

ANNUAL STATEMENT

OF THE

EMPLOYERS INSURANCE COMPANY OF WAUSAU

of _____ **WAUSAU**

STATE OF _____ **WISCONSIN**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2018

PROPERTY AND CASUALTY

2018



21458201820100100

ANNUAL STATEMENT

For the Year Ended December 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

Employers Insurance Company of Wausau

NAIC Group Code 0111 0111 **NAIC Company Code** 21458 **Employer's ID Number** 39-0264050
(Current Period) (Prior Period)

Organized under the Laws of Wisconsin, **State of Domicile or Port of Entry** WI
Country of Domicile United States of America

Incorporated/Organized August 21, 1911 **Commenced Business** September 1, 1911

Statutory Home Office 2000 Westwood Drive, Wausau, WI, US 54401
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 175 Berkeley Street
(Street and Number)
Boston, MA, US 02116 617-357-9500 x41177
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 175 Berkeley Street, Boston, MA, US 02116
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 175 Berkeley Street Boston, MA, US 02116 617-357-9500
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.LibertyMutualGroup.com

Statutory Statement Contact Lindsey Pendergast 617-357-9500 x41177
(Name) (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com 857-224-1430
(E-Mail Address) (Fax Number)

OFFICERS

Chairman of the Board

David Henry Long

	Name	Title
1.	David Henry Long #	President and Chief Executive Officer
2.	Mark Charles Touhey #	Senior Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Senior Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Alison Brooke Erbig	Senior Vice President and Comptroller	Melanie Marie Foley #	EVP-Chief Talent & Enterprise Services Off.
Neeti Bhalla Johnson	EVP and Chief Investment Officer	Kevin Hugh Kelley #	Executive Vice President
James Francis Kelleher #	EVP and Chief Legal Officer	Dennis James Langwell #	Executive Vice President
James Martin McGlennon #	EVP and Chief Information Officer	Christopher Locke Peirce #	EVP and Chief Financial Officer
Timothy Michael Sweeney #	Executive Vice President		

DIRECTORS OR TRUSTEES

Neeti Bhalla Johnson #	Melanie Marie Foley #	James Francis Kelleher #	Kevin Hugh Kelley #
Dennis James Langwell #	David Henry Long #	James Martin McGlennon #	Christopher Locke Peirce #
Timothy Michael Sweeney #	Mark Charles Touhey		

State of Massachusetts

County of Suffolk ss

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

_____ (Signature) David Henry Long# (Printed Name) 1. President and Chief Executive Officer (Title)	_____ (Signature) Mark Charles Touhey# (Printed Name) 2. Senior Vice President and Secretary (Title)	_____ (Signature) Laurance Henry Soyer Yahia (Printed Name) 3. Senior Vice President and Treasurer (Title)
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Subscribed and sworn to (or affirmed) before me this on this
15th day of January, 2019, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	4,539,899,720		4,539,899,720	4,025,082,267
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	171,473,221	756,063	170,717,158	138,844,042
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	171,328,749		171,328,749	150,158,318
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	30,720		30,720	30,720
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (74,003,438), Schedule E - Part 1), cash equivalents (\$ 54,293,606, Schedule E - Part 2), and short-term investments (\$ 500,574, Schedule DA)	(19,209,258)		(19,209,258)	174,312,404
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	332,520,211		332,520,211	326,259,163
9. Receivables for securities	22,682,169		22,682,169	3,430,134
10. Securities lending reinvested collateral assets (Schedule DL)	64,457,920		64,457,920	92,251,223
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,283,183,452	756,063	5,282,427,389	4,910,368,271
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	32,694,007		32,694,007	31,830,105
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	147,860,813	12,319,217	135,541,596	130,317,352
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 5,006,630 earned but unbilled premiums)	606,920,080	500,664	606,419,416	585,929,979
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)	30,805,362	3,080,398	27,724,964	31,156,268
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	30,142,556		30,142,556	32,075,127
16.2 Funds held by or deposited with reinsured companies	3,128,082		3,128,082	2,429,365
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	3,768	490	3,278	3,568
18.1 Current federal and foreign income tax recoverable and interest thereon				5,783,456
18.2 Net deferred tax asset	64,248,000		64,248,000	78,739,000
19. Guaranty funds receivable or on deposit	3,125,152		3,125,152	1,774,777
20. Electronic data processing equipment and software	58,116		58,116	58,116
21. Furniture and equipment, including health care delivery assets (\$ 0)	45,256	45,256		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	86,932,072		86,932,072	138,912,029
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	118,787,008	7,827,305	110,959,703	107,053,477
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	6,407,933,724	24,529,393	6,383,404,331	6,056,430,890
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	6,407,933,724	24,529,393	6,383,404,331	6,056,430,890

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	78,507,351		78,507,351	76,556,889
2502. Equities and deposits in pools and associations	17,175,601		17,175,601	15,748,100
2503. Amounts receivable under high deductible policies	13,965,640	75,185	13,890,455	13,462,350
2598. Summary of remaining write-ins for Line 25 from overflow page	9,138,416	7,752,120	1,386,296	1,286,138
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	118,787,008	7,827,305	110,959,703	107,053,477

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,677,185,459	2,622,655,277
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	33,651,987	34,104,010
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	549,248,034	522,741,759
4. Commissions payable, contingent commissions and other similar charges	51,722,929	43,341,808
5. Other expenses (excluding taxes, licenses and fees)	75,496,563	67,005,874
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	21,801,962	22,903,201
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	9,565,483	
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 \$ 329,937,354 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)	1,256,228,712	1,200,504,734
10. Advance premium	7,954,557	6,668,713
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	177,845	154,803
12. Ceded reinsurance premiums payable (net of ceding commissions)	33,573,137	31,032,725
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)	1,364,898	1,517,791
14. Amounts withheld or retained by company for account of others	4,974,351	3,661,188
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3 Column 78)	334,299	469,662
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	36,434,605	35,108,140
20. Derivatives		
21. Payable for securities	71,394,313	46,628,837
22. Payable for securities lending	64,457,920	92,251,223
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	(168,149,055)	(195,833,778)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	4,727,417,999	4,534,915,967
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	4,727,417,999	4,534,915,967
29. Aggregate write-ins for special surplus funds	6,897,373	28,196,932
30. Common capital stock	5,000,000	5,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	340,000,000	340,000,000
35. Unassigned funds (surplus)	1,304,088,960	1,148,317,991
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,655,986,333	1,521,514,923
38. Totals (Page 2, Line 28, Col. 3)	6,383,404,332	6,056,430,890

DETAILS OF WRITE-IN LINES		
2501. Amounts held under uninsured plans	43,504,342	43,753,200
2502. Other liabilities	42,480,769	46,910,337
2503. Retroactive reinsurance reserves	(254,134,166)	(286,497,315)
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(168,149,055)	(195,833,778)
2901. Special surplus from retroactive reinsurance	6,897,373	28,196,932
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	6,897,373	28,196,932
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	2,486,141,557	2,200,796,874
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,436,049,835	1,451,948,697
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	304,209,314	298,103,289
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	736,214,619	676,905,160
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	2,476,473,768	2,426,957,146
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	9,667,789	(226,160,272)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	215,195,562	139,932,627
10. Net realized capital gains (losses) less capital gains tax of \$ (2,836,695) (Exhibit of Capital Gains (Losses))	(10,803,660)	7,320,826
11. Net investment gain (loss) (Lines 9 + 10)	204,391,902	147,253,453
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 289,701 amount charged off \$ 8,496,991)	(8,207,290)	(8,542,187)
13. Finance and service charges not included in premiums	16,142,648	16,246,071
14. Aggregate write-ins for miscellaneous income	(35,207,620)	6,965,941
15. Total other income (Lines 12 through 14)	(27,272,262)	14,669,825
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	186,787,429	(64,236,994)
17. Dividends to policyholders	1,315,293	1,087,484
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)	185,472,136	(65,324,478)
19. Federal and foreign income taxes incurred	18,019,695	(17,200,274)
20. Net income (Line 18 minus Line 19) (to Line 22)	167,452,441	(48,124,204)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,521,514,923	1,585,836,820
22. Net income (from Line 20)	167,452,441	(48,124,204)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (2,938,373)	(7,714,107)	30,105,982
25. Change in net unrealized foreign exchange capital gain (loss)	(5,703,916)	3,140,311
26. Change in net deferred income tax	(17,429,373)	(47,898,443)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(2,269,000)	(1,619,142)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	135,363	73,599
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	134,471,408	(64,321,897)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,655,986,331	1,521,514,923

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Other income/(expense)	211,811	(8,842,689)
1402. Retroactive reinsurance gain/(loss)	(35,419,431)	15,808,630
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(35,207,620)	6,965,941
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	2,521,696,359	2,214,644,624
2. Net investment income	222,270,299	150,133,323
3. Miscellaneous income	(29,551,528)	9,962,558
4. Total (Lines 1 through 3)	2,714,415,130	2,374,740,505
5. Benefit and loss related payments	1,375,026,262	1,277,509,749
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	998,692,011	938,029,959
8. Dividends paid to policyholders	1,292,252	1,083,866
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(165,939)	6,596,339
10. Total (Lines 5 through 9)	2,374,844,586	2,223,219,913
11. Net cash from operations (Line 4 minus Line 10)	339,570,544	151,520,592
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	3,690,318,699	1,741,233,620
12.2 Stocks	9,333,888	72,306,009
12.3 Mortgage loans	18,701,991	17,303,468
12.4 Real estate		
12.5 Other invested assets	303,863,576	316,282,761
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(268,199)	(12)
12.7 Miscellaneous proceeds	(19,252,309)	(3,085,167)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,002,697,646	2,144,040,679
13. Cost of investments acquired (long-term only):		
13.1 Bonds	4,131,750,983	1,915,817,565
13.2 Stocks	31,295,350	
13.3 Mortgage loans	39,877,073	9,847,630
13.4 Real estate		
13.5 Other invested assets	291,448,210	367,915,828
13.6 Miscellaneous applications	(24,633,466)	(29,776,275)
13.7 Total investments acquired (Lines 13.1 to 13.6)	4,469,738,150	2,263,804,748
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(467,040,504)	(119,764,069)
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)	(66,051,701)	94,311,373
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(66,051,701)	94,311,373
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)	(193,521,661)	126,067,896
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	174,312,403	48,244,507
19.2 End of year (Line 18 plus Line 19.1)	(19,209,258)	174,312,403

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

20.0001	2 - Net investment income	164,738	269,544
20.0002	5 - Benefits and loss related payments		130,860,224
20.0003	12.1 - Proceeds from investments sold, matured or repaid - Bonds	23,726,923	60,020,974
20.0004	13.1 Cost of Investment Acquired - Bonds	132,054,934	201,192,844
20.0005	16.6 - Other cash provided (applied)	108,163,274	10,042,102

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	55,349,511	22,438,739	25,309,579	52,478,671
2. Allied lines	41,914,848	17,895,268	21,100,779	38,709,337
3. Farmowners multiple peril	8,453,699	4,106,107	4,183,763	8,376,043
4. Homeowners multiple peril	497,215,446	259,965,879	267,393,424	489,787,901
5. Commercial multiple peril	173,412,683	89,129,999	84,835,068	177,707,614
6. Mortgage guaranty				
8. Ocean marine	9,240,326	4,394,701	5,681,280	7,953,747
9. Inland marine	73,880,888	15,560,549	18,005,221	71,436,216
10. Financial guaranty				
11.1 Medical professional liability—occurrence	7,849,569	3,989,375	3,889,015	7,949,929
11.2 Medical professional liability—claims-made	8,913,398	3,885,290	4,571,625	8,227,063
12. Earthquake	6,214,780	2,621,894	3,068,026	5,768,648
13. Group accident and health	15,095,807	702,651	2,951,325	12,847,133
14. Credit accident and health (group and individual)				
15. Other accident and health	398,651	1,364,144	341,002	1,421,793
16. Workers' compensation	162,602,556	9,224,826	18,075,963	153,751,419
17.1 Other liability—occurrence	195,520,943	90,324,240	101,162,335	184,682,848
17.2 Other liability—claims-made	68,298,859	47,734,217	47,083,202	68,949,874
17.3 Excess workers' compensation	3,929,130	1,612,533	1,881,297	3,660,366
18.1 Products liability—occurrence	13,598,259	7,860,126	6,693,175	14,765,210
18.2 Products liability—claims-made	2,233,039	828,997	1,055,895	2,006,141
19.1,19.2 Private passenger auto liability	545,038,423	264,966,264	269,889,905	540,114,782
19.3,19.4 Commercial auto liability	112,612,225	52,333,352	52,905,077	112,040,500
21. Auto physical damage	415,545,787	201,639,448	203,826,627	413,358,608
22. Aircraft (all perils)	6,517,485	1,830,134	1,943,835	6,403,784
23. Fidelity	3,471,713	773,788	633,462	3,612,039
24. Surety	70,934,908	43,900,114	50,387,614	64,447,408
26. Burglary and theft	212,575	264,613	166,861	310,327
27. Boiler and machinery	3,380,261	1,317,024	1,494,165	3,203,120
28. Credit	2,475,396	1,654,776	3,351,569	778,603
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property	26,939,362	2,885,536	8,204,199	21,620,699
32. Reinsurance-nonproportional assumed liability	10,316,032	3,294,965	3,235,258	10,375,739
33. Reinsurance-nonproportional assumed financial lines	4,910,979	3,406,899	7,130,625	1,187,253
34. Aggregate write-ins for other lines of business				
35. TOTALS	2,546,477,538	1,161,906,448	1,220,451,171	2,487,932,815

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	24,047,335	1,262,244			25,309,579
2. Allied lines	21,232,263	(131,484)			21,100,779
3. Farmowners multiple peril	4,180,820	2,943			4,183,763
4. Homeowners multiple peril	267,089,697	303,727			267,393,424
5. Commercial multiple peril	86,262,953	705,646	(2,133,530)		84,835,069
6. Mortgage guaranty					
8. Ocean marine	3,553,980	2,127,300			5,681,280
9. Inland marine	13,922,844	4,082,377			18,005,221
10. Financial guaranty					
11.1 Medical professional liability—occurrence	3,696,453	192,561			3,889,014
11.2 Medical professional liability—claims-made	2,999,217	1,572,408			4,571,625
12. Earthquake	3,010,470	57,556			3,068,026
13. Group accident and health	2,951,324				2,951,324
14. Credit accident and health (group and individual)					
15. Other accident and health	343,482	(2,480)			341,002
16. Workers' compensation	47,068,196	2,736,269	(2,527,690)	(29,200,810)	18,075,965
17.1 Other liability—occurrence	80,336,700	21,991,990	(257,698)	(908,658)	101,162,334
17.2 Other liability—claims-made	28,077,893	19,007,366	(2,057)		47,083,202
17.3 Excess workers' compensation	1,584,258	297,039			1,881,297
18.1 Products liability—occurrence	5,235,963	2,187,023	(85,644)	(644,167)	6,693,175
18.2 Products liability—claims-made	923,546	132,361	(11)		1,055,896
19.1,19.2 Private passenger auto liability	265,773,177	4,116,727			269,889,904
19.3,19.4 Commercial auto liability	52,079,900	842,448	34,456	(51,727)	52,905,077
21. Auto physical damage	203,736,147	90,480			203,826,627
22. Aircraft (all perils)	1,444,202	499,633			1,943,835
23. Fidelity	1,143,206	(509,744)			633,462
24. Surety	14,179,610	36,208,004			50,387,614
26. Burglary and theft	147,517	19,344			166,861
27. Boiler and machinery	1,448,324	45,841			1,494,165
28. Credit	667,087	2,684,482			3,351,569
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	6,987,649	1,216,550			8,204,199
32. Reinsurance-nonproportional assumed liability	2,772,444	462,815			3,235,259
33. Reinsurance-nonproportional assumed financial lines	4,707,169	2,423,456			7,130,625
34. Aggregate write-ins for other lines of business					
35. TOTALS	1,151,603,826	104,624,882	(4,972,174)	(30,805,362)	1,220,451,172
36. Accrued retrospective premiums based on experience					30,805,362
37. Earned but unbilled premiums					4,972,174
38. Balance (Sum of Lines 35 through 37)					1,256,228,708

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 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	86,326,156	55,349,511	1,200	82,995,803	3,331,553	55,349,511
2. Allied lines	24,461,940	41,914,848	647	23,463,503	999,084	41,914,848
3. Farmowners multiple peril		8,453,699				8,453,699
4. Homeowners multiple peril	25,488	527,107,211		29,917,253		497,215,446
5. Commercial multiple peril	2,689,549	173,091,169		2,368,035		173,412,683
6. Mortgage guaranty						
8. Ocean marine		9,240,326				9,240,326
9. Inland marine	(863)	74,458,311		576,560		73,880,888
10. Financial guaranty						
11.1 Medical professional liability--occurrence		7,849,569				7,849,569
11.2 Medical professional liability--claims-made		8,913,398				8,913,398
12. Earthquake	16,719,704	6,220,415		16,401,454	323,885	6,214,780
13. Group accident and health		15,095,807				15,095,807
14. Credit accident and health (group and individual)						
15. Other accident and health		398,651				398,651
16. Workers' compensation	131,935,534	162,498,181	3,892,503	135,896,173	(172,510)	162,602,555
17.1 Other liability—occurrence	7,342,113	198,719,448		10,447,692	92,926	195,520,943
17.2 Other liability—claims-made	63,570	68,298,859		63,570		68,298,859
17.3 Excess workers' compensation		3,929,130				3,929,130
18.1 Products liability—occurrence	427,924	13,598,259		427,924		13,598,259
18.2 Products liability—claims-made		2,233,039				2,233,039
19.1,19.2 Private passenger auto liability	21,843	812,281,873		267,265,294		545,038,422
19.3,19.4 Commercial auto liability	16,976,525	112,621,564	260,809	16,846,983	399,690	112,612,225
21. Auto physical damage	4,546,904	550,012,925	1,012	138,994,265	20,790	415,545,786
22. Aircraft (all perils)		6,517,485				6,517,485
23. Fidelity	700,687	3,471,713		700,687		3,471,713
24. Surety	68,295	70,934,908		68,295		70,934,908
26. Burglary and theft	271,910	212,575		271,910		212,575
27. Boiler and machinery	8,309,067	3,380,261		8,309,067		3,380,261
28. Credit		2,475,396				2,475,396
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	26,939,362				26,939,362
32. Reinsurance-nonproportional assumed liability	X X X	10,316,032	(5,445)		(5,445)	10,316,032
33. Reinsurance-nonproportional assumed financial lines	X X X	4,910,979				4,910,979
34. Aggregate write-ins for other lines of business						
35. TOTALS	300,886,346	2,981,444,904	4,150,726	735,014,468	4,989,973	2,546,477,535

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

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

If yes: 1. The amount of such installment premiums \$ 126,112,905

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 124,435,432

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	24,543,988	25,267,170	24,545,407	25,265,751	35,513,573	46,942,027	13,837,297	26.367
2. Allied lines	5,599,856	31,110,475	5,600,001	31,110,330	31,127,163	36,494,726	25,742,767	66.503
3. Farmowners multiple peril		5,387,102		5,387,102	2,379,201	2,735,442	5,030,861	60.063
4. Homeowners multiple peril	8,033	268,672,561	12,771,618	255,908,976	130,134,216	126,816,754	259,226,438	52.926
5. Commercial multiple peril	3,809,466	122,976,732	13,865,524	112,920,674	195,158,300	193,888,302	114,190,672	64.258
6. Mortgage guaranty								
8. Ocean marine		3,159,909		3,159,909	7,292,109	7,717,430	2,734,588	34.381
9. Inland marine		44,239,564	151,489	44,088,075	11,674,041	9,333,679	46,428,437	64.993
10. Financial guaranty								
11.1 Medical professional liability—occurrence		1,527,347		1,527,347	13,699,552	11,847,084	3,379,815	42.514
11.2 Medical professional liability—claims-made		5,325,249		5,325,249	18,501,252	18,504,892	5,321,609	64.684
12. Earthquake		85,590		85,590	242,690	124,802	203,478	3.527
13. Group accident and health	318,402	2,022,041	318,402	2,022,041	7,610,252	535,444	9,096,849	70.808
14. Credit accident and health (group and individual)								
15. Other accident and health		4,006,289		4,006,289	2,205,439	4,098,842	2,112,886	148.607
16. Workers' compensation	104,604,806	155,173,815	174,325,207	85,453,414	890,228,785	954,097,472	21,584,727	14.039
17.1 Other liability—occurrence	45,607,125	120,236,419	64,260,043	101,583,501	398,585,755	368,702,993	131,466,263	71.185
17.2 Other liability—claims-made		22,532,666		22,532,666	150,058,746	139,853,845	32,737,567	47.480
17.3 Excess workers' compensation	328,953	2,447,434	328,953	2,447,434	47,363,472	45,996,504	3,814,402	104.208
18.1 Products liability—occurrence	31,458,707	12,874,139	35,220,866	9,111,980	30,651,910	29,383,643	10,380,247	70.302
18.2 Products liability—claims-made		106,479		106,479	4,437,235	3,107,882	1,435,832	71.572
19.1,19.2 Private passenger auto liability	51,228	421,919,295	98,480,683	323,489,840	474,309,571	438,702,189	359,097,222	66.485
19.3,19.4 Commercial auto liability	17,192,367	99,631,864	31,936,425	84,887,806	165,786,494	153,369,919	97,304,381	86.848
21. Auto physical damage	3,294,465	307,128,175	84,132,817	226,289,823	9,999,171	9,877,318	226,411,676	54.774
22. Aircraft (all perils)		3,889,018		3,889,018	4,813,721	4,268,294	4,434,445	69.247
23. Fidelity	(245,087)	373,412	(245,087)	373,412	6,392,759	6,828,460	(62,289)	(1.724)
24. Surety	(8,591)	8,398,257	(8,591)	8,398,257	18,579,314	17,721,923	9,255,648	14.362
26. Burglary and theft	7,230	59,167	7,230	59,167	542,175	185,804	415,538	133.903
27. Boiler and machinery	3,917,320	2,113,055	3,917,320	2,113,055	852,711	1,500,877	1,464,889	45.733
28. Credit		(103,606)		(103,606)	833,749	785,143	(55,000)	(7.064)
29. International								
30. Warranty					131,158	97,649	33,509	
31. Reinsurance-nonproportional assumed property	X X X	13,066,104		13,066,104	(6,497,699)	(29,286,897)	35,855,302	165.838
32. Reinsurance-nonproportional assumed liability	X X X	22,040,420	20,047,490	1,992,930	23,187,844	17,517,502	7,663,272	73.858
33. Reinsurance-nonproportional assumed financial lines	X X X	54,696		54,696	1,390,783	905,332	540,147	45.496
34. Aggregate write-ins for other lines of business								
35. TOTALS	240,488,268	1,705,720,838	569,655,797	1,376,553,309	2,677,185,442	2,622,655,276	1,431,083,475	57.521

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	36,129,053	16,470,746	36,140,256	16,459,543	1,971,458	19,126,789	2,044,218	35,513,572	2,135,550
2. Allied lines	1,051,682	19,118,300	1,053,107	19,116,875	755,587	12,037,402	782,701	31,127,163	1,877,558
3. Farmowners multiple peril		2,152,262		2,152,262		226,939		2,379,201	130,243
4. Homeowners multiple peril	1	78,215,373	2,309,390	75,905,984	4,201	55,952,217	1,728,186	130,134,216	19,695,261
5. Commercial multiple peril	3,437,254	124,116,766	13,974,282	113,579,738	(1,303,278)	87,308,627	4,426,787	195,158,300	51,214,464
6. Mortgage guaranty									
8. Ocean marine		3,635,904		3,635,904		3,656,205		7,292,109	720,823
9. Inland marine		8,302,562		8,302,562	(1,492,168)	3,455,216	(1,408,431)	11,674,041	1,048,178
10. Financial guaranty									
11.1 Medical professional liability—occurrence		2,599,248		2,599,248		11,100,304		13,699,552	1,198,675
11.2 Medical professional liability—claims-made		9,387,503		9,387,503		9,113,749		18,501,252	2,985,190
12. Earthquake		84,587		84,587		158,103		242,690	56,577
13. Group accident and health	1,173,828	82,986	1,173,828	82,986		7,527,266		(a) 7,610,252	360,553
14. Credit accident and health (group and individual)									
15. Other accident and health		591,720		591,720		1,613,720		(a) 2,205,440	234,903
16. Workers' compensation	590,674,945	916,081,045	1,102,511,612	404,244,378	343,220,604	918,261,539	775,497,736	890,228,785	162,759,398
17.1 Other liability—occurrence	52,607,932	168,994,561	72,354,193	149,248,300	167,625,275	250,820,634	169,108,453	398,585,756	107,010,850
17.2 Other liability—claims-made	281,225	46,078,210	281,225	46,078,210	(19,004)	103,980,536	(19,004)	150,058,746	33,271,263
17.3 Excess workers' compensation	9,674,664	20,730,770	9,674,664	20,730,770	669,617	26,633,756	670,671	47,363,472	6,739,884
18.1 Products liability—occurrence	63,545,953	12,518,364	68,182,830	7,881,487	153,079,871	23,890,461	154,199,908	30,651,911	21,343,036
18.2 Products liability—claims-made	3	234,968	3	234,968		4,202,267		4,437,235	996,200
19.1,19.2 Private passenger auto liability	7,652	369,274,267	91,068,425	278,213,494	14,142	325,311,452	129,229,517	474,309,571	99,170,154
19.3,19.4 Commercial auto liability	91,660,976	96,694,175	104,779,012	83,576,139	23,364,068	88,019,015	29,172,728	165,786,494	18,904,040
21. Auto physical damage	(21)	1,283,711	(18)	1,283,708	277,305	9,362,739	924,581	9,999,171	8,879,701
22. Aircraft (all perils)		4,011,352		4,011,352	57,787	802,369	57,787	4,813,721	1,172,172
23. Fidelity	151,483	1,042,425	151,484	1,042,424	529,457	5,306,321	485,443	6,392,759	885,587
24. Surety	14,412	(1,436,218)	14,412	(1,436,218)	(61,801)	20,015,477	(61,857)	18,579,315	4,166,563
26. Burglary and theft	2,495	139,999	2,497	139,997	9,577	402,178	9,577	542,175	88,858
27. Boiler and machinery	985,291	1,257,165	985,291	1,257,165	149,339	(404,454)	149,339	852,711	226,622
28. Credit		60,144		60,144		773,605		833,749	117,107
29. International									
30. Warranty						131,158		131,158	38,018
31. Reinsurance-nonproportional assumed property	X X X	13,045,685		13,045,685	X X X	(19,543,384)		(6,497,699)	512,262
32. Reinsurance-nonproportional assumed liability	X X X	94,024,767	85,788,039	8,236,728	X X X	255,207,307	240,256,191	23,187,844	1,286,080
33. Reinsurance-nonproportional assumed financial lines	X X X	762,102		762,102	X X X	628,681		1,390,783	22,263
34. Aggregate write-ins for other lines of business									
35. TOTALS	851,398,828	2,009,555,449	1,590,444,532	1,270,509,745	688,852,037	2,225,078,194	1,507,254,531	2,677,185,445	549,248,033

10

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

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	79,571,136			79,571,136
1.2 Reinsurance assumed	159,862,263			159,862,263
1.3 Reinsurance ceded	88,223,206			88,223,206
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	151,210,193			151,210,193
2. Commission and brokerage:				
2.1 Direct, excluding contingent		25,598,299		25,598,299
2.2 Reinsurance assumed, excluding contingent		209,753,642		209,753,642
2.3 Reinsurance ceded, excluding contingent		32,349,571		32,349,571
2.4 Contingent—direct		199,692		199,692
2.5 Contingent—reinsurance assumed		38,740,200		38,740,200
2.6 Contingent—reinsurance ceded		1,893,736		1,893,736
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		240,048,526		240,048,526
3. Allowances to manager and agents		23,228,985		23,228,985
4. Advertising	200,976	42,626,890	7,417	42,835,283
5. Boards, bureaus and associations	496,350	3,727,429	4,074	4,227,853
6. Surveys and underwriting reports	65,629	10,320,340	4,263	10,390,232
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	96,302,400	201,820,543	6,430,531	304,553,474
8.2 Payroll taxes	4,185,733	15,452,538	265,241	19,903,512
9. Employee relations and welfare	10,061,343	36,735,849	725,428	47,522,620
10. Insurance	10,915,016	340,269	410,973	11,666,258
11. Directors' fees	(2,890)	(8,264)	(186)	(11,340)
12. Travel and travel items	4,001,129	10,240,029	184,839	14,425,997
13. Rent and rent items	5,646,727	20,858,927	374,994	26,880,648
14. Equipment	3,977,063	12,695,069	1,185,192	17,857,324
15. Cost or depreciation of EDP equipment and software	3,901,503	10,144,124	356,497	14,402,124
16. Printing and stationery	408,610	1,997,773	16,437	2,422,820
17. Postage, telephone and telegraph, exchange and express	2,545,875	13,692,502	128,083	16,366,460
18. Legal and auditing	1,249,074	2,684,769	328,957	4,262,800
19. Totals (Lines 3 to 18)	143,954,538	406,557,772	10,422,740	560,935,050
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 255,083		49,350,375		49,350,375
20.2 Insurance department licenses and fees		5,231,630		5,231,630
20.3 Gross guaranty association assessments		(46,259)		(46,259)
20.4 All other (excluding federal and foreign income and real estate)		8,707,233		8,707,233
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		63,242,979		63,242,979
21. Real estate expenses			18,413	18,413
22. Real estate taxes			28,777	28,777
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	9,044,583	26,365,343	1,247,102	36,657,028
25. Total expenses incurred	304,209,314	736,214,620	11,717,032	(a) 1,052,140,966
26. Less unpaid expenses—current year	549,248,034	149,021,455		698,269,489
27. Add unpaid expenses—prior year	522,741,759	133,250,883		655,992,642
28. Amounts receivable relating to uninsured plans, prior year		3,568		3,568
29. Amounts receivable relating to uninsured plans, current year		3,278		3,278
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	277,703,039	720,443,758	11,717,032	1,009,863,829

DETAILS OF WRITE-IN LINES				
2401. Other Expenses	9,044,583	26,365,343	1,247,102	36,657,028
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	9,044,583	26,365,343	1,247,102	36,657,028

(a) Includes management fees of \$ 338,267,090 to affiliates and \$ 23,228,607 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 12,419,669	14,069,178
1.1 Bonds exempt from U.S. tax	(a) 27,594,558	25,011,974
1.2 Other bonds (unaffiliated)	(a) 102,003,536	104,484,867
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	375,032	447,853
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 7,449,046	7,493,487
4. Real estate	(d) 47,190	47,190
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 4,601,185	3,886,092
7. Derivative instruments	(f)	
8. Other invested assets	71,025,118	71,025,118
9. Aggregate write-ins for investment income	446,836	446,836
10. Total gross investment income	225,962,170	226,912,595
11. Investment expenses		(g) 11,717,033
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		11,717,033
17. Net investment income (Line 10 minus Line 16)		215,195,562

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	446,836	446,836
0902.		
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	446,836	446,836
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

NONE

- (a) Includes \$ 5,157,782 accrual of discount less \$ 13,347,682 amortization of premium and less \$ 0 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 \$ 311,376 accrual of discount less \$ 0 amortization of premium and less \$ 419 paid for accrued interest on purchases.
- (d) Includes \$ 47,190 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 461,291 accrual of discount less \$ (59,201) amortization of premium and less \$ 45,715 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 11,669,843 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	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(3,863,723)		(3,863,723)		
1.1 Bonds exempt from U.S. tax	(310,928)		(310,928)	(23,250)	
1.2 Other bonds (unaffiliated)	(4,088,014)	(8,768,605)	(12,856,619)	(8,510,596)	(1,490,155)
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	3,740,772		3,740,772	(3,966,266)	
2.21 Common stocks of affiliates				10,893,210	
3. Mortgage loans	(31,979)		(31,979)	27,329	
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(241,954)		(241,954)		(13,906)
7. Derivative instruments					
8. Other invested assets	59,295	(2,935)	56,360	(9,072,907)	(100,341)
9. Aggregate write-ins for capital gains (losses)	(132,284)		(132,284)		
10. Total capital gains (losses)	(4,868,815)	(8,771,540)	(13,640,355)	(10,652,480)	(1,604,402)

DETAILS OF WRITE-IN LINES					
0901. Miscellaneous gains (losses)	(132,284)		(132,284)		
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	(132,284)		(132,284)		

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	756,063		(756,063)
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	756,063		(756,063)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	12,319,217	9,726,099	(2,593,118)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	500,664	428,985	(71,679)
15.3 Accrued retrospective premiums and contracts subject to redetermination	3,080,398	3,464,974	384,576
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	490	61	(429)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	45,256	45,256	
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	7,827,305	8,587,641	760,336
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	24,529,393	22,253,016	(2,276,377)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	24,529,393	22,253,016	(2,276,377)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	7,752,120	8,586,477	834,357
2502. Amounts receivable under high deductible policies	75,185	1,164	(74,021)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,827,305	8,587,641	760,336

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Wisconsin, the accompanying financial statements of Employers Insurance Company of Wausau (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

Effective December 31, 1998, the Company entered into a reinsurance treaty with Nationwide Indemnity Company, with Nationwide Mutual Insurance Company as guarantor of the recoverables ceded under the treaty. The Wisconsin Insurance Commissioner has issued a Permitted Practice Decision allowing the guarantee to be used as credit for reinsurance collateral, reducing the provision for reinsurance by \$29,404,000.

The Company does not have any prescribed or permitted accounting practices.

NET INCOME

	SSAP #	F/S Page	F/S Line #	2018	2017
1. Employers Insurance Company of Wausau state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$ 167,452,441	\$ (48,124,204)
2. State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	.....	.....	.....	\$ -	\$ -
3. State Permitted Practices that increase/(decrease) NAIC SAP: NONE	.....	.....	.....	.....	.....
4. NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ 167,452,441</u>	<u>\$ (48,124,204)</u>
SURPLUS					
5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,655,986,333	\$ 1,521,514,923
6. State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	.....	.....	.....	.....	.....
7. State Permitted Practices that increase/(decrease) NAIC SAP: NONE	.....	.....	.....	.....	.....
8. NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 1,655,986,333</u>	<u>\$ 1,521,514,923</u>

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

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

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods. 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.

In addition, the Company applies the following accounting policies, where applicable:

- Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Investment Analysis Office (SVO Manual).
- Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
- Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).
- Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).
- Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.
- Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are based on market expectations. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
- Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*, and the SVO Manual.
- Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.
- Derivative Securities, refer to Note 8.
- Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.
- Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and an amount, based on past experience, for losses and loss adjustment expenses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
- The Company did not change its capitalization policy in 2018.
- The Company has no pharmaceutical rebate receivables.

D. Going Concern

The Company is not aware of any conditions that would impact its ability to continue as a going concern.

Note 2 – Accounting Changes and Corrections of Errors

- There were no material changes in accounting principles and/or correction of errors.

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Fire Insurance Company ("LMFIC"), a Wisconsin insurance company; Peerless Insurance Company ("PIC"), a New Hampshire insurance company; and Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company) acquired all of the issued and outstanding voting shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property and casualty insurance companies. The Company directly acquired a 8% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 92% (LMFIC 6%, PIC 8%, and LMIC 78%). The transaction was accounted for as a statutory purchase and the cost was \$222,400,560, resulting in goodwill in the amount of \$117,712,240. Goodwill was fully amortized as of December 31, 2017.

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

C. Impairment Loss

The Company did not recognize an impairment loss during the period.

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. The minimum and maximum lending rates for mortgage loans for 2018 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.620% and 5.500%
Mezzanine	N/A

2. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: 75%

3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total:

2018	2017
\$6,725	\$5,788

4. Age Analysis of Mortgage Loans:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Recorded Investments (All)							
(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 171,375,996	\$ -	\$ 171,375,996
(b) 30-59 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c) 60-89 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(d) 90-179 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e) 180+ Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

2. Acquiring Interest 90-179 Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

4. Interest Reduced

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 12,416,355	\$ -	\$ 12,416,355
(b) Number of Loans	\$ -	\$ -	\$ -	\$ -	\$ 207	\$ -	\$ 207
(c) Percent Reduced	0%	0%	0%	0%	1.453%	0%	1.453%

5. Participant or Co-lender in a Mortgage Loan Agreement

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 171,375,996	\$ -	\$ 171,375,996
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b. Prior Year

1. Recorded Investments (All)

(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 150,228,333	\$ -	\$ 150,228,333
(b) 30-59 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c) 60-89 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(d) 90-179 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e) 180+ Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ 4,560	\$ -	\$ 4,560

2. Acquiring Interest 90-179 Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

4. Interest Reduced

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,154,085	\$ -	\$ 1,154,085
(b) Number of Loans	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ 45
(c) Percent Reduced	0%	0%	0%	0%	1.244%	0%	1.244%

5. Participant or Co-lender in a Mortgage Loan Agreement

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 150,232,893	\$ -	\$ 150,232,893
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5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 442,864	\$ -	\$ 442,864
2. No Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 565,387	\$ -	\$ 565,387
3. Total (1+2)					\$ 1,008,251		\$ 1,008,251
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	\$ -	\$ -	\$ -	\$ -	\$ 1,008,251	\$ -	\$ 1,008,251

NOTES TO FINANCIAL STATEMENTS

b. Prior Year

1. With Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 565,068	\$ -	\$ 565,068
2. No Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 656,937	\$ -	\$ 656,937
3. Total (1+2)	\$ -	\$ -	\$ -	\$ -	\$ 1,222,005	\$ -	\$ 1,222,005
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	\$ -	\$ -	\$ -	\$ -	\$ 1,222,005	\$ -	\$ 1,222,005

6. Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,115,128	\$ -	\$ 1,115,128
2. Interest Income Recognized	\$ -	\$ -	\$ -	\$ -	\$ 51,718	\$ -	\$ 51,718
3. Recorded Investments on Nonaccrual Status	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	\$ -	\$ -	\$ -	\$ -	\$ 53,284	\$ -	\$ 53,284

b. Prior Year

1. Average Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,121,646	\$ -	\$ 1,121,646
2. Interest Income Recognized	\$ -	\$ -	\$ -	\$ -	\$ 72,481	\$ -	\$ 72,481
3. Recorded Investments on Nonaccrual Status	\$ -	\$ -	\$ -	\$ -	\$ 4,560	\$ -	\$ 4,560
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	\$ -	\$ -	\$ -	\$ -	\$ 62,218	\$ -	\$ 62,218

7. Allowance for Credit Losses:

	2018	2017
a. Balance at beginning of period	\$ 74,576	\$ 284,592
b. Additions charged to operations	\$ 1,244	\$ (66,561)
c. Direct write-downs charged against the allowances	\$ (28,573)	\$ (141,454)
d. Recoveries of amounts previously charged off	\$ -	\$ -
e. Balance at end of period	<u>\$ 47,247</u>	<u>\$ 76,577</u>

8. Mortgage Loans Derecognized as a Result of Foreclosure:

	2018	2017
a. Aggregate amount of mortgage loans derecognized	\$ -	\$ -
b. Real estate collateral recognized	\$ -	\$ -
c. Other collateral recognized	\$ -	\$ -
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	\$ -	\$ -

9. Interest income on impaired commercial mortgage loans is recognized until the loans are more than 90 days delinquent. Interest income and accrued interest receivable are reversed when a loan is put on non-accrual status. Interest income on loans more than 90 days delinquent is recognized in the period the cash is collected. Interest income recognition is continued when the loan becomes less than 90 days delinquent and management determines it is probably that the loan will continue to perform.

B. Debt Restructuring

	2018	2017
1. The total recorded investment in restructured loans, as of year end	\$ 1,055,498	\$ 1,237,936
2. The realized capital losses related to these loans	\$ -	\$ -
3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$ -	\$ -

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan Backed Securities

- Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
- All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate as of December 31, 2018: None
- Each Loan Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2018: None

All impaired Loan Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2018:

4. a. The aggregate amount of unrealized losses:		
1. Less than 12 Months		\$ (4,505,793)
2. 12 Months or Longer		\$ (12,921,192)
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 Months		\$ 223,319,476
2. 12 Months or Longer		\$ 605,776,011

- The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' equity. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

- The Company has not entered into any repurchase agreements during the year.
- The Company has not pledged any of its assets as collateral as of December 31, 2018

NOTES TO FINANCIAL STATEMENTS

3. Collateral Received

a. Aggregate Amount Collateral Received

	Fair Value
2. Securities Lending	
(a) Open	\$ 64,457,919.50
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	\$ 64,457,919.50
(g) Securities Received	\$ 11,096,451.79
(h) Total Collateral Received	\$ 75,554,371.29
3. 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 re-pledged

	\$ 75,554,371
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c. All collateral is received in the form of cash and/or securities equal to or in excess of 102% of the loaned value and are maintained in a separate custody account. Cash collateral is reinvested into short-term investments as outlined in the terms of the investment agreement. Per the terms of the investment agreement the Company has the right and ability to redeem any eligible securities on short notice.

4. Securities Lending Transactions Administered by an Affiliated Agent

The Company's security lending transactions are not administered by an affiliate agent.

5. Collateral Reinvestment

a. Aggregate Amount Collateral Received

	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	-	-
(b) 30 Days or Less	\$ 37,963,084.70	\$ 37,963,084.70
(c) 31 to 60 Days	\$ 18,588,542.71	\$ 18,588,542.71
(d) 61 to 90 Days	\$ 7,906,292.13	\$ 7,906,292.13
(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	\$ 64,457,919.54	\$ 64,457,919.54
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ 64,457,919.54	\$ 64,457,919.54
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. The reporting entity's sources of cash that it uses to return the cash collateral is dependent on the liquidity of the current market conditions. Under current conditions, the reporting entity could liquidate all or a portion of its cash collateral reinvestment securities in order to meet the collateral calls that could come due under a worst-case scenario.

6. The Company has not accepted collateral that it is not permitted by contract or custom to sell or re-pledge.

7. The Company has not accepted collateral that extends beyond one year from the reporting date for securities lending transactions.

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 Sales

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

J. Real Estate

1. The Company did not recognize any impairments on real estate during the year.

2. The Company has not sold or classified real estate investments as held for sale.

3. The Company has not experienced any changes to a plan of sale for investment in real estate.

4. The Company does not engage in retail land sale operations.

5. The Company does not hold real estate investments with participating mortgage loan features.

K. Investments in Low-Income Housing Tax Credits ("LIHTC")

The Company does not hold investments in low income housing tax credits.

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

1. Restricted Assets (Included Pledge)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year						
	1	2	3	4	5	6	7
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total 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 agreements	64,457,920	-	-	-	64,457,920	92,251,223	(27,793,304)
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subjects 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	867,700	-	-	-	867,700	758,000	109,700
j. On deposit with states	211,746,890	-	-	-	211,746,890	204,371,795	7,375,095
k. On deposit with other regulatory bodies	33,672,250	-	-	-	33,672,250	36,343,128	(2,670,878)
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	5,864,704	-	-	-	5,864,704	-	5,864,704
n. Other restricted assets	1,471,362	-	-	-	1,471,362	-	1,471,362
o. Total Restricted Assets	\$ 318,080,826	\$ -	\$ -	\$ -	\$ 318,080,826	\$ 333,724,146	\$ (15,643,321)

(a) Subset of column 1
(b) Subset of column 3

Restricted Asset Category	8	9	Percentage	
			10	11
			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	\$ -	\$ -	0%	0%
b. Collateral held under security lending agreements	-	64,457,920	1.01%	1.01%
c. Subject to repurchase agreements	-	-	0%	0%
d. Subject to reverse repurchase agreements	-	-	0%	0%
e. Subjects to dollar repurchase agreements	-	-	0%	0%
f. Subject to dollar reverse repurchase agreements	-	-	0%	0%
g. Placed under option contracts	-	-	0%	0%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	0%	0%
i. FHLB capital stock	-	867,700	0.01%	0.01%
j. On deposit with states	-	211,746,890	3.30%	3.32%
k. On deposit with other regulatory bodies	-	33,672,250	0.53%	0.53%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	0%	0%
m. Pledged as collateral not captured in other categories	-	5,864,704	0%	0%
n. Other restricted assets	-	-	0%	0%
o. Total Restricted Assets	\$ -	\$ 316,609,464	4.85%	4.87%

(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.

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	2	3	4
	Book/ Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)*	% of BACV to Total Admitted Assets**
a. Cash	\$ -	\$ -	0%	0%
b. Schedule D, Part 1	-	-	0%	0%
c. Schedule D, Part 2, Section 1	-	-	0%	0%
d. Schedule D, Part 2, Section 2	-	-	0%	0%
e. Schedule B	-	-	0%	0%
f. Schedule A	-	-	0%	0%
g. Schedule BA, Part 1	-	-	0%	0%
h. Schedule DL, Part 1	64,457,920	64,457,920	1.01%	1.01%
i. Other	-	-	0%	0%
j. Total Collateral Assets	\$ 64,457,920	\$ 64,457,920	1.01%	1.01%

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

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

	1	2
	Amount	% of Liability to Total Liabilities *
k. Recognized Obligation Return Collateral Asset	\$ 64,457,920	1.36%

* Column 1 divided by Liability Page, Line 26

M. Working Capital Finance Investments

The Company does not invest in working capital finance investments.

NOTES TO FINANCIAL STATEMENTS

N. Offsetting and Netting of Assets and Liabilities

Not applicable.

O. Structured Notes

Not applicable.

P. 5* Securities

Not applicable.

Q. Short Sales

Not applicable.

R. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
Number of CUSIPs	22	-
Aggregate Amount of Investment Income	962,035	-

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets

B. Impairments on joint ventures, partnerships or limited liability companies

The Company's limited partnership investment is reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company did not realize any impairment losses during the year.

Note 7 - Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2018.

Note 8 - Derivative Instruments

The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

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

1.

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	Total (Col 1+2)
(a) Gross Deferred Tax Assets	\$ 122,562,000	\$ 9,094,000	\$ 131,656,000
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 122,562,000	\$ 9,094,000	\$ 131,656,000
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 122,562,000	\$ 9,094,000	\$ 131,656,000
(f) Deferred Tax Liabilities	\$ 48,001,000	\$ 19,407,000	\$ 67,408,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 74,561,000	\$ (10,313,000)	\$ 64,248,000

	12/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	Total (Col 1+2)
(a) Gross Deferred Tax Assets	\$ 137,605,000	\$ 14,271,000	\$ 151,876,000
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 137,605,000	\$ 14,271,000	\$ 151,876,000
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 137,605,000	\$ 14,271,000	\$ 151,876,000
(f) Deferred Tax Liabilities	\$ 48,458,000	\$ 24,679,000	\$ 73,137,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 89,147,000	\$ (10,408,000)	\$ 78,739,000

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ (15,043,000)	\$ (5,177,000)	\$ (20,220,000)
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ (15,043,000)	\$ (5,177,000)	\$ (20,220,000)
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ (15,043,000)	\$ (5,177,000)	\$ (20,220,000)
(f) Deferred Tax Liabilities	\$ (457,000)	\$ (5,272,000)	\$ (5,729,000)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ (14,586,000)	\$ 95,000	\$ (14,491,000)

NOTES TO FINANCIAL STATEMENTS

2.

	12/31/2018		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 15,702,588	\$ 322	\$ 15,702,910
(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)	\$ 75,848,605	\$ -	\$ 75,848,605
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ 75,848,605	\$ -	\$ 75,848,605
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ -	\$ -	\$ 242,780,008
(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.	\$ 31,010,807	\$ 9,093,678	\$ 40,104,485
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 122,562,000	\$ 9,094,000	\$ 131,656,000

	12/31/2017		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ 2,098,016	\$ 2,098,016
(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)	\$ 107,908,029	\$ -	\$ 107,908,029
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ 107,908,029	\$ -	\$ 107,908,029
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ -	\$ -	\$ 216,451,479
(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.	\$ 29,696,971	\$ 12,172,984	\$ 41,869,955
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 137,605,000	\$ 14,271,000	\$ 151,876,000

	Change		
	(7) Ordinary	(8) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 15,702,588	\$ (2,097,694)	\$ 13,604,894
(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)	\$ (32,059,424)	\$ -	\$ (32,059,424)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ (32,059,424)	\$ -	\$ (32,059,424)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			\$ 26,328,529
(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.	\$ 1,313,836	\$ (3,079,306)	\$ (1,765,470)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ (15,043,000)	\$ (5,177,000)	\$ (20,220,000)

3.

	2018	2017
(a) Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount	436.8%	400.2%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$ 1,591,738,333	\$ 1,442,775,923

NOTES TO FINANCIAL STATEMENTS

4.

	12/31/2018		12/31/2017		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) Ordinary	(6) Capital
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						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 122,562,000	\$ 9,094,000	\$ 137,605,000	\$ 14,271,000	\$ (15,043,000)	\$ (5,177,000)
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	\$ 122,562,000	\$ 9,094,000	\$ 137,605,000	\$ 14,271,000	\$ (15,043,000)	\$ (5,177,000)
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of Reinsurance: Yes ___ No X

B. The Company does not have any DTLs described in SSAP No. 101 Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10, paragraph 23.

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

	(1)	(2)	(3)
	12/31/2018	12/31/2017	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 17,904,125	\$ (17,205,733)	\$ 35,109,858
(b) Foreign	\$ 115,570	\$ 5,459	\$ 110,111
(c) Subtotal	\$ 18,019,695	\$ (17,200,274)	\$ 35,219,969
(d) Federal income tax on net capital gains	\$ (2,836,695)	\$ 4,083,274	\$ (6,919,969)
(e) Utilization of capital loss carry-forwards	\$ -	\$ -	\$ -
(f) Other	\$ -	\$ -	\$ -
(g) Federal and foreign income tax incurred	\$ 15,183,000	\$ (13,117,000)	\$ 28,300,000
2. Deferred Tax Assets:			\$ -
(a) Ordinary			\$ -
(1) Discounting of unpaid losses	\$ 49,303,000	\$ 50,993,000	\$ (1,690,000)
(2) Unearned premium reserve	\$ 54,501,000	\$ 52,106,000	\$ 2,395,000
(3) Policyholder reserves	\$ -	\$ -	\$ -
(4) Investments	\$ 2,583,000	\$ 2,731,000	\$ (148,000)
(5) Deferred acquisition costs	\$ -	\$ -	\$ -
(6) Policyholder dividends accrual	\$ -	\$ -	\$ -
(7) Fixed Assets	\$ 1,000	\$ 1,000	\$ -
(8) Compensation and benefits accrual	\$ 2,854,000	\$ 3,885,000	\$ (1,031,000)
(9) Pension accrual	\$ -	\$ -	\$ -
(10) Receivables – nonadmitted	\$ 4,992,000	\$ 4,673,000	\$ 319,000
(11) Net operating loss carry-forward	\$ -	\$ 7,554,000	\$ (7,554,000)
(12) Tax credit carry-forward	\$ 4,116,000	\$ 12,329,000	\$ (8,213,000)
(13) Other (including items <5% of total ordinary tax assets)	\$ 4,212,000	\$ 3,333,000	\$ 879,000
(99) Subtotal	\$ 122,562,000	\$ 137,605,000	\$ (15,043,000)
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ -	\$ -	\$ -
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 122,562,000	\$ 137,605,000	\$ (15,043,000)
(e) Capital			\$ -
(1) Investments	\$ 9,094,000	\$ 14,271,000	\$ (5,177,000)
(2) Net capital loss carry-forward	\$ -	\$ -	\$ -
(3) Real estate	\$ -	\$ -	\$ -
(4) Other (including items <5% of total capital tax assets)	\$ -	\$ -	\$ -
(99) Subtotal	\$ 9,094,000	\$ 14,271,000	\$ (5,177,000)
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ 9,094,000	\$ 14,271,000	\$ (5,177,000)
(i) Admitted deferred tax assets (2d + 2h)	\$ 131,656,000	\$ 151,876,000	\$ (20,220,000)
3. Deferred Tax Liabilities:			\$ -
(a) Ordinary			\$ -
(1) Investments	\$ 3,218,000	\$ 2,921,000	\$ 297,000
(2) Fixed assets	\$ 21,890,000	\$ 17,848,000	\$ 4,042,000
(3) Deferred and uncollected premium	\$ -	\$ -	\$ -
(4) Policyholder reserves	\$ 19,675,000	\$ 25,252,000	\$ (5,577,000)
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 3,218,000	\$ 2,437,000	\$ 781,000
(99) Subtotal	\$ 48,001,000	\$ 48,458,000	\$ (457,000)
(b) Capital:			\$ -
(1) Investments	\$ 19,407,000	\$ 24,679,000	\$ (5,272,000)
(2) Real estate	\$ -	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

(3) Other (including items <5% of total capital tax liabilities)	\$ -	\$ -	\$ -
(99) Subtotal	\$ 19,407,000	\$ 24,679,000	\$ (5,272,000)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 67,408,000	\$ 73,137,000	\$ (5,729,000)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 64,248,000	\$ 78,739,000	\$ (14,491,000)

- D. Effective tax rates differ from the current statutory rate of 21% principally due to the effects of discounting of unpaid losses and loss adjustment expenses, charitable contributions, intercompany dividends, LP & LLC income, tax exempt income, limits on charitable contributions, limits on unearned premium reserve deductions, abandonments, compensation adjustments, impairments, fixed assets, tax free exchanges, foreign tax credits generated, foreign branch tax, and revisions to prior year estimates.
- E. The Company has no net operating loss carry-forwards available to offset future net income subject to Federal income tax.

The Company has general business credit carry-forwards which expire as follows

Year Generated	Amount	Expiration
2017	\$ 5,000	2037

The Company recognizes \$7,947,000 of AMT credit as a current-year recoverable. An AMT credit carry-forward DTA of \$4,111,000 is expected to be utilized against regular tax or refunded in the future. The alternative minimum tax credit carry-forward does not expire. The ending carryforward balance is computed as follows:

AMT Credit Carryforward	
Beginning Balance	\$ 11,478,000
Current Year AMT Credit Recovered	(7,947,000)
Other Current Year Adjustments to AMT Credit Carryforward	580,000
Sequestration	-
Total AMT Credit Ending Balance	4,111,000
AMT Credit Carryforward Non-Admitted	-
Total AMT Credit Carryforward subject to SSAP101 DTA admittance limitations	\$ 4,111,000

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$15,703,000 from the current year and none from the preceding year.

The Company does not have deposits admitted under Section 6603 of the Internal Revenue Code.

- F. The Company's Federal income tax return is consolidated with the following entities:

All Set Works, Inc.	Liberty Mutual Group Inc.
AMBCO Capital Corporation	Liberty Mutual Holding Company Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyd's Insurance Company	Liberty Mutual Personal Insurance Company
American Economy Insurance Company	Liberty Mutual Technology Group, Inc.
American Fire and Casualty Company	Liberty Northwest Insurance Corporation
American States Insurance Company	Liberty Personal Insurance Company
American States Insurance Company of Texas	Liberty RE (Bermuda) Limited
American States Lloyds Insurance Company	Liberty Sponsored Insurance (Vermont), Inc.
American States Preferred Insurance Company	Liberty Surplus Insurance Corporation
Barrier Ridge LLC	LIH-RE of America Corporation
Berkeley Holding Company Associates, Inc.	LIU Specialty Insurance Agency Inc.
Berkeley Management Corporation	LM General Insurance Company
Capitol Court Corporation	LM Insurance Corporation
Colorado Casualty Insurance Company	LM Property and Casualty Insurance Company
Consolidated Insurance Company	LMHC Massachusetts Holdings Inc.
Diversified Settlements, Inc.	Managed Care Associates Inc.
Emerald City Insurance Agency, Inc.	Mid-American Fire & Casualty Company
Employers Insurance Company of Wausau	North Pacific Insurance Company
Excelsior Insurance Company	Ocasco Budget, Inc.
Excess Risk Reinsurance, Inc.	OCI Printing, Inc.
F.B. Beattie & Co., Inc.	Ohio Casualty Corporation
First National Insurance Company of America	Ohio Security Insurance Company
First State Agency Inc.	Open Seas Solutions, Inc.
General America Corporation	Oregon Automobile Insurance Company
General America Corporation of Texas	Peerless Indemnity Insurance Company
General Insurance Company of America	Peerless Insurance Company
Golden Eagle Insurance Corporation	Pilot Insurance Services, Inc.
Gulf States AIF, Inc.	Rianoc Research Corporation
Hawkeye-Security Insurance Company	S.C. Bellevue, Inc.
Indiana Insurance Company	SAFECARE Company, Inc.
Insurance Company of Illinois	Safeco Corporation
Ironshore Holdings (US) Inc.	Safeco General Agency, Inc.
Ironshore Indemnity Inc.	Safeco Insurance Company of America
Liberty Specialty Markets Bermuda Limited	Safeco Insurance Company of Illinois
Ironshore Management Inc.	Safeco Insurance Company of Indiana
Ironshore Services Inc.	Safeco Insurance Company of Oregon
Ironshore Specialty Insurance Company	Safeco Lloyds Insurance Company
Ironshore Surety Holdings Inc.	Safeco National Insurance Company
LEXCO Limited	Safeco Properties, Inc.
Liberty-USA Corporation	Safeco Surplus Lines Insurance Company
Liberty Assignment Corporation	San Diego Insurance Company
Liberty Energy Canada, Inc.	SCIT, Inc.
Liberty Financial Services, Inc.	St. James Insurance Company Ltd.
Liberty Hospitality Group, Inc.	The First Liberty Insurance Corporation
Liberty Insurance Corporation	The Midwestern Indemnity Company
Liberty Insurance Holdings, Inc.	The National Corporation
Liberty Insurance Underwriters Inc.	The Netherlands Insurance Company
Liberty International Europe Inc.	The Ohio Casualty Insurance Company
Liberty International Holdings Inc.	Wausau Business Insurance Company
Liberty Life Assurance Company of Boston	Wausau General Insurance Company
Liberty Life Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Lloyds of Texas Insurance Company	West American Insurance Company
Liberty Management Services, Inc.	Winmar Company, Inc.
Liberty Mexico Holdings Inc.	Winmar of the Desert, Inc.
Liberty Mutual Agency Corporation	Winmar Oregon, Inc.
Liberty Mutual Fire Insurance Company	Winmar-Metro, Inc.
Liberty Mutual Group Asset Management Inc.	

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

NOTES TO FINANCIAL STATEMENTS

- G. The Company does not expect the Federal and Foreign income tax loss contingencies, as determined in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets, with the modifications provided in SSAP No. 101, Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10, to significantly increase within twelve months of the reporting date.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates, and Other Related Parties

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group Inc. ("LMGI"), a Massachusetts company. The ultimate parent of LMGI is Liberty Mutual Holding Company Inc. ("LMHC"), a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. As of December 31, 2018, the Company had the following capital transactions with its parent and subsidiaries:
- | | | |
|--|----|------------|
| 1. Received capital contributions of | \$ | - |
| 2. Received return of capital distributions of | \$ | - |
| 3. Contributed capital in the amount of | \$ | 9,697,961 |
| 4. Received dividends in the amount of | \$ | 70,280,627 |
- D. At December 31, 2018, the Company reported a net \$50,497,467 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings, written or otherwise, for the benefit of affiliates or other related parties.
- F. A. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

The Company is a party to a management services agreement (the "Agreement") with Liberty Mutual Insurance Company ("LMIC"). Under the Agreement, LMIC may provide the Company with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by LMIC and LMGI. Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. LMIC is reimbursed for the cost of all services which it provides under the Agreement.

The Company is a party to a cash management agreement with Liberty Mutual Insurance Company ("LMIC") whereby LMIC provides services to the Company.

The Company is a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. ("LMGAM"), an investment management agreement with Liberty Mutual Investment Advisors LLC ("LMIA"), and an investment services agreement with LMGAM (with respect to the Canadian Branch). Under these agreements, LMGAM and LMIA provide services to the Company.

The Company is party to revolving credit agreements under which the Company may lend funds to the following SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
Liberty Mutual Insurance Company	\$ 150,000,000
Liberty Mutual Group Inc.	\$ 150,000,000

There were no outstanding borrowings as of December 31, 2018.

The Company is party to revolving credit agreements under which the Company may borrow funds from the following SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
Liberty Mutual Insurance Company	\$ 150,000,000
Liberty Mutual Group Inc.	\$ 150,000,000

There were no outstanding borrowings as of December 31, 2018.

The Company is a party to a Federal Tax Sharing Agreement between LMHC and affiliates. Refer to Note 9F.

The Company paid \$281,509 under the LMHC Tax Sharing Agreement and paid \$11,669,843 under the LMGAM and LMIA investment management agreements. Pursuant to the Inter Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual service agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

- G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.
- J. The Company did not recognize any impairment write down for its SCA companies during the statement period.
- K. The Company does not use CARVM in calculating its investment in its foreign subsidiaries.
- L. The Company utilizes the look-through approach for the valuation of the following downstream non-insurance holding companies:

	Carrying Value
Ohio Casualty Corporation	\$ 147,114,706
St. James/Arlington LLC	\$ 18,900,520

The Company has limited the value of its investment in these companies to the value contained in the audited financial statements. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the company's determination of the carrying value of the investment in the downstream non-insurance holding company.

- M. All SCA investments

1. Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA	Gross Amount	Admitted Amount	Nonadmitted
a. SSAP No. 97 8a Entities				
N/A				
Total SSAP No. 97 8a Entities				
b. SSAP No. 97 8b(ii) Entities				
Ohio Casualty Corporation	8%	\$ 147,114,706	\$ 146,358,643	\$ 756,063
Total SSAP No. 97 8b(ii) Entities				
c. SSAP No. 97 8b(iii) Entities				
St. James/Arlington LLC	100%	\$ 18,900,520	\$ 18,900,520	\$ -
LMAT Holdings LLC	10%	\$ 17,984,096	\$ 17,984,096	\$ -
Liberty Mutual Investment Holdings LLC	10%	\$ 280,349,772	\$ 280,349,772	\$ -
Total SSAP No. 97 8b(iii) Entities				
d. SSAP No. 97 8b(iv) Entities				
N/A				
Total SSAP No. 97 8b(iv) Entities				
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)				
		\$ 464,349,094	\$ 463,593,031	\$ 756,063
f. Aggregate Total (a+e)				
		\$ 464,349,094	\$ 463,593,031	\$ 756,063

NOTES TO FINANCIAL STATEMENTS

2. NAIC Filing Response Information

SCA Entity	Type of NAIC Filing*	Date of Filing to NAIC	2017 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
N/A						
Total SSAP No. 97 8a Entities						
b. SSAP No. 97 8b(ii) Entities						
Ohio Casualty Corporation	S2	12/17/2018	\$ 136,221,496	Yes	No	N/A
Total SSAP No. 97 8b(ii) Entities			\$ 136,221,496			
c. SSAP No. 97 8b(iii) Entities						
St. James/Arlington LLC	N/A	N/A	N/A	N/A	N/A	N/A
LMAT Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Investment Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iii) Entities						
d. SSAP No. 97 8b(iv) Entities						
N/A						
Total SSAP No. 97 8b(iv) Entities						
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)			\$ 136,221,496			
f. Aggregate Total (a+e)			\$ 136,221,496			

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

** I – Immaterial or M – Material

N. Investment in Insurance SCAs

The Company does not hold investments in Insurance SCAs for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures.

O. SCA Loss Tracking

The Company does not hold any investments in SCAs which are in a deficit position.

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Chicago. There were no outstanding borrowings as of December 31, 2018. The Company has determined the actual maximum borrowing capacity as \$1,000,000,000 per Board of Directors consent.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current year

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	\$ 867,700	\$ 867,700	\$ -
Activity Stock	\$ -	\$ -	\$ -
Excess Stock	\$ -	\$ -	\$ -
Aggregate Total	\$ 867,700	\$ 867,700	\$ -
Actual Borrowing Capacity as Determined by the Insurer	\$ 1,000,000,000	XXX	XXX

2. Prior Year-end

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	\$ 758,000	\$ 758,000	\$ -
Activity Stock	\$ -	\$ -	\$ -
Excess Stock	\$ -	\$ -	\$ -
Aggregate Total	\$ 758,000	\$ 758,000	\$ -
Actual Borrowing Capacity as Determined by the Insurer	\$ 1,000,000,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 1 Year	6 3 to 5 Years
Membership Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Class A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Class B	\$ -	\$ 867,700	\$ -	\$ -	\$ -	\$ -

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

2. Current Year Total General Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

4. Prior Year-end Total General Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

2. Current Year Total General Accounts

	Fair Value	Carrying Value	Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

4. Prior Year-end Total General Protected Cell Accounts

	Fair Value	Carrying Value	Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

4. Borrowing from FHLB

a. Amount as of the Reporting Date

1. Current Year

	(1)	(2)	(3)	(4)
	Total 2+3	General Account	Protected Cell Accounts	Funding Agreements Reserves Established
Debt	\$ -	\$ -	\$ -	XXX
Funding Agreements	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	XXX
Aggregate Total	\$ -	\$ -	\$ -	\$ -

2. Prior Year-end

	(1)	(2)	(3)	(4)
	Total 2+3	General Account	Protected Cell Accounts	Funding Agreements Reserves Established
Debt	\$ -	\$ -	\$ -	XXX
Funding Agreements	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	XXX
Aggregate Total	\$ -	\$ -	\$ -	\$ -

b. Maximum Amount During Reporting Period (Current Year)

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
Debt	\$ -	\$ -	\$ -
Funding Agreements	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Aggregate Total	\$ -	\$ -	\$ -

c. FHLB - Prepayment Obligations

	Does the Company have prepayment obligations under the
Debt	NO
Funding Agreements	N/A
Other	N/A

C. There were no outstanding borrowings as of December 31, 2018.

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

The Company does not have any direct employees, and therefore does not have any direct obligations for a defined benefit pension, defined contribution pension, postretirement welfare, deferred compensation, compensated absences or postemployment benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements as described in Note 10 F.

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

1. The Company has 5,000,000 common shares authorized, issued and outstanding as of December 31, 2018. All shares have a stated par value of \$1.00.

The Company has 5,000,000 preferred shares authorized, but no shares issued and outstanding as of December 31, 2018. All shares have a stated par value of \$0.01.

2. Preferred Stock

Not applicable.

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent during 2018.

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2019 is \$165,598,633.

6. As of December 31, 2018, the Company has pre-tax restricted surplus of \$6,897,373 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

8. The Company does not hold stock for special purposes.

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2018.

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is (\$43,005,740) after applicable deferred taxes of \$4,343,83:

11. Surplus Notes

Not applicable.

12. Quasi-reorganization (dollar impact)

Not applicable.

13. Quasi-reorganization (effective date)

Not applicable.

Note 14 - Contingencies

A. Contingent Commitments

Refer to Note 10E.

B. Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments and premium-based assessments are presumed probable when the premium on which the assessments are expected to be based are written. In the case of loss-based assessments, the event that obligates the entity is an entity incurring the losses on which the assessments are expected to be based.

The Company has accrued a liability for guaranty funds and other assessments of \$8,761,521 that is offset by future premium tax credits of \$255,083. Current guaranty fund assessments and assessments based on losses paid are expected to be paid out in the next two years, while premium tax offsets are expected to be realized over the period determined by each individual state once the guaranty fund assessment has been paid. The Company continues to remit payments relating to prior year insolvencies.

Reconciliation of paid and accrued premium tax offsets and policy surcharges at prior year-end to current year-end:

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$	324,268
b. Decreases current year:		
Premium tax offset applied	\$	273,696
c. Increases current year:		
Premium tax offset applied	\$	204,512
d. premium tax offsets and policy surcharges current year-end	\$	255,083

C. Gain Contingencies

Not applicable

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

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related to ECO and bad faith losses paid during the reporting period	\$ 4,056,800

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a)	(b)	(c)	(d)	(e)
0-25 Claims	26-50 Claims	51-100 Claims	101-500 Claims	More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant

(f) Per Claim (g) Per Claimant

E. Product Warranties

The Company does not write product warranty business.

F. Joint and Several Liabilities

The Company is not a participant in any joint and several liabilities.

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.

As disclosed in Note 9 F, the Company is a member of a controlled group for federal income tax purposes, and that group includes LMGI. LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. Pursuant to federal law, if LMGI has not made the minimum required contributions with respect to the Liberty Mutual Retirement Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.

Note 15 - Leases

A. Lessee Leasing Arrangements

1. The Company leases office space, plant and equipment under various non-cancelable operating lease arrangements. The Company's minimum lease obligations, including sales-leaseback transactions, under these agreements are as follows:

Year Ending December 31	Operating Leases
2019	\$ 10,412,925
2020	\$ 9,616,144
2021	\$ 7,235,558
2022	\$ 5,826,420
2023	\$ 4,775,478
2024 & thereafter	\$ 30,629,888
Total	\$ 68,496,413

The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is \$2,649,020.

2. The Company's sales-leaseback transactions are included in the operating lease obligation:

B. Leasing as a Significant Part of Lessor's Business Activities

Leasing is not a significant part of the Company's business activities.

NOTES TO FINANCIAL STATEMENTS

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

The Company is not exposed to financial instruments with off-balance sheet risk or concentration of credit risk.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

The Company did not have any transfers of receivables reported as sales.

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the collateral is unrestricted and the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2018 the total fair value of securities on loan was \$73,495,517, with corresponding collateral value of \$75,554,371 of which \$64,457,920 represents cash collateral that was reinvested.

C. Wash Sales

1. The Company did not have any wash sale transactions during the year.
2. Not applicable.

Note 18 – Gain or (Loss) to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

The Company has no direct premiums written or produced through managing general agents or third party administrators.

Note 20 – Fair Value Measurements

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

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

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which generally utilizes market transaction data for identical or similar instruments.

Included in various investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock, when carried at the lower of cost or market.

The hierarchy level assigned to each security in the Company's portfolio is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. The highest priority is given to unadjusted quoted prices in active active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels at the end of each reporting period. The three hierarchy levels are defined as follows:

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 — Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets or liabilities at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve measurement judgment. The unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2018:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds					
U.S. Government & Agency Securities	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. MBS/ABS of Gov. & Corp. Agencies	-	6,347,749	-	-	6,347,749
U.S. State and Municipal	-	2,976,750	-	-	2,976,750
Corporate and Other	25,150,097	149,180,264	-	-	174,330,361
Foreign Government Securities	-	8,645,400	-	-	8,645,400
Total Bonds	25,150,097	167,150,163	-	-	192,300,260
Preferred Stocks					
Industrial and Miscellaneous (Unaffiliated)	-	-	-	-	-
Total Preferred Stocks	-	-	-	-	-
Common Stocks					
Industrial and Miscellaneous	23,490,814	-	867,700	-	24,358,514
Total Common Stocks	23,490,814	-	867,700	-	24,358,514
Other Assets	-	-	-	-	-
Total assets at fair value	\$ 48,640,911	\$ 167,150,163	\$ 867,700	\$ -	\$ 216,658,774
b. Liabilities at fair value					
Derivative Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -	\$ -

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2018.

Rollforward of Level 3 Items

NOTES TO FINANCIAL STATEMENTS

2. The following tables set forth the fair values of assets basis classified as Level 3 within the fair value hierarchy:

	Balance as of 12/31/2017	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance as of 12/31/2018
U.S. Government & Agency Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. MBS/ABS of Gov. & Corp. Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. State and Municipal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate and Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Foreign Government Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common Stock	\$ 758,000	\$ -	\$ -	\$ -	\$ -	\$ 109,700	\$ -	\$ -	\$ -	\$ 867,700
Total	\$ 758,000	\$ -	\$ -	\$ -	\$ -	\$ 109,700	\$ -	\$ -	\$ -	\$ 867,700

3. Policy on Transfers Into and Out of Level 3

The Company holds NAIC designated 6 fixed maturity securities at the lower of amortized cost or fair value defined by SSAP No. 26, Bonds and NAIC designated 4-6 preferred stocks at the lower of cost or fair value as defined by SSAP No. 32, Investments in Preferred Stock. Market fluctuations cause securities to change from being held at cost or amortized cost to fair value or vice versa. These changes result in a transfer in or out of Level 3. In addition, the Company also transfers securities into or out of level 3 as a result of re-evaluation of the observability of pricing inputs.

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

At each valuation date, the Company uses various valuation techniques to estimate the fair value of its fixed maturities portfolio. The primary method for valuing the Company's securities is through independent third-party valuation service providers. For positions where valuations are not available from independent third-party valuation service providers, the Company utilizes broker quotes and internal pricing methods to determine fair values. The Company obtains a single non-binding price quote from a broker familiar with the security who, similar to the Company's valuation service providers, may consider transactions or activity in similar securities, as applicable, among other information. The brokers providing price quotes are generally from the brokerage divisions of leading financial institutions with market making, underwriting and distribution expertise regarding the security subject to valuation. The evaluation and prioritization of these valuation sources is systematic and predetermined resulting in a single quote or price for each financial instrument. The following describes the techniques generally used to determine the fair value of the Company's fixed maturities by asset class:

U.S. Government and Agency Securities

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on active markets and unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

Mortgage-Backed Securities

The Company's portfolio of residential mortgage-backed securities ("MBS") and commercial MBS are originated by both agencies and non-agencies, the majority of which are pass-through securities issued by U.S. government agencies. The fair value of MBS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of MBS is primarily classified within Level 2.

Asset-Backed Securities

Asset-backed securities ("ABS") include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, credit card receivables, and collateralized loan obligation securities originated by a variety of financial institutions. The fair value of ABS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of ABS is primarily classified within Level 2.

Municipal Securities

The Company's municipal portfolio is comprised of bonds issued by U.S. domiciled state and municipal entities. The fair value of municipal securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades and credit spreads. Accordingly, the fair value of municipal securities is primarily classified within Level 2.

Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Foreign government securities

Foreign government securities include bonds issued or guaranteed by foreign governments. The fair value of foreign government securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades of identical or comparable securities and credit spreads. Accordingly, the fair value of foreign government securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Common and Preferred Stocks

Common stocks are recorded at fair value and preferred stocks are reported at cost or fair value, depending on their NAIC designation. Common stocks with fair values based on quoted market prices in active markets are classified in Level 1. Common stocks with fair values determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active are classified in Level 2. The fair value of preferred stock is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active. Accordingly, the fair value of preferred stock is primarily classified within Level 2.

Other Invested Assets

Other invested assets include limited partnership investments, other equity method investments and other alternative investments, which are not subject to these disclosures and therefore are excluded from the table in this note.

5. Derivative Fair Values

Not applicable.

- B. Other Fair Value Disclosures

Not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	\$ (19,228,532)	\$ (19,209,258)	\$ (74,003,438)	\$ 481,300	\$ -	\$ 54,293,606	\$ -
Bonds	4,522,012,486	4,539,899,720	508,495,338	3,990,128,727	23,391,955	-	-
Preferred Stock	-	-	-	-	-	-	-
Common Stock	24,358,514	24,358,514	23,490,814	-	867,700	-	-
Securities Lending	64,490,216	64,457,920	-	64,490,216	-	-	-
Mortgage Loans	179,557,538	171,328,749	-	-	179,557,538	-	-
Surplus Notes	-	-	-	-	-	-	-
Total	\$ 4,771,190,222	\$ 4,780,835,645	\$ 457,982,714	\$ 4,055,100,243	\$ 203,817,193	\$ 54,293,606	\$ -

D. Reasons Not Practical to Estimate Fair Value

Not applicable.

E. Instruments Measured at Net Asset Value (NAV)

The Company elected 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

A. Unusual or Infrequent Items

The Company has no unusual or infrequent items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1. Florida Special Disability Trust Fund

- The Company took a credit in the determination of its loss reserves of \$0 in 2018 and \$2,818,369 in 2017.
- The Company received payments from the Special Disability Trust Fund of \$0 in 2018 and \$81,549 in 2017.
- The amount the Company was assessed by the Special Disability Trust Fund was \$71,490 in 2018 and \$72,266 in 2017.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

The Company does not hold state transferable and/or non-transferable tax credits.

F. Subprime-Mortgage-Related Risk Exposure

- The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.
- The Company does not have any direct exposure through investments in subprime mortgage loans.
- The Company has direct exposure through their investment in residential mortgage-backed securities.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
Residential mortgage-backed securities	\$ 183,914	\$ 161,690	\$ 162,270	\$ 32,240

- The Company does not have any underwriting exposure to sub-prime mortgage risk

G. Insurance Linked Securities (ILS) Contracts

The Company did not receive proceeds as the issuer, ceding insurer or counterparty of insurance linked securities.

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 20, 2019, the date the annual statement was available to be issued.

There were no events subsequent to December 31, 2018 that would require disclosure.

The Company did not receive any assessments under the Affordable Care Act.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, the following are the unsecured reinsurance recoverable or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Reinsurer
Nationwide Indemnity Co	10070	31-1399201	\$ 1,187,677,000
U.S. Aircraft Insurance Group	00000	AA-9995043	\$ 98,125,000
National Workers' Compensation Reins Pool	00000	AA-9992118	\$ 86,519,000
Michigan Catastrophic Claims Association	00000	AA-9991159	\$ 72,702,000
Swiss Reinsurance America Corp	25364	13-1675535	\$ 64,431,000
Minnesota WCRA	00000	AA-9991423	\$ 64,360,000

B. Reinsurance Recoverable in Dispute

There are no reinsurance recoverable in dispute from an individual reinsurer which exceeds 5% of the Company's surplus. In addition, the aggregate reinsurance recoverable in dispute do not exceed 10% of the Company's surplus.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed & Ceded

The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2018.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 1,477,434,000	\$ -	\$ 328,352,000	\$ 753	\$ 1,149,082,000	\$ (753)
All Other	\$ 1,278,800	\$ 489,396	\$ 1,585,354	\$ 16,099	\$ (306,554)	\$ 473,297
Total	\$ 1,478,712,800	\$ 489,396	\$ 329,937,354	\$ 16,852	\$ 1,148,775,446	\$ 472,544

Directed Unearned Premium Reserve: \$ 107,453,266

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2018 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$ -	\$ 42,843,153	\$ -	\$ 42,843,153
b. Sliding Scale Adjustments	\$ -	\$ 101,359	\$ -	\$ 101,359
c. Other Profit Commission Arrangements	\$ -	\$ (126,002)	\$ -	\$ (126,002)
d. TOTAL	\$ -	\$ 42,818,511	\$ -	\$ 42,818,511

3. The Company does not use protected cells as an alternative to traditional reinsurance

D. Uncollectible Reinsurance

The Company did not write off any uncollectible balances in the current year.

E. Commutation of Ceded Reinsurance

The Company commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was a decrease in Net Income of \$31,485. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	\$ (8,423)
b. Loss adjustment expenses incurred	\$ 1,483
c. Premiums earned	\$ -
d. Other	\$ (2,500)
TOTAL	\$ (9,440)
e. <u>Company</u>	<u>Amount</u>
Arlington Insurance Company	\$ (5,637)
Batan Insurance Company	\$ (3,803)
All Other	
TOTAL	\$ (9,440)

F. Retroactive Reinsurance

	Assumed	Ceded
a. Reserves Transferred:		
(1) Initial Reserves	\$ (213,604,050)	\$ -
(2) Adjustments - Prior Year(s)	\$ (68,785,048)	\$ -
(3) Adjustments - Current Year	\$ 28,254,931	\$ -
(4) Current Total	\$ (254,134,166)	\$ -
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ (214,247,226)	\$ -
(2) Adjustments - Prior Year(s)	\$ (4,469,738)	\$ -
(3) Adjustments - Current Year	\$ -	\$ -
(4) Current Total	\$ (218,716,964)	\$ -
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 30,063,158	\$ -
(2) Current Year	\$ 552,141	\$ -
(3) Current Total	\$ 30,615,299	\$ -
d. Discount Unwind on Reserves:		
(1) Prior Year(s)	\$ (3,328,263)	\$ -
(2) Current Year	\$ (6,917,646)	\$ -
(3) Current Total	\$ (10,245,909)	\$ -
e. Special Surplus from Retroactive Reinsurance		
(1) Initial Surplus Gain or Loss	\$ 2,199,477	\$ -
(2) Adjustments - Prior Year(s)	\$ 28,081,236	\$ -
(3) Adjustments - Current Year	\$ (35,724,719)	\$ -
(4) Current Year Restricted Surplus	\$ 6,897,409	\$ -
(5) Cumulative Total Transferred to Unassigned Funds	\$ (12,341,416)	\$ -

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

<u>Company</u>	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	\$ (254,134,166)	\$ -
Total	\$ (254,134,166)	\$ -

g. There are no Paid Loss/Loss Adjustment Expense amounts recoverable or amounts recoverable from unauthorized reinsurers:

There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

In conjunction with the Ironshore acquisition and effective May 1, 2017, Ironshore entered into a reinsurance transaction with National Indemnity Company ("NICO"), a subsidiary of Berkshire Hathaway Inc., on a combined aggregate excess of loss agreement providing coverage for substantially all of Ironshore's reserves related to losses occurring prior to January 1, 2017. This agreement is being accounted for as retroactive reinsurance.

On July 17, 2014, Liberty Mutual Insurance reached a definitive agreement with NICO, on a combined aggregate adverse development cover for substantially all of Liberty Mutual Insurance's U.S. workers compensation, asbestos and environmental liabilities. The agreement, accounted for as retroactive reinsurance, is effective January 1, 2014.

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2018.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

The Company has not entered into any agreements which have been approved by their domiciliary regulator and have qualified pursuant to SSAP No. 62R^{Property and Casualty Reinsurance} to receive P&C Run-off Accounting Treatment.

NOTES TO FINANCIAL STATEMENTS

- I. Certified Reinsurers Downgraded or Status Subject to Revocation.
1. Reporting Entity Ceding to Certified Reinsurer Downgraded or Status Subject to Revocation.

The Company does not transact business with Certified Reinsurers.

2. Reporting Entity's Certified Reinsurer Rating Downgrade or Status Subject to Revocation.

The Company is not a Certified Reinsurer.

- J. Asbestos and Pollution Counterparty Reporting Exception

The Counterparty reporting party does not apply to the Company.

Note 24 - Retrospectively rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 15.3 of the asset page have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.
- D. The Company does not recognize a liability for medical loss ratio rebates pursuant to the Public Health Service Act, as the Company does not write direct comprehensive major medical health business.
- E. Ten Percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted.

a. Total accrued retro premium	\$	30,805,362
b. Unsecured amount	\$	-
c. Less: Nonadmitted amount (10%)	\$	3,080,398
d. Less: Nonadmitted for any person whom agents' balances or uncollected premiums are nonadmitted	\$	-
e. Admitted amount (a) - (c) - (d)	\$	<u>27,724,964</u>

- F. Risk Sharing Provisions of the Affordable Care Act

The Company did not receive any assessments under the Affordable Care Act.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years decreased through the fourth quarter of 2018. The decrease was the result of updated reserve analysis in a number of lines, with the largest decreases in reserve estimates in Workers' Compensation, Special Property, and Homeowners/Farmowners lines. Partially offsetting these decreases were increases in reserve estimates for Reinsurance – Nonproportional Assumed Property, Other Liability and Commercial Auto Liability/Medical lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement consisting of the following affiliated companies:

	NAIC Company Number	Pooling Companies	Line of Business
Lead: Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
Pool: Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
America First Insurance Company ("AFIC")	12696	0.00%	All Lines
America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
American States Insurance Company ("ASIC")	19704	0.00%	All Lines
American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
General Insurance Company of America ("GICA")	24732	0.00%	All Lines
Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
Ironshore Indemnity Inc. ("IIP")	23647	0.00%	All Lines
Ironshore Specialty Insurance Company ("ISIC")	25445	0.00%	All Lines
Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines
Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
LM General Insurance Company ("LMGIC")	36447	0.00%	All Lines
Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

LM Insurance Corporation ("LMC")	33600	0.00%	All Lines
Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines
Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
Liberty Northwest Insurance Corporation ("LNU")	41939	0.00%	All Lines
Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
National Insurance Association ("NIA")	27944	0.00%	All Lines
The Netherlands Insurance Company ("NIC")	24171	0.00%	All Lines
North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
Peerless Indemnity Insurance Company ("PIC")	18333	0.00%	All Lines
Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines
Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
Wausau Business Insurance Company ("WBIC")	26069	0.00%	All Lines
Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
Wausau Underwriters Insurance Company ("WUIC")	26042	0.00%	All Lines
West American Insurance Company ("WAIC")	44393	0.00%	All Lines

100%

Quota

Share LM Property and Casualty Insurance Company

Affiliated: ("LMPAC") 32352 0.00% All Lines

Under the terms of the Reinsurance Agreements, the sequence of transactions is as follows:

- Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.
- After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2018:

<u>Affiliate</u>	<u>Amount</u>
Liberty Mutual Insurance Company	\$ 586,793

Effective July 1, 2017 ISII and ISIC became participants of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement. All ISII and ISIC underwriting assets and liabilities were ceded to the Lead Company and subsequently retroceded to the pool members in accordance with each company's pool participation percentage, as noted above. Operational underwriting results prior to the effective date of ISII and ISIC becoming pool participants remained as results of operations on each company's respective income statements for the year ended December 31, 2017.

Note 27 - Structured Settlements

- As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$82,788,406 after applying Intercompany Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$82,788,406 as of December 31, 2018.
- A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company and Location	Licensed in Company's State of Domicile		Statement Value (i.e., Present Value) of Annuities
	Yes/No		
Liberty Life Assurance Company of Boston Massachusetts	Yes	\$	21,053,670
Prudential Insurance Company New Jersey	Yes	\$	40,752,469

Note 28 - Health Care Receivables

Not applicable.

Note 29 - Participating Policies

Not applicable.

NOTES TO FINANCIAL STATEMENTS

Not 30 - Premium Deficiency Reserves

1.	Liability carried for premium deficiency reserves	\$	-
2.	Date of the most recent evaluation of this liability		12/31/2018
3.	Was anticipated investment income utilized in the calculation?		No

Note 31 - High Dollar Deductible Policies

As of December 31, 2018, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$433,723,840 and the amount billed and recoverable on paid claims was \$13,972,160. There are no unsecured high dollar deductible recoverable from professional employer organizations included in these amounts.

Note 32 - Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers' Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2018 liabilities include \$1,052,988,014 of such discounted reserves. The Company recognized \$3,770,591 of interest accretion in the Statement of Income for the current year related to tabular discount on Workers' Compensation. The December 31, 2018 liabilities subject to discount were carried at a value representing a discount of \$34,631,945 net of all reinsurance.

A. Tabular Discount

Schedule P Lines of Business	Tabular discount Included in Schedule P, Part 1 *	
	1 Case	2 IBNR
1. Homeowners/Farmowners	\$ -	\$ -
2. Private Passenger Auto Liability/Medical	\$ -	\$ -
3. Commercial Auto/Truck Liability/Medical	\$ -	\$ -
4. Workers' Compensation	\$ 33,856,165	\$ 28,721,412
5. Commercial Multiple Peril	\$ -	\$ -
6. Medical Professional Liability - occurrence	\$ -	\$ -
7. Medical Professional Liability - claims-made	\$ -	\$ -
8. Special Liability	\$ -	\$ -
9. Other Liability - occurrence	\$ -	\$ -
10. Other Liability - claims-made	\$ -	\$ -
11. Special Property	\$ -	\$ -
12. Auto Physical Damage	\$ -	\$ -
13. Fidelity, Surety	\$ -	\$ -
14. Other (including Credit, Accident & Health)	\$ -	\$ -
15. International	\$ -	\$ -
16. Reinsurance Nonproportional Assumed Property	\$ -	\$ -
17. Reinsurance Nonproportional Assumed Liability	\$ -	\$ -
18. Reinsurance Nonproportional Assumed Financial Lines	\$ -	\$ -
19. Products Liability - occurrence	\$ -	\$ -
20. Products Liability - claims-made	\$ -	\$ -
21. Financial Guaranty/Mortgage Guaranty	\$ -	\$ -
22. Warranty	\$ -	\$ -
23. Total	\$ 33,856,165	\$ 28,721,412

B. Non-tabular Discount

Not applicable

Note 33 - Asbestos/Environmental Reserves

Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental claims and claim adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim. The uncertainties cannot be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

In 2018, the Company and its affiliated pool members completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded A&E unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. A&E unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves of \$250 million including: \$200 million of asbestos reserves, and \$50 million of pollution reserves.

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based on historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in a liability that differs from current reserves by an amount that could be material to the Company's future operating results and financial condition.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2018, 2017, 2016, 2015, and 2014 before consideration of the NICO Reinsurance Transaction. Refer to Note 23F.

NOTES TO FINANCIAL STATEMENTS

Asbestos

1.	Direct -								
		2014	2015	2016	2017	2018			
	a. Beginning reserves:	\$ 139,940,998	\$ 140,708,681	\$ 118,430,235	\$ 123,910,271	\$ 117,517,690			
	b. Incurred losses and LAE	\$ 22,807,269	\$ 6,627,475	\$ 26,224,951	\$ 14,187,334	\$ 24,731,200			
	c. Calendar year payments	\$ 22,039,586	\$ 28,905,921	\$ 20,744,915	\$ 20,579,915	\$ 20,208,522			
	d. Ending reserves	<u>\$ 140,708,681</u>	<u>\$ 118,430,235</u>	<u>\$ 123,910,271</u>	<u>\$ 117,517,690</u>	<u>\$ 122,040,368</u>			
2.	Assumed Reinsurance -								
		2014	2015	2016	2017	2018			
	a. Beginning reserves*:	\$ 49,581,228	\$ 45,860,173	\$ 44,251,678	\$ 40,951,919	\$ 42,449,229			
	b. Incurred losses and LAE	\$ 120,705	\$ 938,913	\$ (396,308)	\$ 4,053,333	\$ (371,535)			
	c. Calendar year payments	\$ 3,841,760	\$ 2,547,408	\$ 2,999,181	\$ 2,556,023	\$ 2,377,319			
	d. Ending reserves	<u>\$ 45,860,173</u>	<u>\$ 44,251,678</u>	<u>\$ 40,856,189</u>	<u>\$ 42,449,229</u>	<u>\$ 39,700,375</u>			
		*Includes Ironshore acquisition in 2017							
3.	Net of Ceded Reinsurance -								
		2014	2015	2016	2017	2018			
	a. Beginning reserves:	\$ 79,777,888	\$ 73,443,825	\$ 54,527,879	\$ 53,760,540	\$ 54,007,284			
	b. Incurred losses and LAE	\$ 7,112,673	\$ 490,554	\$ 4,983,089	\$ 6,869,767	\$ 16,061,925			
	c. Calendar year payments	\$ 13,446,736	\$ 19,406,500	\$ 5,750,429	\$ 6,623,022	\$ 7,709,193			
	d. Ending reserves	<u>\$ 73,443,825</u>	<u>\$ 54,527,879</u>	<u>\$ 53,760,539</u>	<u>\$ 54,007,285</u>	<u>\$ 62,360,017</u>			
4.	Ending Reserves for Bulk + IBNR included above (Loss & LAE)								
	a. Direct Basis					\$ 85,505,003			
	b. Assumed Reinsurance Basis					\$ 28,917,279			
	c. Net of Ceded Reinsurance Basis					\$ 43,298,124			
5.	Ending Reserves for LAE included above (Case, Bulk & IBNR)								
	a. Direct Basis					\$ 71,462,986			
	b. Assumed Reinsurance Basis					\$ 1,167,483			
	c. Net of Ceded Reinsurance Basis					\$ 28,122,344			

Environmental

1.	Direct -								
		2014	2015	2016	2017	2018			
	a. Beginning reserves:	\$ 35,877,644	\$ 33,648,262	\$ 28,989,390	\$ 29,816,048	\$ 30,911,571			
	b. Incurred losses and LAE	\$ 4,636,356	\$ 2,358,449	\$ 6,419,911	\$ 5,145,707	\$ 8,736,239			
	c. Calendar year payments	\$ 6,865,738	\$ 7,017,321	\$ 5,593,253	\$ 4,050,184	\$ 6,493,842			
	d. Ending reserves	<u>\$ 33,648,262</u>	<u>\$ 28,989,390</u>	<u>\$ 29,816,048</u>	<u>\$ 30,911,571</u>	<u>\$ 33,153,967</u>			
2.	Assumed Reinsurance -								
		2014	2015	2016	2017	2018			
	a. Beginning reserves*:	\$ 5,133,023	\$ 4,834,448	\$ 3,503,310	\$ 3,336,937	\$ 4,068,948			
	b. Incurred losses and LAE	\$ 91,914	\$ (784,640)	\$ (13,180)	\$ 970,817	\$ (65,695)			
	c. Calendar year payments	\$ 390,489	\$ 546,498	\$ 325,722	\$ 238,806	\$ 404,522			
	d. Ending reserves	<u>\$ 4,834,448</u>	<u>\$ 3,503,310</u>	<u>\$ 3,164,408</u>	<u>\$ 4,068,948</u>	<u>\$ 3,598,731</u>			
		*Includes Ironshore acquisition in 2017							
3.	Net of Ceded Reinsurance -								
		2014	2015	2016	2017	2018			
	a. Beginning reserves:	\$ 25,838,682	\$ 23,909,931	\$ 20,969,200	\$ 20,482,901	\$ 22,012,201			
	b. Incurred losses and LAE	\$ 2,250,191	\$ 25,448	\$ 3,928,479	\$ 4,078,121	\$ 3,997,444			
	c. Calendar year payments	\$ 4,178,942	\$ 2,966,179	\$ 4,414,778	\$ 2,548,821	\$ 3,409,772			
	d. Ending reserves	<u>\$ 23,909,931</u>	<u>\$ 20,969,200</u>	<u>\$ 20,482,901</u>	<u>\$ 22,012,201</u>	<u>\$ 22,599,873</u>			
4.	Ending Reserves for Bulk + IBNR included above (Loss & LAE)								
	a. Direct Basis					\$ 19,566,218			
	b. Assumed Reinsurance Basis					\$ 1,730,608			
	c. Net of Ceded Reinsurance Basis					\$ 12,573,593			
5.	Ending Reserves for LAE included above (Case, Bulk & IBNR)								
	a. Direct Basis					\$ 12,917,931			
	b. Assumed Reinsurance Basis					\$ 344,932			
	c. Net of Ceded Reinsurance Basis					\$ 7,701,184			

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company

Note 35 - Multiple Peril Crop Insurance

Not applicable.

Note 36 - Financial Guaranty Insurance Contracts

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- | | |
|--|---|
| <p>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?</p> <p>If yes, complete Schedule Y, Parts 1, 1A and 2.</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> |
| <p>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?</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> |
| <p>1.3 State Regulating?</p> | <p style="text-align: center;">_____ Wisconsin _____</p> |
| <p>1.4 Is the reporting entity publicly traded or a member of a publicly traded group?</p> | <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> |
| <p>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.</p> | |
| <p>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?</p> | <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> |
| <p>2.2 If yes, date of change:</p> | <p style="text-align: center;">_____</p> |
| <p>3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.</p> | <p style="text-align: center;">_____ 12/31/2013 _____</p> |
| <p>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.</p> | <p style="text-align: center;">_____ 12/31/2013 _____</p> |
| <p>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).</p> | <p style="text-align: center;">_____ 05/21/2015 _____</p> |
| <p>3.4 By what department or departments?
 State of Wisconsin Office of the Commissioner of Insurance

 _____</p> | |
| <p>3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?</p> | <p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/></p> |
| <p>3.6 Have all of the recommendations within the latest financial examination report been complied with?</p> | <p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/></p> |
| <p>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:</p> | |
| <p>4.11 sales of new business?</p> | <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> |
| <p>4.12 renewals?</p> | <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> |
| <p>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:</p> | |
| <p>4.21 sales of new business?</p> | <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> |
| <p>4.22 renewals?</p> | <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> |
| <p>5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?</p> <p>If yes, complete and file the merger history data file with the NAIC.</p> | <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> |

GENERAL INTERROGATORIES

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

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

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

6.2 If yes, give full information:

.....

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

7.2 If yes,

7.21 State the percentage of foreign control. _____ %

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

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

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

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

.....

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

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

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

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

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 [X]

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

.....

GENERAL INTERROGATORIES

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Stephanie Neyenhouse FCAS, MAAA
 175 Berkeley Street, Boston, MA 02116
 Vice President and Chief Actuary, Liberty Mutual Group Inc.

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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 subordinate committee thereof? Yes [X] No []

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

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

FINANCIAL

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- | | | |
|--|--|----------|
| 22.21 Amount paid as losses or risk adjustment | | \$ _____ |
| 22.22 Amount paid as expenses | | \$ _____ |
| 22.23 Other amounts paid | | \$ _____ |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto:

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

- 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. \$ 75,554,371
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ _____
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [] N/A []
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [] N/A []
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [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 | | \$ <u>64,457,920</u> |
| 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | | \$ <u>64,457,920</u> |
| 24.103 Total payable for securities lending reported on the liability page | | \$ <u>64,457,920</u> |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

GENERAL INTERROGATORIES

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

25.21	Subject to repurchase agreements	\$ _____
25.22	Subject to reverse repurchase agreements	\$ _____
25.23	Subject to dollar repurchase agreements	\$ _____
25.24	Subject to reverse dollar repurchase agreements	\$ _____
25.25	Placed under option agreements	\$ _____
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
25.27	FHLB Capital Stock	\$ <u>867,700</u>
25.28	On deposit with states	\$ <u>211,746,890</u>
25.29	On deposit with other regulatory bodies	\$ <u>33,672,250</u>
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
25.32	Other	\$ <u>1,471,362</u>

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK CHICAGO	758,000

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon	601 Travis Street, Houston, TX 77002
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9

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

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

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

GENERAL INTERROGATORIES

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

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

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

1 Name Firm or Individual	2 Affiliation
Liberty Mutual Group Asset Management Inc.	A
Liberty Mutual Investment Advisors, LLC	A
StanCorp	U
Prudential Mortgage Capital Company	U

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

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

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

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
Liberty Mutual Group Asset Management Inc.	N/A	N/A	No	DS
Liberty Mutual Investment Advisors, LLC	N/A	N/A	No	DS
StanCorp	N/A	N/A	No	DS
Prudential Mortgage Capital Company	N/A	N/A	No	DS

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	4,540,400,295	4,522,012,486	(18,387,809)
30.2 Preferred stocks			
30.3 Totals	4,540,400,295	4,522,012,486	(18,387,809)

30.4 Describe the sources or methods utilized in determining the fair values:
 The primary source for reported fair values is our pricing vendor, Interactive Data Corporation, followed by backfill from Reuters, Bloomberg, Barclays, Merrill Lynch, and Markit for Term Loan securities. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

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

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

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

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

32.2 If no, list exceptions:

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

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 [X] No []

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 4,462,207

35.2 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
INSURANCE SERVICES OFFICE INC.	\$ 1,402,852
	\$
	\$

GENERAL INTERROGATORIES

36.1 Amount of payments for legal expenses, if any? \$ 2,738,694

36.2 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
	\$
	\$
	\$

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 283,869

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1	2	
	Current Year	Prior Year	
2.1 Premium Numerator	\$ 10,134	\$ 4,202,952	
2.2 Premium Denominator	\$ 2,487,932,815	\$ 2,200,796,874	
2.3 Premium Ratio (2.1 / 2.2)	0.00	0.00	
2.4 Reserve Numerator	\$ 13,703,474	\$ 7,164,095	
2.5 Reserve Denominator	\$ 4,516,314,188	\$ 4,380,005,780	
2.6 Reserve Ratio (2.4 / 2.5)	0.00	0.00	

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

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

3.21 Participating policies \$ 23,619

3.22 Non-participating policies \$ 300,862,728

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

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

5.5 If yes, give full information

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:

The Company purchases a combination of per risk excess of loss reinsurance and excess of loss per event catastrophe reinsurance.

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we utilize RMS's RiskLink v17.0 and AIR's Touchstone v5.1 software. For workers' compensation, Liberty Mutual utilizes RiskLink v17.0 from RMS.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company purchases a combination of quota share reinsurance, per risk excess of loss reinsurance, excess of loss per event catastrophe reinsurance and aggregate programs.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
The Company purchases aggregate coverage to substantially replace nonreinstated catastrophe layers.
- 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 [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 1
- 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 [X]
- 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
N/A
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|---|--|----|------------|
| 12.11 Unpaid losses | | \$ | 19,667,096 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | 1,601,866 |
- 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? \$ 1,535,404
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | | |
|------------|--|--|--------|
| 12.41 From | | | 0.05 % |
| 12.42 To | | | 0.08 % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|----------------------------------|--|----|-------------|
| 12.61 Letters of Credit | | \$ | 321,493,334 |
| 12.62 Collateral and other funds | | \$ | 97,087,045 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 88,000,000
- 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]
- 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 company a cedant in a multiple cedant reinsurance contract? Yes No]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Premiums and recoverables were allocated pursuant to the intercompany pooling agreement.

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

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

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

* Disclose type of coverage: 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance	\$ _____
17.12 Unfunded portion of Interrogatory 17.11	\$ _____
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14 Case reserves portion of Interrogatory 17.11	\$ _____
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16 Unearned premium portion of Interrogatory 17.11	\$ _____
17.17 Contingent commission portion of Interrogatory 17.11	\$ _____

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

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

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

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

19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [] No [X]

19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X]

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2018	2017	2016	2015	2014
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)	1,551,864,141	1,485,299,510	1,324,309,589	1,118,026,473	1,205,690,137
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	860,497,195	603,933,023	483,775,601	382,575,561	396,341,759
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	738,814,255	716,443,429	688,459,774	655,261,400	630,953,482
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	93,145,457	75,006,196	64,849,718	69,125,472	64,947,676
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	42,160,928	28,364,017	23,695,149	30,324,870	23,303,287
6. Total (Line 35)	3,286,481,976	2,909,046,175	2,585,089,831	2,255,313,776	2,321,236,341
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)	1,120,596,399	1,083,514,288	969,638,537	926,958,177	931,079,533
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	593,118,388	415,268,301	398,309,682	376,864,283	390,480,908
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	698,219,900	682,462,987	664,211,442	648,105,691	620,940,965
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	92,376,475	74,409,793	64,063,417	68,323,039	64,346,751
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	42,166,373	28,361,559	23,686,147	30,322,862	23,297,795
12. Total (Line 35)	2,546,477,535	2,284,016,928	2,119,909,225	2,050,574,052	2,030,145,952
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	9,667,789	(226,160,272)	(61,640,601)	9,068,124	(38,044,690)
14. Net investment gain (loss) (Line 11)	204,391,902	147,253,453	131,403,457	172,782,837	165,884,436
15. Total other income (Line 15)	(27,272,262)	14,669,825	6,796,595	3,202,301	(853,654)
16. Dividends to policyholders (Line 17)	1,315,293	1,087,484	1,421,572	1,548,430	1,885,384
17. Federal and foreign income taxes incurred (Line 19)	18,019,695	(17,200,274)	17,260,454	28,359,104	5,393,594
18. Net income (Line 20)	167,452,441	(48,124,204)	57,877,425	155,145,728	119,707,114
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	6,383,404,331	6,056,430,890	5,614,331,777	5,477,230,768	5,277,707,190
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	135,541,596	130,317,352	113,320,644	114,648,710	115,779,506
20.2 Deferred and not yet due (Line 15.2)	606,419,416	585,929,979	553,511,156	496,153,199	470,476,007
20.3 Accrued retrospective premiums (Line 15.3)	27,724,964	31,156,268	31,946,332	31,519,422	35,853,810
21. Total liabilities excluding protected cell business (Page 3, Line 26)	4,727,417,999	4,534,915,967	4,028,494,960	3,962,842,256	3,884,543,021
22. Losses (Page 3, Line 1)	2,677,185,459	2,622,655,277	2,285,275,090	2,238,134,366	2,219,415,749
23. Loss adjustment expenses (Page 3, Line 3)	549,248,034	522,741,759	472,145,281	468,607,823	481,276,193
24. Unearned premiums (Page 3, Line 9)	1,256,228,712	1,200,504,734	1,108,755,728	1,052,883,251	1,006,108,608
25. Capital paid up (Page 3, Lines 30 & 31)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,655,986,333	1,521,514,923	1,585,836,820	1,514,388,515	1,393,164,169
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	339,570,544	151,520,592	138,370,757	206,895,480	122,475,936
Risk-Based Capital Analysis					
28. Total adjusted capital	1,655,986,333	1,521,514,923	1,585,836,820	1,514,388,515	1,393,164,169
29. Authorized control level risk-based capital	364,395,327	360,553,412	313,109,694	295,618,633	298,415,870
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)	85.9	82.0	83.7	82.6	81.1
31. Stocks (Lines 2.1 & 2.2)	3.2	2.8	4.7	6.0	6.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.2	3.1	3.4	3.3	3.3
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.3	0.3
34. Cash, cash equivalents and short-term investments (Line 5)	(0.4)	3.6	1.0	1.3	1.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	6.3	6.6	5.9	5.5	6.3
38. Receivables for securities (Line 9)	0.4	0.1	0.0	0.0	0.5
39. Securities lending reinvested collateral assets (Line 10)	1.2	1.9	1.2	1.0	0.9
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	147,114,706	136,221,496	147,351,128	152,348,313	155,481,635
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)		142,166,527			
46. Affiliated mortgage loans on real estate					
47. All other affiliated	317,234,388	316,576,054	265,846,822	248,184,498	240,919,153
48. Total of above Lines 42 to 47	464,349,094	594,964,077	413,197,950	400,532,811	396,400,788
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)	28.0	39.1	26.1	26.4	28.5

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(7,714,107)	30,105,982	16,364,860	(15,065,125)	14,937,629
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	134,471,408	(64,321,897)	71,448,305	121,224,346	109,428,445
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)	1,041,017,893	918,265,508	997,213,024	1,025,701,727	1,336,610,877
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	441,335,680	320,702,562	254,088,777	203,770,619	211,321,604
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	413,933,196	398,255,121	347,601,587	358,644,464	347,857,209
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	14,761,117	10,239,821	1,922,685	19,966,382	24,855,303
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	35,161,220	24,176,020	32,253,355	24,927,912	39,477,256
59. Total (Line 35)	1,946,209,106	1,671,639,032	1,633,079,428	1,633,011,104	1,960,122,249
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)	636,465,716	515,580,179	560,411,399	538,017,596	625,263,868
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	326,898,736	240,835,371	230,296,341	201,305,876	206,079,405
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	383,378,734	369,831,168	323,054,419	320,031,262	301,688,883
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	14,696,393	9,679,582	1,463,163	19,108,361	23,541,539
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	15,113,730	9,148,370	6,318,530	9,173,592	10,294,086
65. Total (Line 35)	1,376,553,309	1,145,074,670	1,121,543,852	1,087,636,687	1,166,867,781
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)	57.8	66.0	56.6	55.6	56.3
68. Loss expenses incurred (Line 3)	12.2	13.5	13.2	12.7	13.7
69. Other underwriting expenses incurred (Line 4)	29.6	30.8	33.1	31.2	31.9
70. Net underwriting gain (loss) (Line 8)	0.4	(10.3)	(3.0)	0.5	(1.9)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 12 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	30.0	29.0	32.0	30.2	31.0
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.0	79.5	69.8	68.4	70.0
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)	153.8	150.1	133.7	135.4	145.7
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)	(57,253)	70,421	16,818	(13,462)	(1,195)
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)	(3.8)	4.4	1.1	(1.0)	(0.1)
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)	31,341	75,699	(6,953)	(15,539)	55,155
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)	2.0	5.0	(0.5)	(1.2)	4.5

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

Yes [] No []

If no, please explain:

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

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	55,482	22,982	22,055	11,759	3,507	185	1,536	46,118	X X X
2. 2009	2,021,915	423,658	1,598,257	1,086,936	199,454	83,029	10,774	151,586	1,777	59,338	1,109,546	X X X
3. 2010	2,052,089	398,876	1,653,213	1,165,179	212,707	90,298	11,863	160,827	984	67,436	1,190,750	X X X
4. 2011	2,169,264	477,915	1,691,349	1,303,871	266,428	96,659	16,747	162,496	1,152	84,072	1,278,699	X X X
5. 2012	2,343,039	517,631	1,825,408	1,324,503	282,146	97,804	17,930	167,838	1,031	96,158	1,289,038	X X X
6. 2013	2,473,756	557,259	1,916,497	1,245,534	288,302	88,121	14,922	166,495	1,452	76,723	1,195,474	X X X
7. 2014	2,537,001	561,476	1,975,525	1,241,024	272,119	81,782	11,417	162,531	1,853	62,649	1,199,948	X X X
8. 2015	2,620,309	608,305	2,012,004	1,259,473	291,437	71,615	9,607	160,957	1,936	82,354	1,189,065	X X X
9. 2016	2,688,041	610,019	2,078,022	1,223,682	285,758	49,814	7,486	162,856	3,430	47,938	1,139,678	X X X
10. 2017	2,817,107	610,150	2,206,957	1,241,082	288,537	30,947	4,641	154,396	1,064	45,621	1,132,183	X X X
11. 2018	2,943,695	457,551	2,486,144	837,746	165,435	10,785	965	119,161	57	27,734	801,235	X X X
12. Totals	X X X	X X X	X X X	11,984,512	2,575,305	722,909	118,111	1,572,650	14,921	651,559	11,571,734	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	457,052	173,567	306,903	132,848	28,111	18,260	109,677	44,887	10,821		2,486	543,002	X X X
2. 2009	26,866	4,206	48,461	3,634	1,357	252	3,390	899	2,376		411	73,459	X X X
3. 2010	31,932	6,421	46,100	3,815	1,412	369	6,224	1,265	2,453		662	76,251	X X X
4. 2011	35,400	5,424	51,252	3,058	1,599	381	10,457	777	2,339		907	91,407	X X X
5. 2012	51,429	11,325	79,333	7,593	2,651	633	16,382	1,304	2,989		1,949	131,929	X X X
6. 2013	53,769	11,737	87,958	9,511	3,777	947	17,048	1,694	7,627		2,868	146,290	X X X
7. 2014	82,316	20,130	74,712	15,736	4,187	1,109	19,997	2,308	7,697		3,713	149,626	X X X
8. 2015	110,360	17,385	85,254	17,225	5,749	667	30,044	2,094	10,355		8,960	204,391	X X X
9. 2016	160,735	21,018	122,946	23,879	7,632	512	44,239	3,955	19,134	4	7,498	305,318	X X X
10. 2017	274,932	39,436	287,821	84,311	7,709	1,273	70,384	6,390	30,415	4	17,984	539,847	X X X
11. 2018	326,432	30,062	589,549	72,006	4,357	484	89,864	5,628	62,916	19	50,179	964,919	X X X
12. Totals	1,611,223	340,711	1,780,289	373,616	68,541	24,887	417,706	71,201	159,122	27	97,617	3,226,439	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 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	X X X	X X X	X X X	X X X	X X X	X X X			X X X	457,540	85,462
2. 2009	1,404,001	220,996	1,183,005	69.439	52.164	74.018			8.000	67,487	5,972
3. 2010	1,504,425	237,424	1,267,001	73.312	59.523	76.639			8.000	67,796	8,455
4. 2011	1,664,073	293,967	1,370,106	76.711	61.510	81.007			8.000	78,170	13,237
5. 2012	1,742,929	321,962	1,420,967	74.388	62.199	77.844			8.000	111,844	20,085
6. 2013	1,670,329	328,565	1,341,764	67.522	58.961	70.011			8.000	120,479	25,811
7. 2014	1,674,246	324,672	1,349,574	65.993	57.825	68.315			8.000	121,162	28,464
8. 2015	1,733,807	340,351	1,393,456	66.168	55.951	69.257			8.000	161,004	43,387
9. 2016	1,791,038	346,042	1,444,996	66.630	56.726	69.537			8.000	238,784	66,534
10. 2017	2,097,686	425,656	1,672,030	74.462	69.763	75.762			8.000	439,006	100,841
11. 2018	2,040,810	274,656	1,766,154	69.328	60.027	71.040			8.000	813,913	151,006
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,677,185	549,254

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	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One Year	Two Year	
1. Prior	1,827,951	1,811,882	1,843,027	1,860,929	1,894,989	1,912,890	1,918,041	1,922,065	1,933,208	1,896,471	(36,737)	(25,594)	
2. 2009	1,053,824	1,051,124	1,041,211	1,031,615	1,038,916	1,030,896	1,031,581	1,031,986	1,032,829	1,032,952	123	966	
3. 2010	XXX	1,098,918	1,098,605	1,103,365	1,115,695	1,104,816	1,105,423	1,104,876	1,106,837	1,107,531	694	2,655	
4. 2011	XXX	XXX	1,199,252	1,198,785	1,203,914	1,203,971	1,203,198	1,204,940	1,207,996	1,208,720	724	3,780	
5. 2012	XXX	XXX	XXX	1,248,525	1,257,940	1,246,220	1,238,932	1,243,834	1,248,199	1,253,261	5,062	9,427	
6. 2013	XXX	XXX	XXX	XXX	1,163,937	1,176,443	1,168,162	1,167,921	1,179,691	1,181,847	2,156	13,926	
7. 2014	XXX	XXX	XXX	XXX	XXX	1,177,539	1,174,188	1,170,624	1,183,501	1,182,842	(659)	12,218	
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	1,210,896	1,221,146	1,233,857	1,225,579	(8,278)	4,433	
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,258,211	1,269,904	1,267,741	(2,163)	9,530	
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,508,184	1,490,009	(18,175)	XXX	
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,585,011	XXX	XXX	
											12. Totals	(57,253)	31,341

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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1. Prior	000	388,537	663,016	853,116	984,484	1,091,182	1,178,867	1,237,445	1,288,038	1,330,834	XXX	XXX
2. 2009	419,863	635,584	749,550	831,771	887,160	918,818	936,070	946,824	953,824	959,737	XXX	XXX
3. 2010	XXX	462,107	699,511	820,121	908,558	963,396	993,488	1,011,930	1,022,358	1,030,907	XXX	XXX
4. 2011	XXX	XXX	545,862	771,502	901,109	991,937	1,050,081	1,085,462	1,102,273	1,117,355	XXX	XXX
5. 2012	XXX	XXX	XXX	536,379	805,565	928,650	1,013,722	1,069,991	1,099,952	1,122,231	XXX	XXX
6. 2013	XXX	XXX	XXX	XXX	505,541	747,014	864,593	951,761	999,867	1,030,431	XXX	XXX
7. 2014	XXX	XXX	XXX	XXX	XXX	537,311	773,286	893,306	967,889	1,039,270	XXX	XXX
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	556,624	804,759	919,237	1,030,044	XXX	XXX
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	590,914	830,782	980,252	XXX	XXX
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	640,252	978,851	XXX	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	682,131	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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Prior	871,105	625,367	516,566	416,671	396,923	363,308	325,433	308,229	299,990	246,135
2. 2009	399,730	240,726	158,963	106,613	89,508	64,022	58,529	53,640	50,262	48,107
3. 2010	XXX	394,817	220,964	149,960	113,649	77,841	63,638	55,707	52,596	48,340
4. 2011	XXX	XXX	394,268	242,359	167,430	113,191	87,642	73,042	67,827	59,096
5. 2012	XXX	XXX	XXX	456,760	262,928	180,912	133,765	107,880	98,333	87,980
6. 2013	XXX	XXX	XXX	XXX	431,436	252,061	180,215	130,379	117,291	105,695
7. 2014	XXX	XXX	XXX	XXX	XXX	409,915	239,683	161,492	117,853	78,039
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	419,096	246,134	174,145	96,938
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	434,385	246,497	140,378
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	574,999	268,744
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	602,449

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status (a)	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	3,217,260	2,714,997	(591)	1,675,467	317,209	17,265,384	
2. Alaska	AK	L	2,398,830	2,585,087	(5)	2,255,575	(111,255)	33,217,125	
3. Arizona	AZ	L	3,853,145	3,418,583	(6)	2,060,494	139,124	12,239,119	
4. Arkansas	AR	L	1,766,319	1,425,942	(1,931)	942,787	610,170	5,036,394	
5. California	CA	L	28,733,620	25,658,011	30,871	19,962,002	8,524,194	130,937,661	
6. Colorado	CO	L	4,242,395	4,266,051	(1,327)	2,255,330	2,031,890	12,305,960	
7. Connecticut	CT	L	3,608,701	3,921,011	(65,852)	4,215,313	4,166,146	25,949,526	
8. Delaware	DE	L	291,032	191,759	(14)	173,563	(737,420)	4,300,935	
9. District of Columbia	DC	L	1,225,930	1,079,870	(9)	334,206	(84,089)	3,308,964	
10. Florida	FL	L	27,149,325	25,829,751	18,785	9,148,788	9,358,347	48,532,144	
11. Georgia	GA	L	5,928,645	5,890,053	1,615	2,280,726	1,695,924	20,096,905	
12. Hawaii	HI	L	1,015,789	823,289	2,317	739,003	134,253	3,860,847	
13. Idaho	ID	L	2,152,618	1,425,471	(50,694)	1,570,097	(4,785,566)	10,882,946	
14. Illinois	IL	L	12,396,579	11,313,367	(3,671)	16,160,338	5,162,184	71,638,946	
15. Indiana	IN	L	8,443,817	8,225,360	(337)	3,503,021	7,193,035	27,875,890	
16. Iowa	IA	L	2,005,186	1,612,652	(47)	372,162	(303,940)	5,686,854	
17. Kansas	KS	L	2,320,625	2,188,187	(371)	9,198,774	4,149,035	23,401,022	
18. Kentucky	KY	L	4,371,923	4,416,373	(1,229)	3,929,304	4,256,115	52,317,633	
19. Louisiana	LA	L	5,692,618	6,003,387	(5,067)	5,196,403	6,482,916	16,440,483	
20. Maine	ME	L	647,676	993,376	72	654,661	207,641	4,211,059	3,564
21. Maryland	MD	L	3,440,839	3,146,704	(41,829)	1,014,453	761,132	14,304,613	
22. Massachusetts	MA	L	14,573,052	12,777,914	60,899	11,331,936	9,884,868	76,775,883	
23. Michigan	MI	L	6,123,408	4,554,514	5,254	4,728,859	4,755,528	101,682,945	
24. Minnesota	MN	L	4,908,470	3,559,918	(7,677)	4,666,568	3,867,707	72,941,232	
25. Mississippi	MS	L	2,537,130	2,431,326	(5)	1,196,906	(428,416)	9,420,738	
26. Missouri	MO	L	4,571,530	4,488,028	(918)	4,475,203	4,136,161	26,721,101	
27. Montana	MT	L	1,507,586	1,411,605	(84)	575,530	462,505	6,486,709	
28. Nebraska	NE	L	1,581,113	1,233,604	5	685,932	105,518	8,428,274	
29. Nevada	NV	L	1,675,941	1,703,436	3	485,258	(516,230)	4,986,744	
30. New Hampshire	NH	L	1,737,495	1,771,538	(697)	938,780	478,769	9,404,215	
31. New Jersey	NJ	L	9,375,919	9,149,575	(10)	7,308,735	3,133,104	82,508,182	
32. New Mexico	NM	L	1,655,617	1,527,240	(11)	896,916	1,668,536	6,396,971	
33. New York	NY	L	29,630,354	28,151,574	(2,101)	20,804,586	27,520,407	160,733,103	
34. North Carolina	NC	L	7,188,818	7,637,621	(443)	6,023,612	8,730,104	21,072,677	
35. North Dakota	ND	L	171,731	131,575		750	11,352	299,561	
36. Ohio	OH	L	3,549,040	2,931,761	5	660,694	(326,068)	6,698,556	
37. Oklahoma	OK	L	3,197,481	3,050,814	127	484,034	(822,117)	11,531,601	
38. Oregon	OR	L	2,628,384	2,221,057	(552)	1,940,297	384,016	15,869,416	
39. Pennsylvania	PA	L	12,590,241	11,805,703	8,256	16,611,983	1,698,311	81,972,981	
40. Rhode Island	RI	L	439,007	622,733		2,273,834	2,467,465	6,345,856	
41. South Carolina	SC	L	3,607,614	2,616,484	(768)	2,540,474	(971,508)	13,389,166	
42. South Dakota	SD	L	623,582	475,052	(3)	1,089,021	541,626	6,140,575	
43. Tennessee	TN	L	7,549,269	6,885,802	(1,120)	2,987,977	(78,933)	21,340,889	
44. Texas	TX	L	29,736,181	25,849,434	8,846	20,245,419	9,289,041	73,185,597	
45. Utah	UT	L	2,282,476	1,937,593	(888)	975,010	228,343	9,034,781	
46. Vermont	VT	L	1,250,107	806,457	(6,171)	700,552	708,526	3,956,197	
47. Virginia	VA	L	5,584,017	5,236,813	(64)	4,149,474	(2,769,374)	20,107,325	
48. Washington	WA	L	4,078,258	3,051,965	(9,463)	3,210,587	1,662,627	3,043,510	
49. West Virginia	WV	L	1,031,907	979,217	11	255,998	502,395	2,235,861	
50. Wisconsin	WI	L	10,356,935	11,106,446	347,799	30,590,460	21,655,480	130,538,694	
51. Wyoming	WY	L	96,454	101,882			(178,298)	206,359	
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	L	144,349	53,867		1,200	(147,651)	836,230	
55. U.S. Virgin Islands	VI	L	1	1			1,606		
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	L				9,219	(33,518)	1,592,505	
58. Aggregate Other Alien	OT	X X X	7	111,371	7		(261,098)	556,016	
59. Totals	(a) 53		300,886,346	277,503,201	280,917	240,488,271	146,527,829	1,540,250,860	3,564

DETAILS OF WRITE-INS									
58001.	ZZZ Other Alien	X X X	7	111,371	7		(261,098)	556,016	
58002.		X X X							
58003.		X X X							
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X	7	111,371	7		(261,098)	556,016	

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

(a) Active Status Counts

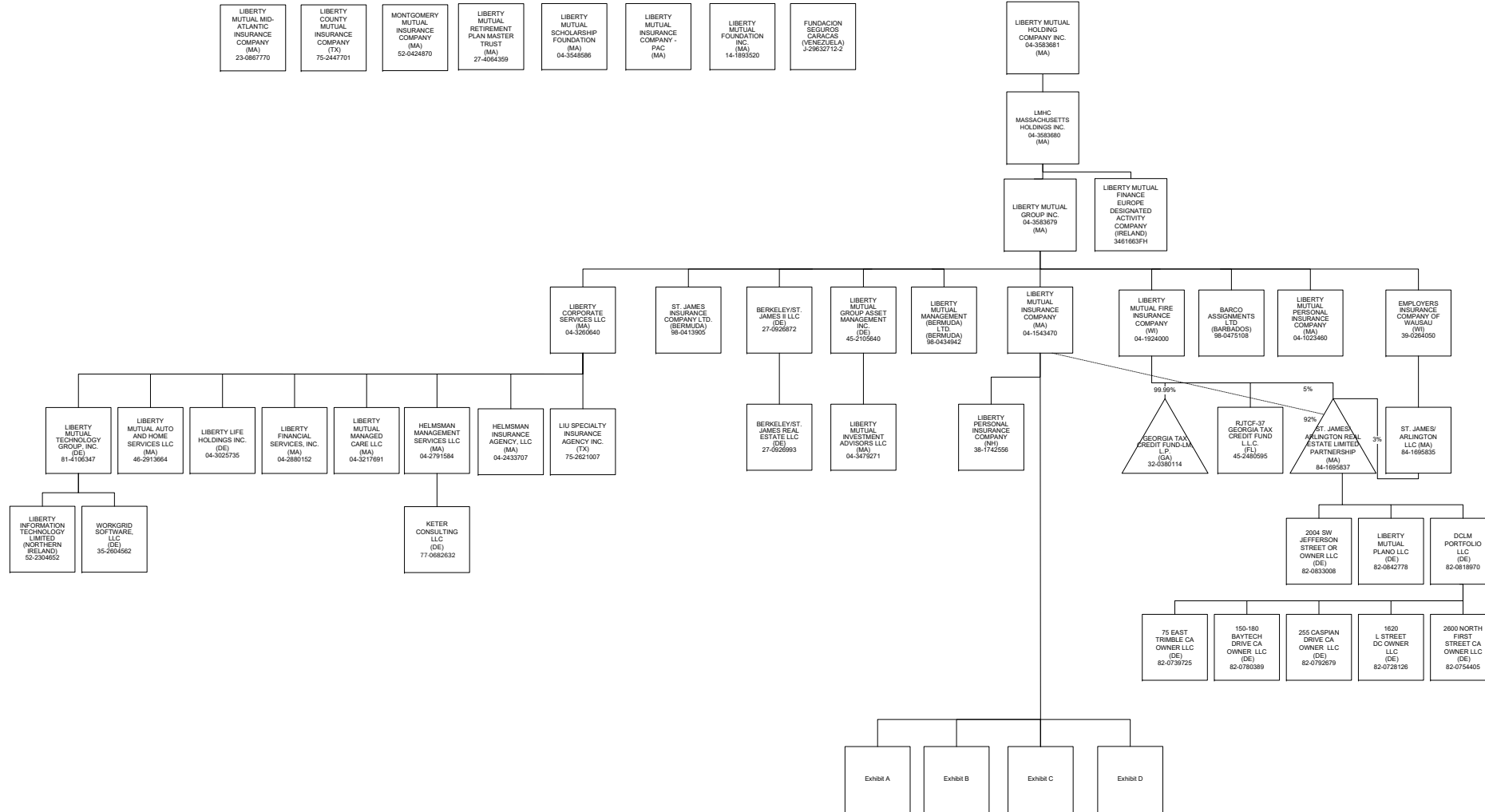
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG	54
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	_____
D - Domestic Surplus Lines Insurer (DSLII) - Reporting entities authorized to write surplus lines in the state of domicile	_____
R - Registered - Non-domiciled RRGs	_____
Q - Qualified - Qualified or accredited reinsurer	_____
N - None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLII)	3

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

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	*Location of Court or Obligor - Surety
*States employee's main work place - Worker's Compensation	*Address of Assured - Other Accident and Health
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage	*Location of Properties covered - Burglary and Theft
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty	*Principal Location of Assured - Ocean Marine, Credit
*Point of origin of shipment or principal location of assured - Inland Marine	*Primary residence of Assured - Aircraft (all perils)
*State in which employees regularly work - Group Accident and Health	

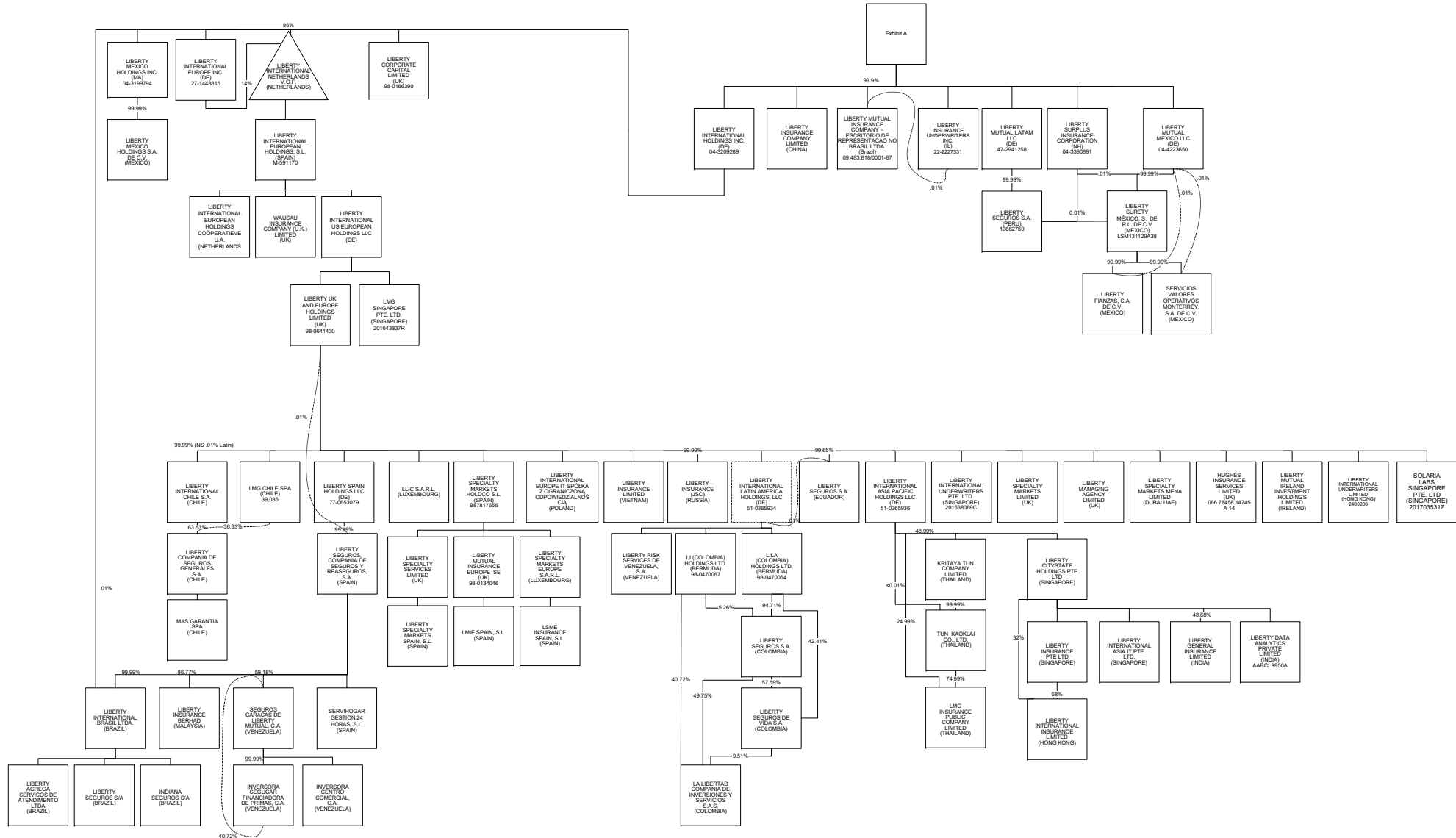
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

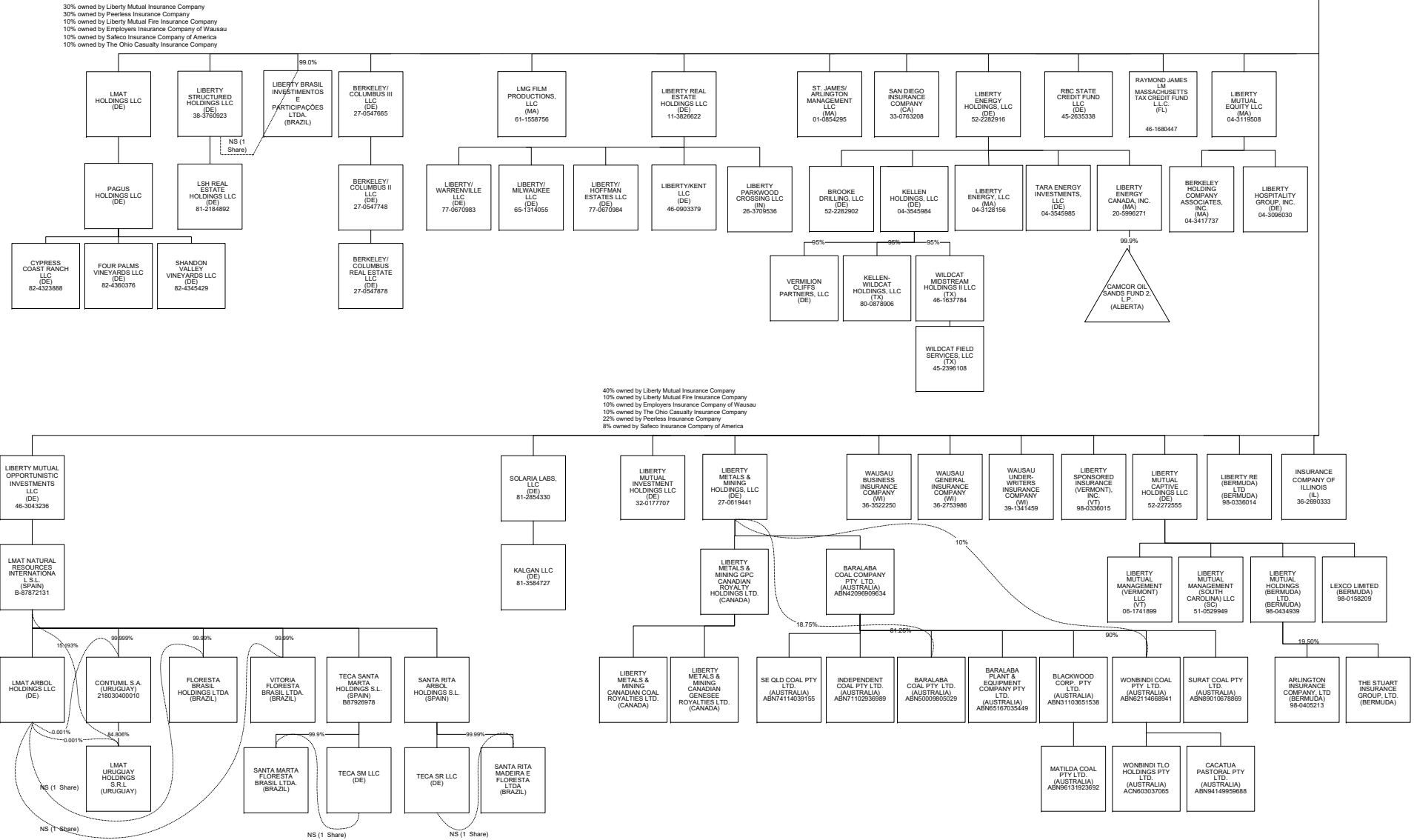
PART 1 - ORGANIZATIONAL CHART



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

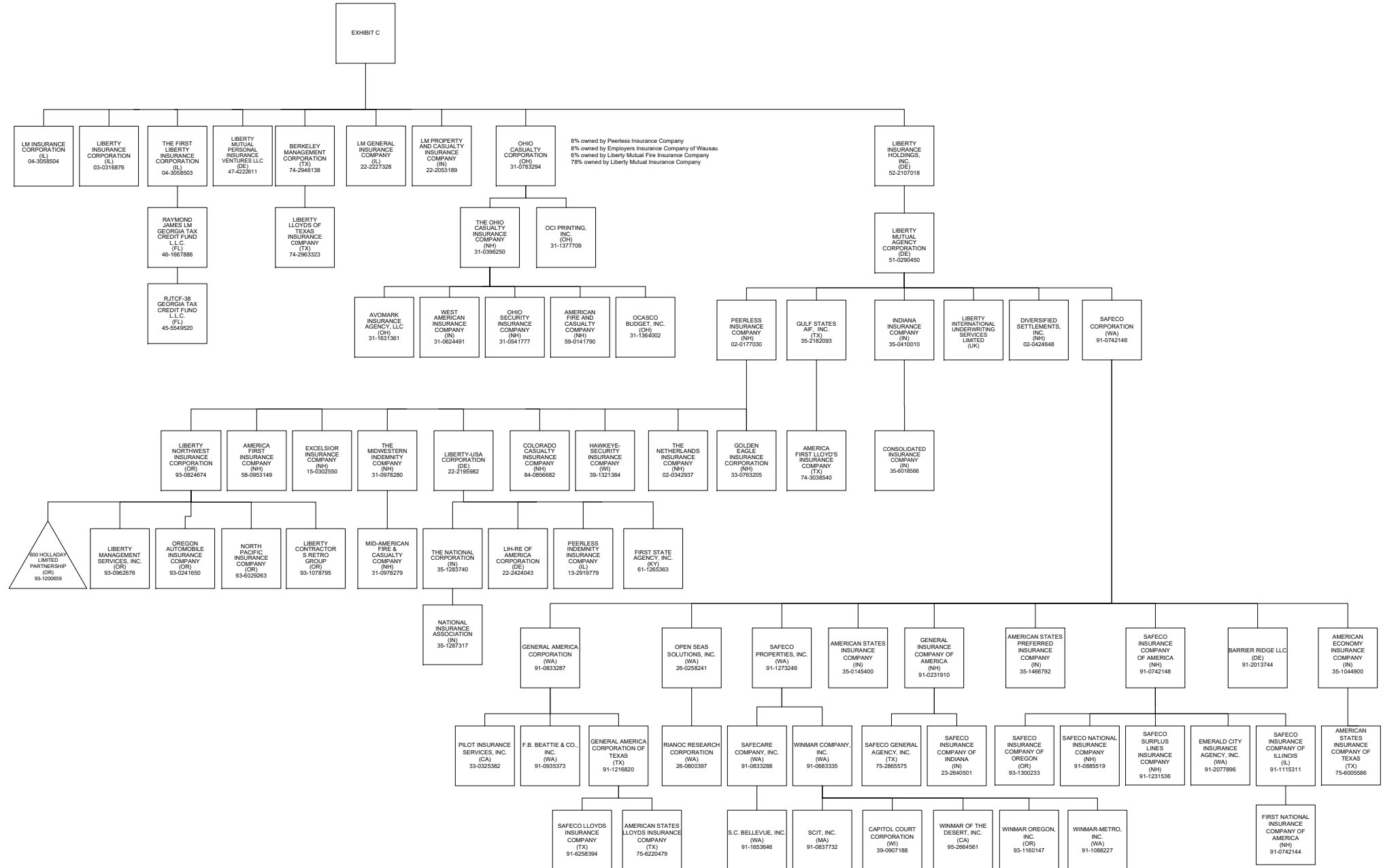
PART 1 - ORGANIZATIONAL CHART

EXHIBIT B



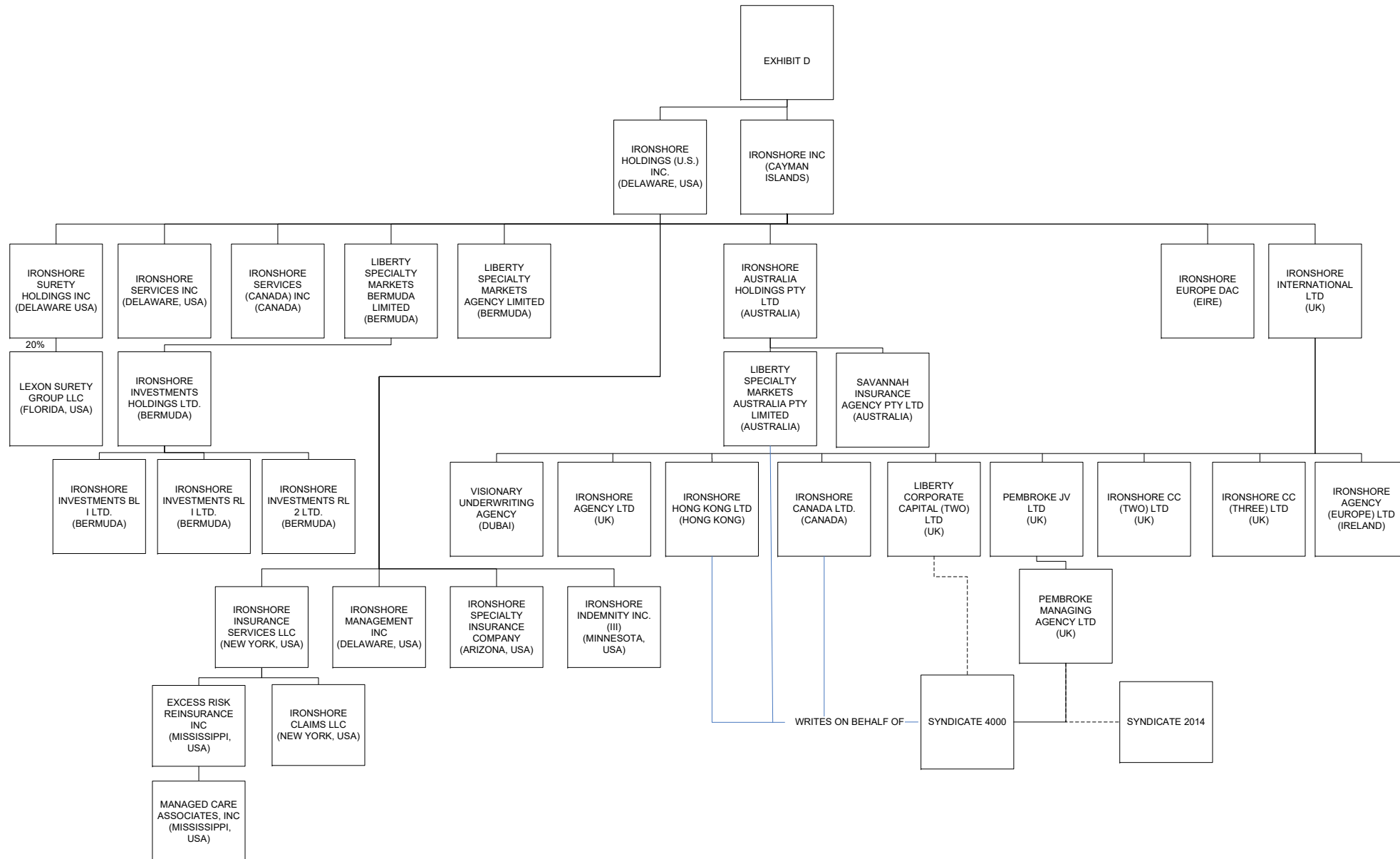
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other Assets	9,138,416	7,752,120	1,386,296	1,286,138
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	9,138,416	7,752,120	1,386,296	1,286,138

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

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