	TSB Loss Control Consultants, Inc.
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Watch Hill Insurance Company

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:

The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled annually.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

Not Applicable

I. Alternative Minimum Tax Credit

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

A. Nature of the Relationship Involved

All of the common stock outstanding of the Company is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of Factory Mutual Insurance Company, (NAIC #21482) Johnston, RI.

The Company owns 25,000 shares of the 7% cumulative preferred stock (\$100 par value) outstanding of Affiliated FM Insurance Company (NAIC #10014), which is also fully owned by FMIC Holdings, Inc.

B. Transactions

The Company lists its transactions with affiliates on Schedule Y Part 2. There were no non-insurance transactions between the Company and any affiliates which exceeded one-half of 1% of admitted assets.

C. Dollar Amounts of Transactions

Not Applicable

D. Amounts Due From or To Related Parties

The amounts reported due (to) from affiliates are as follows:

Affiliate	2019	2018
Factory Mutual Insurance Company (Parent)	(\$6,928,323)	\$1,112,261
Affiliated FM Insurance Company	(112,543)	-
Total	(\$7,040,866)	\$1,112,261

Settlement terms/procedures are 60 days from the end of each quarter.

E. Guarantees or Undertakings

Not Applicable

F. Material Management or Service Contracts and Cost-Sharing Arrangements

The Company receives certain accounting, management and other services from an insurance affiliate. Management fees are charged as part of a cost sharing agreement approved by the state of domicile.

G. Nature of the Control Relationship

The Company is owned by FMIC Holdings Inc., a wholly owned subsidiary of Factory Mutual Insurance Company (NAIC #21482).

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

Not Applicable

I. Investments in SCA that Exceed 10% of Admitted Assets

Not Applicable

J. Investments in Impaired SCAs

Not Applicable

K. Investment in Foreign Insurance Subsidiary

Not Applicable

L. Investment in Downstream Noninsurance Holding Company

Not Applicable

M. All SCA Investments

Not Applicable

N. Investment in Insurance SCAs

Not Applicable

O. SCA or SSAP 48 Entity Loss Tracking

Not Applicable

Note 11 – Debt

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

A. Defined Benefit Plans

The Company has no employees. All services necessary for functioning of the Company are provided by its parent, Factory Mutual Insurance Company (NAIC #21482), pursuant to a management and services agreement, which provides for compensatory expense allocations. Included in the expense allocations were amounts related to non-contributory retirement income plans and postretirement benefit plans sponsored by Factory Mutual Insurance Company. Refer to Note 12G for the amounts and allocation methodology.

B. Investment Policies and Strategies

Not Applicable

C. Fair Value of Plan Assets

Not Applicable

D. Basis Used to Determine Expected Long-Term Rate-of-Return

Not Applicable

E. Defined Contribution Plans

The Company has no employees. All services necessary for functioning of the Company are provided by its parent, Factory Mutual Insurance Company (NAIC #21482), pursuant to a management and services agreement, which provides for compensatory expense allocations. Included in the expense allocations were amounts related to savings plans sponsored by Factory Mutual Insurance Company. Refer to Note 12G for the amounts and allocation methodology.

F. Multiemployer Plans

Not Applicable

G. Consolidated/Holding Company Plans

As stated above in Note 12A and Note 12E, the Company has no employees. All services necessary for functioning of the Company are provided by its parent, Factory Mutual Insurance Company (NAIC #21482), pursuant to a management and services agreement, which provides for compensatory expense allocations. Included in the expense allocations were amounts for defined benefit plans and defined contribution plans sponsored by Factory Mutual Insurance Company, as follows:

The net expense allocated to the Company related to defined benefit plans was \$901,180 in 2019 and \$895,083 in 2018.

The net expense allocated to the Company related to defined contribution plans was \$450,000 in 2019 and \$442,000 in 2018.

The net expense incurred by the Company for these plans is based on the percentage allocations per the intercompany pooling agreement discussed below in Note 26. The Company has no legal obligation for benefits under the plans.

H. Postemployment Benefits and Compensated Absences

Not Applicable

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable

Note 13 – Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

(1) Number of Share and Par or State Value of Each Class

All of the common stock, 705,000 shares (\$5 par value), is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of Factory Mutual Insurance Company, (NAIC #21482) Johnston, RI.

(2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

Not Applicable

(3) Dividend Restrictions

The amount of dividends, which can be paid by state of Rhode Island domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory surplus and net income. The maximum dividend payout which may be made without prior approval is the lesser of:

- a. 10% of surplus as regards policyholders as of the 31st day of December next preceding, or
- b. Net income, not including realized gains, for the twelve month period ending the 31st day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities.

For 2019, the maximum dividend payout that could have been made without prior approval was \$0. For 2020, the maximum dividend payout that may be made without prior approval is \$15,028,468.

(4) Dates and Amounts of Dividends Paid

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 13 – Capital and Surplus, Shareholder’s Dividend Restrictions and Quasi-Reorganizations (continued from preceding page)

(5) Profits that may be Paid as Ordinary Dividends to Stockholders

Other than the limitations described in item 3 above, there are no other restrictions placed on the portion of profits that may be paid as ordinary dividends.

(6) Restrictions Placed on Unassigned Funds (Surplus)

There are no restrictions on the unassigned funds of the Company other than those described in item 3 above. Unassigned funds are held for the benefit of the owner.

(7) Amount of Advances to Surplus not Repaid

Not Applicable

(8) Amount of Stock Held for Special Purposes

Not Applicable

(9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period

Not Applicable

(10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$(2,000).

(11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

Not Applicable

(12) The impact of any restatement due to prior quasi-reorganizations is as follows

Not Applicable

(13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

Not Applicable

Note 14 – Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not Applicable

B. Assessments

Not Applicable

C. Gain Contingencies

Not Applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not Applicable

E. Product Warranties

Not Applicable

F. Joint and Several Liabilities

Not Applicable

G. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no asset that is considered impaired.

Note 15 – Leases

Not Applicable

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

(1) Description of any Loaned Securities

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of \$51,879,366 and \$18,296,691 at December 31, 2019 and December 31, 2018, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of foreign securities. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged in high quality short term securities. There are no collateral transactions that extend beyond one year.

(2) Servicing Assets and Servicing Liabilities

Not Applicable

(3) When Servicing Assets and Liabilities are Measured at Fair Value

Not Applicable

(4) Securitizations, Asset-Based Financing Arrangements and Similar Transfers Accounted for as Sales

Not Applicable

(5) Disclosure Requirements for Transfers of Assets Accounted for as Secured Borrowing

Not Applicable

(6) Transfer of Receivables with Recourse

Not Applicable

(7) Securities Underlying Repurchase and Reverse Repurchase Agreements, Dollar Repurchase and Dollar Reverse Repurchase Agreements

Not Applicable

C. Wash Sales

Not Applicable

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

Not Applicable

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

Not Applicable

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

The Company categorizes its invested assets that are measured at fair value into the three-level fair value hierarchy or designates certain invested assets as carried at net asset value (NAV). Item 4 provides a discussion of each of these categories.

Description for Each Type of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at Fair Value					
Money Market Mutual Funds	\$ -	\$ -	\$ -	\$ 47,253,653	\$ 47,253,653
Total	\$ -	\$ -	\$ -	\$ 47,253,653	\$ 47,253,653
Liabilities at Fair Value					
	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

(3) Policies when Transfers Between Levels are Recognized

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

NOTES TO FINANCIAL STATEMENTS**Note 20 – Fair Value Measurements (continued from preceding page)**

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions.

These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets

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

Level 3 Significant inputs to the valuation model are unobservable

The Company elects to use NAV for all money market mutual funds in lieu of fair value as NAV is more readily available. These funds are backed by high quality, very liquid short-term instruments and the probability is remote that the funds would be sold for a value other than NAV.

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

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

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

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

(5) Derivative Fair Values

Not Applicable

B. Other Fair Value Disclosures

Not Applicable

C. Fair Value Level

The table below reflects the fair value and admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$ 200,527,802	\$ 196,198,350	\$ -	\$ 196,198,350	\$ -	\$ -	\$ -
Cash and cash equivalents	\$ 67,310,770	\$ 67,310,770	\$ 20,057,117	\$ -	\$ -	\$ 47,253,653	\$ -
Securities lending reinvested collateral assets	\$ 1,083,115	\$ 1,083,115	\$ 1,083,115	\$ -	\$ -	\$ -	\$ -
Total	\$ 268,921,687	\$ 264,592,235	\$ 21,140,232	\$ 196,198,350	\$ -	\$ 47,253,653	\$ -

D. Not Practicable to Estimate Fair Value

Not Applicable

E. NAV Practical Expedient Investments

The Company elects to use NAV for all money market mutual funds in lieu of fair value as NAV is more readily available. These funds are backed by high quality, very liquid short-term instruments and the probability is remote that the funds would be sold for a value other than NAV.

Note 21 – Other Items

Not Applicable

Note 22 – Events Subsequent

Subsequent events have been considered through February 21, 2020 for these statutory financial statements which are to be issued February 21, 2020. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

A. - H. The Company does not write health insurance policies, and therefore is not subject to Section 9010 of the Affordable Care Act.

Note 23 – Reinsurance

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not Applicable

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

As a result of changes in estimate of insured events related to prior years, the provision for losses and loss adjustment expenses increased by \$1,000.

No additional premium or return of premium have been accrued as a result of prior year effects.

B. Information about Significant Changes in Methodologies and Assumptions

Not Applicable

Note 26 – Intercompany Pooling Arrangements

A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Lead Entity and all Affiliated Entities	NAIC Company Code	Pooling Percentage
Factory Mutual Insurance Company (lead insurer)	21482	86.0%
Affiliated FM Insurance Company	10014	12.0%
Appalachian Insurance Company	10316	2.0%

The percentage represents the policyholders' surplus of each company compared to the combined policyholders' surplus for the three companies.

B. Description of Lines and Types of Business Subject to the Pooling Agreement

The parties agreed to pool net premium earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, less that amount of dividends to policyholders reported on Page 4, Line 17, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. Also, premium and losses that are assumed and ceded pursuant to stop loss reinsurance treaties between Factory Mutual Insurance Company (Asia Pacific branches) and Affiliated FM Insurance Company, and pursuant to an intercompany reinsurance agreement between the Canadian branches of Factory Mutual Insurance Company and Affiliated FM Insurance Company, are excluded from the intercompany pooling agreement.

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement

Reinsurance may be externally ceded on a facultative and/or treaty basis by any pool participant prior to pooling.

D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers

Each pool participant has a contractual right of direct recovery from its own external reinsurers.

E. Explanation of Discrepancies Between Entries of Pooled Business

There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants.

F. Description of Intercompany Sharing

Each pool participant establishes its respective provision for reinsurance in Schedule F and the write-off of uncollectible reinsurance for its own facultative and treaty cessions.

G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Name of Insurer	Amounts Receivable	Amounts Payable
Factory Mutual Insurance Company (lead insurer)	\$77,186,070	\$36,827,269
Affiliated FM Insurance Company	\$16,039,661	\$59,980,123
Appalachian Insurance Company	\$20,787,609	\$17,205,948

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

Not Applicable

Note 29 – Participating Policies

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 30 – Premium Deficiency Reserves**

The Company evaluated whether a premium deficiency reserve is required as of December 31, 2019 and determined that a premium deficiency reserve is not applicable.

1. Liability carried for premium deficiency reserve: \$0
2. Date of most recent evaluation of this liability: February 3, 2020
3. Was anticipated investment income utilized in the calculation? Yes [] No [X]

Note 31 – High Deductibles

Not Applicable

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not Applicable

Note 33 – Asbestos/Environmental Reserves

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

- (1) Direct - Asbestos

	2015	2016	2017	2018	2019
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 71,074,000	\$ 66,281,000	\$ 56,317,000	\$ 56,052,000	\$ 55,741,000
b. Incurred losses and loss adjustment expense	(3,002,000)	(5,773,000)	-	-	(1,000)
c. Calendar year payments for losses and loss adjustment expenses	1,791,000	4,191,000	265,000	311,000	306,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 66,281,000	\$ 56,317,000	\$ 56,052,000	\$ 55,741,000	\$ 55,434,000

- (2) Assumed Reinsurance - Asbestos

	2015	2016	2017	2018	2019
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ -	\$ -	\$ -	\$ -	\$ -
b. Incurred losses and loss adjustment expense	-	-	-	-	-
c. Calendar year payments for losses and loss adjustment expenses	-	-	-	-	-
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ -	\$ -	\$ -	\$ -	\$ -

- (3) Net of Ceded Reinsurance - Asbestos

	2015	2016	2017	2018	2019
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 44,451,000	\$ 38,110,000	\$ 38,017,000	\$ 44,255,000	\$ 43,534,000
b. Incurred losses and loss adjustment expense	(4,724,000)	1,855,000	6,502,000	-	(5,753,000)
c. Calendar year payments for losses and loss adjustment expenses	1,617,000	1,948,000	264,000	721,000	252,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 38,110,000	\$ 38,017,000	\$ 44,255,000	\$ 43,534,000	\$ 37,529,000

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

(1) Direct basis	\$ 44,597,000
(2) Assumed reinsurance basis	-
(3) Net of ceded reinsurance basis	\$ 31,187,000

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

(1) Direct basis	\$ 14,090,000
(2) Assumed reinsurance basis	-
(3) Net of ceded reinsurance basis	\$ 6,498,000

NOTES TO FINANCIAL STATEMENTS**Note 33 – Asbestos/Environmental Reserves (continued from preceding page)**

- D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate

(1) Direct - Environmental

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ 32,030,000	\$ 70,151,000	\$ 67,839,000	\$ 66,826,000	\$ 64,821,000
b. Incurred losses and loss adjustment expense	39,000,000	(797,000)	-	-	-
c. Calendar year payments for losses and loss adjustment expenses	879,000	1,515,000	1,013,000	2,005,000	61,000
d. Ending reserves	\$ 70,151,000	\$ 67,839,000	\$ 66,826,000	\$ 64,821,000	\$ 64,760,000

(2) Assumed Reinsurance - Environmental

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ -	\$ -	\$ -	\$ -	\$ -
b. Incurred losses and loss adjustment expense	-	-	-	-	-
c. Calendar year payments for losses and loss adjustment expenses	-	-	-	-	-
d. Ending reserves	\$ -	\$ -	\$ -	\$ -	\$ -

(3) Net of Ceded Reinsurance - Environmental

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ 23,275,000	\$ 40,231,000	\$ 31,226,000	\$ 24,364,000	\$ 23,306,000
b. Incurred losses and loss adjustment expense	17,751,000	(7,597,000)	(5,893,000)	-	5,842,000
d. Calendar year payments for losses and loss adjustment expenses	795,000	1,408,000	969,000	1,058,000	40,000
d. Ending reserves	\$ 40,231,000	\$ 31,226,000	\$ 24,364,000	\$ 23,306,000	\$ 29,108,000

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

(1) Direct basis	\$ 55,337,000
(2) Assumed reinsurance basis	-
(3) Net of ceded reinsurance basis	\$ 24,367,000

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

(1) Direct basis	\$ 2,094,000
(2) Assumed reinsurance basis	-
(3) Net of ceded reinsurance basis	\$ 1,267,000

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 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
- 1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017
- 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. 12/31/2017
- 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). 12/08/2018
- 3.4 By what department or departments?
Rhode Island Division of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
 If the answer is YES, complete and file the merger history data file with the NAIC.
- 5.2 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 |
|---------------------|------------------------------|---------------------------|
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No
- 7.2 If yes,
- 7.21 State the percentage of foreign 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 with the Federal Reserve Board? Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes No
- 8.4 If the response to 8.3 is yes, please provide below 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?
Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes No
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Kathleen Odomirok, FCAS, MAAA - Principal, Ernst & Young LLP 200 Clarendon Street, Boston, MA 02116
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 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 [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [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 subordinator 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 \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 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 \$ 0
- 20.22 To stockholders not officers 0
- 20.23 Trustees, supreme or grand (Fraternal only) 0
- 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 reporting 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 \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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 [X]
- 24.02 If no, give full and complete information, relating thereto:
JP Morgan Worldwide Securities Services holds custody of the securities.
- 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).
The market value and collateral value of securities loaned as of year-end 2019 is \$51,879,366 and \$52,920,091, respectively. The amount of cash collateral carried on the balance sheet is \$1,083,115. See Note 17 for description of the securities lending program.
- 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 [X] No [] N/A []
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 52,920,091
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ 0
- 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 [X] 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 [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] 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: \$ 1,083,115
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 1,083,115
- 24.103 Total payable for securities lending reported on the liability page: \$ 1,083,115
- 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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes [X] No []
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
- 25.22 Subject to reverse repurchase agreements \$ 0
- 25.23 Subject to dollar repurchase agreements \$ 0
- 25.24 Subject to reverse dollar repurchase agreements \$ 0
- 25.25 Placed under option agreements \$ 0
- 25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0
- 25.27 FHLB Capital Stock \$ 0
- 25.28 On deposit with states \$ 5,718,502
- 25.29 On deposit with other regulatory bodies \$ 0
- 25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 0
- 25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0
- 25.32 Other \$ 0
- 25.3 For category (25.26) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| | | \$ |
- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
 If no, attach a description with this statement.
- Lines 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:**
- 26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a results of interest rate sensitivity? Yes [] No []
- 26.4 If the response to 26.3 is yes, does the reporting entity utilize:
- 26.41 Special accounting provision of SSAP No. 108 Yes [] No []
- 26.42 Permitted accounting practice Yes [] No []
- 26.43 Other accounting guidance Yes [] No []
- 26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [] No []
- The reporting entity has obtained explicit approval from the domiciliary state.
 - Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
 - Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guidance Conditional Tail Expectation Amount.
 - Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.
- 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: \$ 0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 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
JP Morgan Worldwide Securities Services	383 Madison Avenue, New York, NY 10179

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

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

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

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

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

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

1 Name of Firm or Individual	2 Affiliation
Sanjay Chawla, SVP, Chief Investment Officer	I
Daniel Richards, VP, Portfolio Mgr Fixed Income	I
Scott Anthony, VP, Sector Portfolio Mgr Fixed Income	I

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes No

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes No

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

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

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
		\$
29.2999 TOTAL		\$

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

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 196,198,350	\$ 200,527,802	\$ 4,329,452
30.2	Preferred Stocks	\$ 2,500,000	\$ 2,500,000	\$ 0
30.3	Totals	\$ 198,698,350	\$ 203,027,802	\$ 4,329,452

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

The bonds are priced by NAIC/SVO, or if not available from the SVO, by our pricing source, Interactive Data Pricing and Reference Data LLC, for computation of fair value. The affiliated owned preferred stock is priced by the Company and approved by the NAIC under SSAP 97 Paragraph 8b(i).

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

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

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

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

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

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

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

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No [X]

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

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

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

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 0

36.2 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
	\$ <u> </u> 0

37.1 Amount of payments for legal expenses, if any? \$ 0

37.2 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
	\$ <u> </u> 0

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

38.2 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
	\$ <u> </u> 0

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$			0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$			0
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.	\$			0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$			0
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned	\$			0
1.62	Total incurred claims	\$			0
1.63	Number of covered lives				0
	All years prior to most current three years:				
1.64	Total premium earned	\$			0
1.65	Total incurred claims	\$			0
1.66	Number of covered lives				0
1.7	Group policies:				
	Most current three years:				
1.71	Total premium earned	\$			0
1.72	Total incurred claims	\$			0
1.73	Number of covered lives				0
	All years prior to most current three years:				
1.74	Total premium earned	\$			0
1.75	Total incurred claims	\$			0
1.76	Number of covered lives				0
2.	Health Test:				
			1	2	
			Current Year	Prior Year	
2.1	Premium Numerator	\$	0	0	
2.2	Premium Denominator	\$	75,098,152	69,074,377	
2.3	Premium Ratio (2.1/2.2)		0.0%	0.0%	
2.4	Reserve Numerator	\$	0	0	
2.5	Reserve Denominator	\$	79,254,371	100,680,689	
2.6	Reserve Ratio (2.4/2.5)		0.0%	0.0%	
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	\$			0
3.22	Non-participating policies	\$			0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:				
4.1	Does the reporting entity issue assessable policies?				Yes [] No []
4.2	Does the reporting entity issue non-assessable policies?				Yes [] No []
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?				%
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$			0
5.	FOR RECIPROCAL EXCHANGES ONLY:				
5.1	Does the exchange appoint local agents?				Yes [] No []
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 []
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 of loss? <u>The Company does not issue Workers' Compensation contracts.</u>				
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: <u>The Company uses the AIR Touchstone 7.0 software to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.</u>				
6.3	What provision has this reporting entity made (such as 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? <u>In addition to controlling the Company's exposure by loss prevention engineering, deductibles, and limits of liability, we purchase risk and catastrophe reinsurance.</u>				
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?				Yes [] No [X]

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

- 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:
There are certain parts of the Company's catastrophe program in the high excess layers for which a reinstatement clause is not applicable. These parts of the program cover events that management considered and evaluated as less likely to occur, and given the Company's strong surplus position and its ability to purchase additional reinsurance if an event occurs, it was determined that a reinstatement clause is not required for those parts of the program.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R, *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or, Yes [] No [X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ 0
- 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? \$ 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From _____ %
- 12.42 To _____ %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

12.6	If yes, state the amount thereof at December 31 of current year:								
	12.61	Letters of Credit	\$					0	
	12.62	Collateral and other funds	\$					0	
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):		\$					20,200,000	
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 [X]
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.							1	
14.1	Is the reporting entity a cedant in a multiple cedant reinsurance contract?								Yes [X] No []
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants: <u>The method of allocating reinsurance with outside reinsurers is based proportionally on each company's share of occurrence and specific contract terms with respect to intercompany reinsurance agreements.</u>								
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 [X]
14.4	If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?								Yes [X] No []
14.5	If the answer to 14.4 is no, please explain:								
15.1	Has the reporting entity guaranteed any financed premium accounts?								Yes [] No [X]
15.2	If yes, give full information								
16.1	Does the reporting entity write any warranty business?								Yes [] No [X]
	If yes, disclose the following information for each of the following types of warranty coverage:								
			1	2	3	4	5		
			Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned		
16.11	Home	\$	0	\$	0	\$	0	\$	0
16.12	Products	\$	0	\$	0	\$	0	\$	0
16.13	Automobile	\$	0	\$	0	\$	0	\$	0
16.14	Other*	\$	0	\$	0	\$	0	\$	0
	* Disclose type of coverage:								
17.1	Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that is exempt from the statutory provision for unauthorized reinsurance?								Yes [X] No []
	Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:								
17.11	Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance		\$					6,923,000	
17.12	Unfunded portion of Interrogatory 17.11		\$					6,923,000	
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11		\$					0	
17.14	Case reserves portion of Interrogatory 17.11		\$					0	
17.15	Incurred but not reported portion of Interrogatory 17.11		\$					6,923,000	
17.16	Unearned premium portion of Interrogatory 17.11		\$					0	
17.17	Contingent commission portion of Interrogatory 17.11		\$					0	
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.		\$					0	
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.		\$					0	
19.	Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least 2 states?								Yes [X] No []
19.1	If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?								Yes [] No []

FIVE-YEAR HISTORICAL DATA

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

	1 2019	2 2018	3 2017	4 2016	5 2015
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).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....			13,464,083	13,376,729	13,051,864
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....			2,681,266	2,663,870	2,599,176
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	75,108,152	69,083,639	70,515,100	65,874,426	64,936,049
6. Total (Line 35).....	75,108,152	69,083,639	86,660,449	81,915,025	80,587,089
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).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....			260,773	260,176	254,603
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).....	75,098,152	69,073,639	70,505,100	65,864,426	64,926,049
12. Total (Line 35).....	75,098,152	69,073,639	70,765,873	66,124,602	65,180,652
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	12,523,675	(27,706,119)	(26,446,514)	10,993,286	8,696,529
14. Net investment gain (loss) (Line 11).....	6,420,549	6,050,521	6,064,873	5,606,596	5,574,458
15. Total other income (Line 15).....				(209)	(171)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	3,915,760	(4,546,370)	(7,243,375)	5,562,495	5,032,299
18. Net income (Line 20).....	15,028,464	(17,109,228)	(13,138,266)	11,037,178	9,238,517
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	290,649,511	292,555,978	325,972,131	322,533,473	324,111,697
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	20,262,677	18,153,849	16,982,930	16,571,838	16,400,159
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	88,357,752	105,180,379	121,538,284	105,125,667	118,212,405
22. Losses (Page 3, Line 1).....	59,983,599	60,130,850	60,904,656	61,074,564	68,520,006
23. Loss adjustment expenses (Page 3, Line 3).....	8,128,640	8,289,103	9,299,330	10,391,026	13,066,123
24. Unearned premiums (Page 3, Line 9).....			738	733	715
25. Capital paid up (Page 3, Lines 30 & 31).....	3,525,000	3,525,000	3,525,000	3,525,000	3,525,000
26. Surplus as regards policyholders (Page 3, Line 37).....	202,291,759	187,375,599	204,433,847	217,407,806	205,899,292
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	(5,079,606)	(12,080,116)	(12,944,449)	15,924,035	23,676,227
Risk-Based Capital Analysis					
28. Total adjusted capital.....	202,291,759	187,375,599	204,433,847	217,407,806	205,899,292
29. Authorized control level risk-based capital.....	25,950,401	28,821,571	29,825,475	22,422,074	18,730,544
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).....	73.5	77.5	72.8	57.1	60.9
31. Stocks (Lines 2.1 & 2.2).....	0.9	0.9	0.8	0.8	0.8
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	25.2	20.2	26.0	40.8	35.2
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....	0.4	1.4	0.4	1.3	3.1
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).....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
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).....	1.2	1.3	1.2	1.2	1.2

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2019	2018	2017	2016	2015
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	5,696	1,138	(17,137)	8,021	
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	14,916,160	(17,058,248)	(12,973,959)	11,508,514	8,888,821
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).....	225,183	1,306,999	305,686	3,837,157	993,628
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).....	39,445,886	73,078,804	73,586,557	39,909,084	31,481,321
59. Total (Line 35).....	39,671,069	74,385,803	73,892,244	43,746,241	32,474,949
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).....	147,254	773,806	173,095	1,468,441	639,918
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).....	39,445,886	73,078,804	73,586,557	39,909,084	31,481,321
65. Total (Line 35).....	39,593,140	73,852,610	73,759,653	41,377,526	32,121,239
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).....	52.5	105.8	104.0	51.3	54.4
68. Loss expenses incurred (Line 3).....	1.6	4.1	4.4	3.5	3.6
69. Other underwriting expenses incurred (Line 4).....	29.2	30.2	29.0	28.6	28.6
70. Net underwriting gain (loss) (Line 8).....	16.7	(40.1)	(37.4)	16.6	13.3
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	30.2	29.0	28.6	28.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	54.1	109.9	108.4	54.8	58.1
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	37.1	36.9	34.6	30.4	31.7
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).....	1	(1)	3	(6,702)	14,000
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).....	0.0	(0.0)	0.0	(3.3)	7.1
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(0)	1	(6,699)	7,298	26,001
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).....	(0.0)		(3.3)	3.7	14.2

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported-Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	225	78	154		142			443	XXX
2. 2010.....	73,296	17,438	55,858	13,959	16	1,523		6,118	2		21,582	XXX
3. 2011.....	72,794	14,023	58,771	54,004	1	373		1,492			55,868	XXX
4. 2012.....	80,038	13,917	66,121	37,529		625		1,269			39,423	XXX
5. 2013.....	79,989	15,474	64,515	1,191		348					1,539	XXX
6. 2014.....	77,503	13,865	63,638	20,963			969				19,994	XXX
7. 2015.....	80,582	15,402	65,180	31,481			7,755				23,726	XXX
8. 2016.....	81,914	15,790	66,124	39,909		2,926					42,835	XXX
9. 2017.....	86,660	15,894	70,766	73,587		2,992					76,579	XXX
10. 2018.....	69,128	53	69,075	73,079		2,707					75,786	XXX
11. 2019.....	75,108	10	75,098	39,446		1,080					40,526	XXX
12. Totals.....	XXX	XXX	XXX	385,372	95	12,728	8,724	9,021	2	0	398,301	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	20,144	8,994	88,062	39,228			16,801	8,871	199			68,112	XXX
2. 2010.....												0	XXX
3. 2011.....												0	XXX
4. 2012.....												0	XXX
5. 2013.....												0	XXX
6. 2014.....												0	XXX
7. 2015.....												0	XXX
8. 2016.....												0	XXX
9. 2017.....												0	XXX
10. 2018.....												0	XXX
11. 2019.....												0	XXX
12. Totals..	20,144	8,994	88,062	39,228	0	0	16,801	8,871	199	0	0	68,112	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	59,984	8,129
2. 2010.	21,600	18	21,582	29.5	0.1	38.6			2.00	0	0
3. 2011.	55,869	1	55,868	76.7	0.0	95.1			2.00	0	0
4. 2012.	39,423	0	39,423	49.3	0.0	59.6			2.00	0	0
5. 2013.	1,539	0	1,539	1.9	0.0	2.4			2.00	0	0
6. 2014.	20,963	969	19,994	27.0	7.0	31.4			2.00	0	0
7. 2015.	31,481	7,755	23,726	39.1	50.3	36.4			2.00	0	0
8. 2016.	42,835	0	42,835	52.3	0.0	64.8			2.00	0	0
9. 2017.	76,579	0	76,579	88.4	0.0	108.2			2.00	0	0
10. 2018.	75,786	0	75,786	109.6	0.0	109.7			2.00	0	0
11. 2019.	40,526	0	40,526	54.0	0.0	54.0			2.00	0	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	59,984	8,129

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
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	One Year	Two Year
1. Prior.....	41,046	41,042	41,042	72,042	84,044	98,043	91,342	91,344	91,343	91,344	1	(0)
2. 2010.....	15,466	15,466	15,466	15,466	15,466	15,466	15,466	15,466	15,466	15,466	0	0
3. 2011.....	XXX	54,376	54,376	54,376	54,376	54,376	54,376	54,376	54,376	54,376	0	0
4. 2012.....	XXX	XXX	38,154	38,154	38,154	38,154	38,154	38,154	38,154	38,154	0	0
5. 2013.....	XXX	XXX	XXX	1,539	1,539	1,539	1,539	1,539	1,539	1,539	0	0
6. 2014.....	XXX	XXX	XXX	XXX	19,994	19,994	19,994	19,994	19,994	19,994	0	0
7. 2015.....	XXX	XXX	XXX	XXX	XXX	23,726	23,726	23,726	23,726	23,726	0	0
8. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	42,835	42,835	42,835	42,835	0	0
9. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	76,579	76,579	76,579	0	0
10. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	75,786	75,786	0	XXX
11. 2019.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,526	XXX	XXX
12. Totals.....											1	(0)

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
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
1. Prior.....	000	4,263	9,943	11,544	14,222	16,686	20,098	21,354	23,129	23,430	XXX	XXX
2. 2010.....	15,466	15,466	15,466	15,466	15,466	15,466	15,466	15,466	15,466	15,466	XXX	XXX
3. 2011.....	XXX	54,376	54,376	54,376	54,376	54,376	54,376	54,376	54,376	54,376	XXX	XXX
4. 2012.....	XXX	XXX	38,154	38,154	38,154	38,154	38,154	38,154	38,154	38,154	XXX	XXX
5. 2013.....	XXX	XXX	XXX	1,539	1,539	1,539	1,539	1,539	1,539	1,539	XXX	XXX
6. 2014.....	XXX	XXX	XXX	XXX	19,994	19,994	19,994	19,994	19,994	19,994	XXX	XXX
7. 2015.....	XXX	XXX	XXX	XXX	XXX	23,726	23,726	23,726	23,726	23,726	XXX	XXX
8. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	42,835	42,835	42,835	42,835	XXX	XXX
9. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	76,579	76,579	76,579	XXX	XXX
10. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	75,786	75,786	XXX	XXX
11. 2019.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,526	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Prior.....	28,873	28,608	26,102	40,902	61,788	70,687	63,172	62,029	60,687	56,763
2. 2010.....										
3. 2011.....	XXX									
4. 2012.....	XXX	XXX								
5. 2013.....	XXX	XXX	XXX							
6. 2014.....	XXX	XXX	XXX	XXX						
7. 2015.....	XXX	XXX	XXX	XXX	XXX					
8. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2019.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

APPALACHIAN INSURANCE COMPANY SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status (a)	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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	E								
2. Alaska.....AK	E								
3. Arizona.....AZ	E								
4. Arkansas.....AR	E								
5. California.....CA	E				197,673	21,307,035	39,862,682		
6. Colorado.....CO	E								
7. Connecticut.....CT	E								
8. Delaware.....DE	E								
9. District of Columbia.....DC	E								
10. Florida.....FL	E					(323,108)	184,824		
11. Georgia.....GA	E					547,212	34,455,758		
12. Hawaii.....HI	E								
13. Idaho.....ID	E								
14. Illinois.....IL	E					(711)	838		
15. Indiana.....IN	E								
16. Iowa.....IA	E								
17. Kansas.....KS	E								
18. Kentucky.....KY	E								
19. Louisiana.....LA	E					(265)	152		
20. Maine.....ME	E								
21. Maryland.....MD	E								
22. Massachusetts.....MA	E					(6)	4		
23. Michigan.....MI	E					(6)	11		
24. Minnesota.....MN	E					0	7		
25. Mississippi.....MS	E					(6)	4		
26. Missouri.....MO	E					328,311	20,673,386		
27. Montana.....MT	E								
28. Nebraska.....NE	E								
29. Nevada.....NV	E								
30. New Hampshire.....NH	E								
31. New Jersey.....NJ	E								
32. New Mexico.....NM	E								
33. New York.....NY	E				11,695	(14,823,119)	8,779,182		
34. North Carolina.....NC	E								
35. North Dakota.....ND	E								
36. Ohio.....OH	E								
37. Oklahoma.....OK	E								
38. Oregon.....OR	E								
39. Pennsylvania.....PA	E					(7)	762		
40. Rhode Island.....RI	L					(213)	2,991		
41. South Carolina.....SC	E								
42. South Dakota.....SD	E								
43. Tennessee.....TN	E								
44. Texas.....TX	E					(87)	12,587		
45. Utah.....UT	E								
46. Vermont.....VT	E								
47. Virginia.....VA	E								
48. Washington.....WA	E				15,815	(7,035,027)	4,231,870		
49. West Virginia.....WV	E						1,000		
50. Wisconsin.....WI	E								
51. Wyoming.....WY	E								
52. American Samoa.....AS	N								
53. Guam.....GU	E								
54. Puerto Rico.....PR	E								
55. US Virgin Islands.....VI	E								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	E								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....XXX		0	0	0	225,183	3	108,206,056	0	0

DETAILS OF WRITE-INS

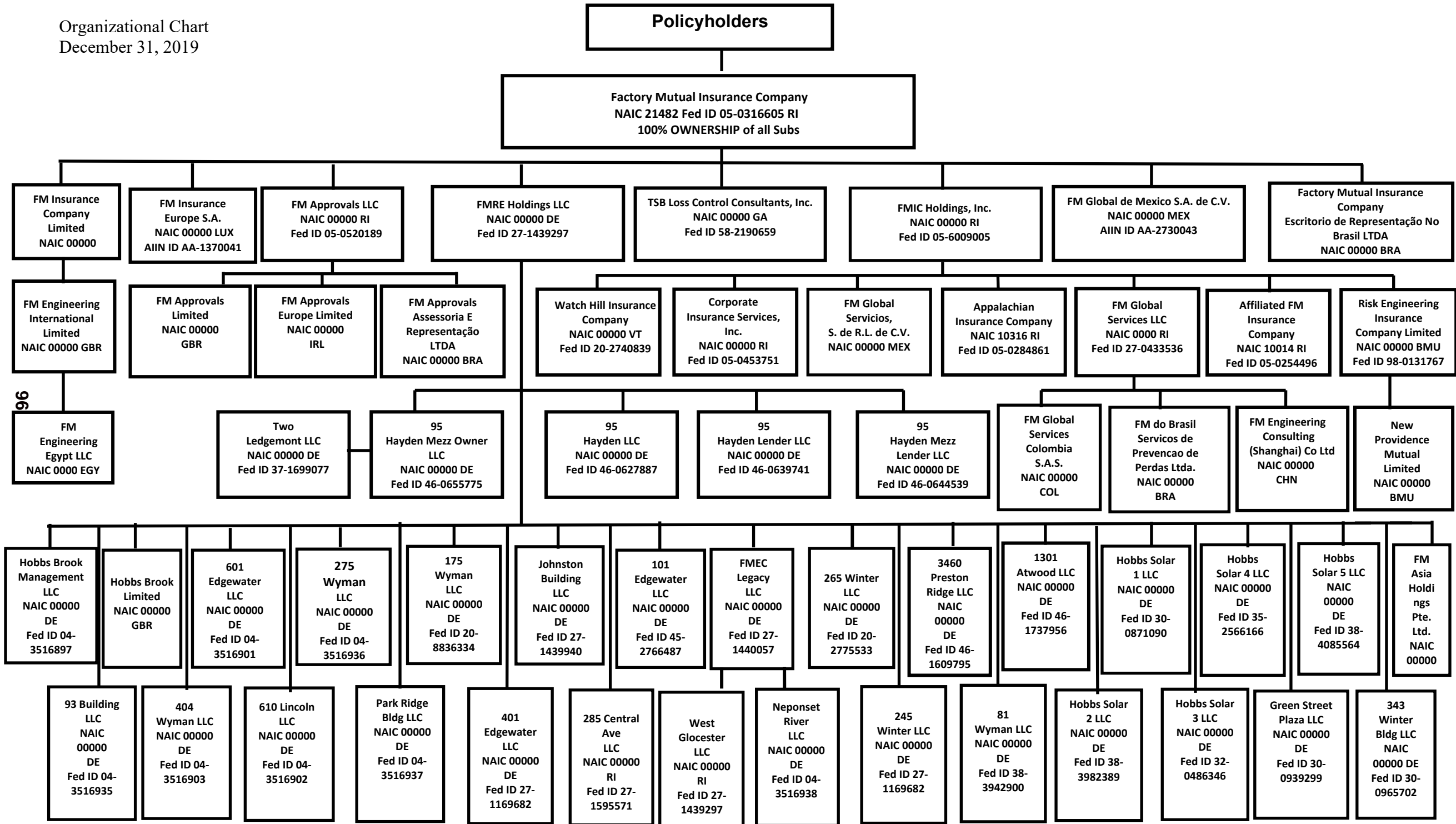
58001.....	XXX								
58002.....	XXX								
58003.....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	1	R - Registered - Non-domiciled RRGs.....	0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	54	Q - Qualified - Qualified or accredited reinsurer.....	0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....	0	N - None of the above - Not allowed to write business in the state.....	2

(b) Explanation of Basis of Allocation of Premiums by States, etc.
All premiums are allocated to the location of the property insured

Organizational Chart
December 31, 2019



2019 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58
Cash Flow	5	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Net Investment Income	12	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2K-Fidelity, Surety	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
Five-Year Historical Data	17	Schedule P-Part 2M-International	59
General Interrogatories	15	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	60
Jurat Page	1	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	60
Notes To Financial Statements	14	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Overflow Page For Write-ins	100	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Schedule A-Part 1	E01	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 2	E02	Schedule P-Part 2T-Warranty	61
Schedule A-Part 3	E03	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule A-Verification Between Years	SI02	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule B-Part 1	E04	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 2	E05	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Part 3	E06	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule B-Verification Between Years	SI02	Schedule P-Part 3F-Section 1-Medical Professional Liability-Occurrence	63
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 2	E08	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Part 3	E09	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule D-Part 1	E10	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3M-International	64
Schedule D-Part 3	E13	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	65
Schedule D-Part 4	E14	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	65
Schedule D-Part 5	E15	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	65
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 3T-Warranty	66
Schedule DA-Part 1	E17	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DB-Part E	E24	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DB-Verification	SI14	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule DL-Part 1	E25	Schedule P-Part 4M-International	69
Schedule DL-Part 2	E26	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	70
Schedule E-Part 1-Cash	E27	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	70
Schedule E-Part 2-Cash Equivalents	E28	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule E-Part 3-Special Deposits	E29	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 1	20	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 2	21	Schedule P-Part 4T-Warranty	71
Schedule F-Part 3	22	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 4	27	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 5	28	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 6	29	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule P-Part 1-Summary	33	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6M-International	86
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	87
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	87
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1M-International	49	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	50	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	51	Schedule P Interrogatories	93
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	52	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1T-Warranty	56	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Statement of Income	4
Schedule P-Part 2A-Homeowners/Farmowners	57	Summary Investment Schedule	SI01
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58	Underwriting and Investment Exhibit Part 3	11