

ANNUAL STATEMENT

OF THE

IRONSHORE INDEMNITY INC.

of MINNEAPOLIS

in the state of MINNESOTA

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 Indemnity Inc.

NAIC Group Code 0000 0111 NAIC Company Code 23647 Employer's ID Number 41-0121640
Organized under the Laws of Minnesota, State of Domicile or Port of Entry MN
Country of Domicile USA
Incorporated/Organized August 1, 1919 Commenced Business October 11, 1919
Statutory Home Office 1010 Dale Street North, Saint Paul, MN, US 55117
Main Administrative Office 28 Liberty Street, New York, NY, US 10005
Mail Address P.O. Box 3407, New York, NY, US 10008
Primary Location of Books and Records 28 Liberty Street, New York, NY, US 10005
Internet Web Site Address www.ironshore.com
Statutory Statement Contact Lindsey Pendergast, 617-357-9500 x41177
Statutory.Compliance@LibertyMutual.com, 646-826-6601

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), Frank William Robinson, Jr # (Chief Financial Officer and 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 lines for Shaun Everett Kelly, Mark Charles Touhey #, and Laurence Henry Soyer Yahia # with printed names and titles.

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)	75,593,283		75,593,283	231,779,028
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	526,400		526,400	38,782,205
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 (\$ 6,550,870, Schedule E - Part 1), cash equivalents (\$ 5,364,483, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	11,915,353		11,915,353	8,879,921
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	947,229		947,229	
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)	88,982,265		88,982,265	279,441,154
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	407,850		407,850	1,304,081
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	25,722,348		25,722,348	74,398,223
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	19,103,172		19,103,172	52,250,879
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	13,072,022		13,072,022	
18.2 Net deferred tax asset	3,118,000	1,449,784	1,668,216	2,615,318
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	79,188,278	50,080,528	29,107,750	5,999,711
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	18,751,991	10,993,714	7,758,277	8,938,692
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	248,345,926	62,524,026	185,821,900	424,948,058
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	248,345,926	62,524,026	185,821,900	424,948,058

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. Intangible assets	10,993,714	10,993,714		
2502. Other assets	7,758,277		7,758,277	
2503. Loss Funding				3,741,209
2598. Summary of remaining write-ins for Line 25 from overflow page				5,197,483
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	18,751,991	10,993,714	7,758,277	8,938,692

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)		71,798,920
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		12,947,594
4. Commissions payable, contingent commissions and other similar charges		1,352,416
5. Other expenses (excluding taxes, licenses and fees)		4,583,486
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		5,924,554
7.1 Current federal and foreign income taxes (including \$ 5,525,742 on realized capital gains (losses))		733,172
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 143,899,904 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)		20,290,270
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	40,666,629	67,784,734
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	821,532	182,004
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)	1,254,488	577,160
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	43,851,866	60,999,991
20. Derivatives		
21. Payable for securities		2,698
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		12,127,314
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	86,594,515	259,304,313
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	86,594,515	259,304,313
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	5,000,000	5,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	157,165,381	156,938,671
35. Unassigned funds (surplus)	(62,937,995)	3,705,076
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)	99,227,386	165,643,747
38. Totals (Page 2, Line 28, Col. 3)	185,821,901	424,948,060

DETAILS OF WRITE-IN LINES		
2501. Funds Held Liability		84,849
2502. Deferred Fee Income		96,714
2503. Payable due others		7,983,189
2598. Summary of remaining write-ins for Line 25 from overflow page		3,962,562
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		12,127,314
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)	23,314,554	45,226,329
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	15,504,225	26,034,720
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	4,268,502	9,343,089
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	10,701,002	21,946,272
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	30,473,729	57,324,081
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(7,159,175)	(12,097,752)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,935,752	6,125,820
10. Net realized capital gains (losses) less capital gains tax of \$ 1,934,000 (Exhibit of Capital Gains (Losses))	3,591,742	164,994
11. Net investment gain (loss) (Lines 9 + 10)	8,527,494	6,290,814
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	(28,145,322)	10,317,934
15. Total other income (Lines 12 through 14)	(28,145,322)	10,317,934
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(26,777,003)	4,510,996
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)	(26,777,003)	4,510,996
19. Federal and foreign income taxes incurred	(15,501,000)	644,334
20. Net income (Line 18 minus Line 19) (to Line 22)	(11,276,003)	3,866,662
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	165,643,746	153,969,189
22. Net income (from Line 20)	(11,276,003)	3,866,662
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 41,466	(4,683,830)	2,533,626
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(1,157,744)	(2,390,496)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(48,848,166)	6,647,440
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(677,327)	1,017,325
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	226,710	
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)	(66,416,360)	11,674,557
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	99,227,386	165,643,746

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. Fronting Fee Income	655,819	2,479,368
1402. Other Income	(28,801,141)	7,838,566
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(28,145,322)	10,317,934
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	114,559,264	36,857,134
2. Net investment income	5,055,926	7,037,645
3. Miscellaneous income	(27,831,424)	10,317,934
4. Total (Lines 1 through 3)	91,783,766	54,212,713
5. Benefit and loss related payments	(13,760,422)	42,346,112
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	19,161,597	28,655,214
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	238,273	1,503,321
10. Total (Lines 5 through 9)	5,639,448	72,504,647
11. Net cash from operations (Line 4 minus Line 10)	86,144,318	(18,291,934)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	122,901,598	151,351,725
12.2 Stocks	44,434,209	10,702,052
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	723	866
12.7 Miscellaneous proceeds	(947,229)	1,520,000
12.8 Total investment proceeds (Lines 12.1 to 12.7)	166,389,301	163,574,643
13. Cost of investments acquired (long-term only):		
13.1 Bonds	50,135,269	181,899,736
13.2 Stocks	5,479,622	10,838,341
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		1,791,257
13.7 Total investments acquired (Lines 13.1 to 13.6)	55,614,891	194,529,334
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)	110,774,410	(30,954,691)
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	226,710	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(194,110,008)	44,862,756
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(193,883,298)	44,862,756
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,035,430	(4,383,869)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	8,879,923	13,263,792
19.2 End of year (Line 18 plus Line 19.1)	11,915,353	8,879,923

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	381,655,375
20.0002	13.1 - Cost of Investment Acquired - Bonds	298,607,070
20.0003	16.6 Other Cash Provided (applied)	83,048,306

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	364,126	161,287		525,413
2. Allied lines	70,287	518,717		589,004
3. Farmowners multiple peril				
4. Homeowners multiple peril	116,361	22,094		138,455
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine	297,529	132,127		429,656
9. Inland marine	143,444	80,976		224,420
10. Financial guaranty				
11.1 Medical professional liability—occurrence	(10,356)	252,456		242,100
11.2 Medical professional liability—claims-made	999,507	1,162,954		2,162,461
12. Earthquake	20,410	9,084		29,494
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	10,773,027	2,652,769		13,425,796
16. Workers' compensation				
17.1 Other liability—occurrence	2,251,854	4,170,923		6,422,777
17.2 Other liability—claims-made	9,668,224	7,554,601		17,222,825
17.3 Excess workers' compensation				
18.1 Products liability—occurrence		370		370
18.2 Products liability—claims-made	12,643	8,350		20,993
19.1,19.2 Private passenger auto liability	126,566	121,521		248,087
19.3,19.4 Commercial auto liability				
21. Auto physical damage	574,919	526,649		1,101,568
22. Aircraft (all perils)	10,483	(900)		9,583
23. Fidelity				
24. Surety	(1,582,489)	2,527,584	239	944,856
26. Burglary and theft	217,777	219,326		437,103
27. Boiler and machinery	5,714	121		5,835
28. Credit	14,015	169,262		183,277
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	24,074,041	20,290,271	239	44,364,073

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	333,894		7,999,213	2,462,418	5,506,563	364,126
2. Allied lines	35,929		2,303,499	2,120,471	148,670	70,287
3. Farmowners multiple peril						
4. Homeowners multiple peril	4,281,035			2,481,044	1,683,631	116,360
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine	7,034,123			3,565,546	3,171,048	297,529
9. Inland marine	24,506,792			8,766,743	15,596,605	143,444
10. Financial guaranty						
11.1 Medical professional liability--occurrence	735,776		(57,139)	644,964	44,030	(10,357)
11.2 Medical professional liability--claims-made	2,658,469		12,880,697	8,575,699	5,963,960	999,507
12. Earthquake	17,963		449,436	139,092	307,897	20,410
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	52,311,056		32,058,631	70,997,464	2,599,196	10,773,027
16. Workers' compensation						
17.1 Other liability—occurrence	33,658,651		5,037,328	19,567,770	16,876,355	2,251,854
17.2 Other liability—claims-made	84,459,797		23,795,059	75,153,478	23,433,153	9,668,225
17.3 Excess workers' compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made	94,350			50,572	31,136	12,642
19.1,19.2 Private passenger auto liability	3,228,406			1,069,243	2,032,598	126,565
19.3,19.4 Commercial auto liability						
21. Auto physical damage	14,726,849			4,891,857	9,260,073	574,919
22. Aircraft (all perils)	(9,656)			66,137	(86,275)	10,482
23. Fidelity						
24. Surety	24,875,391		3,499,979	(5,947,509)	35,905,368	(1,582,489)
26. Burglary and theft	4,333,894			3,817,966	298,151	217,777
27. Boiler and machinery	1,097		68,130	27,470	36,044	5,713
28. Credit	668,308			498,332	155,962	14,014
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	257,952,124		88,034,833	198,948,757	122,964,165	24,074,035

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	3,860,344	529,404	4,389,747	1	18,732	487,702	506,434	1	
2. Allied lines	368,204	23,415,484	23,783,688		30,175	18,957,957	18,988,132		
3. Farmowners multiple peril									
4. Homeowners multiple peril	110,580		110,580		95,624		95,624		
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine	2,195,817		2,195,817		7,727,071	13,383	7,740,454		
9. Inland marine	2,414,247		2,414,247		10,991,654		10,991,654		
10. Financial guaranty									
11.1 Medical professional liability—occurrence	4,248,858	308,750	4,557,608		2,176,534	1,101,459	3,277,993		
11.2 Medical professional liability—claims-made	2,546,606	27,585,092	30,131,698		4,328,422	30,294,320	34,622,742		
12. Earthquake					968	27,338	28,306		
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health					21,700,259	13,381,741	35,082,000		
16. Workers' compensation									
17.1 Other liability—occurrence	10,138,534	17,029,362	27,167,896		103,395,605	28,736,919	132,132,524		
17.2 Other liability—claims-made	34,277,107	1,883,459	36,160,566		204,865,088	12,049,264	216,914,352		
17.3 Excess workers' compensation									
18.1 Products liability—occurrence					2,084,143	20,213	2,104,356		
18.2 Products liability—claims-made					162,571	444,944	607,515		
19.1,19.2 Private passenger auto liability	1,578,616		1,578,616		1,851,260		1,851,260		
19.3,19.4 Commercial auto liability									
21. Auto physical damage	525,847		525,847		7,877,133		7,877,133		
22. Aircraft (all perils)	1,007,636		1,007,636		92,819		92,819		
23. Fidelity					871		871		
24. Surety	5,684,378	2,820,527	8,504,905		8,615,398	6,774,888	15,390,287	(1)	
26. Burglary and theft	245,000		245,000		4,978,509	3,928	4,982,436	1	
27. Boiler and machinery					71	3,972	4,043		
28. Credit					1,539,988		1,539,988		
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	69,201,774	73,572,078	142,773,851	1	382,532,895	112,298,028	494,830,923	1	

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	32,512,582			32,512,582
1.2 Reinsurance assumed	1,375,905			1,375,905
1.3 Reinsurance ceded	29,619,986			29,619,986
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	4,268,501			4,268,501
2. Commission and brokerage:				
2.1 Direct, excluding contingent		48,608,944		48,608,944
2.2 Reinsurance assumed, excluding contingent		13,109,807		13,109,807
2.3 Reinsurance ceded, excluding contingent		78,510,508		78,510,508
2.4 Contingent—direct		1,158,734		1,158,734
2.5 Contingent—reinsurance assumed		1,509,714		1,509,714
2.6 Contingent—reinsurance ceded		688,099		688,099
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)		(14,811,408)		(14,811,408)
3. Allowances to manager and agents				
4. Advertising		219,183	176	219,359
5. Boards, bureaus and associations		391,123	112	391,235
6. Surveys and underwriting reports			4	4
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		9,725,205	128,283	9,853,488
8.2 Payroll taxes		510,544	5,581	516,125
9. Employee relations and welfare		2,233,787	23,175	2,256,962
10. Insurance		73,647	3,394	77,041
11. Directors' fees			4	4
12. Travel and travel items		669,456	3,936	673,392
13. Rent and rent items		999,314	7,149	1,006,463
14. Equipment		30,234	21,124	51,358
15. Cost or depreciation of EDP equipment and software		1,862,992	7,410	1,870,402
16. Printing and stationery		582,278	504	582,782
17. Postage, telephone and telegraph, exchange and express		297,508	2,949	300,457
18. Legal and auditing		374,530	3,742	378,272
19. Totals (Lines 3 to 18)		17,969,801	207,543	18,177,344
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		4,660,571		4,660,571
20.2 Insurance department licenses and fees		341,866		341,866
20.3 Gross guaranty association assessments		89,344		89,344
20.4 All other (excluding federal and foreign income and real estate)		7,170		7,170
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		5,098,951		5,098,951
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		2,438,977	27,606	2,466,583
25. Total expenses incurred	4,268,501	10,696,321	235,149	(a) 15,199,971
26. Less unpaid expenses—current year		37,445		37,445
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)	4,268,501	10,658,876	235,149	15,162,526

DETAILS OF WRITE-IN LINES				
2401. Other expenses		2,438,977	27,606	2,466,583
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)		2,438,977	27,606	2,466,583

(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) 182,609	227,505
1.1 Bonds exempt from U.S. tax	(a) 129,935	161,881
1.2 Other bonds (unaffiliated)	(a) 3,213,123	4,003,102
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	674,120	674,120
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) 97,528	104,767
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(477)	(477)
10. Total gross investment income	4,296,838	5,170,898
11. Investment expenses		(g) 235,147
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)		235,147
17. Net investment income (Line 10 minus Line 16)		4,935,751

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	(477)	(477)
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)	(477)	(477)
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 \$ 37,750 accrual of discount less \$ 592,733 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 \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(608,275)		(608,275)		
1.1 Bonds exempt from U.S. tax	96,082		96,082		
1.2 Other bonds (unaffiliated)	696,066		696,066		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	5,341,146		5,341,146	(4,642,364)	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	723		723		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	5,525,742		5,525,742	(4,642,364)	

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		1,063,186	1,063,186
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	1,449,784	1,618,960	169,176
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	50,080,528		(50,080,528)
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	10,993,714	10,993,713	(1)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	62,524,026	13,675,859	(48,848,167)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	62,524,026	13,675,859	(48,848,167)

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. Intangible Asset	10,993,714	10,993,713	(1)
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)	10,993,714	10,993,713	(1)

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of Ironshore Indemnity Inc. (the “Company”) have been prepared in conformity with accounting practices prescribed or permitted by the State of Minnesota Department of Insurance (the “Department”). These practices are consistent with those prescribed or permitted under the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”), subject to any deviations prescribed or permitted by the State of Minnesota Commerce Commissioner.

NET INCOME

	SSAP #	F/S Page	F/S Line #	2017	2016
1. Ironshore Indemnity Inc. state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	(\$11,276,003)	\$3,866,663
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>(\$11,276,003)</u>	<u>\$3,866,663</u>

SURPLUS

5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$99,227,386	\$165,643,746
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>\$99,227,386</u>	<u>\$165,643,746</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 1C(7).
- Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).
- Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.

NOTES TO FINANCIAL STATEMENTS

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.

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: None

NOTES TO FINANCIAL STATEMENTS

4. All impaired Loan Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2017:
- | | | |
|---|------------------------|--------------|
| a. The aggregate amount of unrealized losses: | 1. Less than 12 Months | (\$490,388) |
| | 2. 12 Months or Longer | \$ - |
| b. The aggregate related fair value of securities with unrealized losses: | 1. Less than 12 Months | \$27,460,256 |
| | 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.

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)

NOTES TO FINANCIAL STATEMENTS

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	-	-	-	-	-	452,800	(452,800)
j. On deposit with states	8,267,358	-	-	-	8,267,358	8,194,716	72,642
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	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$8,267,358	\$ -	\$ -	\$ -	\$8,267,358	\$8,647,516	(\$380,158)

(a) Subset of column 1

(b) Subset of column 3

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	-	-	- %	- %

NOTES TO FINANCIAL STATEMENTS

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	-	-	-	-
j. On deposit with states	-	8,267,358	3%	4%
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	-	-	-	-
n. Other restricted assets	-	-	-	-
o. Total Restricted Assets	\$ -	\$8,267,358	3%	4%

(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.

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

NOTES TO FINANCIAL STATEMENTS

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	\$ 5,540,000	\$ 201,000	\$ 5,741,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	5,540,000	201,000	5,741,000
(d) Deferred Tax Assets Nonadmitted	1,449,784	-	1,449,784
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	4,090,216	201,000	4,291,216
(f) Deferred Tax Liabilities	1,443,000	1,180,000	2,623,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 2,647,216	\$ (979,000)	\$ 1,668,216

	12/31/2016		
	(4)	(5)	(6) (Col 4+5) Total
	Ordinary	Capital	
(a) Gross Deferred Tax Assets	\$ 5,793,202	\$ 235,709	\$ 6,028,911
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	5,793,202	235,709	6,028,911
(d) Deferred Tax Assets Nonadmitted	1,618,960	-	1,618,960
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	4,174,242	235,709	4,409,951
(f) Deferred Tax Liabilities	72,749	1,721,884	1,794,633
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 4,101,493	\$ (1,486,175)	\$ 2,615,318

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (253,202)	\$ (34,709)	\$ (287,911)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(253,202)	(34,709)	(287,911)
(d) Deferred Tax Assets Nonadmitted	(169,176)	-	(169,176)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(84,026)	(34,709)	(118,735)
(f) Deferred Tax Liabilities	1,370,251	(541,884)	828,367
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ (1,454,277)	\$ 507,175	\$ (947,102)

NOTES TO FINANCIAL STATEMENTS

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.	\$ 268,870	\$ -	\$ 268,870
(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)	1,399,346	-	1,399,346
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,399,346	-	1,399,346
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	-	-	19,925,120
(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.	1,443,000	1,180,000	2,623,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 3,111,216	\$ 1,180,000	\$ 4,291,216

	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.	\$ 1,077,455	\$ -	\$ 1,077,455
(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)	3,290,646	-	3,290,646
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	3,290,646	-	3,290,646
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			24,454,264
(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.	(193,860)	235,709	41,849
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 4,174,241	\$ 235,709	\$ 4,409,950

	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.	\$ (808,585)	\$ -	\$ (808,585)
(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)	(1,891,300)	-	(1,891,300)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(1,891,300)	-	(1,891,300)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(4,529,144)
(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.	1,636,860	944,291	2,581,151
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ (1,063,025)	\$ 944,291	\$ (118,734)

NOTES TO FINANCIAL STATEMENTS

3.

	2017	2016
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	604.2%	427.8%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	97,559,170	163,028,427

4.

	12/31/2017		12/31/2016		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	(Col 1-3) Ordinary	(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)	\$ 5,540,000	\$ 201,000	\$ 5,793,202	\$ 235,709	\$ (253,202)	\$ (34,709)
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)	\$ 4,090,216	\$ 201,000	\$ 4,174,242	\$ 235,709	\$ (84,026)	\$ (34,709)
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	\$ (15,501,078)	\$ 644,329	\$ (16,145,407)
(b) Foreign	78	-	78
(c) Subtotal	(15,501,000)	644,329	(16,145,329)
(d) Federal income tax on net capital gains	1,934,000	88,843	1,845,157
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ (13,567,000)	\$ 733,172	\$ (14,300,172)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ -	\$ 1,923,233	\$ (1,923,233)
(2) Unearned premium reserve	-	1,420,319	(1,420,319)
(3) Policyholder reserves	-	-	-
(4) Investments	11,000	-	11,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	-	372,115	(372,115)
(11) Net operating loss carry-forward	4,934,000	-	4,934,000
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	595,000	2,077,535	(1,482,535)
(99) Subtotal	5,540,000	5,793,202	(253,202)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	1,449,784	1,618,960	(169,176)

NOTES TO FINANCIAL STATEMENTS

(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	4,090,216	4,174,242	(84,026)
(e) Capital			
(1) Investments	201,000	233,310	(32,310)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	2,399	(2,399)
(99) Subtotal	201,000	235,709	(34,709)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	201,000	235,709	(34,709)
(i) Admitted deferred tax assets (2d + 2h)	4,291,216	4,409,951	(118,735)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	29,000	72,749	(43,749)
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	1,414,000	-	1,414,000
(99) Subtotal	1,443,000	72,749	1,370,251
(b) Capital:			
(1) Investments	1,180,000	1,721,884	(541,884)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	1,180,000	1,721,884	(541,884)
(c) Deferred tax liabilities (3a99 + 3b99)	2,623,000	1,794,633	828,367
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 1,668,216	\$ 2,615,318	\$ (947,102)

- 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, accrued expenses, 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	\$ 23,495,000	2037

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

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is none from the current year and \$687,800 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:

All Set Works, Inc.	Liberty Mutual Group Inc.
AMBCO Capital Corporation	Liberty Mutual Holding Company Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyd's Insurance Company	Liberty Mutual Personal Insurance Company
American Economy Insurance Company	Liberty Mutual Technology Group, Inc.
American Fire and Casualty Company	Liberty Northwest Insurance Corporation

NOTES TO FINANCIAL STATEMENTS

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

* 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.

NOTES TO FINANCIAL STATEMENTS

- D. At December 31, 2017, the Company reported a net \$35,336,412 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has a limited agreement in place with an affiliated company to guarantee claim payments for a single program in the event the affiliated company cannot meet its claim payment obligations. The affiliate company collateralizes the obligations at 110% of the estimated claims value. The Company considers the possibility of payment extremely remote.
- 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

The Company has not entered into any agreements with the Federal Home Loan Bank.

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

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 50,000 shares authorized, 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.

NOTES TO FINANCIAL STATEMENTS

5. The maximum amount of dividends that can be paid by Minnesota-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.

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

NOTES TO FINANCIAL STATEMENTS

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

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
Huntington T. Block Insurance Agency Inc. 1120 20th Street NW, 6th Floor Washington, DC 20036	52-1725111	NO	Fine Arts	U	\$23,467,034
Condon and Skelly Inc. 555 North Lane, Suite 6060 Conshohocken, PA 19428	22-1762320	NO	Fine Arts	U	\$17,953,172
Total	XXX	XXX	XXX	XXX	\$41,420,206

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

NOTES TO FINANCIAL STATEMENTS

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.

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	-	-	526,400	526,400
Total Common Stocks	-	-	526,400	526,400
Other Assets				
Other Assets	-	-	-	-
Total assets at fair value	\$ -	\$ -	\$526,400	\$526,400
b. Liabilities at fair value				
Derivative Liabilities	\$ -	\$ -	\$ -	\$ -
.....				
.....				
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

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

NOTES TO FINANCIAL STATEMENTS

U.S. State and Municipal	-	-	-	-	-	-	-	-	-	-
Corporate and Other	-	-	-	-	-	-	-	-	-	-
Foreign Government Securities	-	-	-	-	-	-	-	-	-	-
Total Bonds	-	-	-	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	-	1,052,800	-	-	-	-	-	(526,400)	-	526,400
Total	\$ -	\$1,052,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (526,400)	\$ -	\$526,400

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. Government and Agency Securities

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

Municipal Securities

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

Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily

NOTES TO FINANCIAL STATEMENTS

classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Foreign government securities

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

Common and Preferred Stocks

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

Other Invested Assets

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

5. Derivative Fair Values

Not applicable.

B. Other Fair Value Disclosures

Not applicable.

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	\$11,915,353	\$502,851	\$ -	\$ -	\$ -
Bonds	75,022,104	75,593,283	22,991,944	52,030,160	-	-
Preferred Stock	-	-	-	-	-	-
Common Stock	526,400	526,400	-	-	526,400	-
Securities Lending	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Surplus Notes	-	-	-	-	-	-
Total	\$76,051,355	\$88,035,036	\$23,494,795	\$52,030,160	\$526,400	\$ -

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.

NOTES TO FINANCIAL STATEMENTS

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.

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	\$52,077,000
Liberty Mutual Group:			
Liberty Mutual Insurance Company	23043	04-1543470	
Lloyd's Syndicate 4472		AA-1126006	
Lloyd's Syndicate 4000		AA-1126005	
Liberty Mutual Insurance Europe Limited		AA-1120855	
Ironshore Insurance Ltd.		AA-3190917	
Total Liberty Mutual Group			26,963,000
Swiss Re Group:			
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Company Limited		AA-1460146	
Total Swiss Re Group			26,471,000
Lexon Surety Group:			
Lexon Insurance Company	13307	76-0128873	
Bond Safeguard Insurance Company	27081	36-2761729	
Total Lexon Surety Group			21,847,000
Partner Re Group:			
Partner Reinsurance Company of the U.S.	38636	13-3031176	
Partner Reinsurance Company Ltd		AA-3190686	
Partner Reinsurance Europe Limited		AA-1780078	
Total Partner Re Group			21,217,000
Markel Group:			
Markel Global Reinsurance Company	10829	06-1481194	
Markel Insurance Company	38970	36-3101262	
Total Markel Group:			12,199,000
Munich Re Group:			
Munich Reinsurance America, Inc.	10227	13-4924125	
Munich Reinsurance Company		AA-1340165	
Great Lakes Reinsurance (UK) PLC		AA-1120697	
Hartford Steam Boiler Inspec & Ins Co CT	29890	06-1240885	
Total Munich Re Group			10,159,000
AIG Group:			

NOTES TO FINANCIAL STATEMENTS

National Union Fire Insurance Company of Pittsburg, PA	19445	25-0687550	
AIG Europe Limited		AA-1120841	
Total AIG Group			9,344,000
Sompo Group:			
Endurance Assurance Corporation	11551	35-2293075	
Lloyd's Syndicate 4444		AA-1126004	
Lloyd's Syndicate 958		AA-1126958	
Total Sompo Group			8,288,000
Total:			\$188,565,000

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

1. 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	\$ -	\$ -	\$92,502,813	\$6,929,000	(\$92,502,813)	(\$6,929,000)
b. All Other	30,017,803	4,339,030	51,397,091	18,248,597	(21,379,288)	(13,909,567)
c. Total	\$30,017,803	\$4,339,030	\$143,899,904	\$25,177,597	(\$113,882,101)	(\$20,838,567)
d. Direct Unearned Premium Reserve						\$113,882,101

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2017 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$2,792,442	-	\$2,792,442	-
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	\$2,792,442	-	\$2,792,442	-

3. 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	\$ -

F. Retroactive Reinsurance

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

	Reported Company	
	As: <u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
1 Initial Reserves	\$4,903,292	-
2 Adjustments - Prior Year (s)	(940,730)	-
3 Adjustments - Current Year	(332,886)	-
4 Current Total	<u>\$3,629,676</u>	-

NOTES TO FINANCIAL STATEMENTS

b.	Consideration Paid or Received:		
	1 Initial Consideration	\$5,079,360	\$28,257,489
	2 Adjustments - Prior Year (s)	-	-
	3 Adjustments - Current Year	-	-
	4 Current Total	\$5,079,360	\$28,257,489
c.	Paid Losses Reimbursed or Recovered:		
	1 Prior Year (s)	\$996,564	-
	2 Current Year	1,583,095	-
	3 Current Total	\$2,579,659	-
d.	Special Surplus from Retroactive Reinsurance:		
	1 Initial Surplus Gain or Loss	(\$820,496)	(\$28,257,489)
	2 Adjustments - Prior Year (s)	940,730	-
	3 Adjustments - Current Year	(1,250,209)	-
	4 Current Year Restricted Surplus	-	-
	5 Cumulative Total Transferred to Unassigned Funds	(\$1,129,975)	(\$28,257,489)

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>
Ark Indemnity Company, 98-0404349	\$3,629,676	\$ -
National Indemnity Company, 20087	-	70,012,517
Liberty Mutual Insurance Company, 23043	-	(70,012,517)
Total	\$3,629,676	\$ -

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 \$769,670. As of December 31, 2017, the Company has a remaining deposit balance of \$96,294 after taking into account interest expense of \$88,457 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.

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.

NOTES TO FINANCIAL STATEMENTS

		NAIC Company <u>Number</u>	Pooling <u>Percentage</u>	Line of <u>Business</u>
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
	Ironshore Indemnity Inc. ("IIP")	26357	0.00%	All Lines
	Ironshore Specialty Insurance Company ("ISIC")	25445	0.00%	All Lines
100% Quota				
Share Affiliated	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines
Companies:				

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.

NOTES TO FINANCIAL STATEMENTS

- 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	\$11,396,531

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

Not applicable.

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? Minnesota
- 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). 04/17/2017
- 3.4 By what department or departments?
 Minnesota Department of Commerce

- 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.

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.....

.....

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	
12.13 Total book/adjusted carrying value	\$

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
.....
.....

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

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

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes No

24.02 If no, give full and complete information, relating thereto:

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

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

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A

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

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No

GENERAL INTERROGATORIES

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

25.21	Subject to repurchase agreements	\$ _____
25.22	Subject to reverse repurchase agreements	\$ _____
25.23	Subject to dollar repurchase agreements	\$ _____
25.24	Subject to reverse dollar repurchase agreements	\$ _____
25.25	Placed under option agreements	\$ _____
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
25.27	FHLB Capital Stock	\$ <u>526,400</u>
25.28	On deposit with states	\$ <u>8,267,358</u>
25.29	On deposit with other regulatory bodies	\$ _____
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
25.32	Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK IOWA	526,400

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon	601 Travis Street, Houston, TX 77002

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
.....
.....
29.2999 TOTAL		

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	75,593,283	75,022,052	(571,231)
30.2 Preferred stocks			
30.3 Totals	75,593,283	75,022,052	(571,231)

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? \$ _____

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
.....	\$
.....	\$
.....	\$

35.1 Amount of payments for legal expenses, if any? \$ 318,661

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	\$ 91,019
.....	\$
.....	\$

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

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
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ _____		\$ _____	
2.2 Premium Denominator	\$ 44,364,073		\$ 45,226,329	
2.3 Premium Ratio (2.1 / 2.2)	_____		_____	
2.4 Reserve Numerator	\$ _____		\$ 8,347,280	
2.5 Reserve Denominator	\$ _____		\$ 105,036,783	
2.6 Reserve Ratio (2.4 / 2.5)	_____		0.08	

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 \$ _____

3.22 Non-participating policies \$ 257,952,124

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
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 | | \$ | |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | |
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ _____
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | | | |
|------------|--|--|--|---|
| 12.41 From | | | | % |
| 12.42 To | | | | % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|----------------------------------|--|----|--|
| 12.61 Letters of Credit | | \$ | |
| 12.62 Collateral and other funds | | \$ | |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 83,175,000
- 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. _____ 5
- 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 | \$ | | | | | |
| 16.12 Products | \$ | | | | | |
| 16.13 Automobile | \$ | | | | | |
| 16.14 Other* | \$ | | | | | |

* Disclose type of coverage: 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [] No [X]

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2017	2016	2015	2014	2013
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	166,491,394	191,860,413	184,623,604	230,616,968	208,770,027
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	54,707,469	59,221,487	88,388,113	65,121,652	53,163,424
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	11,374,729	9,411,963	7,945,240	5,703,352	5,255,383
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	113,413,365	138,556,873	109,130,121	94,089,289	45,246,527
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	345,986,957	399,050,736	390,087,078	395,531,261	312,435,361
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)	13,048,436	21,992,406	26,564,910	38,181,724	34,012,207
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,390,963	3,120,420	10,132,742	8,598,442	7,958,491
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	430,084	209,261	420,610	349,596	488,404
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	9,204,552	19,393,792	14,516,315	14,799,169	8,790,175
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	24,074,035	44,715,879	51,634,577	61,928,931	51,249,277
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(7,159,175)	(12,097,752)	(7,345,633)	(4,680,569)	(6,304,043)
14. Net investment gain (loss) (Line 11)	8,527,494	6,290,815	4,578,455	7,501,390	4,219,198
15. Total other income (Line 15)	(28,145,322)	10,317,934	1,807,623	783,923	(9,796)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	(15,501,000)	644,334	(911,454)	710,324	(2,185,231)
18. Net income (Line 20)	(11,276,003)	3,866,663	(48,101)	2,894,420	90,590
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	185,821,900	424,948,058	359,823,487	347,414,611	270,426,386
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	25,722,348	74,398,223	50,908,460	73,567,547	49,232,870
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)	86,594,515	259,304,312	205,854,298	190,811,131	149,886,269
22. Losses (Page 3, Line 1)		71,798,920	72,863,268	63,582,066	42,853,988
23. Loss adjustment expenses (Page 3, Line 3)		12,947,594	12,553,535	10,384,957	7,082,055
24. Unearned premiums (Page 3, Line 9)		20,290,270	20,800,720	29,158,576	25,988,120
25. Capital paid up (Page 3, Lines 30 & 31)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	99,227,386	165,643,746	153,969,189	156,603,481	120,540,117
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	86,144,318	(18,291,934)	18,682,103	10,376,156	(8,892,252)
Risk-Based Capital Analysis					
28. Total adjusted capital	99,227,386	165,643,746	153,969,189	156,603,481	120,540,117
29. Authorized control level risk-based capital	16,146,304	38,111,596	34,812,227	31,178,527	23,782,944
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	85.0	82.9	80.4	79.1	80.9
31. Stocks (Lines 2.1 & 2.2)	0.6	13.9	13.8	14.1	15.4
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)	13.4	3.2	5.3	6.9	3.7
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)	1.1		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)	(4,683,830)	2,533,626	510,243	(391,128)	676,541
52. Dividends to stockholders (Line 35)			(5,000,000)		
53. Change in surplus as regards policyholders for the year (Line 38)	(66,416,360)	11,674,557	(2,634,292)	36,063,364	23,007,915
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)	72,190,791	108,937,477	92,968,643	46,978,655	34,115,162
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	26,580,077	17,924,632	14,922,029	13,928,936	39,931,992
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,503,752	2,958,335	1,739,700	1,946,713	936,301
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	55,437,622	48,044,080	42,927,044	28,198,457	3,934,208
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	161,712,242	177,864,524	152,557,416	91,052,761	78,917,663
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)	4,253,939	16,072,543	15,819,873	7,846,249	6,004,854
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,857,030	2,385,203	2,410,480	2,133,076	3,099,919
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	126,060	172,888	150,502	250,989	122,298
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	7,486,387	8,468,435	7,769,962	5,451,553	786,842
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	13,723,416	27,099,069	26,150,817	15,681,867	10,013,913
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)	66.5	57.6	59.1	62.0	55.4
68. Loss expenses incurred (Line 3)	18.3	20.7	18.4	18.9	18.3
69. Other underwriting expenses incurred (Line 4)	45.9	48.5	34.8	27.1	41.7
70. Net underwriting gain (loss) (Line 8)	(30.7)	(26.7)	(12.2)	(8.0)	(15.4)
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)	161.4	26.0	36.9	24.4	33.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	84.8	78.2	77.5	80.9	73.7
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)	24.3	27.0	33.5	39.5	42.5
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)		(3,671)	3,648	5,754	2,349
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)		(2.4)	2.3	4.8	2.4
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)		3,324	8,807	7,261	(2,954)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)		2.1	7.3	7.4	(3.1)

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	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X								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				13	13	7	7				X X X	
8. 2014				98	98	6	6				X X X	
9. 2015				139	139	252	252				X X X	
10. 2016				1,707	1,707	258	258				X X X	
11. 2017	28,325	28,325		708	708	40	40				X X X	
12. Totals	X X X	X X X	X X X	2,665	2,665	563	563				X X X	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior													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	172	172	177	177	75	75	20	20					X X X
8. 2014	155	155	1,196	1,196	17	17	133	133					X X X
9. 2015	746	746	2,833	2,833	25	25	315	315					X X X
10. 2016	6,701	6,701	2,762	2,762	119	119	307	307					X X X
11. 2017	731	731	8,008	8,008	8	8	890	890					X X X
12. Totals	8,505	8,505	14,976	14,976	244	244	1,665	1,665					X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2. 2008									50.000		
3. 2009									50.000		
4. 2010									50.000		
5. 2011									50.000		
6. 2012									50.000		
7. 2013	464	464							50.000		
8. 2014	1,605	1,605							50.000		
9. 2015	4,310	4,310							50.000		
10. 2016	11,854	11,854							50.000		
11. 2017	10,385	10,385		36.664	36.664				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
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	7,110,163	8,071,188		5,770,853	6,278,170	4,621,921	
2. Alaska	AK	L	913,780	933,563		41,506	107,808	392,273	
3. Arizona	AZ	L	5,465,168	10,981,674		5,426,507	14,956,054	34,816,990	
4. Arkansas	AR	L	421,481	430,612		9,374	213,314	823,349	
5. California	CA	L	20,137,487	21,830,023		9,934,629	16,427,680	36,195,974	
6. Colorado	CO	L	2,856,942	3,026,620		1,871,931	1,910,834	2,999,794	
7. Connecticut	CT	L	2,801,362	2,684,804		852,280	656,074	1,820,549	
8. Delaware	DE	L	14,172,729	13,693,454		210,792	8,013,337	21,032,027	
9. District of Columbia	DC	L	2,544,942	2,568,937		85,325	616,389	3,887,476	
10. Florida	FL	L	12,918,760	12,891,423		7,832,628	13,839,309	15,072,804	
11. Georgia	GA	L	3,496,856	3,290,696		471,899	1,631,741	4,820,385	
12. Hawaii	HI	L	700,534	546,674		40,000	34,487	442,227	
13. Idaho	ID	L	519,214	563,821		125,508	182,888	523,259	
14. Illinois	IL	L	12,830,048	12,281,828		4,204,141	7,868,671	13,605,835	
15. Indiana	IN	L	1,645,051	1,663,826		212,064	899,435	2,212,774	
16. Iowa	IA	L	762,471	748,997		30,615	163,827	498,117	
17. Kansas	KS	L	1,238,588	987,500		322,470	358,411	1,166,138	
18. Kentucky	KY	L	1,469,562	1,419,336		430,078	758,397	1,144,223	
19. Louisiana	LA	L	4,181,960	4,607,669		910,410	1,227,924	3,711,794	
20. Maine	ME	L	408,984	420,924		27,825	77,911	446,463	
21. Maryland	MD	L	1,538,436	1,724,023		395,947	1,253,544	2,756,571	
22. Massachusetts	MA	L	8,105,990	7,299,730		5,029,994	7,803,897	7,556,571	
23. Michigan	MI	L	3,805,754	4,200,280		598,110	1,422,898	5,726,907	
24. Minnesota	MN	L	2,538,304	2,576,961		165,744	12,151,197	15,387,605	
25. Mississippi	MS	L	23,795,811	23,642,719		12,287,167	13,276,586	10,158,467	
26. Missouri	MO	L	1,955,494	1,990,749		216,713	848,241	3,263,559	
27. Montana	MT	L	349,576	350,142		11,943	61,244	203,718	
28. Nebraska	NE	L	740,662	705,654		128,841	447,841	1,786,982	
29. Nevada	NV	L	1,225,196	1,269,581		117,201	554,237	2,315,526	
30. New Hampshire	NH	L	423,669	438,090		6,916	254,534	586,415	
31. New Jersey	NJ	L	12,441,893	12,472,220		5,398,413	9,245,543	28,645,642	
32. New Mexico	NM	L	746,579	761,068		176,304	217,024	866,846	
33. New York	NY	L	48,075,033	48,760,221		23,886,496	40,810,357	122,857,058	
34. North Carolina	NC	L	2,846,796	2,884,139		430,806	1,208,639	3,031,605	
35. North Dakota	ND	L	196,552	185,146		22,499	74,507	83,300	
36. Ohio	OH	L	6,891,901	7,195,610		2,982,335	6,679,909	10,508,107	
37. Oklahoma	OK	L	1,176,046	1,448,420		29,271	753,325	1,506,385	
38. Oregon	OR	L	1,656,739	1,748,183		189,502	684,687	1,105,856	
39. Pennsylvania	PA	L	9,378,330	9,802,092		1,768,624	6,397,348	16,834,254	
40. Rhode Island	RI	L	671,930	651,878		54,333	413,266	793,710	
41. South Carolina	SC	L	1,149,407	1,134,093		2,001,986	2,186,870	1,082,297	
42. South Dakota	SD	L	193,796	195,393		10,198	100,005	351,831	
43. Tennessee	TN	L	1,710,220	1,655,055		139,006	823,762	2,467,996	
44. Texas	TX	L	12,056,522	16,489,011		3,133,608	12,016,593	32,505,047	
45. Utah	UT	L	1,658,918	1,527,600		6,175	622,063	2,356,072	
46. Vermont	VT	L	1,074,657	1,033,538		293,497	419,653	449,276	
47. Virginia	VA	L	2,292,536	2,289,028		121,290	439,529	3,110,073	
48. Washington	WA	L	4,060,012	4,198,129		488,004	2,074,469	3,085,883	
49. West Virginia	WV	L	200,200	319,845			111,265	355,585	
50. Wisconsin	WI	L	1,876,565	2,218,770		89,378	1,135,423	2,951,429	
51. Wyoming	WY	L	390,574	426,723		3,528	51,950	195,308	
52. American Samoa	AS	N							
53. Guam	GU	L	226,210	255,668			29,280	50,895	
54. Puerto Rico	PR	L	5,097,241	6,590,645		796,312	(527,534)	15,212,680	
55. U.S. Virgin Islands	VI	N		1,633			794	1,935	
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N	16,934	10,794			4,334	4,215	
58. Aggregate Other Alien	OT	X X X	791,561	1,004,213		42,043	(245,874)	1,344,672	
59. Totals	(a) 53		257,952,126	273,100,613		99,833,019	200,024,067	451,734,650	

DETAILS OF WRITE-INS									
58001. JPN Japan	X X X		208,468	95,949			(43,388)	71,107	
58002. TUR Turkey	X X X		146,456	146,321			44,529	104,713	
58003. ITA Italy	X X X		121,457	115,585			(36,108)	72,323	
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X		315,180	646,358		42,043	(210,907)	1,096,529	
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X		791,561	1,004,213		42,043	(245,874)	1,344,672	

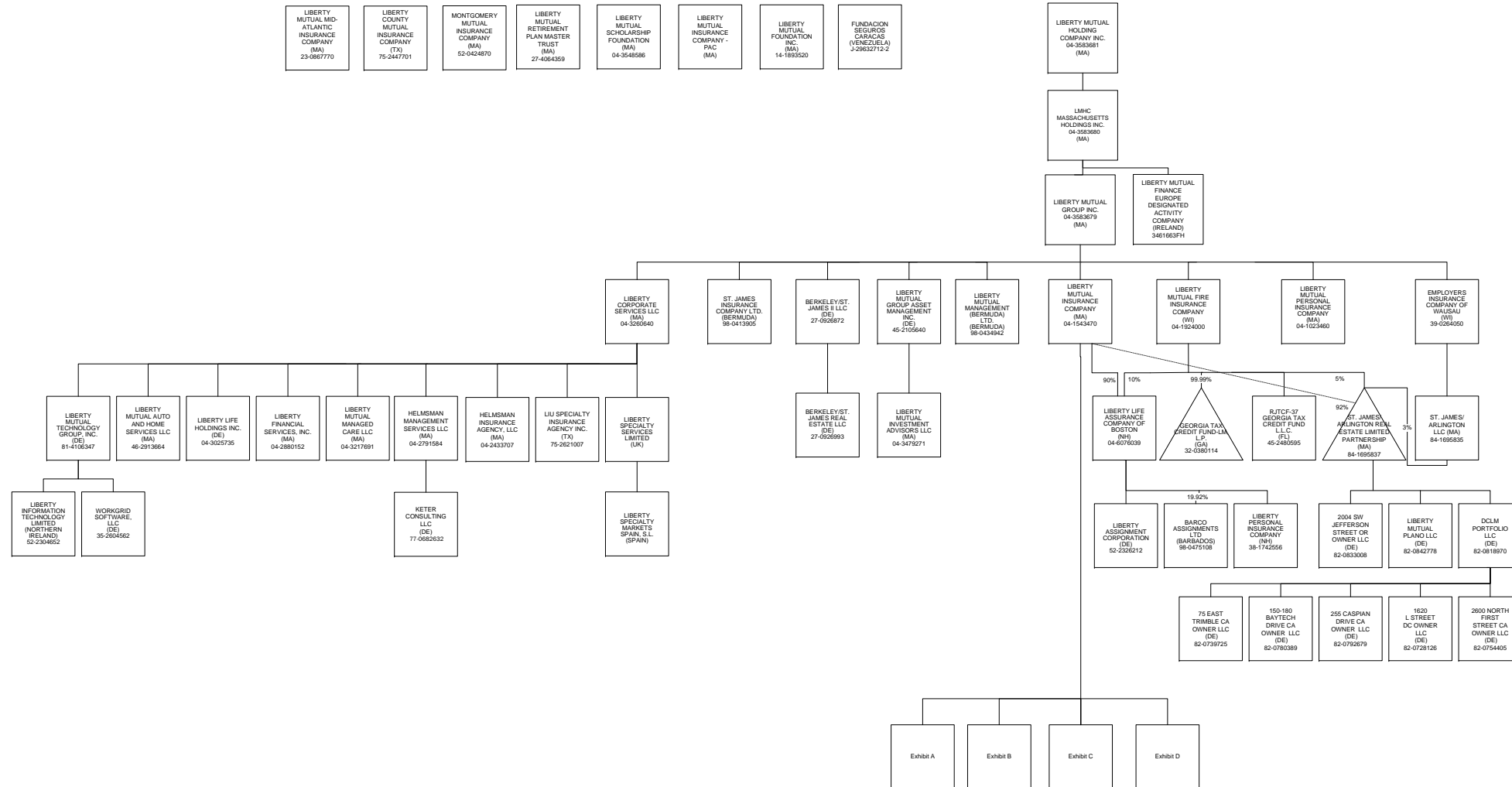
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile - see DSLI); (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.

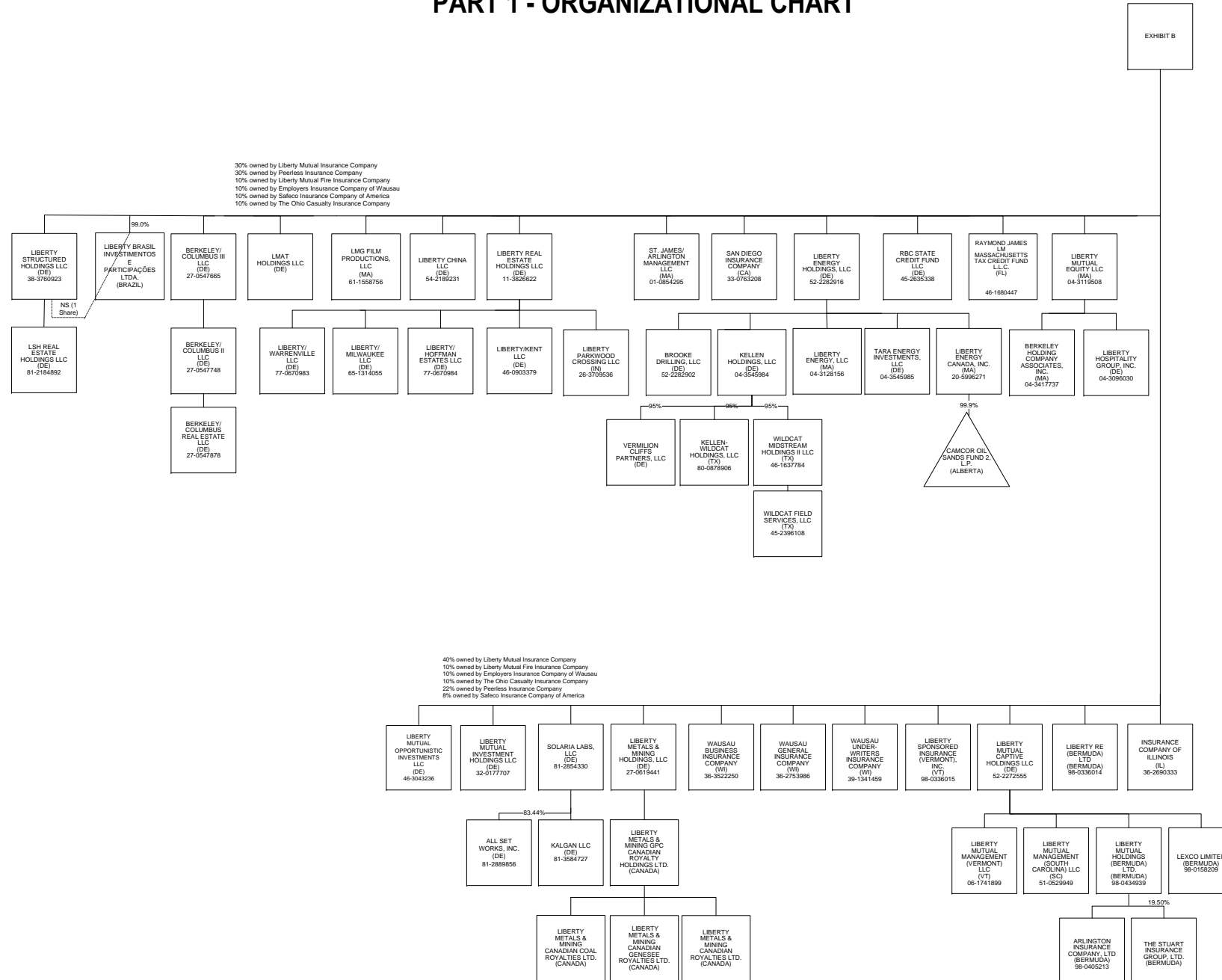
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



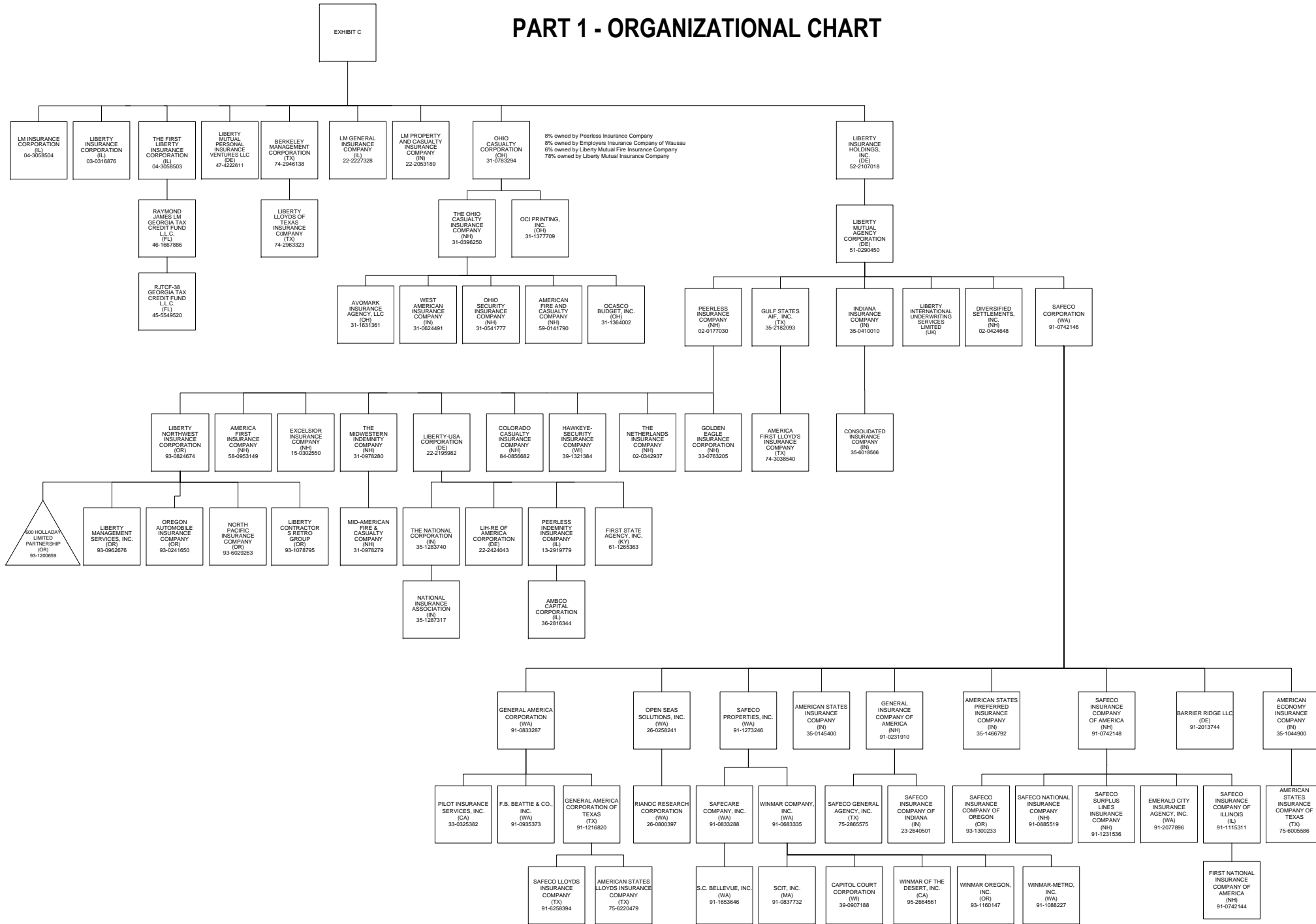
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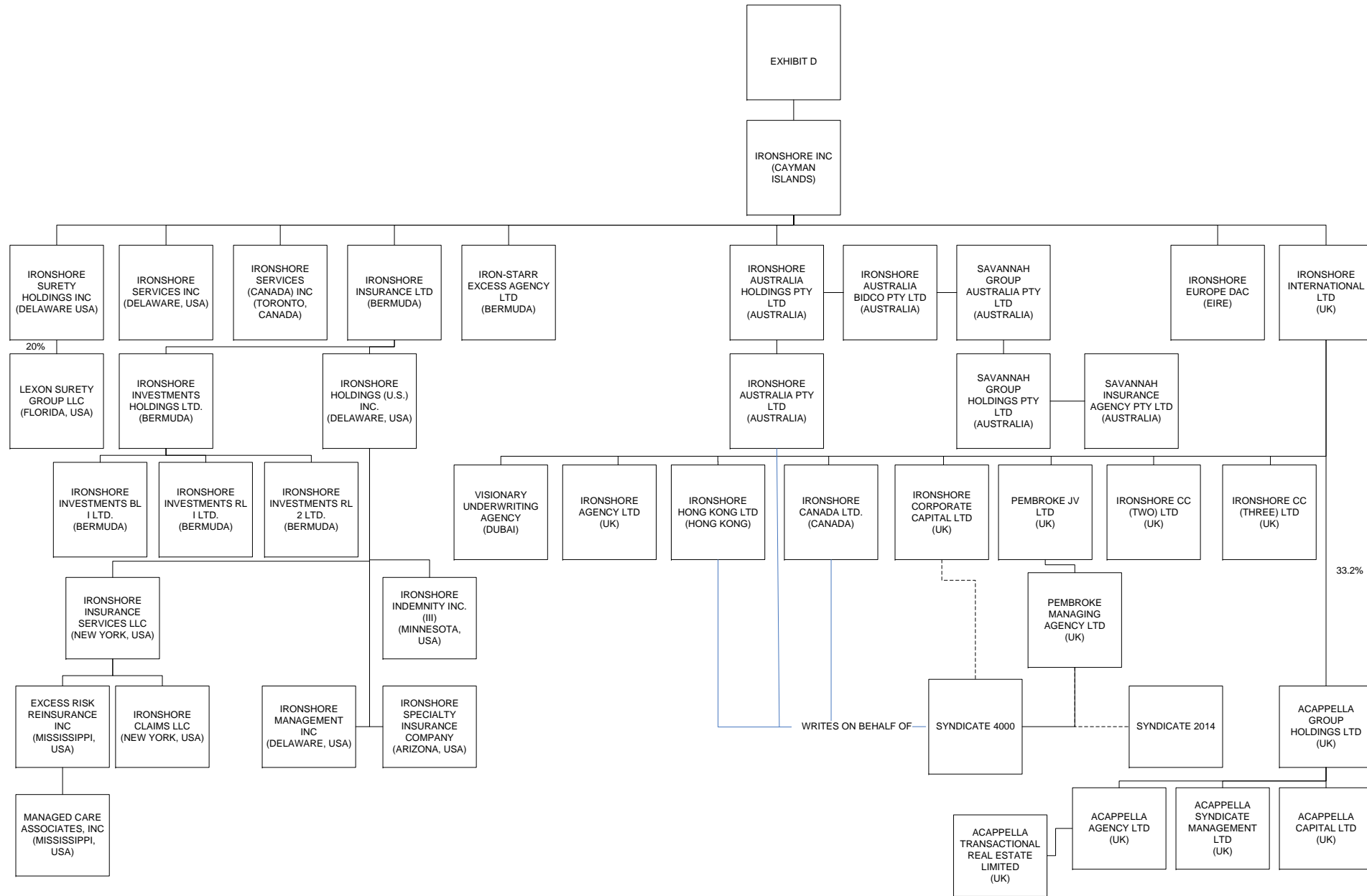
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

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. Deposit Accounting Asset				200,730
2505. Suspense				4,415,767
2506. Ceded Profit Commission				580,986
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)				5,197,483

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	Current Year	Prior Year
2504. Loss Portfolio Payable		3,962,562
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)		3,962,562

OVERFLOW PAGE FOR WRITE-INS

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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. MEX Mexico	X X X	110,095	110,460			18,880	35,855		
58005. CHE Switzerland	X X X	102,227	102,224			(13,909)	57,330		
58006. FRA France	X X X	23,282	27,474		42,043	(5,921)	24,519		
58007. ESP Spain	X X X	18,690	18,690			5,097	5,097		
58008. CAN Canada	X X X	16,934	9,908			4,214	4,214		
58009. BHS Bahamas	X X X	16,046	5,451			1,791	1,791		
58010. BEL Belgium	X X X	14,700	14,700			(24)	5,435		
58011. AUS Australia	X X X	13,660	10,010			3,042	3,042		
58012. DEU Germany	X X X	10,870	11,242			2,027	3,134		
58013. MCO Monaco	X X X	2,360	2,360			783	783		
58014. GBR United Kingdom	X X X	1,650	62,524			(16,335)	79,869		
58015. UKR Ukraine	X X X	1,500	631			211	211		
58016. ARG Argentina	X X X		49						
58017. AUT Austria	X X X					(579)	648		
58018. BGD Bangladesh	X X X		2,157			(365,174)	670,804		
58019. BMU Bermuda	X X X					34	49		
58020. BRA Brazil	X X X		23,154			(11,293)	39,950		
58021. CYM Cayman Islands	X X X		125,286			13,683	109,100		
58022. CHL Chile	X X X		30						
58023. CHN China	X X X		886			(2,535)	825		
58024. COL Colombia	X X X		12						
58025. CRI Costa Rica	X X X		99						
58026. DNK Denmark	X X X					(3,585)	5,826		
58027. DOM Dominican Republic	X X X		32						
58028. SLV El Salvador	X X X		309						
58029. GTM Guatemala	X X X		61						
58030. HKG Hong Kong, Special Administra	X X X					1,180	1,323		
58031. IND India	X X X		28,889			8,951	21,460		
58032. IDN Indonesia	X X X		4						
58033. KOR Korea, Republic of	X X X					1,273	1,273		
58034. KWT Kuwait	X X X					(2,711)	3,076		
58035. LVA Latvia	X X X					(2,559)	1,036		
58036. NLD Netherlands	X X X		26			(7,399)	4,616		
58037. NIU Niue	X X X								
58038. PAN Panama	X X X		(649)						
58039. PER Peru	X X X		54						
58040. POL Poland	X X X		477						
58041. QAT Qatar	X X X		(39)						
58042. SAU Saudi Arabia	X X X								
58043. SGP Singapore	X X X								
58044. ZAF South Africa	X X X					(4,148)	19,322		
58045. LKA Sri Lanka	X X X		102						
58046. THA Thailand	X X X		49						
58047. VNM Viet Nam	X X X		554						
58048. ZZZ Other Alien	X X X	(16,834)	89,142			164,099	(4,059)		
58097. Total (Lines 58004 through 58096) (Page 94, Line 58998)	X X X	315,180	646,358		42,043	(210,907)	1,096,529		

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