

ANNUAL STATEMENT

OF THE

IRONSHORE SPECIALTY INSURANCE COMPANY

of **SCOTTSDALE**

in the state of **ARIZONA**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2017

PROPERTY AND CASUALTY

2017



ANNUAL STATEMENT

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

Ironshore Specialty Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 25445 Employer's ID Number 94-1264187

Organized under the Laws of Arizona, State of Domicile or Port of Entry AZ

Country of Domicile United States of America

Incorporated/Organized October 2, 1952 Commenced Business February 25, 1953

Statutory Home Office 8601 N. Scottsdale Road, Ste. 300 (Street and Number), Scottsdale, AZ, US 85253 (City or Town, State, Country and Zip Code)

Main Administrative Office 75 Federal Street (Street and Number), Boston, MA, US 02110 (City or Town, State, Country and Zip Code)

617-357-9500 (Area Code) (Telephone Number)

Mail Address P.O. Box 3407 (Street and Number or P.O. Box), New York, NY, US 10008 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 28 Liberty Street (Street and Number), New York, MA, US 10005 (City or Town, State, Country and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

Internet Web Site Address www.ironshore.com

Statutory Statement Contact Lindsey Pendergast (Name), 617-357-9500 x41177 (Area Code) (Telephone Number) (Extension)

Statutory.Compliance@LibertyMutual.com (E-Mail Address), 857-224-1430 (Fax Number)

OFFICERS

Chairman of the Board

Kevin Hugh Kelley

Table with 2 columns: Name, Title. Rows include Shaun Everett Kelly (President and Chief Executive Officer), Mark Charles Touhey # (Secretary), Laurence Henry Soyer Yahia # (Vice President and Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Rows include Gregory James Flood (Senior Vice President), Francis William Robinson, Jr. # (Chief Financial Officer & Vice President), Fred Joseph Marra (Vice President), Daniel Leonard Sussman (Vice President).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include Matthew Paul Dolan, Kevin Hugh Kelley, Shaun Everett Kelly, Timothy Joseph McAuliffe Jr., Francis William Robinson Jr. #, 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) Shaun Everett Kelly (Printed Name) 1. President and Chief Executive Officer (Title)
(Signature) Mark Charles Touhey (Printed Name) 2. Secretary (Title)
(Signature) Laurence Henry Soyer Yahia (Printed Name) 3. Vice President and Treasurer (Title)

Subscribed and sworn to (or affirmed) before me this on this 8th day of January, 2018, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	125,923,654		125,923,654	712,187,207
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	833,000		833,000	109,831,359
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 24,916,857, Schedule E - Part 1), cash equivalents (\$ 64,206,898, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	89,123,755		89,123,755	33,427,724
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	212,999		212,999	6,155
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)	216,093,408		216,093,408	855,452,445
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	89,030		89,030	3,489,299
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				37,903,122
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	80,749,122		80,749,122	103,281,083
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	49,580,885		49,580,885	3,437,686
18.2 Net deferred tax asset	15,504,000	14,959,013	544,987	4,450,272
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	133,805,951		133,805,951	17,128,105
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	10,737,225		10,737,225	57,746,603
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	506,559,621	14,959,013	491,600,608	1,082,888,615
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	506,559,621	14,959,013	491,600,608	1,082,888,615

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	10,737,225		10,737,225	
2502. Ceded Profit Commission				1,550,114
2503. Deposit Accounting Asset				1,775,059
2598. Summary of remaining write-ins for Line 25 from overflow page				54,421,430
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	10,737,225		10,737,225	57,746,603

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)		234,509,670
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		(43,698)
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		47,129,781
4. Commissions payable, contingent commissions and other similar charges		1,260,254
5. Other expenses (excluding taxes, licenses and fees)		6,477,576
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		270,672
7.1 Current federal and foreign income taxes (including \$ 17,235,841 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		100,073,194
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 488,508,436 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)		65,739,046
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	25,471,535	145,860,373
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	5,433,528	2,091,289
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)	5,130,172	2,134,574
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	157,715,254	114,521,257
20. Derivatives		
21. Payable for securities	3,182	
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	610,942	13,549,543
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	194,364,613	733,573,531
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	194,364,613	733,573,531
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	4,100,000	4,100,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	287,121,292	286,793,008
35. Unassigned funds (surplus)	6,014,705	58,422,075
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)	297,235,997	349,315,083
38. Totals (Page 2, Line 28, Col. 3)	491,600,610	1,082,888,614

DETAILS OF WRITE-IN LINES		
2501. Other Liabilities	610,942	
2502. Payable Due to Others		9,289,239
2503. Loss Portfolio Payable		2,909,466
2598. Summary of remaining write-ins for Line 25 from overflow page		1,350,838
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	610,942	13,549,543
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.		
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)	53,614,803	117,834,858
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	37,087,323	66,882,886
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	13,200,342	30,538,160
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	28,089,258	46,841,213
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	78,376,923	144,262,259
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(24,762,120)	(26,427,401)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	14,339,061	19,451,209
10. Net realized capital gains (losses) less capital gains tax of \$ 6,032,545 (Exhibit of Capital Gains (Losses))	11,203,296	725,787
11. Net investment gain (loss) (Lines 9 + 10)	25,542,357	20,176,996
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(86,468,453)	2,000,385
15. Total other income (Lines 12 through 14)	(86,468,453)	2,000,385
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(85,688,216)	(4,250,020)
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(85,688,216)	(4,250,020)
19. Federal and foreign income taxes incurred	(56,224,545)	(3,828,493)
20. Net income (Line 18 minus Line 19) (to Line 22)	(29,463,671)	(421,527)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	349,315,084	333,950,354
22. Net income (from Line 20)	(29,463,671)	(421,527)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 4,208,292	(14,923,233)	6,235,945
25. Change in net unrealized foreign exchange capital gain (loss)		(433,219)
26. Change in net deferred income tax	(226,017)	(1,299,552)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(4,798,850)	(3,315,308)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(2,995,598)	(401,609)
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	328,284	15,000,000
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)	(52,079,085)	15,364,730
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	297,235,999	349,315,084

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. Deferred Fee Income	2,849,267	(199,123)
1402. Consulting Income	2,730	218,243
1403. Other Income (Expense)	(89,320,450)	1,981,265
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(86,468,453)	2,000,385
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
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	(26,244,680)	115,799,106
2. Net investment income	15,362,773	22,946,069
3. Miscellaneous income	(84,180,244)	2,000,385
4. Total (Lines 1 through 3)	(95,062,151)	140,745,560
5. Benefit and loss related payments	2,989,667	76,217,188
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	41,894,823	67,344,361
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(4,048,800)	21,559,011
10. Total (Lines 5 through 9)	40,835,690	165,120,560
11. Net cash from operations (Line 4 minus Line 10)	(135,897,841)	(24,375,000)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	315,319,919	350,649,217
12.2 Stocks	139,220,956	30,286,157
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	2,581	900
12.7 Miscellaneous proceeds	(212,999)	4,821,531
12.8 Total investment proceeds (Lines 12.1 to 12.7)	454,330,457	385,757,805
13. Cost of investments acquired (long-term only):		
13.1 Bonds	83,398,538	398,092,285
13.2 Stocks	28,007,439	31,516,731
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	(3,182)	5,710,753
13.7 Total investments acquired (Lines 13.1 to 13.6)	111,402,795	435,319,769
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)	342,927,662	(49,561,964)
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	328,284	14,566,781
16.3 Borrowed funds	(100,073,195)	41,333
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(51,588,880)	65,726,447
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(151,333,791)	80,334,561
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)	55,696,030	6,397,597
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	33,427,725	27,030,128
19.2 End of year (Line 18 plus Line 19.1)	89,123,755	33,427,725

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	1,139,170,686
20.0002	12.2 - Proceeds from investments sold, matured or repaid - Stocks	2,085,352
20.0003	13.1 - Cost of Investment Acquired - Bonds	784,425,091
20.0004	16.6 Other Cash Provided	356,830,947

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	2,647,463	1,687,613		4,335,076
2. Allied lines	284,583	198,786		483,369
3. Farmowners multiple peril				
4. Homeowners multiple peril	2,429,876	2,375,349		4,805,225
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine	546	369		915
9. Inland marine	76,626	42,738		119,364
10. Financial guaranty				
11.1 Medical professional liability—occurrence	648,105	631,264		1,279,369
11.2 Medical professional liability—claims-made	4,442,034	6,671,733		11,113,767
12. Earthquake	237,153	155,531		392,684
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability—occurrence	19,764,289	23,566,580		43,330,869
17.2 Other liability—claims-made	17,559,693	25,131,875		42,691,568
17.3 Excess workers' compensation				
18.1 Products liability—occurrence	(40,563)	41,363		800
18.2 Products liability—claims-made	1,584,238	1,937,319		3,521,557
19.1,19.2 Private passenger auto liability	2,267	2,069		4,336
19.3,19.4 Commercial auto liability				
21. Auto physical damage	10,406	9,152		19,558
22. Aircraft (all perils)	(110,634)	438,645		328,011
23. Fidelity				
24. Surety	145,968	99,422		245,390
26. Burglary and theft	173,785	55,769		229,554
27. Boiler and machinery	33,643	15,952		49,595
28. Credit	868,087	2,677,517		3,545,604
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	50,757,565	65,739,046		116,496,611

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

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	68,840,376		620,078	18,929,754	47,883,238	2,647,462
2. Allied lines	8,037,316		86,477	2,042,114	5,797,096	284,583
3. Farmowners multiple peril						
4. Homeowners multiple peril	75,693,642			32,265,253	40,998,513	2,429,876
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine	7,508			1,296	5,667	545
9. Inland marine	1,689,046			874,055	738,365	76,626
10. Financial guaranty						
11.1 Medical professional liability--occurrence	10,090,181			8,101,709	1,340,368	648,104
11.2 Medical professional liability--claims-made	73,905,316			48,156,588	21,306,694	4,442,034
12. Earthquake	5,670,150		36,475	1,844,305	3,625,167	237,153
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability—occurrence	288,916,444		659,192	188,930,646	80,880,701	19,764,289
17.2 Other liability—claims-made	276,246,651	24,000	2,710,323	170,643,344	90,777,937	17,559,693
17.3 Excess workers' compensation						
18.1 Products liability—occurrence	49,426		32,548	(14,862)	137,399	(40,563)
18.2 Products liability—claims-made	27,525,911			16,991,144	8,950,528	1,584,239
19.1,19.2 Private passenger auto liability	57,507			19,044	36,196	2,267
19.3,19.4 Commercial auto liability						
21. Auto physical damage	262,877			87,191	165,280	10,406
22. Aircraft (all perils)	(377,448)			(604,898)	338,084	(110,634)
23. Fidelity						
24. Surety	2,254,108		1,097,127	949,121	2,256,145	145,969
26. Burglary and theft	1,355,237			1,069,352	112,100	173,785
27. Boiler and machinery	661,327		500	185,992	442,192	33,643
28. Credit	9,835,955		2,461,220	6,250,821	5,178,266	868,088
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	850,721,530	24,000	7,703,940	496,721,969	310,969,936	50,757,565

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 [] No [X]

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

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

UNDERWRITING AND INVESTMENT EXHIBIT PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	31,144,713		31,144,713		4,544,627	42,304	4,586,931		
2. Allied lines	96,224,753	965,510	97,190,263		136,509,398	1,732,071	138,241,469		
3. Farmowners multiple peril									
4. Homeowners multiple peril	21,146,153		21,146,153		26,303,839		26,303,839		
5. Commercial multiple peril	5,006		5,006		(6,006)		(6,006)		
6. Mortgage guaranty									
8. Ocean marine					2,319		2,319		
9. Inland marine					101,635	32	101,667		
10. Financial guaranty									
11.1 Medical professional liability—occurrence	9,434,312		9,434,312		10,232,671		10,232,671		
11.2 Medical professional liability—claims-made	91,829,574		91,829,574		130,503,093	668,156	131,171,249		
12. Earthquake	5,200		5,200		367,174	2,488	369,662		
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability—occurrence	154,666,450	1,840,578	156,507,028		803,630,513	7,389,457	811,019,970		
17.2 Other liability—claims-made	69,192,259	3,983,581	73,175,840		547,582,440	18,286,438	565,868,878		
17.3 Excess workers' compensation									
18.1 Products liability—occurrence	1,000,018		1,000,018		16,444,725	132,281	16,577,006		
18.2 Products liability—claims-made	3,228,638		3,228,638		37,061,070	9,463	37,070,533		
19.1,19.2 Private passenger auto liability					32,955		32,955		
19.3,19.4 Commercial auto liability	(3)		(3)						
21. Auto physical damage	5		5		144,372		144,372		
22. Aircraft (all perils)	28,800,344	58,044	28,858,388		3,411,559	7,391	3,418,950		
23. Fidelity						24	24		
24. Surety	1		(1)	2	902,873	1,238,058	2,140,933		
26. Burglary and theft					796,088	15,826	811,914		
27. Boiler and machinery	212,000		212,000		49,280	299	49,579		
28. Credit	(963,960)		(963,960)		5,624,447	1,276,353	6,900,800		
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	505,925,463	6,847,713	512,773,174	2	1,724,239,072	30,800,641	1,755,039,715		

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) 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	189,165,210			189,165,210
1.2 Reinsurance assumed	633,778			633,778
1.3 Reinsurance ceded	176,598,642			176,598,642
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	13,200,346			13,200,346
2. Commission and brokerage:				
2.1 Direct, excluding contingent		114,814,621		114,814,621
2.2 Reinsurance assumed, excluding contingent		1,007,369		1,007,369
2.3 Reinsurance ceded, excluding contingent		162,463,996		162,463,996
2.4 Contingent—direct		(112,976)		(112,976)
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		9,848		9,848
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)		(46,764,830)		(46,764,830)
3. Allowances to manager and agents				
4. Advertising		802,606	655	803,261
5. Boards, bureaus and associations		600,396	415	600,811
6. Surveys and underwriting reports			14	14
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		36,121,358	476,563	36,597,921
8.2 Payroll taxes		1,869,513	20,731	1,890,244
9. Employee relations and welfare		8,179,690	86,093	8,265,783
10. Insurance		269,682	12,608	282,290
11. Directors' fees			14	14
12. Travel and travel items		2,454,322	14,620	2,468,942
13. Rent and rent items		3,659,292	26,557	3,685,849
14. Equipment		110,711	78,473	189,184
15. Cost or depreciation of EDP equipment and software		6,792,740	27,526	6,820,266
16. Printing and stationery		959,801	1,873	961,674
17. Postage, telephone and telegraph, exchange and express		1,089,416	10,954	1,100,370
18. Legal and auditing		1,379,928	13,902	1,393,830
19. Totals (Lines 3 to 18)		64,289,455	770,998	65,060,453
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		293,243		293,243
20.2 Insurance department licenses and fees		1,674,838		1,674,838
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		342,799		342,799
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		2,310,880		2,310,880
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		7,772,061	102,554	7,874,615
25. Total expenses incurred	13,200,346	27,607,566	873,552	(a) 41,681,464
26. Less unpaid expenses—current year	5,137	1,001		6,138
27. Add unpaid expenses—prior year				
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	13,195,209	27,606,565	873,552	41,675,326

DETAILS OF WRITE-IN LINES				
2401. Other expenses		7,772,061	102,554	7,874,615
2402. Change in unallocated expense reserves				
2403. Summary of remaining write-ins for item 21 from overflow page				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		7,772,061	102,554	7,874,615

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 276,404	360,737
1.1 Bonds exempt from U.S. tax	(a) 130,505	170,323
1.2 Other bonds (unaffiliated)	(a) 9,721,412	12,687,481
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,695,931	1,695,931
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 231,969	232,195
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	65,948	65,948
10. Total gross investment income	12,122,169	15,212,615
11. Investment expenses		(g) 873,553
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)		873,553
17. Net investment income (Line 10 minus Line 16)		14,339,062

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	65,948	65,948
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)	65,948	65,948
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)		

- (a) Includes \$ 226,098 accrual of discount less \$ 2,040,485 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 \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ (58) accrual of discount less \$ (785) amortization of premium and less \$ (631) paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(1,265,259)		(1,265,259)		
1.1 Bonds exempt from U.S. tax	129,489		129,489		
1.2 Other bonds (unaffiliated)	3,353,579		3,353,579		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	15,015,451		15,015,451	(10,714,941)	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	2,581		2,581		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	17,235,841		17,235,841	(10,714,941)	

DETAILS OF WRITE-IN LINES					
0901.					
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)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection		3,088,710	3,088,710
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	14,959,013	7,071,453	(7,887,560)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
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			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	14,959,013	10,160,163	(4,798,850)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	14,959,013	10,160,163	(4,798,850)

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.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of Ironshore Specialty Insurance Company (the “Company”) have been prepared in conformity with accounting practices prescribed or permitted by the State of Arizona Department of Insurance (the “Department”).

The Department recognizes only accounting practices prescribed or permitted by the State of Arizona for determining and reporting the financial condition and results of operations of an insurance company and for determining solvency under the Arizona Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”), has been adopted as a component of prescribed or permitted practices by the State of Arizona, with a few exceptions that do not impact the Company.

There are no reconciling differences for the Company’s net income and capital and surplus, between the NAIC SAP and the practices prescribed and permitted by the State of Arizona.

NET INCOME

	SSAP #	F/S Page	F/S Line #	2017	2016
1. Ironshore Specialty Insurance Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	(\$29,463,671)	(\$421,528)
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>(\$29,463,671)</u>	<u>(\$421,528)</u>

SURPLUS

5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$297,235,997	\$349,315,083
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>\$297,235,997</u>	<u>\$349,315,083</u>

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

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of contingent revenues and expenses during the period, if any. Actual results could differ from 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 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 IC(7).

NOTES TO FINANCIAL STATEMENTS

4. 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).
 5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.
 6. 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.
 7. 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.
 8. 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.
 9. Derivative Securities, refer to Note 8.
 10. 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.
 11. 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.
 12. The Company did not change its capitalization policy in 2017.
 13. 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.

Note 3 – Business Combinations and Goodwill

A. Statutory Purchase Method

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

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

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

NOTES TO FINANCIAL STATEMENTS

D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate as of December 31, 2017: None
3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2017:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than- Temporary Impairment	Amortized Cost After Other- Than- Temporary Impairment	Fair Value at time of OTTI	Date of Financial Statement Where Reported
46643GAY6	140,949	134,602	6,347	134,602	134,280	9/30/2017
46636VAT3	1,733,094	1,584,484	148,610	1,584,484	1,581,021	9/30/2017
46643GAY6	2,273,656	2,103,529	170,127	2,103,529	2,098,126	9/30/2017
20173QAH4	566,971	507,487	59,485	507,487	507,763	9/30/2017
05952AAN4	993,423	986,338	7,085	986,338	978,500	9/30/2017
05952AAN4	810,187	61,524	748,663	61,524	58,908	12/31/2017
Total	XXX	XXX	\$1,140,317	XXX	XXX	XXX

4. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2017:
 - a. The aggregate amount of unrealized losses:
 1. Less than 12 Months (\$1,078,041)
 2. 12 Months or Longer \$ -
 - b. The aggregate related fair value of securities with unrealized losses:
 1. Less than 12 Months \$60,187,582
 2. 12 Months or Longer \$ -
5. 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

1. The Company has not entered into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral for securities lending.
2. The Company has not pledged any of its assets as collateral as of December 31, 2017.
3. Collateral Received
Not applicable.
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
Not applicable.
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.

NOTES TO FINANCIAL STATEMENTS

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

The Company does not hold any investments in real estate.

K. Low-Income Housing Tax Credits (LIHTC)

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

L. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6	7
	1	2	3	4	5		
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected 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	-	-	-	-	-	-	-
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	833,000	-	-	-	833,000	5,406,000	(4,573,000)
j. On deposit with states	6,290,941	-	-	-	6,290,941	6,411,735	(120,794)
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	118,197,955	(118,197,955)
m. Pledged as collateral not captured in other categories	40,113,050	-	-	-	40,113,050	-	40,113,050
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$47,236,991	\$ -	\$ -	\$ -	\$47,236,991	\$130,015,690	(\$82,778,699)

(a) Subset of column 1

(b) Subset of column 3

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	8	9	Percentage	
			10	11
	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	- %	- %
b. Collateral held under security lending agreements	-	-	- %	- %
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	-	833,000	- %	- %
j. On deposit with states	-	6,290,941	1 %	1 %
k. On deposit with other regulatory bodies	-	-	- %	- %
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	- %	- %
m. Pledged as collateral not captured in other categories	-	40,113,050	8 %	8 %
n. Other restricted assets	-	-	- %	- %
o. Total Restricted Assets	\$ -	\$47,236,991	9 %	10 %

(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

Not applicable.

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.

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.

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

The Company does not own any investments in joint ventures, partnerships, and limited liability companies.

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, 2017.

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

On December 22, 2017, the President signed into law the "Tax Cuts and Jobs Act," which among other items reduces the federal corporate tax rate to 21% effective January 1, 2018. As a result, the Company revalued its ending gross deferred tax assets and liabilities at 21%, the impact of which is recognized in surplus.

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

1.

	12/31/2017		
	(1)	(2)	(3) (Col 1+2) Total
	Ordinary	Capital	
(a) Gross Deferred Tax Assets	\$ 18,143,000	\$ 775,000	\$ 18,918,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	18,143,000	775,000	18,918,000
(d) Deferred Tax Assets Nonadmitted	14,959,013	-	14,959,013
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	3,183,987	775,000	3,958,987
(f) Deferred Tax Liabilities	45,000	3,369,000	3,414,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 3,138,987	\$ (2,594,000)	\$ 544,987

NOTES TO FINANCIAL STATEMENTS

	12/31/2016		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 14,785,542	\$ 1,112,168	\$ 15,897,710
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	14,785,542	1,112,168	15,897,710
(d) Deferred Tax Assets Nonadmitted	7,071,453	-	7,071,453
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	7,714,089	1,112,168	8,826,257
(f) Deferred Tax Liabilities	167,693	4,208,292	4,375,985
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 7,546,396	\$ (3,096,124)	\$ 4,450,272

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 3,357,458	\$ (337,168)	\$ 3,020,290
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	3,357,458	(337,168)	3,020,290
(d) Deferred Tax Assets Nonadmitted	7,887,560	-	7,887,560
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(4,530,102)	(337,168)	(4,867,270)
(f) Deferred Tax Liabilities	(122,693)	(839,292)	(961,985)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ (4,407,409)	\$ 502,124	\$ (3,905,285)

2.

	12/31/2017		
	(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.	\$ -	\$ -	\$ -
(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)	544,987	-	544,987
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	544,987	-	544,987
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			37,835,056
(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.	45,000	3,369,000	3,414,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 589,987	\$ 3,369,000	\$ 3,958,987

	12/31/2016		
	(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.	\$ 6,786,827	\$ -	\$ 6,786,827
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	1,964,613	-	1,964,613
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,964,613	-	1,964,613
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			34,486,481
(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.	(1,037,350)	1,112,168	74,818
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 7,714,089	\$ 1,112,168	\$ 8,826,258

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ (6,786,827)	\$ -	\$ (6,786,827)
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	(1,419,626)	-	(1,419,626)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(1,419,626)	-	(1,419,626)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			3,348,575
(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.	1,082,350	2,256,832	3,339,182
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ (7,124,103)	\$ 2,256,832	\$ (4,867,271)

3.

	2017	2016
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	562.1%	299.2%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	296,691,010	344,864,811

4.

	12/31/2017		12/31/2016		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) 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)	\$ 18,143,000	\$ 775,000	\$ 14,785,542	\$ 1,112,168	\$ 3,357,458	\$ (337,168)
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)	\$ 3,183,987	\$ 775,000	\$ 7,714,089	\$ 1,112,168	\$ (4,530,102)	\$ (337,168)
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

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) 12/31/2017	(2) 12/31/2016	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ (56,224,545)	\$ (3,828,493)	\$ (52,396,052)
(b) Foreign	-	-	-
(c) Subtotal	(56,224,545)	(3,828,493)	(52,396,052)
(d) Federal income tax on net capital gains	6,032,545	390,808	5,641,737
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ (50,192,000)	\$ (3,437,685)	\$ (46,754,315)
2. Deferred Tax Assets:			

NOTES TO FINANCIAL STATEMENTS

(a) Ordinary			
(1) Discounting of unpaid losses	\$ -	\$ 6,819,922	\$ (6,819,922)
(2) Unearned premium reserve	-	4,601,733	(4,601,733)
(3) Policyholder reserves	-	-	-
(4) Investments	225,000	-	225,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	-	1,081,049	(1,081,049)
(11) Net operating loss carry-forward	17,143,000	-	17,143,000
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	775,000	2,282,838	(1,507,838)
(99) Subtotal	18,143,000	14,785,542	3,357,458
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	14,959,013	7,071,453	7,887,560
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	3,183,987	7,714,089	(4,530,102)
(e) Capital			
(1) Investments	775,000	1,047,139	(272,139)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	65,029	(65,029)
(99) Subtotal	775,000	1,112,168	(337,168)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	775,000	1,112,168	(337,168)
(i) Admitted deferred tax assets (2d + 2h)	3,958,987	8,826,257	(4,867,270)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	-	167,693	(167,693)
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	45,000	-	45,000
(99) Subtotal	45,000	167,693	(122,693)
(b) Capital:			
(1) Investments	3,369,000	4,208,292	(839,292)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	3,369,000	4,208,292	(839,292)
(c) Deferred tax liabilities (3a99 + 3b99)	3,414,000	4,375,985	(961,985)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 544,987	\$ 4,450,272	\$ (3,905,285)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of discounting of unpaid losses and loss adjustment expenses, other insurance liabilities, generation of net operating losses, and limits on unearned premium reserve deductions.

E. The Company has net operating loss carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2017	\$ 81,634,000	2037

The Company has no tax credit carry-forwards available to offset future net income subject to federal income tax.

NOTES TO FINANCIAL STATEMENTS

The amount of Federal income taxes incurred and available for recoupment in the event of future losses are none 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 for the period January 1, 2017 through April 30, 2017 will be consolidated with the following entities:

Excess Risk Reinsurance, Inc.	Ironshore Management Inc.
Ironshore Holdings (US) Inc.	Ironshore Specialty Insurance Company
Ironshore Indemnity Inc.	Managed Care Associates Inc.

As a result of the acquisition by Liberty Mutual Insurance, the Company's Federal income tax return for the period May 1, 2017 through December 31, 2017 will be consolidated with the following entities:

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

* This company joined the consolidated group in 2017 and its activity from the date it joined the group is included in the consolidated return.

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.

- 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 Ironshore Holdings (U.S.) Inc. (“IHUS”) a holding company incorporated in Delaware. IHUS is wholly owned by Ironshore Insurance Ltd. a Bermuda corporation. Ironshore Insurance Ltd. is wholly owned by Ironshore Inc. a Cayman Islands corporation. Ironshore Inc. is wholly owned by Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc. a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company’s affiliates during 2017.
- D. At December 31, 2017, the Company reported a net (\$23,909,302) due to 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 for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. 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”). Under the agreements, LMGAM provides services to the Company.

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

- 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 entities.
- 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 does not hold any investments in downstream non-insurance holding companies.
- M. Investment in Insurance SCAs
The company does not hold investments in Non-Insurance SCA’s.
- 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.

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 Boston. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. It is part of the Company’s strategy to utilize these funds as repayment of an intercompany balance with its ultimate parent. The Company has determined the actual maximum borrowing capacity as

NOTES TO FINANCIAL STATEMENTS

\$518,462,000. The company calculated this amount in accordance with current and potential acquisitions of FHLB capital stock and 50% of admitted assets.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	757,117	757,117	-
Activity Stock	75,884	75,884	-
Excess Stock	-	-	-
Aggregate Total	\$ 833,000	\$ 833,000	-
Actual Borrowing Capacity as Determined by the Insurer	\$518,462,000	XXX	XXX

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	1,406,000	1,406,000	-
Activity Stock	4,000,000	4,000,000	-
Excess Stock	-	-	-
Aggregate Total	\$ 5,406,000	\$ 5,406,000	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	\$541,444,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible for Redemption

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 months to Less Than 1 year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Class A	-	-	-	-	-	-
Class B	\$ -	\$757,117	\$ -	\$ -	\$ -	\$ -

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 General Account

	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	\$ -	\$ -	\$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ 118,197,955	\$ 119,163,734	\$ 100,000,000

NOTES TO FINANCIAL STATEMENTS

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$119,667,835	\$ 119,971,706	\$ 100,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$119,667,835	\$ 119,971,706	\$ 100,000,000

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$ -	\$ -	\$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$ 118,197,955	\$ 119,163,734	\$ 100,000,000

4. Borrowing from FHLB

a. Amount As of the Reporting Date

1. Current Year

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

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	\$ 100,000,000	\$ 100,000,000	\$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	\$ 100,000,000	\$ 100,000,000	\$ -	\$ -

b. Maximum Amount During Reporting Period (Current Year)

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Debt	\$ 100,000,000	\$ 100,000,000	\$ -
Funding Agreements	-	-	-
Other	-	-	-
Aggregate Total	\$ 100,000,000	\$ 100,000,000	\$ -

c. FHLB – Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (yes/no)?
Debt	NO
Funding Agreements	NO
Other	NO

C. There were no outstanding borrowings as of December 31, 2017.

NOTES TO FINANCIAL STATEMENTS

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 plan, deferred compensation arrangements, compensated absences or other postretirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements, as described in Note 10F.

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

1. The Company has 54,000 shares authorized, and 41,000 shares issued and outstanding as of December 31, 2017. All shares have a stated par value of \$100.
2. Preferred Stock
Not applicable.
3. There are no dividend restrictions.
4. The Company did not pay any dividends to its parent during 2017.
5. The maximum amount of dividends that can be paid by Arizona-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is less than 10% of surplus or net income. The Company cannot pay a dividend in 2018 without the prior approval of the Insurance Commissioner, as its unassigned surplus is negative.
6. The Company does not have restricted unassigned surplus.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. The Company does not hold special surplus funds.
10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains and (losses) is \$0.
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 no net guaranty fund or other assessment liabilities to report. Refer to Note 26.

C. Gain Contingencies

Not applicable.

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

In the normal course of business, the Company is involved in policy and non-policy related litigation. In the opinion of Company management, based upon advice of counsel, any potential liability in excess of amounts currently reserved would not be expected to have a material impact on the financial position of the Company.

E. Product Warranties

The Company does not write product warranty business.

NOTES TO FINANCIAL STATEMENTS

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.

The Company routinely assesses the collectability of its premium receivable balances. The Company does not believe the amounts in excess of non-admitted amounts are material.

Note 15 – Leases

A. Lessee Leasing Arrangements

The Company has no net lease obligations. Refer to Note 26.

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

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

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

Refer to Note 5E.

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

NOTES TO FINANCIAL STATEMENTS

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

The Company utilized third parties that produced direct premiums written equal to or greater than 5% of surplus. Information regarding these third parties is as follows:

Name and Address of General Agent or Third-Party Administrator	FEIN	Exclusive Contract	Type of Business Written	Type of Authority Granted	Total Direct Premiums Written/Produced By
Hull & Co . 2150 South Andrews Avenue Ft. Lauderdale, FL 33316	20-2357767	NO	Property Insurance	U	\$23,935,803
Orchid Underwriters Agency Inc. 1201 19 th Suite, Suite A-110 Vero Beach, FL 32960	26-0207550	NO	Employment Practices Liability Insurance	U	\$20,329,094
NBIS Construction & Transport 2859 Paces Ferry Road, Suite 800 Atlanta, GA 30339	36-4347239	NO	Construction & Transport	U	\$16,864,404
Align General Insurance Agency, LLC 610 West Ash Street, Suite 1702 San Diego, CA 92101	20-0184872	NO	Commercial Contractors	U	\$15,480,21
Total	XXX	XXX	XXX	XXX	\$76,609,511

C - Claims Payment
CA - Claims Adjustment
R - Reinsurance Ceding
B - Binding Authority
P - Premium Collection
U - Underwriting

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 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 management judgment. The unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2017:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
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 Stocks				
Industrial and Miscellaneous (Unaffiliated)	-	-	-	-
Total Preferred Stocks	-	-	-	-
Common Stocks				
Industrial and Miscellaneous	-	-	833,000	833,000
Total Common Stocks	-	-	833,000	833,000
Other Assets				
Other Assets	-	-	-	-
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$833,000</u>	<u>\$833,000</u>
b. Liabilities at fair value				
Derivative Liabilities	\$ -	\$ -	\$ -	\$ -
.....				
.....				
Total liabilities at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2017.

2. Rollforward of Level 3 Items

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

	Balance as of 12/31/2016	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance as of 12/31/2017
U.S. Government & Agency Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. MBS/ABS of Gov. & Corp. Agencies	7,560,040	-	-	(239,564)	-	-	-	(7,320,476)	-	-
U.S. State and Municipal	-	-	-	-	-	-	-	-	-	-
Corporate and Other	-	-	-	-	-	-	-	-	-	-
Foreign Government Securities	-	-	-	-	-	-	-	-	-	-
Total Bonds	7,560,040	-	-	(239,564)	-	-	-	(7,320,476)	-	-
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	-	1,666,000	-	-	-	-	-	(833,000)	-	833,000
Total	\$7,560,040	\$1,666,000	\$ -	(\$239,564)	\$ -	\$ -	\$ -	(\$8,153,476)	\$ -	\$833,000

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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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.

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	\$502,851	\$89,123,755	\$502,851	\$ -	\$ -	\$ -
Bonds	124,689,032	125,923,654	42,274,574	82,414,458	-	-
Preferred Stock	-	-	-	-	-	-
Common Stock	833,000	833,000	-	-	833,000	-
Securities Lending	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Surplus Notes	-	-	-	-	-	-
Total	\$126,024,883	\$215,880,409	\$42,777,425	\$82,414,458	\$833,000	\$ -

D. Reasons Not Practical to Estimate Fair Value

Not Applicable.

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. Interrogatory 6.1

The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

Interrogatory 6.2

As a member of the Liberty Intercompany Pool, the Pool employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we utilize RMS's RiskLink v16.0 and AIR's Touchstone v4.2 software. For workers' compensation, Liberty Mutual utilizes RiskLink v16.0 from RMS.

Interrogatory 6.3

The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

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

Not applicable.

G. Insurance Linked Securities (ILS) Contracts

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

NOTES TO FINANCIAL STATEMENTS

Note 22 – Events Subsequent

The Company evaluated subsequent events through February 21, 2018, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2017 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 recoverables or ceded unearned premium, of a group or individual reinsurer, which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
Transatlantic Reinsurance Company	19453	13-5616275	\$156,640,000
Swiss Re Group:			
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Company Limited		AA-1460146	
Total Swiss Re Group			123,340,000
Partner Re Group:			
Partner Reinsurance Company of the U.S.	38636	13-3031176	
Partner Re America Insurance Co	11835	04-1590940	
Partner Reinsurance Company Ltd		AA-3190686	
Partner Reinsurance Europe Limited		AA-1780078	
Total Partner Re Group			103,121,000
Markel Group:			
Markel Global Reinsurance Company	10829	06-1481194	
Markel Insurance Company	38970	36-3101262	
Lloyd's Syndicate 3000		AA-1129000	
Total Markel Group			82,235,000
Munich Re Group:			
Munich Reinsurance America, Inc.	10227	13-4924125	
Munich Reins Co UK Branch		AA-1120011	
Munich Reinsurance Company		AA-1340165	
Hartford Steam Boiler Inspec & Ins Co CT	29890	06-1240885	
Total Munich Re Group			81,905,000
Everest Reinsurance Company	26921	22-2005057	33,467,000
Berkshire Hathaway Group:			
National Indemnity Company	20087	47-0355979	
General Reinsurance Corporation	22039	13-2673100	
Total Berkshire Hathaway Group			32,571,000
Sompo Group:			
Endurance Assurance Corporation	11551	35-2293075	
Lloyd's Syndicate 4444		AA-1126004	
Lloyd's Syndicate 958		AA-1126958	
Total Sompo Group			28,051,000
Renaissance Re Group:			
Renaissance Reinsurance Ltd		AA-3190339	
Renaissance Reinsurance U.S. Inc.	10357	52-1952955	
Total Renaissance Re Group			22,743,000
Arch Re Group:			
Arch Reinsurance Company	10348	06-1430254	
Arch Reinsurance Ltd		AA-3194126	
Total Arch Re Group			18,176,000

NOTES TO FINANCIAL STATEMENTS

Hannover Re Group:			
Hannover Rueckversicherung AG		AA-1340125	
Hannover Re (Bermuda) Ltd		AA-3190060	
Total Hannover Re Group			14,960,000
Sirius Group:			
Sirius America Insurance Company	38776	13-2997499	
Sirius Bermuda Ins Co Ltd		AA-3191321	
Sirius International Ins Corp		AA-1440076	
Total Sirius Group			13,816,000
SCOR Group:			
SCOR Reinsurance Company	30058	75-1444207	
SCOR Global P&C SE		AA-1320031	
SCOR Switzerland AG		AA-1464100	
Total SCOR Group:			10,201,000
Total			\$721,226,000

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.

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, 2017.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
a. Affiliates	\$2,281,768	\$412,981	\$327,361,373	\$17,540,738	(\$325,079,605)	(\$17,127,757)
b. All Other	4,930,079	918,766	161,147,063	50,077,082	(156,216,984)	(49,158,316)
c. Total	\$7,211,847	\$1,331,747	\$488,508,436	\$67,617,820	(\$481,296,589)	(\$66,286,073)
d. Direct Unearned Premium Reserve						\$481,296,589

- 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, 2017 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$386,107	-	\$386,107	-
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	\$386,107	-	\$386,107	-

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

D. Uncollectible Reinsurance

The Company had no uncollectible reinsurance balances written off through income and expenses in the current year.

E. Commutation of Ceded Reinsurance

The Company commuted one ceded reinsurance treaty in the current year with the reinsurer listed below. The net effect of the commutation had no impact on Net Income. This amount is shown below by Income Statement classification and by reinsurer:

(1) Losses incurred	\$ -
(2) Loss adjustment expenses incurred	-
(3) Premiums earned	-
(4) Other Income/(Expense)	-
(5) <u>Company</u>	<u>Amount</u>
Ironshore Insurance Ltd	\$ -

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

The Company has an external ceded retroactive contract that transferred liabilities for losses that already occurred. The impact of the Inter-Company Reinsurance Agreement is also shown:

		Reported Company	
		As:	
		Assumed	Ceded
a.	Reserves Transferred:		
	1 Initial Reserves	-	-
	2 Adjustments - Prior Year (s)	-	-
	3 Adjustments - Current Year	-	-
	4 Current Total	-	-
b.	Consideration Paid or Received:		
	1 Initial Consideration	-	\$87,657,155
	2 Adjustments - Prior Year (s)	-	-
	3 Adjustments - Current Year	-	-
	4 Current Total	-	\$87,657,155
c.	Paid Losses Reimbursed or Recovered:		
	1 Prior Year (s)	-	-
	2 Current Year	-	-
	3 Current Total	-	-
d.	Special Surplus from Retroactive Reinsurance:		
	1 Initial Surplus Gain or Loss	-	(\$87,657,155)
	2 Adjustments - Prior Year (s)	-	-
	3 Adjustments - Current Year	-	-
	4 Current Year Restricted Surplus	-	-
	5 Cumulative Total Transferred to Unassigned Funds	-	(\$87,657,155)
e.	All cedents and reinsurers involved in all transactions included in summary totals above:		

<u>Company</u>	<u>Assumed Amount</u>	<u>Ceded Amount</u>
National Indemnity Company, 20087	-	\$210,624,679
Liberty Mutual Insurance Company, 23043	-	(210,624,679)
Total	-	\$ -

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

There are no Paid Loss/Loss Adjustment Expense amounts recoverable.

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.

Effective May 1, 2017, the Company entered into a Loss Portfolio Transfer and Adverse Development Aggregate Excess of Loss agreement with National Indemnity Company, a subsidiary of Berkshire Hathaway Inc. The agreement is being accounted for as retroactive reinsurance.

G. Reinsurance Accounted for as a Deposit

The Company entered into a reinsurance agreement determined to be of a deposit type nature on January 1, 2009. Upon inception of the contract, the company recorded a deposit asset of \$8,240,525. As of December 31, 2017, the company has a remaining deposit balance of \$412,475 after taking into account interest expense of \$233,117 realized in the reporting year.

I. Certified Reinsurers Downgraded or Status Subject to Revocation

1. Reporting Entity Ceding to Certified Reinsurer Downgraded or Status Subject to Revocation.
Not applicable.
2. Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation
Not applicable.

J. Asbestos and Pollution Counterparty Reporting Exception

Not applicable.

Note 24 – Retrospectively rated Contracts and Contracts Subject to Redetermination

The Company does not have net accrued retrospective premiums. Refer to Note 26.

NOTES TO FINANCIAL STATEMENTS

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

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

The Company has no net exposure to changes in incurred losses and loss adjustment expenses. Refer to Note 26.

Note 26 – Intercompany Pooling Arrangements

Effective July 1, 2017 the Company is a member of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement consisting of the affiliated companies below. All underwriting assets and liabilities of the Company were ceded to the Lead Company and subsequently retroceded to the pool members in accordance with each company's pool participation percentage, as noted below. Operational underwriting results prior to the effective date of the Company becoming a pool participant remained as results of operations on its income statement for the year ended December 31, 2017.

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	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
Companies:	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
	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
	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 ("LNW")	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 ("PIIC")	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

NOTES TO FINANCIAL STATEMENTS

	26357	0.00%	All Lines
Ironshore Indemnity Inc. (“IIP”)			
Ironshore Specialty Insurance Company (“ISIC”)	25445	0.00%	All Lines
100% Quota			
Share Affiliated Companies:			
LM Property and Casualty Insurance Company (“LMPAC”)	32352	0.00%	All Lines

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

- a. 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.
- b. After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- c. 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.
- d. 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.
- e. 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.
- f. The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- g. Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2017:

<u>Affiliate</u>	<u>Amount</u>
Liberty Mutual Insurance Company	\$2,987,460

Note 27 – Structured Settlements

- A. The Company has no net exposure to contingent liabilities from the purchase of annuities. Refer to Note 26.
- B. Not applicable.

Note 28 – Health Care Receivables

Not applicable.

Note 29 – Participating Policies

Not applicable.

Note 30 – Premium Deficiency Reserves

- | | |
|---|------------|
| 1. Liability carried for premium deficiency reserves | \$ - |
| 2. Date of the most recent evaluation of this liability | 12/31/2017 |
| 3. Was anticipated investment income utilized in the calculation? | Yes |

Note 31 – High Dollar Deductible Policies

Not applicable.

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

The Company has no net loss and loss adjustment expense reserves. Refer to Note 26.

Note 33 – Asbestos/Environmental Reserves

The Company has no net exposure to asbestos and environmental claims. Refer to Note 26.

Note 34 – Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 – Multiple Peril Crop Insurance

The Company elected to compute the unearned premium reserve associated with the Multiple Peril Crop Insurance Program on a daily pro rata method as the Company did not believe it could demonstrate that the period of risk differs significantly from the contract period.

NOTES TO FINANCIAL STATEMENTS

Note 36 - Financial Guaranty Insurance Contracts

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No]
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A]
- 1.3 State Regulating? Arizona
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2015
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/24/2017
- 3.4 By what department or departments?
 Arizona Department of Insurance

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

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

GENERAL INTERROGATORIES

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

6.2 If yes, give full information:
 0

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

7.2 If yes,
 7.21 State the percentage of foreign control. _____ 100.00 %
 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
Bermuda	Insurance Corporation

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.
 0

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:
 0

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:
 0

GENERAL INTERROGATORIES

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

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

0

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 No

12.11 Name of real estate holding company	0
12.12 Number of parcels involved	0
12.13 Total book/adjusted carrying value	\$ 0

12.2 If yes, provide explanation:

0

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

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

.....

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

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

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

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

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

Yes No

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

0

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

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

Ironshore companies changed from Ironshore Code of Conduct to Liberty Mutual Group Code of Conduct as of 5/10/2017

GENERAL INTERROGATORIES

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

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

0

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
0			0
0			0
0			0

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	\$	0
20.12 To stockholders not officers	\$	0
20.13 Trustees, supreme or grand (Fraternal only)	\$	0

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

20.21 To directors or other officers	\$	0
20.22 To stockholders not officers	\$	0
20.23 Trustees, supreme or grand (Fraternal only)	\$	0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being 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	\$	0
21.22 Borrowed from others	\$	0
21.23 Leased from others	\$	0
21.24 Other	\$	0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

GENERAL INTERROGATORIES

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$	0
22.22 Amount paid as expenses	\$	0
22.23 Other amounts paid	\$	0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes No

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ _____ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes No

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)

This company does not participate in the Securities Lending Program

.....

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes No N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$ _____ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

\$ _____ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes No N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes No N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes No N/A

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____ 0

24.103 Total payable for securities lending reported on the liability page \$ _____ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes No

GENERAL INTERROGATORIES

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

	25.21 Subject to repurchase agreements	\$ <u>0</u>
	25.22 Subject to reverse repurchase agreements	\$ <u>0</u>
	25.23 Subject to dollar repurchase agreements	\$ <u>0</u>
	25.24 Subject to reverse dollar repurchase agreements	\$ <u>0</u>
	25.25 Placed under option agreements	\$ <u>0</u>
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ <u>0</u>
	25.27 FHLB Capital Stock	\$ <u>833,000</u>
	25.28 On deposit with states	\$ <u>6,290,941</u>
	25.29 On deposit with other regulatory bodies	\$ <u>0</u>
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ <u>0</u>
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ <u>0</u>
	25.32 Other	\$ <u>0</u>

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0
.....	0
.....	0

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. \$ 0

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
.....

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
.....

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
.....

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
.....	0
.....	0
.....	0
29.2999 TOTAL		0

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	0	.....
.....	0	.....
.....	0	.....

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	125,923,649	124,689,033	(1,234,616)
30.2 Preferred stocks	0	0	0
30.3 Totals	125,923,649	124,689,033	(1,234,616)

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

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ _____ 0

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

1 Name	2 Amount Paid
.....	\$ 0
.....	\$ 0
.....	\$ 0

35.1 Amount of payments for legal expenses, if any? \$ _____ 1,235,076

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
Cahill Gordon & Reindel LLP	\$ 372,389
.....	\$ 0
.....	\$ 0

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

\$ _____ 0

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

1 Name	2 Amount Paid
.....	\$ 0
.....	\$ 0
.....	\$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only. \$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0

1.31 Reason for excluding
0
.....
.....
.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1	2	
	Current Year	Prior Year	
2.1 Premium Numerator	\$ <u>0</u>	\$ <u>0</u>	
2.2 Premium Denominator	\$ <u>116,496,611</u>	\$ <u>117,834,858</u>	
2.3 Premium Ratio (2.1 / 2.2)	<u>0.00</u>	<u>0.00</u>	
2.4 Reserve Numerator	\$ <u>0</u>	\$ <u>0</u>	
2.5 Reserve Denominator	\$ <u>0</u>	\$ <u>347,334,798</u>	
2.6 Reserve Ratio (2.4 / 2.5)	<u>0.00</u>	<u>0.00</u>	

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 \$ 0

3.22 Non-participating policies \$ 850,721,528

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? 0 %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 0

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No [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?
N/A
.....
.....
.....

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
0
.....
.....
.....

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:
See Note 21C1
.....
.....
.....

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:
See Note 21C1
- 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?
See Note 21C1
- 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 cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.
- 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. 2
- 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 [X] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
0
- 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

0

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	\$	0
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	0

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From		0.00 %
12.42 To		0.00 %

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	\$	0
12.62 Collateral and other funds	\$	0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 28,450,000

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. 3

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:

Allocations are performed at the group level and are performed based on exposure and activity of the legal entities.

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes No

15.2 If yes, give full information

0

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	\$	0	0	0	0	0
16.12 Products	\$	0	0	0	0	0
16.13 Automobile	\$	0	0	0	0	0
16.14 Other*	\$	0	0	0	0	0

* 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 it excludes from Schedule F – Part 5.

Yes [] No [X]

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

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ 0
17.12 Unfunded portion of Interrogatory 17.11	\$ 0
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ 0
17.14 Case reserves portion of Interrogatory 17.11	\$ 0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ 0
17.16 Unearned premium portion of Interrogatory 17.11	\$ 0
17.17 Contingent commission portion of Interrogatory 17.11	\$ 0

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

17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ 0
17.19 Unfunded portion of Interrogatory 17.18	\$ 0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ 0
17.21 Case reserves portion of Interrogatory 17.18	\$ 0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ 0
17.23 Unearned premium portion of Interrogatory 17.18	\$ 0
17.24 Contingent commission portion of Interrogatory 17.18	\$ 0

18.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

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

\$ 0

18.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

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

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2017	2016	2015	2014	2013
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	680,217,499	701,312,563	667,181,045	705,483,378	634,558,710
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	86,598,032	83,325,450	103,702,863	104,672,364	105,611,629
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	75,985,529	72,884,352	64,555,062	79,848,878	84,670,957
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	15,648,410	6,381,621	9,049,606	22,594,435	2,378,922
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	858,449,470	863,903,986	844,488,576	912,599,055	827,220,218
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)	43,960,063	97,915,782	97,086,274	107,717,526	97,760,543
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,430,015	4,469,207	7,142,040	6,225,605	8,552,071
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,353,430	6,492,717	6,327,220	9,076,597	12,577,628
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,014,057	791,954	1,456,961	4,069,214	326,179
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	50,757,565	109,669,660	112,012,495	127,088,942	119,216,421
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(24,762,120)	(26,427,401)	12,534,421	10,347,187	4,557,790
14. Net investment gain (loss) (Line 11)	25,542,357	20,176,996	15,795,075	24,762,201	24,733,038
15. Total other income (Line 15)	(86,468,453)	2,000,385	984,453	3,936,931	1,301,700
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	(56,224,545)	(3,828,493)	8,421,979	7,715,503	9,175,576
18. Net income (Line 20)	(29,463,671)	(421,527)	20,891,970	31,330,816	21,416,952
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	491,600,608	1,082,888,614	987,115,477	974,047,421	832,922,171
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)		37,903,122	47,863,772	105,272,646	134,476,381
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	194,364,613	733,573,532	653,165,124	648,231,969	532,585,542
22. Losses (Page 3, Line 1)		234,509,670	214,069,494	185,236,061	140,484,287
23. Loss adjustment expenses (Page 3, Line 3)		47,129,781	38,634,594	31,555,097	24,566,980
24. Unearned premiums (Page 3, Line 9)		65,739,046	73,904,243	89,122,882	83,398,702
25. Capital paid up (Page 3, Lines 30 & 31)	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
26. Surplus as regards policyholders (Page 3, Line 37)	297,235,997	349,315,083	333,950,354	325,815,452	300,336,629
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(135,897,841)	(24,375,001)	70,690,299	64,572,725	24,950,640
Risk-Based Capital Analysis					
28. Total adjusted capital	297,235,997	349,315,083	333,950,354	325,815,452	300,336,629
29. Authorized control level risk-based capital	52,782,550	115,243,822	104,773,829	96,649,971	79,357,636
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)	58.3	83.3	83.7	78.8	83.8
31. Stocks (Lines 2.1 & 2.2)	0.4	12.8	12.3	12.1	12.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	41.2	3.9	3.4	9.2	3.5
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)	0.1		0.6		
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
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)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2017	2016	2015	2014	2013
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(14,923,233)	6,235,945	1,251,255	(2,179,849)	(274,436)
52. Dividends to stockholders (Line 35)			(15,600,000)		(17,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	(52,079,085)	15,364,729	8,134,902	25,478,823	9,064,638
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)	239,640,849	274,353,813	218,912,784	146,376,530	97,412,170
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	50,088,442	45,723,754	22,187,894	62,604,082	47,406,912
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	45,515,286	38,589,955	36,525,520	30,814,813	36,489,275
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(827,766)	3,359,982	8,057,849		
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	334,416,811	362,027,504	285,684,047	239,795,425	181,308,357
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)	18,979,020	36,297,606	30,730,445	20,795,460	15,633,112
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,029,353	4,066,002	2,319,236	7,073,092	5,687,412
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,825,682	6,006,061	6,249,479	5,793,096	6,933,335
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(162,156)	73,041	1,303,004		
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	23,671,899	46,442,710	40,602,164	33,661,648	28,253,859
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)	69.2	56.8	54.6	64.6	49.0
68. Loss expenses incurred (Line 3)	24.6	25.9	22.0	20.5	19.3
69. Other underwriting expenses incurred (Line 4)	52.4	39.8	13.6	6.4	27.4
70. Net underwriting gain (loss) (Line 8)	(46.2)	(22.4)	9.9	8.5	4.3
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	225.7	40.9	14.5	3.0	23.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	93.8	82.7	76.6	85.1	68.3
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	17.1	31.4	33.5	39.0	39.7
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)		5,616	(3,304)	7,179	(5,580)
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)		1.7	(1.0)	2.4	(1.9)
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)		1,988	2,780	(2,098)	148
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)		0.6	0.9	(0.7)	0.1

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									X X X
2. 2008												X X X
3. 2009												X X X
4. 2010												X X X
5. 2011												X X X
6. 2012												X X X
7. 2013												X X X
8. 2014												X X X
9. 2015						4	4					X X X
10. 2016												X X X
11. 2017	1,709	1,709										X X X
12. Totals	X X X	X X X	X X X			4	4					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													X X X
2. 2008													X X X
3. 2009													X X X
4. 2010													X X X
5. 2011													X X X
6. 2012													X X X
7. 2013													X X X
8. 2014			20	20			2	2					X X X
9. 2015			40	40			4	4					X X X
10. 2016			128	128			14	14					X X X
11. 2017			347	347			39	39					X X X
12. Totals			535	535			59	59					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		
2. 2008									50.000		
3. 2009									50.000		
4. 2010									50.000		
5. 2011									50.000		
6. 2012									50.000		
7. 2013									50.000		
8. 2014	22	22							50.000		
9. 2015	48	48							50.000		
10. 2016	142	142							50.000		
11. 2017	386	386		22.586	22.586				50.000		
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X		

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.

NONE Schedule P - Part 2, 3, 4 - Summary

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							
		Active Status	2							3	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	E	7,162,805	6,588,708		17,272,406	19,374,100	14,844,356								
2. Alaska	AK	E	1,762,118	1,844,655		1,184,076	1,205,707	3,765,650								
3. Arizona	AZ	E	10,674,469	6,096,009		1,035,743	3,856,071	6,236,651								
4. Arkansas	AR	E	2,409,556	2,377,714		1,451,068	580,522	4,091,149								
5. California	CA	E	118,488,696	120,044,354		35,500,035	179,327,830	401,710,261								
6. Colorado	CO	E	15,262,180	15,173,134		4,350,910	13,530,977	34,330,606								
7. Connecticut	CT	E	12,868,847	13,590,411		5,850,919	15,175,430	37,970,383								
8. Delaware	DE	E	2,008,029	2,159,174		108,968	94,416	3,898,277								
9. District of Columbia	DC	E	3,422,139	3,007,378		25,236,271	12,114,463	(1,888,331)								
10. Florida	FL	E	99,056,278	97,474,177		39,575,977	141,470,498	178,990,076								
11. Georgia	GA	E	19,828,968	18,587,546		18,657,569	34,890,334	60,271,786								
12. Hawaii	HI	E	5,122,295	7,932,988		390,194	10,182,898	19,469,167								
13. Idaho	ID	E	2,387,505	2,433,521		509,478	(415,414)	4,389,468								
14. Illinois	IL	E	38,664,344	38,106,560		21,962,391	38,379,857	106,249,767								
15. Indiana	IN	E	10,814,178	12,052,554		1,843,516	6,063,304	25,147,153								
16. Iowa	IA	E	5,024,501	4,713,010		575,249	4,271,560	11,331,257								
17. Kansas	KS	E	5,405,927	4,780,551		5,808,559	5,293,679	8,741,373								
18. Kentucky	KY	E	5,626,157	5,124,174		1,256,631	2,170,311	9,055,645								
19. Louisiana	LA	E	15,034,364	16,026,845		9,201,889	8,245,869	37,572,068								
20. Maine	ME	E	1,680,354	1,797,952		1,854,060	12,210,801	15,505,290								
21. Maryland	MD	E	10,018,444	12,334,023		6,243,045	16,908,297	32,487,599								
22. Massachusetts	MA	E	36,057,598	31,047,857		902,070	13,076,901	44,896,188								
23. Michigan	MI	E	7,771,642	7,917,870		2,383,942	7,607,716	17,094,705								
24. Minnesota	MN	E	9,637,984	9,185,634		980,452	4,467,976	23,699,903								
25. Mississippi	MS	E	4,035,586	4,456,769		277,559	1,296,881	7,203,643								
26. Missouri	MO	E	12,532,410	13,256,284		1,676,496	6,226,381	26,174,304								
27. Montana	MT	E	2,731,630	3,029,607		157,232	1,544,461	4,986,221								
28. Nebraska	NE	E	2,686,756	2,667,097		77,176	2,630,043	6,818,686								
29. Nevada	NV	E	5,983,243	5,397,733		3,485,606	5,836,148	20,146,037								
30. New Hampshire	NH	E	1,269,679	2,106,154		4,326,736	4,941,003	4,709,111								
31. New Jersey	NJ	E	36,932,874	35,379,848		6,644,713	26,219,995	101,396,436								
32. New Mexico	NM	E	2,855,033	2,512,903		(18,794)	3,382,733	6,501,819								
33. New York	NY	E	57,720,929	55,545,316		15,707,772	60,043,611	144,165,464								
34. North Carolina	NC	E	14,065,497	15,354,807		2,388,787	21,127,888	46,591,542								
35. North Dakota	ND	E	3,414,026	3,299,300		1,272,643	2,239,294	6,570,347								
36. Ohio	OH	E	21,154,321	17,935,524		1,640,609	9,159,036	33,800,048								
37. Oklahoma	OK	E	10,794,621	12,252,171		2,724,949	9,746,186	29,742,488								
38. Oregon	OR	E	5,073,948	4,977,230		1,186,433	4,834,066	12,062,586								
39. Pennsylvania	PA	E	32,363,085	33,656,540		10,161,733	44,745,320	97,521,124								
40. Rhode Island	RI	E	1,931,888	3,422,112		2,459,050	2,188,633	6,478,640								
41. South Carolina	SC	E	15,381,111	15,072,385		8,333,401	11,138,524	10,971,964								
42. South Dakota	SD	E	735,014	463,312		27,559	202,443	413,109								
43. Tennessee	TN	E	13,661,351	13,865,899		2,405,500	17,894,967	50,412,818								
44. Texas	TX	E	104,208,525	106,460,739		37,775,643	172,668,447	350,565,309								
45. Utah	UT	E	5,740,059	6,607,805		5,493,321	7,773,099	14,446,476								
46. Vermont	VT	E	643,441	810,677		51,584	169,656	1,399,121								
47. Virginia	VA	E	17,375,487	15,182,283		2,723,879	11,207,757	37,494,574								
48. Washington	WA	E	13,111,929	15,076,577		2,580,830	13,277,277	41,109,051								
49. West Virginia	WV	E	3,159,756	2,305,377		47,496	969,577	3,852,896								
50. Wisconsin	WI	E	7,909,159	8,053,688		3,284,153	4,331,013	18,979,307								
51. Wyoming	WY	E	1,809,628	1,418,031		714,215	658,888	1,591,038								
52. American Samoa	AS	N														
53. Guam	GU	N														
54. Puerto Rico	PR	E	97,979	85,778			4,326,147	4,425,736								
55. U.S. Virgin Islands	VI	E	337,520	254,652		1,211,798	7,019,059	6,070,315								
56. Northern Mariana Islands	MP	N														
57. Canada	CAN	N	46,788	202,014		198,487	(71,877)	529,690								
58. Aggregate Other Alien	OT	X X X	4,768,870	7,111,484		8,183,905	3,113,809	34,127,180								
59. Totals	(a)		850,721,521	848,616,895		331,335,889	1,010,924,568	2,231,117,527								

DETAILS OF WRITE-INS									
58001. BMU Bermuda	X X X		1,943,677	975,882			(181,908)	2,551,194	
58002. NLD Netherlands	X X X		1,333,322	823,604		6,811	112,784	668,943	
58003. GBR United Kingdom	X X X		1,117,449	2,572,560		3,013,254	2,125,301	8,312,548	
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X		374,422	2,739,438		5,163,840	1,057,632	22,594,495	
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X		4,768,870	7,111,484		8,183,905	3,113,809	34,127,180	

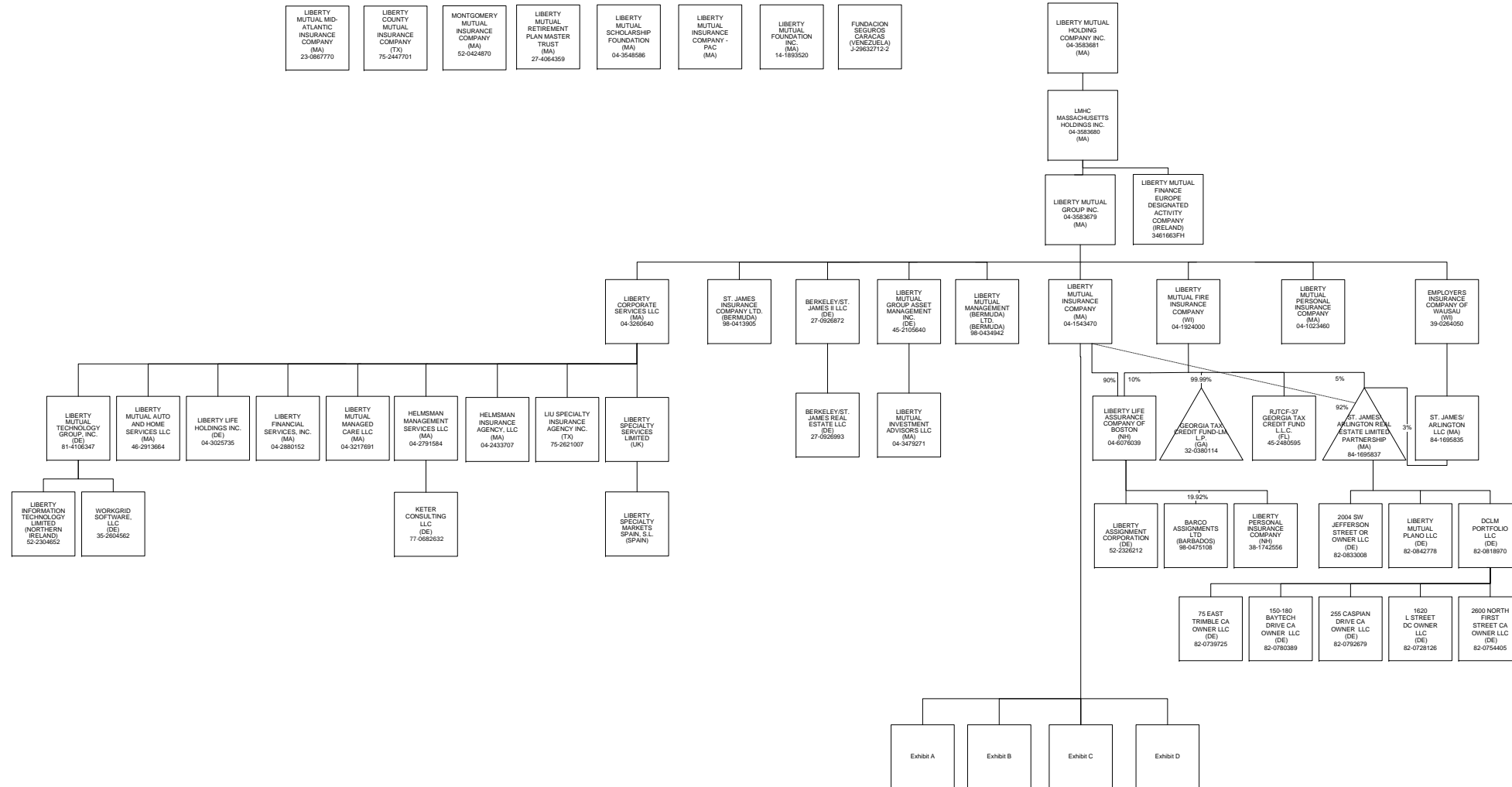
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile - see DSLI);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

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	

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

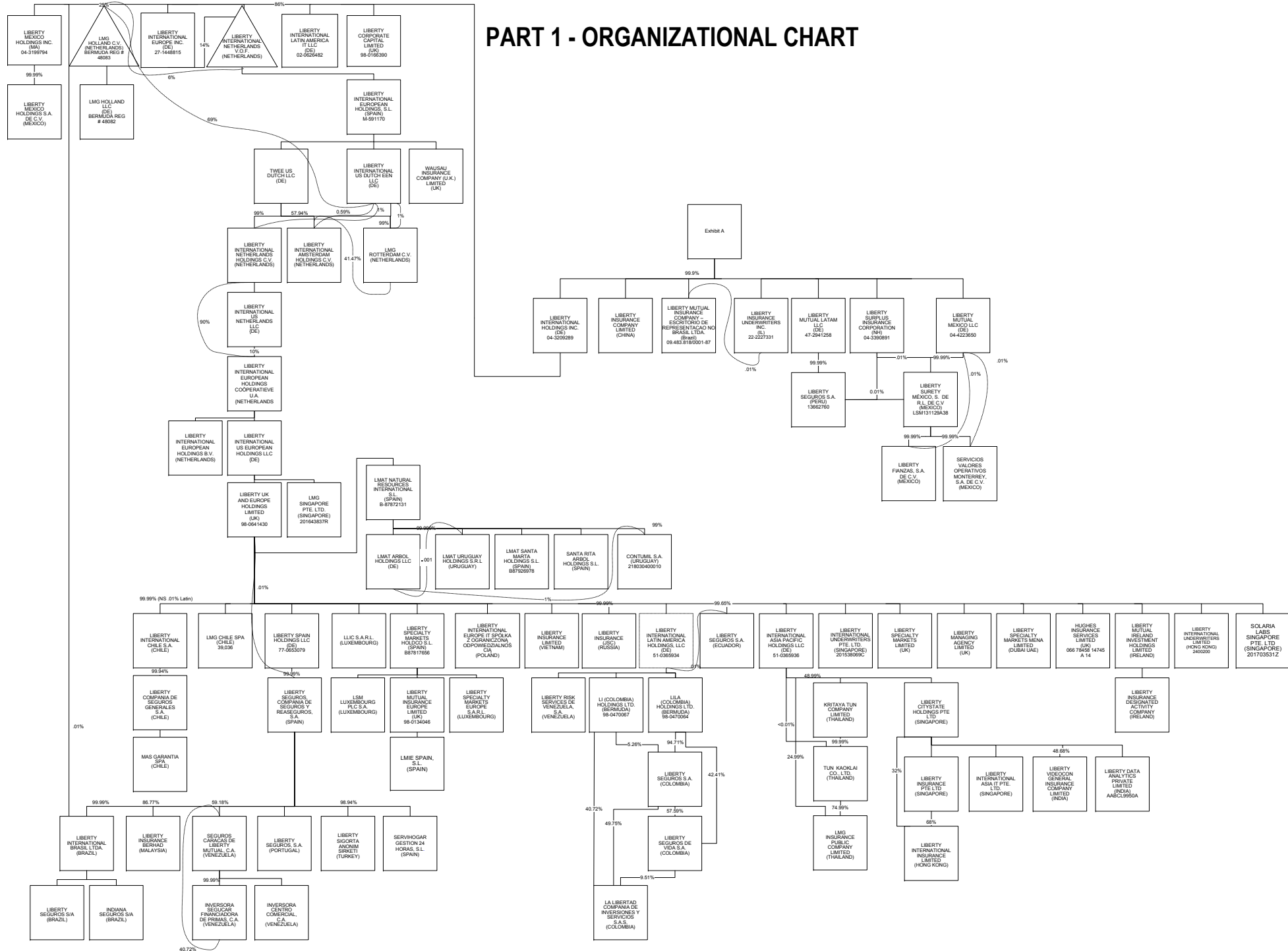
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



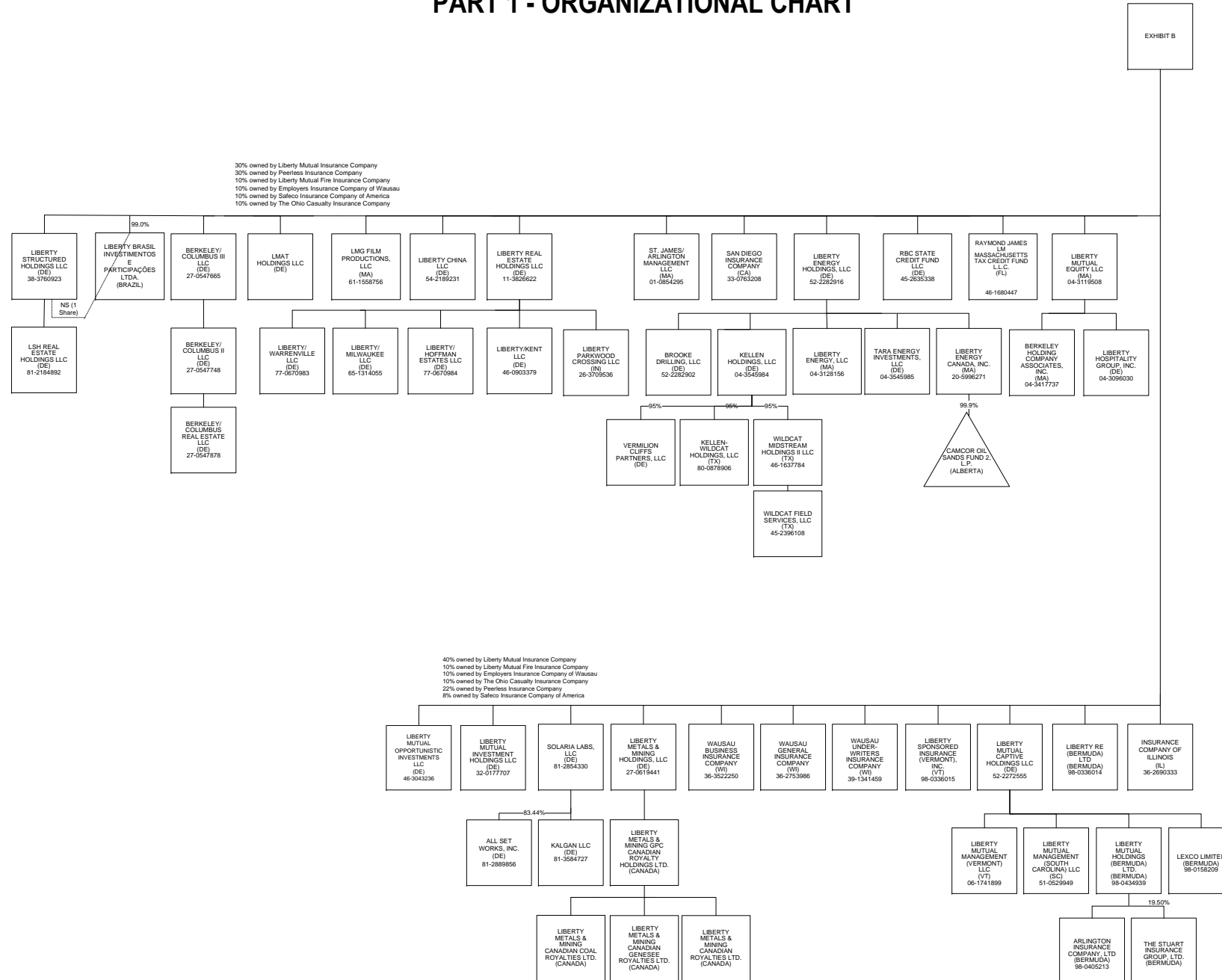
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



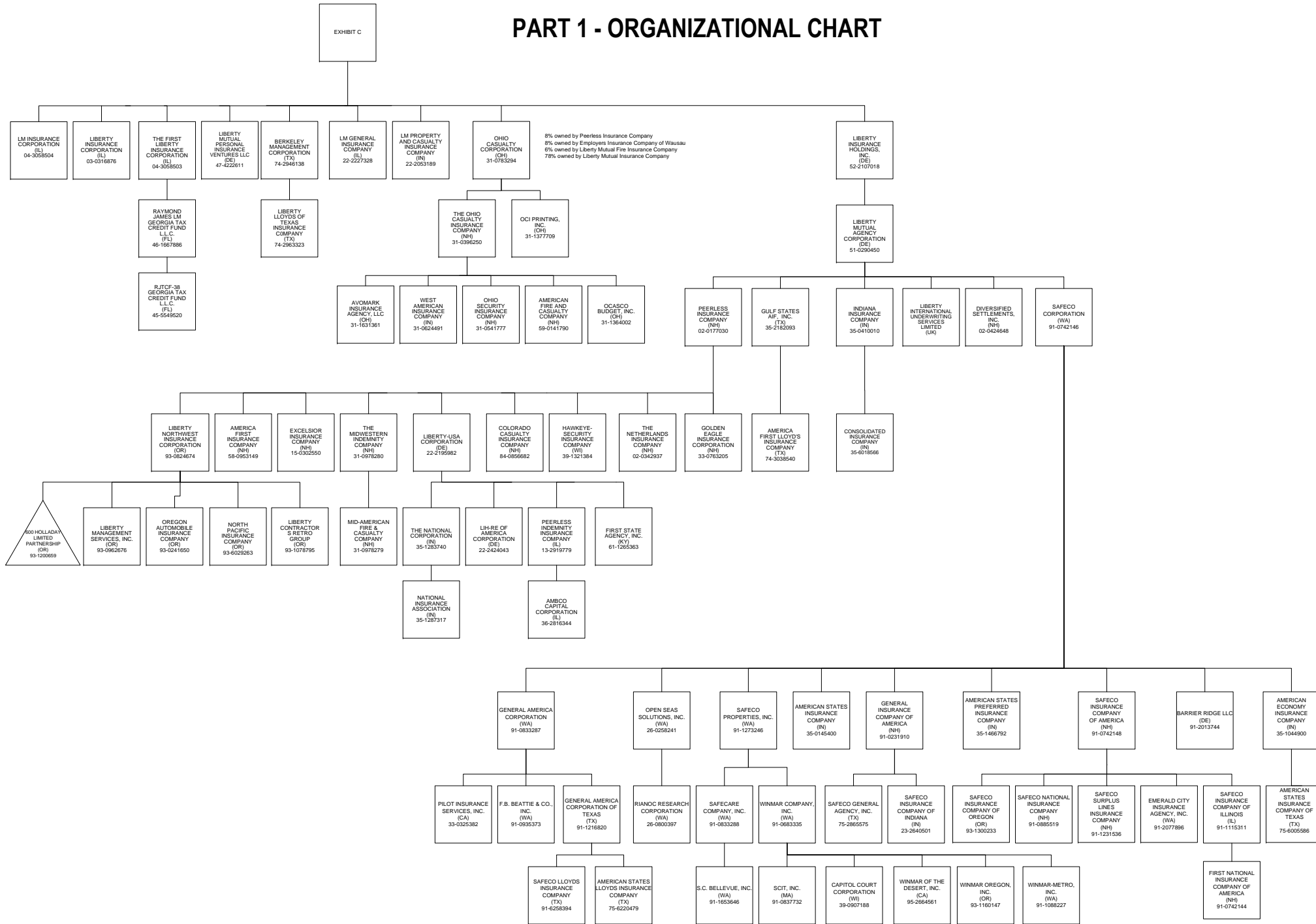
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



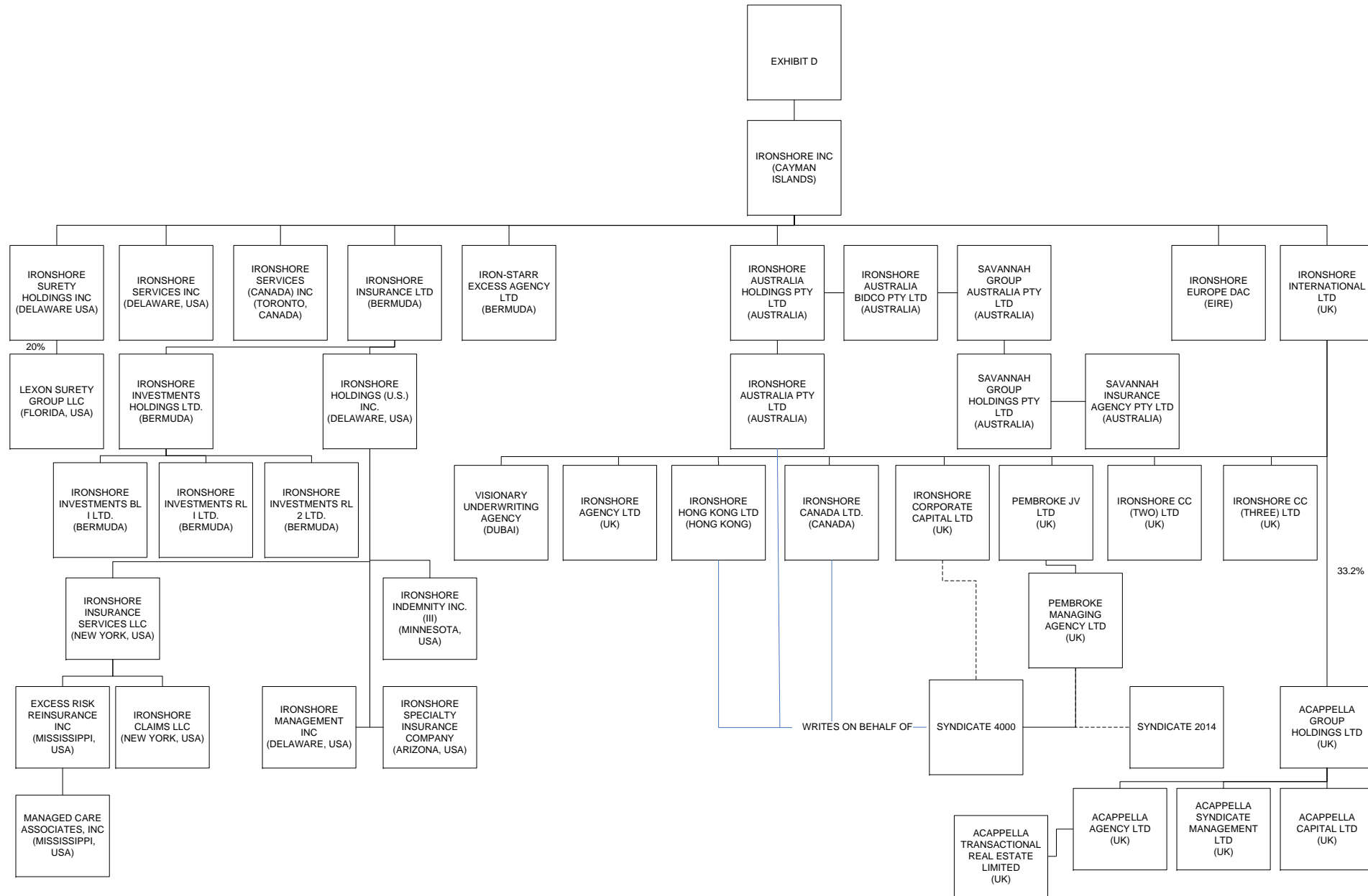
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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. Fee Income Receivables				105,468
2505. Loss Funding Escrow				29,644,037
2506. Suspense				24,671,925
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)				54,421,430

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES		
2504. Deferred Ceded Commision Income		1,232,608
2505. Deferred Fee Income		70,684
2506. Loss Funds Liability		47,546
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)		1,350,838

OVERFLOW PAGE FOR WRITE-INS

Page 94 - Continuation

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated By States and Territories

REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
58004. MYS Malaysia	X X X	239,108	38,102		777,343	(110,165)	9,172,706		
58005. AUS Australia	X X X	230,590	671,561		52,596	(127,034)	928,571		
58006. MEX Mexico	X X X	145,500	83,631			8,444	(516,720)		
58007. CHE Switzerland	X X X	64,592	70,155		(1,558)	127,883	394,568		
58008. CAN Canada	X X X	46,787	29,168		198,487	728,178	529,691		
58009. CYM Cayman Islands	X X X	18,000	77,222			50,466	175,932		
58010. ISR Israel	X X X	17,953	17,953		104,989	(125,496)	329,495		
58011. JPN Japan	X X X	13,790	13,790		29,573	(201,133)	64,933		
58012. ARE United Arab Emirates	X X X	12,927	12,927		184,023	(185,487)	586,756		
58013. MNP Northern Mariana Islands	X X X	7,727	7,727			(3,337)	2,148		
58014. HRV Croatia	X X X	3,763	3,762			658	1,321		
58015. ECU Ecuador	X X X	3,655	3,656		646,940	221,961	330,501		
58016. AFG Afghanistan	X X X					(2,095)	483		
58017. DZA Algeria	X X X				5,250	(119,208)	141,281		
58018. AZE Azerbaijan, Republic of	X X X					(6,146)	8,424		
58019. BHS Bahamas	X X X					(1,366)	219		
58020. BHR Bahrain	X X X					(12,445)	13,968		
58021. BGD Bangladesh	X X X					(25)	8,573		
58022. VGB British Virgin Islands	X X X		93,467			23,845	320,783		
58023. BRN Brunei Darussalam	X X X					1,671	1,671		
58024. BGR Bulgaria	X X X					(2,356)	1,135		
58025. CMR Cameroon	X X X					(1,709)	673		
58026. GBR Channel Islands	X X X					60,725	60,725		
58027. CHN China, People's Republic of	X X X		237,002		866,364	(1,102,462)	1,744,313		
58028. COD Congo, Democratic Republic of	X X X					(1,056)	330		
58029. CYP Cyprus	X X X					(33,365)	1,234		
58030. SLV El Salvador	X X X				717	(8,155)	597		
58031. ETH Ethiopia	X X X					(7,580)	123,315		
58032. FJI Fiji	X X X					(4,304)	1,934		
58033. FIN Finland	X X X				(2,250)	(5,069)	33,015		
58034. FRA France	X X X				1,599	(63,459)	96,790		
58035. GEO GEORGIA	X X X		6,751			421	6,307		
58036. GRC Greece	X X X					(1,419)	524		
58037. HUN Hungary	X X X				25,736	7,269	40,250		
58038. ISL Iceland	X X X				175	(8,479)	62,408		
58039. IND India	X X X					(11,790)	8,522		
58040. IRQ Iraq	X X X					(632)	1,039		
58041. IRL Ireland	X X X		769,299		12,748	(461,748)	807,209		
58042. JOR Jordan	X X X					(82,752)	61,294		
58043. KOR Korea, Republic of	X X X				1,725,570	(11,723)	1,177,589		
58044. KWT Kuwait	X X X				375	(12,735)	15,101		
58045. LAO Lao PDR	X X X					(1,186)	413		
58046. LTU Lithuania	X X X					(194)	64		
58047. LUX Luxembourg	X X X		152,631			16,283	519,937		
58048. MDG Madagascar	X X X					(517)	578		
58049. MUS Mauritius	X X X					(633)	650		
58050. MAR Morocco	X X X					(52,784)	32,044		
58051. MMR Myanmar	X X X				322,837	(134,960)	1,189		
58052. NAM Namibia	X X X					(2,490)	1,016		
58053. ANT Netherlands Antilles	X X X					1,177	1,177		
58054. NZL New Zealand	X X X		31,209		3,676	(13,080)	10,729		
58055. NGA Nigeria	X X X					(53,885)	47,653		
58056. OMN Oman	X X X					(5,939)	6,185		
58057. PAK Pakistan	X X X					(4,113)	3,629		
58058. PAN Panama	X X X		191,756		21,025	28,968	237,460		
58059. PER Peru	X X X					(577)	186		
58060. POL Poland	X X X					(260)	559		
58061. PRT Portugal	X X X					(4,830)	8,733		
58062. RUS Russian Federation	X X X				(2,655,091)	1,479,158	145,855		
58063. RWA Rwanda	X X X					(2,021)	719		
58064. SAU Saudi Arabia	X X X		97,676		56,452	14,033	124,764		
58065. ZAF South Africa	X X X					8,572	87,020		
58066. LKA Sri Lanka	X X X				10,000	8,099	5,607		
58067. SJM Svalbard and Jan Mayen Island	X X X					(15,848)	17,335		
58068. SWE Sweden	X X X		180,251		76,596	67,015	763,605		
58069. THA Thailand	X X X				57,682	(36,082)	269,101		
58070. TTO Trinidad and Tobago	X X X					(28,329)	8,745		
58071. TUN Tunisia	X X X					(25,113)	17,016		

OVERFLOW PAGE FOR WRITE-INS

Page 94 - Continuation

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated By States and Territories

REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
58072. TUR Turkey	X X X		81,300		7,969	(38,191)	104,857		
58073. UKR Ukraine	X X X					64	7,818		
58074. URY Uruguay	X X X					(33,157)	36,214		
58075. VEN Venezuela	X X X					1,759	1,759		
58076. DEU Germany	X X X	(298)	32,546		179,437	370,342	1,373,580		
58077. LBN Lebanon	X X X	(1,018)	(1,018)		2,450	(3,822)	4,204		
58078. QAT Qatar	X X X	(1,500)	(1,500)		510,371	472,250	81,754		
58079. AGO Angola	X X X	(1,523)	(1,523)			(10,873)	10,231		
58080. KHM Cambodia	X X X	(2,016)	(2,016)			(2,180)	832		
58081. COL Colombia	X X X	(2,376)	(2,376)		9,580	(22,834)	24,229		
58082. VNM Viet Nam	X X X	(2,516)	(2,516)		6,820	(39,463)	45,301		
58083. PYF French Polynesia	X X X	(2,783)	(2,783)		(990)	(2,572)	8,539		
58084. IDN Indonesia	X X X	(3,308)	(3,308)			(192,334)	79,151		
58085. TWN Taiwan, Republic of China	X X X	(4,268)	(4,268)		49,088	(240,403)	211,078		
58086. ESP Spain	X X X	(4,797)	(4,797)		12,580	1,171	10,364		
58087. EGY Egypt	X X X	(8,467)	(8,467)		8,196	(15,243)	46,472		
58088. NOR Norway	X X X	(12,800)	407,989			(869,654)	602,779		
58089. SGP Singapore	X X X	(17,996)	(17,996)		373,647	55,771	501,102		
58090. CHL Chile	X X X	(18,546)	(18,546)		95,975	(94,972)	111,372		
58091. ARG Argentina	X X X	(20,782)	(20,782)		74,592	(104,356)	28,732		
58092. PHL Philippines	X X X	(28,975)	(28,975)		61,634	(62,928)	36,404		
58093. ZZZ Other Alien	X X X	(46,788)	(202,009)		(198,419)	1,054,986	426,888		
58094. LBY Libya	X X X	(83,105)	(83,105)			(22,302)	8,289		
58095. BRA Brazil	X X X	(166,108)	(166,108)		1,449,056	1,099,318	(219,031)		
58097. Total (Lines 58004 through 58096) (Page 94, Line 58998)	X X X	374,422	2,739,438		5,163,840	1,057,632	22,594,495		

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

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

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

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