

ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL FIRE INSURANCE COMPANY

of _____ **WAUSAU**

STATE OF _____ **WISCONSIN**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2018

PROPERTY AND CASUALTY

2018



ANNUAL STATEMENT

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

Liberty Mutual Fire Insurance Company

NAIC Group Code 0111 0111 **NAIC Company Code** 23035 **Employer's ID Number** 04-1924000
(Current Period) (Prior Period)

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

Incorporated/Organized October 31, 1908 **Commenced Business** November 5, 1908

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

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

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

OFFICERS

Chairman of the Board

David Henry Long

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

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

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	4,629,763,962		4,629,763,962	3,894,490,940
2. Stocks (Schedule D):				
2.1 Preferred stocks	855,665		855,665	2,881,182
2.2 Common stocks	163,154,744	567,047	162,587,697	267,318,729
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	185,712,410		185,712,410	162,525,533
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 (\$ (61,355,968), Schedule E - Part 1), cash equivalents (\$ 77,483,579, Schedule E - Part 2), and short-term investments (\$ 1,476,040, Schedule DA)	17,603,652		17,603,652	131,461,958
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	408,777,699		408,777,699	440,114,601
9. Receivables for securities	6,555,767		6,555,767	2,099,729
10. Securities lending reinvested collateral assets (Schedule DL)	133,150,169		133,150,169	115,705,852
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,545,574,068	567,047	5,545,007,021	5,016,598,524
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	31,878,130		31,878,130	29,382,807
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	147,820,820	12,319,217	135,501,603	130,281,967
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 5,006,630 earned but unbilled premiums)	574,073,462	500,664	573,572,798	556,086,480
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)	30,805,362	3,080,398	27,724,964	31,156,268
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
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	3,768	490	3,278	3,568
18.1 Current federal and foreign income tax recoverable and interest thereon	8,223,525		8,223,525	2,330,065
18.2 Net deferred tax asset	82,025,001		82,025,001	106,546,000
19. Guaranty funds receivable or on deposit	3,125,152		3,125,152	1,774,777
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	27,626,010		27,626,010	57,715,511
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	118,786,081	7,827,305	110,958,776	107,053,359
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	6,569,941,379	24,295,121	6,545,646,258	6,038,929,326
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	6,569,941,379	24,295,121	6,545,646,258	6,038,929,326

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	78,507,351		78,507,351	76,556,889
2502. Equities and deposits in pools and associations	17,175,601		17,175,601	15,748,100
2503. Amounts receivable under high deductible policies	13,965,640	75,185	13,890,455	13,462,350
2598. Summary of remaining write-ins for Line 25 from overflow page	9,137,489	7,752,120	1,385,369	1,286,020
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	118,786,081	7,827,305	110,958,776	107,053,359

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,677,185,459	2,622,655,277
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	7,097,791	5,536,293
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	549,248,034	522,741,759
4. Commissions payable, contingent commissions and other similar charges	51,722,929	43,341,808
5. Other expenses (excluding taxes, licenses and fees)	75,496,563	67,005,874
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	21,801,962	22,903,201
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 150,000,000 and interest thereon \$ 505,042	150,505,042	150,505,042
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 1,755,233,506 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	1,256,228,712	1,200,504,734
10. Advance premium	7,954,557	6,668,713
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	177,845	154,803
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		
14. Amounts withheld or retained by company for account of others	5,144,528	3,661,188
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3 Column 78)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	1,062,113	947,294
20. Derivatives		
21. Payable for securities	76,482,864	44,262,738
22. Payable for securities lending	133,150,169	115,705,852
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	(152,650,042)	(180,452,823)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	4,860,608,526	4,626,141,753
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	4,860,608,526	4,626,141,753
29. Aggregate write-ins for special surplus funds	6,897,373	28,196,932
30. Common capital stock	10,000,000	10,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds	1,250,000	1,250,000
33. Surplus notes		
34. Gross paid in and contributed surplus	510,000,000	510,000,000
35. Unassigned funds (surplus)	1,156,890,359	863,340,643
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,685,037,732	1,412,787,575
38. Totals (Page 2, Line 28, Col. 3)	6,545,646,258	6,038,929,328

DETAILS OF WRITE-IN LINES		
2501. Other liabilities	57,979,782	62,291,292
2502. Amounts held under uninsured plans	43,504,342	43,753,200
2503. Retroactive reinsurance reserves	(254,134,166)	(286,497,315)
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(152,650,042)	(180,452,823)
2901. Special surplus from retroactive reinsurance	6,897,373	28,196,932
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	6,897,373	28,196,932
3201. Guaranty funds	1,250,000	1,250,000
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)	1,250,000	1,250,000

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	2,486,141,557	2,200,796,874
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,436,049,835	1,451,948,697
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	304,209,314	298,103,289
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	736,214,619	676,905,160
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	2,476,473,768	2,426,957,146
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	9,667,789	(226,160,272)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	394,869,046	130,731,438
10. Net realized capital gains (losses) less capital gains tax of \$ (2,118,653) (Exhibit of Capital Gains (Losses))	25,219,064	28,257,033
11. Net investment gain (loss) (Lines 9 + 10)	420,088,110	158,988,471
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 289,701 amount charged off \$ 8,496,991)	(8,207,290)	(8,542,187)
13. Finance and service charges not included in premiums	16,142,648	16,246,071
14. Aggregate write-ins for miscellaneous income	(34,984,308)	6,957,045
15. Total other income (Lines 12 through 14)	(27,048,950)	14,660,929
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	402,706,949	(52,510,872)
17. Dividends to policyholders	1,315,293	1,087,484
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	401,391,656	(53,598,356)
19. Federal and foreign income taxes incurred	(6,013,347)	(22,615,089)
20. Net income (Line 18 minus Line 19) (to Line 22)	407,405,003	(30,983,267)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,412,787,574	1,474,581,013
22. Net income (from Line 20)	407,405,003	(30,983,267)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (9,373,787)	(76,596,400)	19,065,151
25. Change in net unrealized foreign exchange capital gain (loss)	(7,583,653)	11,939,175
26. Change in net deferred income tax	(33,894,878)	(45,195,300)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(2,079,914)	(1,619,198)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(15,000,000)	(15,000,000)
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)	272,250,158	(61,793,439)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,685,037,732	1,412,787,574

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Other income/(expense)	435,123	(8,851,585)
1402. Retroactive reinsurance gain/(loss)	(35,419,431)	15,808,630
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(34,984,308)	6,957,045
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	2,522,133,946	2,208,942,967
2. Net investment income	399,717,273	141,995,014
3. Miscellaneous income	(28,508,808)	20,487,649
4. Total (Lines 1 through 3)	2,893,342,411	2,371,425,630
5. Benefit and loss related payments	1,374,991,814	1,272,678,481
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	998,692,011	938,029,959
8. Dividends paid to policyholders	1,292,252	1,083,866
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	24,125,046	75,301,897
10. Total (Lines 5 through 9)	2,399,101,123	2,287,094,203
11. Net cash from operations (Line 4 minus Line 10)	494,241,288	84,331,427
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	3,977,467,630	1,853,366,593
12.2 Stocks	135,097,226	216,519,646
12.3 Mortgage loans	12,909,139	16,605,321
12.4 Real estate		
12.5 Other invested assets	463,690,235	344,168,913
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(245,318)	
12.7 Miscellaneous proceeds	(4,456,039)	(1,988,690)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,584,462,873	2,428,671,783
13. Cost of investments acquired (long-term only):		
13.1 Bonds	4,528,337,264	2,009,623,683
13.2 Stocks	30,482,893	86,359,581
13.3 Mortgage loans	36,111,048	17,036,821
13.4 Real estate		
13.5 Other invested assets	467,512,641	374,486,726
13.6 Miscellaneous applications	(32,134,439)	(44,010,607)
13.7 Total investments acquired (Lines 13.1 to 13.6)	5,030,309,407	2,443,496,204
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)	(445,846,534)	(14,824,421)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	15,000,000	15,000,000
16.6 Other cash provided (applied)	(147,253,060)	79,002,069
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(162,253,060)	64,002,069
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)	(113,858,306)	133,509,075
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	131,461,958	(2,047,117)
19.2 End of year (Line 18 plus Line 19.1)	17,603,652	131,461,958

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

20.0001	1 - Premiums collected net of reinsurance		(23,975,174)
20.0002	2 - Net investment income	258,822	577,889
20.0003	5 - Benefits and loss related payments		130,927,903
20.0004	12.1 - Proceeds from investments sold, matured or repaid - Bonds	22,009,240	60,436,594
20.0005	12.2 - Proceeds from investments sold, matured or repaid - Stocks	1,824,656	14,999,291
20.0006	13.1 - Cost of Investment Acquired - Bonds	253,251,154	204,982,953
20.0007	13.2 - Cost of Investment Acquired - Stocks	1,109,625	1,575,182
20.0008	16.6 - Other cash provided (applied)	230,268,061	(130,544,422)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

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

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	24,047,335	1,262,244			25,309,579
2. Allied lines	21,232,263	(131,484)			21,100,779
3. Farmowners multiple peril	4,180,820	2,943			4,183,763
4. Homeowners multiple peril	267,089,697	303,727			267,393,424
5. Commercial multiple peril	86,262,953	705,646	(2,133,530)		84,835,069
6. Mortgage guaranty					
8. Ocean marine	3,553,980	2,127,300			5,681,280
9. Inland marine	13,922,844	4,082,377			18,005,221
10. Financial guaranty					
11.1 Medical professional liability—occurrence	3,696,453	192,561			3,889,014
11.2 Medical professional liability—claims-made	2,999,217	1,572,408			4,571,625
12. Earthquake	3,010,470	57,556			3,068,026
13. Group accident and health	2,951,324				2,951,324
14. Credit accident and health (group and individual)					
15. Other accident and health	343,482	(2,480)			341,002
16. Workers' compensation	47,068,196	2,736,269	(2,527,690)	(29,200,810)	18,075,965
17.1 Other liability—occurrence	80,336,700	21,991,990	(257,698)	(908,658)	101,162,334
17.2 Other liability—claims-made	28,077,893	19,007,366	(2,057)		47,083,202
17.3 Excess workers' compensation	1,584,258	297,039			1,881,297
18.1 Products liability—occurrence	5,235,963	2,187,023	(85,644)	(644,167)	6,693,175
18.2 Products liability—claims-made	923,546	132,361	(11)		1,055,896
19.1,19.2 Private passenger auto liability	265,773,177	4,116,727			269,889,904
19.3,19.4 Commercial auto liability	52,079,900	842,448	34,456	(51,727)	52,905,077
21. Auto physical damage	203,736,147	90,480			203,826,627
22. Aircraft (all perils)	1,444,202	499,633			1,943,835
23. Fidelity	1,143,207	(509,744)			633,463
24. Surety	14,179,610	36,208,004			50,387,614
26. Burglary and theft	147,517	19,344			166,861
27. Boiler and machinery	1,448,324	45,841			1,494,165
28. Credit	667,087	2,684,482			3,351,569
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	6,987,649	1,216,550			8,204,199
32. Reinsurance-nonproportional assumed liability	2,772,444	462,815			3,235,259
33. Reinsurance-nonproportional assumed financial lines	4,707,169	2,423,456			7,130,625
34. Aggregate write-ins for other lines of business					
35. TOTALS	1,151,603,827	104,624,882	(4,972,174)	(30,805,362)	1,220,451,173
36. Accrued retrospective premiums based on experience					30,805,362
37. Earned but unbilled premiums					4,972,174
38. Balance (Sum of Lines 35 through 37)					1,256,228,709

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	173,925,348	55,349,511		173,925,348		55,349,511
2. Allied lines	102,144,085	41,914,848		102,144,085		41,914,848
3. Farmowners multiple peril		8,453,699				8,453,699
4. Homeowners multiple peril	839,443,387	497,215,446		839,443,387		497,215,446
5. Commercial multiple peril	59,154,401	173,412,683		59,154,401		173,412,683
6. Mortgage guaranty						
8. Ocean marine	7,614,642	9,240,326		7,614,642		9,240,326
9. Inland marine	50,620,942	73,880,888		50,620,942		73,880,888
10. Financial guaranty						
11.1 Medical professional liability--occurrence		7,849,569				7,849,569
11.2 Medical professional liability--claims-made		8,913,398				8,913,398
12. Earthquake	15,299,535	6,214,780		15,299,535		6,214,780
13. Group accident and health		15,095,807				15,095,807
14. Credit accident and health (group and individual)						
15. Other accident and health		398,651				398,651
16. Workers' compensation	381,469,226	162,602,556		381,469,226		162,602,556
17.1 Other liability—occurrence	327,296,713	195,520,943		327,296,713		195,520,943
17.2 Other liability—claims-made	6,358,832	68,298,859		6,358,832		68,298,859
17.3 Excess workers' compensation		3,929,130				3,929,130
18.1 Products liability—occurrence	82,545,669	13,598,259		82,545,669		13,598,259
18.2 Products liability—claims-made	311,629	2,233,039		311,629		2,233,039
19.1,19.2 Private passenger auto liability	735,343,212	545,038,423		735,343,212		545,038,423
19.3,19.4 Commercial auto liability	312,875,906	112,612,225		312,875,906		112,612,225
21. Auto physical damage	571,608,065	415,545,787		571,608,065		415,545,787
22. Aircraft (all perils)		6,517,485				6,517,485
23. Fidelity	327,025	3,471,713		327,025		3,471,713
24. Surety	6,720,834	70,934,908		6,720,834		70,934,908
26. Burglary and theft	165,200	212,575		165,200		212,575
27. Boiler and machinery	28,824,641	3,380,261		28,824,641		3,380,261
28. Credit	16,523	2,475,396		16,523		2,475,396
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	26,939,362				26,939,362
32. Reinsurance-nonproportional assumed liability	X X X	10,316,032				10,316,032
33. Reinsurance-nonproportional assumed financial lines	X X X	4,910,979				4,910,979
34. Aggregate write-ins for other lines of business						
35. TOTALS	3,702,065,815	2,546,477,538		3,702,065,815		2,546,477,538

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

NONE

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

If yes: 1. The amount of such installment premiums \$ 368,472,214

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 380,864,807

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	85,411,716	25,265,752	85,411,716	25,265,752	35,513,573	46,942,027	13,837,298	26.367
2. Allied lines	249,299,034	31,110,330	249,299,034	31,110,330	31,127,163	36,494,726	25,742,767	66.503
3. Farmowners multiple peril		5,387,102		5,387,102	2,379,201	2,735,442	5,030,861	60.063
4. Homeowners multiple peril	333,816,085	255,908,976	333,816,085	255,908,976	130,134,216	126,816,754	259,226,438	52.926
5. Commercial multiple peril	56,306,573	112,920,674	56,306,573	112,920,674	195,158,300	193,888,302	114,190,672	64.258
6. Mortgage guaranty								
8. Ocean marine	4,036,738	3,159,909	4,036,738	3,159,909	7,292,109	7,717,430	2,734,588	34.381
9. Inland marine	26,188,306	44,088,076	26,188,306	44,088,076	11,674,041	9,333,679	46,428,438	64.993
10. Financial guaranty								
11.1 Medical professional liability—occurrence		1,527,347		1,527,347	13,699,552	11,847,084	3,379,815	42.514
11.2 Medical professional liability—claims-made		5,325,249		5,325,249	18,501,252	18,504,892	5,321,609	64.684
12. Earthquake		85,590		85,590	242,690	124,802	203,478	3.527
13. Group accident and health		2,022,041		2,022,041	7,610,252	535,444	9,096,849	70.808
14. Credit accident and health (group and individual)								
15. Other accident and health		4,006,289		4,006,289	2,205,439	4,098,842	2,112,886	148.607
16. Workers' compensation	294,086,799	85,453,414	294,086,799	85,453,414	890,228,785	954,097,472	21,584,727	14.039
17.1 Other liability—occurrence	256,425,272	101,583,502	256,425,272	101,583,502	398,585,755	368,702,993	131,466,264	71.185
17.2 Other liability—claims-made	5,328,633	22,532,666	5,328,633	22,532,666	150,058,746	139,853,845	32,737,567	47.480
17.3 Excess workers' compensation	6,551	2,447,434	6,551	2,447,434	47,363,472	45,996,504	3,814,402	104.208
18.1 Products liability—occurrence	47,653,348	9,111,981	47,653,348	9,111,981	30,651,910	29,383,643	10,380,248	70.302
18.2 Products liability—claims-made	1,122,631	106,479	1,122,631	106,479	4,437,235	3,107,882	1,435,832	71.572
19.1,19.2 Private passenger auto liability	520,518,639	323,489,841	520,518,639	323,489,841	474,309,571	438,702,189	359,097,223	66.485
19.3,19.4 Commercial auto liability	253,228,705	84,887,806	253,228,705	84,887,806	165,786,494	153,369,919	97,304,381	86.848
21. Auto physical damage	286,621,299	226,289,823	286,621,299	226,289,823	9,999,171	9,877,318	226,411,676	54.774
22. Aircraft (all perils)		3,889,018		3,889,018	4,813,721	4,268,294	4,434,445	69.247
23. Fidelity	129,963	373,412	129,963	373,412	6,392,759	6,828,460	(62,289)	(1.724)
24. Surety	(30,746)	8,398,257	(30,746)	8,398,257	18,579,314	17,721,923	9,255,648	14.362
26. Burglary and theft	123,544	59,167	123,544	59,167	542,175	185,804	415,538	133.903
27. Boiler and machinery	21,564,301	2,113,055	21,564,301	2,113,055	852,711	1,500,877	1,464,889	45.733
28. Credit		(103,606)		(103,606)	833,749	785,143	(55,000)	(7.064)
29. International								
30. Warranty					131,158	97,649	33,509	
31. Reinsurance-nonproportional assumed property	X X X	13,066,104		13,066,104	(6,497,699)	(29,286,897)	35,855,302	165.838
32. Reinsurance-nonproportional assumed liability	X X X	1,992,930		1,992,930	23,187,844	17,517,502	7,663,272	73.858
33. Reinsurance-nonproportional assumed financial lines	X X X	54,696		54,696	1,390,783	905,332	540,147	45.496
34. Aggregate write-ins for other lines of business								
35. TOTALS	2,441,837,391	1,376,553,314	2,441,837,391	1,376,553,314	2,677,185,442	2,622,655,276	1,431,083,480	57.521

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

NONE

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

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	84,264,017	16,459,544	84,264,017	16,459,544	151,528,172	19,054,029	151,528,172	35,513,573	2,135,550
2. Allied lines	80,849,928	19,116,875	80,849,928	19,116,875	22,784,074	12,010,288	22,784,074	31,127,163	1,877,557
3. Farmowners multiple peril		2,152,262		2,152,262		226,939		2,379,201	130,243
4. Homeowners multiple peril	94,019,967	75,905,984	94,019,967	75,905,984	64,987,005	54,228,231	64,987,005	130,134,215	19,695,261
5. Commercial multiple peril	97,242,020	113,579,738	97,242,020	113,579,738	14,877,646	81,578,562	14,877,646	195,158,300	51,214,464
6. Mortgage guaranty									
8. Ocean marine	20,632,307	3,635,904	20,632,307	3,635,904	1,977,886	3,656,205	1,977,886	7,292,109	720,823
9. Inland marine	12,410,661	8,302,562	12,410,661	8,302,562	(6,711,855)	3,371,479	(6,711,855)	11,674,041	1,048,178
10. Financial guaranty									
11.1 Medical professional liability—occurrence		2,599,248		2,599,248		11,100,304		13,699,552	1,198,675
11.2 Medical professional liability—claims-made		9,387,503		9,387,503		9,113,749		18,501,252	2,985,190
12. Earthquake	180,002	84,587	180,002	84,587		158,103		242,690	56,577
13. Group accident and health		82,986		82,986	135,062	7,527,266	135,062	(a) 7,610,252	360,553
14. Credit accident and health (group and individual)									
15. Other accident and health		591,720		591,720		1,613,720		(a) 2,205,440	234,903
16. Workers' compensation	1,344,885,542	404,244,378	1,344,885,542	404,244,378	1,967,355,464	485,984,408	1,967,355,464	890,228,786	162,759,398
17.1 Other liability—occurrence	411,960,877	149,248,300	411,960,877	149,248,300	435,785,735	249,337,455	435,785,735	398,585,755	107,010,850
17.2 Other liability—claims-made	6,625,973	46,078,210	6,625,973	46,078,210	6,605,423	103,980,536	6,605,423	150,058,746	33,271,263
17.3 Excess workers' compensation	576,580	20,730,770	576,580	20,730,770	2,216,104	26,632,701	2,216,104	47,363,471	6,739,884
18.1 Products liability—occurrence	41,074,881	7,881,487	41,074,881	7,881,487	94,999,287	22,770,424	94,999,287	30,651,911	21,343,036
18.2 Products liability—claims-made	48,456	234,968	48,456	234,968	2,658,300	4,202,267	2,658,300	4,437,235	996,200
19.1,19.2 Private passenger auto liability	725,291,536	278,213,494	725,291,536	278,213,494	478,289,332	196,096,077	478,289,332	474,309,571	99,170,154
19.3,19.4 Commercial auto liability	244,000,300	83,576,139	244,000,300	83,576,139	336,904,698	82,210,354	336,904,698	165,786,493	18,904,040
21. Auto physical damage		1,283,708		1,283,708	5,947,296	8,715,463	5,947,296	9,999,171	8,879,701
22. Aircraft (all perils)		4,011,352		4,011,352		802,369		4,813,721	1,172,172
23. Fidelity	371,535	1,042,424	371,535	1,042,424	1,023,622	5,350,335	1,023,622	6,392,759	885,587
24. Surety		(1,436,218)		(1,436,218)	3,005,115	20,013,055	3,002,637	18,579,315	4,166,563
26. Burglary and theft	36,003	139,997	36,003	139,997	4,199	402,178	4,199	542,175	88,858
27. Boiler and machinery	15,319,353	1,257,165	15,319,353	1,257,165	(6,160,179)	(404,454)	(6,160,179)	852,711	226,622
28. Credit		60,144		60,144		773,605		833,749	117,107
29. International									
30. Warranty					1,598,090	131,158	1,598,090	131,158	38,018
31. Reinsurance-nonproportional assumed property	X X X	13,045,685		13,045,685	X X X	(19,543,384)		(6,497,699)	512,262
32. Reinsurance-nonproportional assumed liability	X X X	8,236,728		8,236,728	X X X	14,951,116		23,187,844	1,286,080
33. Reinsurance-nonproportional assumed financial lines	X X X	762,102		762,102	X X X	628,681		1,390,783	22,263
34. Aggregate write-ins for other lines of business									
35. TOTALS	3,179,789,938	1,270,509,746	3,179,789,938	1,270,509,746	3,579,810,476	1,406,673,219	3,579,807,998	2,677,185,443	549,248,032

10

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

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	231,525,908			231,525,908
1.2 Reinsurance assumed	151,210,193			151,210,193
1.3 Reinsurance ceded	231,525,908			231,525,908
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	151,210,193			151,210,193
2. Commission and brokerage:				
2.1 Direct, excluding contingent		167,780,068		167,780,068
2.2 Reinsurance assumed, excluding contingent		203,002,370		203,002,370
2.3 Reinsurance ceded, excluding contingent		167,780,068		167,780,068
2.4 Contingent—direct		319,001,476		319,001,476
2.5 Contingent—reinsurance assumed		37,046,156		37,046,156
2.6 Contingent—reinsurance ceded		319,001,476		319,001,476
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		240,048,526		240,048,526
3. Allowances to manager and agents		23,228,985		23,228,985
4. Advertising	200,976	42,626,890	7,638	42,835,504
5. Boards, bureaus and associations	496,350	3,727,429	4,195	4,227,974
6. Surveys and underwriting reports	65,629	10,320,340	4,391	10,390,360
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	96,302,400	201,820,543	6,622,348	304,745,291
8.2 Payroll taxes	4,185,733	15,452,538	273,153	19,911,424
9. Employee relations and welfare	10,061,343	36,735,849	747,067	47,544,259
10. Insurance	10,915,016	340,269	423,232	11,678,517
11. Directors' fees	(2,890)	(8,264)	(192)	(11,346)
12. Travel and travel items	4,001,129	10,240,029	190,353	14,431,511
13. Rent and rent items	5,646,727	20,858,927	386,180	26,891,834
14. Equipment	3,977,063	12,695,069	1,220,546	17,892,678
15. Cost or depreciation of EDP equipment and software	3,901,503	10,144,124	367,131	14,412,758
16. Printing and stationery	408,610	1,997,773	16,928	2,423,311
17. Postage, telephone and telegraph, exchange and express	2,545,875	13,692,502	131,904	16,370,281
18. Legal and auditing	1,249,074	2,684,769	338,769	4,272,612
19. Totals (Lines 3 to 18)	143,954,538	406,557,772	10,733,643	561,245,953
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 255,083		49,350,378		49,350,378
20.2 Insurance department licenses and fees		5,231,630		5,231,630
20.3 Gross guaranty association assessments		(46,259)		(46,259)
20.4 All other (excluding federal and foreign income and real estate)		8,707,230		8,707,230
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		63,242,979		63,242,979
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	9,044,583	26,365,343	1,284,302	36,694,228
25. Total expenses incurred	304,209,314	736,214,620	12,017,945	(a) 1,052,441,879
26. Less unpaid expenses—current year	549,248,034	149,021,455		698,269,489
27. Add unpaid expenses—prior year	522,741,759	133,250,883		655,992,642
28. Amounts receivable relating to uninsured plans, prior year		3,568		3,568
29. Amounts receivable relating to uninsured plans, current year		3,278		3,278
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	277,703,039	720,443,758	12,017,945	1,010,164,742

DETAILS OF WRITE-IN LINES				
2401. Other Expenses	9,044,583	26,365,343	1,284,302	36,694,228
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	9,044,583	26,365,343	1,284,302	36,694,228

(a) Includes management fees of \$ 338,615,192 to affiliates and \$ 23,228,607 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 19,236,386	19,980,406
1.1 Bonds exempt from U.S. tax	(a) 20,212,659	19,232,294
1.2 Other bonds (unaffiliated)	(a) 101,174,150	104,380,399
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 323,175	290,285
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,229,536	1,320,387
2.21 Common stocks of affiliates	181,826,712	181,826,712
3. Mortgage loans	(c) 7,683,047	7,758,351
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 3,399,158	3,046,583
7. Derivative instruments	(f)	
8. Other invested assets	74,308,420	74,308,420
9. Aggregate write-ins for investment income	689,612	689,612
10. Total gross investment income	410,082,855	412,833,449
11. Investment expenses		(g) 12,017,945
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 5,946,458
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)		17,964,403
17. Net investment income (Line 10 minus Line 16)		394,869,046

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income/(Expense)		689,612	689,612
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)		689,612	689,612
1501.	NONE		
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 \$ 4,646,696 accrual of discount less \$ 12,057,684 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 \$ 296,721 accrual of discount less \$ 0 amortization of premium and less \$ 339 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 \$ 425,055 accrual of discount less \$ (17,900) amortization of premium and less \$ 204,161 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 12,017,945 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	(6,518,835)		(6,518,835)		
1.1 Bonds exempt from U.S. tax	2,506,721		2,506,721		
1.2 Other bonds (unaffiliated)	(11,144,536)	(6,848,791)	(17,993,327)	(15,687,538)	(3,171,868)
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	70,323		70,323	(376,737)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	1,606,900	(2,497)	1,604,403	(6,819,195)	(467)
2.21 Common stocks of affiliates	33,274,923		33,274,923	(35,672,101)	
3. Mortgage loans	(19,151)		(19,151)	4,119	
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(220,671)		(220,671)		(15,518)
7. Derivative instruments					
8. Other invested assets	10,747,262	(265,550)	10,481,712	(27,418,734)	(331,313)
9. Aggregate write-ins for capital gains (losses)	(85,688)		(85,688)		
10. Total capital gains (losses)	30,217,248	(7,116,838)	23,100,410	(85,970,186)	(3,519,166)

DETAILS OF WRITE-IN LINES					
0901. Miscellaneous gains (losses)		(85,688)		(85,688)	
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)		(85,688)		(85,688)	

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	567,047		(567,047)
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)	567,047		(567,047)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	12,319,217	9,726,099	(2,593,118)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	500,664	428,985	(71,679)
15.3 Accrued retrospective premiums and contracts subject to redetermination	3,080,398	3,464,974	384,576
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	490	61	(429)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset		1	1
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	7,827,305	8,587,641	760,336
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	24,295,121	22,207,761	(2,087,360)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	24,295,121	22,207,761	(2,087,360)

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

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

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

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

NET INCOME

	SSAP #	F/S Page	F/S Line #	2018	2017
1. Liberty Mutual Fire Insurance Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$ 407,405,003	\$ (30,983,267)
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>\$ 407,405,003</u>	<u>\$ (30,983,267)</u>
SURPLUS					
5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,685,037,732	\$ 1,412,787,575
6. State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	.....	.....	.....	.....	.....
7. State Permitted Practices that increase/(decrease) NAIC SAP: NONE	.....	.....	.....	.....	.....
8. NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 1,685,037,732</u>	<u>\$ 1,412,787,575</u>

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

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

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

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

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

D. Going Concern

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

Note 2 – Accounting Changes and Corrections of Errors

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

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company; Peerless Insurance Company ("PIC"), a New Hampshire insurance company; and Employers Insurance Company of Wausau ("EICOW"), a Wisconsin insurance company) acquired all of the issued and outstanding voting shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired a 6% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 94% (LMIC 78%, PIC 8%, and EICOW 8%). The transaction was accounted for as a statutory purchase and the cost was \$166,800,420, resulting in goodwill in the amount of \$88,284,180. Goodwill was fully amortized as of December 31, 2017.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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

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

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

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

2018	2017
\$7,866	\$6,010

4. Age Analysis of Mortgage Loans:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Recorded Investments (All)							
(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 185,579,464	\$ -	\$ 185,579,464
(b) 30-59 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c) 60-89 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(d) 90-179 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e) 180+ Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ 164,275	\$ -	\$ 164,275
2. Acquiring Interest 90-179 Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Interest Reduced							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 2,008,075	\$ -	\$ 2,008,075
(b) Number of Loans	\$ -	\$ -	\$ -	\$ -	\$ 144	\$ -	\$ 144
(c) Percent Reduced	0%	0%	0%	0%	1.221%	0%	1.221%
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 185,743,739	\$ -	\$ 185,743,739
b. Prior Year							
1. Recorded Investments (All)							
(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 162,460,787	\$ -	\$ 162,460,787
(b) 30-59 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ 71,611	\$ -	\$ 71,611
(c) 60-89 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(d) 90-179 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(e) 180+ Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ 22,772	\$ -	\$ 22,772
2. Acquiring Interest 90-179 Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Interest Reduced							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 4,456,282	\$ -	\$ 4,456,282
(b) Number of Loans	\$ -	\$ -	\$ -	\$ -	\$ 158	\$ -	\$ 158
(c) Percent Reduced	0%	0%	0%	0%	1.278%	0%	1.278%
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 162,560,981	\$ -	\$ 162,560,981

NOTES TO FINANCIAL STATEMENTS

5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 143,514	\$ -	\$ 143,514
2. No Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 462,976	\$ -	\$ 462,976
3. Total (1+2)					\$ 606,490		\$ 606,490
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	\$ -	\$ -	\$ -	\$ -	\$ 606,490	\$ -	\$ 606,490
b. Prior Year							
1. With Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 223,337	\$ -	\$ 223,337
2. No Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 502,745	\$ -	\$ 502,745
3. Total (1+2)					\$ 726,082		\$ 726,082
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	\$ -	\$ -	\$ -	\$ -	\$ 726,082	\$ -	\$ 726,082

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

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 666,286	\$ -	\$ 666,286
2. Interest Income Recognized	\$ -	\$ -	\$ -	\$ -	\$ 29,872	\$ -	\$ 29,872
3. Recorded Investments on Nonaccrual Status	\$ -	\$ -	\$ -	\$ -	\$ 164,275	\$ -	\$ 164,275
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	\$ -	\$ -	\$ -	\$ -	\$ 28,914	\$ -	\$ 28,914
b. Prior Year							
1. Average Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 837,790	\$ -	\$ 837,790
2. Interest Income Recognized	\$ -	\$ -	\$ -	\$ -	\$ 44,475	\$ -	\$ 44,475
3. Recorded Investments on Nonaccrual Status	\$ -	\$ -	\$ -	\$ -	\$ 22,772	\$ -	\$ 22,772
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	\$ -	\$ -	\$ -	\$ -	\$ 44,019	\$ -	\$ 44,019

7. Allowance for Credit Losses:

	2018	2017
a. Balance at beginning of period	\$ 35,448	\$ 172,731
b. Additions charged to operations	\$ 20,507	\$ (36,986)
c. Direct write-downs charged against the allowances	\$ (24,626)	\$ (100,297)
d. Recoveries of amounts previously charged off	\$ -	\$ -
e. Balance at end of period	<u>\$ 31,329</u>	<u>\$ 35,448</u>

8. Mortgage Loans Derecognized as a Result of Foreclosure:

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

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

B. Debt Restructuring

	2018	2017
1. The total recorded investment in restructured loans, as of year end	\$ 473,053	\$ 727,459
2. The realized capital losses related to these loans	\$ -	\$ -
3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$ -	\$ -

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

- Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
- All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate as of December 31, 2018: None
- Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2018: None
- All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2018:
 - The aggregate amount of unrealized losses:
 - Less than 12 Months \$ (2,737,687)
 - 12 Months or Longer \$ (13,216,676)
 - The aggregate related fair value of securities with unrealized losses:
 - Less than 12 Months \$ 203,048,587
 - 12 Months or Longer \$ 572,960,141

NOTES TO FINANCIAL STATEMENTS

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 to security lending.
2. The Company has not pledged any of its assets as collateral as of December 31, 2018.
3. Collateral Received

a. Aggregate Amount Collateral Received

	Fair Value
1. Securities Lending	
(a) Open	\$ 129,195,325
(b) 30 Days or Less	\$ -
(c) 31 to 60 Days	\$ -
(d) 61 to 90 Days	\$ -
(e) Greater Than 90 Days	\$ -
(f) Sub-Total	\$ 129,195,325
(g) Securities Received	\$ 14,491,230
(h) Total Collateral Received	\$ 143,686,554
2. Dollar Repurchase Agreement	\$ -
(a) Open	\$ -
(b) 30 Days or Less	\$ -
(c) 31 to 60 Days	\$ -
(d) 61 to 90 Days	\$ -
(e) Greater Than 90 Days	\$ -
(f) Sub-Total	\$ -
(g) Securities Received	\$ -
(h) Total Collateral Received	\$ -

b. The fair value of that collateral and of the portion of that collateral that it has sold or re-pledged

	\$ 143,686,554
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c. All collateral is received in the form of cash and/or securities equal to or in excess of 102% of the loaned value and are maintained in a separate custody account. Cash collateral is reinvested into short-term investments as outlined in the terms of the investment agreement. Per the terms of the investment agreement the Company has the right and ability to redeem any eligible securities on short notice.

4. Securities Lending Transactions Administered by an Affiliated Agent

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

5. Collateral Reinvestment

a. Aggregate Amount Collateral Received

	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	\$ 78,420,017	\$ 78,420,017
(c) 31 to 60 Days	\$ 38,398,193	\$ 38,398,193
(d) 61 to 90 Days	\$ 16,331,960	\$ 16,331,960
(e) 91 to 120 Days	\$ -	\$ -
(f) 121 to 180 Days	\$ -	\$ -
(g) 181 to 365 Days	\$ -	\$ -
(h) 1 to 2 Years	\$ -	\$ -
(i) 2 to 3 Years	\$ -	\$ -
(j) Greater Than 3 Years	\$ -	\$ -
(k) Sub-Total	\$ 133,150,169	\$ 133,150,169
(l) Securities Received	\$ -	\$ -
(m) Total Collateral Reinvested	\$ 133,150,169	\$ 133,150,169
2. Dollar Repurchase Agreement		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	\$ -	\$ -
(c) 31 to 60 Days	\$ -	\$ -
(d) 61 to 90 Days	\$ -	\$ -
(e) 91 to 120 Days	\$ -	\$ -
(f) 121 to 180 Days	\$ -	\$ -
(g) 181 to 365 Days	\$ -	\$ -
(h) 1 to 2 Years	\$ -	\$ -
(i) 2 to 3 Years	\$ -	\$ -
(j) Greater Than 3 Years	\$ -	\$ -
(k) Sub-Total	\$ -	\$ -
(l) Securities Received	\$ -	\$ -
(m) Total Collateral Reinvested	\$ -	\$ -

b. The reporting entity's sources of cash that it uses to return the cash collateral is dependent on the liquidity of the current market conditions. Under current conditions, the reporting entity could liquidate all or a portion of its cash collateral reinvestment securities in order to meet the collateral calls that could come due under a worst-case scenario.

6. The Company has not accepted collateral that it is not permitted by contract or custom to sell or re-pledge.
7. The Company has not accepted collateral that extends beyond one year from the reporting date for securities lending transactions.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

NOTES TO FINANCIAL STATEMENTS

H. Repurchase Agreements Transactions Accounted for as a Sales

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

J. Real Estate

The Company does not hold any investments in real estate.

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

1. There are nine years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fifteen years.
2. There were \$5,245,689 of LIHTC and other tax benefits recognized during the year.
3. The balance of the investment recognized in the statement of financial position for the current year is \$13,065,902.
4. The Company's LIHTC property is required to meet regulatory benchmarks to comply with the LIHTC program which include the review of tenant files. Oversight of the projects is administered by the State Housing agencies.
5. The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.
6. The Company did not recognize any impairment loss on its LIHTC investment during the year.
7. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

L. Restricted Assets

1. Restricted Assets (Included Pledge)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year						
	1	2	3	4	5	6	7
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Collateral held under security lending agreements	129,195,325	-	-	-	129,195,325	115,705,852	13,489,473
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	6,750,000	-	-	-	6,750,000	6,750,000	-
j. On deposit with states	213,900,322	-	-	-	213,900,322	216,389,314	(2,488,992)
k. On deposit with other regulatory bodies	19,340,833	-	-	-	19,340,833	19,338,408	2,425
l. Pledged collateral to FHLB (including assets backing funding agreements)	222,709,048	-	-	-	222,709,048	159,568,560	63,140,488
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	5,755,456	-	-	-	5,755,456	-	5,755,456
o. Total Restricted Assets	\$ 597,650,984	\$ -	\$ -	\$ -	\$ 597,650,984	\$ 517,752,134	\$ 79,898,850

(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	\$ -	\$ -	0%	0%
b. Collateral held under security lending agreements	-	129,195,325	1.97%	1.97%
c. Subject to repurchase agreements	-	-	0%	0%
d. Subject to reverse repurchase agreements	-	-	0%	0%
e. Subjects to dollar repurchase agreements	-	-	0%	0%
f. Subject to dollar reverse repurchase agreements	-	-	0%	0%
g. Placed under option contracts	-	-	0%	0%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	0%	0%
i. FHLB capital stock	-	6,750,000	0.10%	0.10%
j. On deposit with states	-	213,900,322	3.26%	3.27%
k. On deposit with other regulatory bodies	-	19,340,833	0.29%	0.30%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	222,709,048	3.39%	3.40%
m. Pledged as collateral not captured in other categories	-	-	0%	0%
n. Other restricted assets	-	5,755,456	0.09%	0.09%
o. Total Restricted Assets	\$ -	\$ 597,650,984	9.10%	9.13%

(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.

NOTES TO FINANCIAL STATEMENTS

4. Collateral Received and Reflected as Assets within the Reporting Entity's Financial Statements

Collateral Assets	1	2	3	4
	Book/ Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)*	% of BACV to Total Admitted Assets**
a. Cash	\$ -	\$ -	0%	0%
b. Schedule D, Part 1	-	-	0%	0%
c. Schedule D, Part 2, Section 1	-	-	0%	0%
d. Schedule D, Part 2, Section 2	-	-	0%	0%
e. Schedule B	-	-	0%	0%
f. Schedule A	-	-	0%	0%
g. Schedule BA, Part 1	-	-	0%	0%
h. Schedule DL, Part 1	133,150,169	133,150,169	2.03%	2.03%
i. Other	-	-	0%	0%
j. Total Collateral Assets	\$ 133,150,169	\$ 133,150,169	2.03%	2.03%

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

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

	1	2
	Amount	% of Liability to Total Liabilities *
k. Recognized Obligation Return Collateral Asset	\$ 133,150,169	2.74%

* Column 1 divided by Liability Page, Line 26

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.

R. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
Number of CUSIPs	32	-
Aggregate Amount of Investment Income	1,435,673	-

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

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

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. Management may also engage to sell limited partnership interests which may also lead to impairment losses being recognized. The Company did not realize any impairment losses during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2018.

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

1.

	12/31/2018		
	(1)	(2)	(3) (Col 1+2)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 129,505,000	\$ 18,555,000	\$ 148,060,000
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 129,505,000	\$ 18,555,000	\$ 148,060,000
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 129,505,000	\$ 18,555,000	\$ 148,060,000
(f) Deferred Tax Liabilities	\$ 45,546,000	\$ 20,489,000	\$ 66,035,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 83,959,000	\$ (1,934,000)	\$ 82,025,000

NOTES TO FINANCIAL STATEMENTS

	12/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 159,156,000	\$ 13,235,000	\$ 172,391,000
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 159,156,000	\$ 13,235,000	\$ 172,391,000
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 159,156,000	\$ 13,235,000	\$ 172,391,000
(f) Deferred Tax Liabilities	\$ 43,841,000	\$ 22,004,000	\$ 65,845,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 115,315,000	\$ (8,769,000)	\$ 106,546,000

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ (29,651,000)	\$ 5,320,000	\$ (24,331,000)
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ (29,651,000)	\$ 5,320,000	\$ (24,331,000)
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ -	\$ -
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ (29,651,000)	\$ 5,320,000	\$ (24,331,000)
(f) Deferred Tax Liabilities	\$ 1,705,000	\$ (1,515,000)	\$ 190,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ (31,356,000)	\$ 6,835,000	\$ (24,521,000)

2.

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 96,402,705	\$ -	\$ 96,402,705
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ 96,402,705	\$ -	\$ 96,402,705
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			\$ 241,802,347
(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.	\$ 33,102,295	\$ 18,555,000	\$ 51,657,295
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 129,505,000	\$ 18,555,000	\$ 148,060,000

	12/31/2017		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ 3,385,443	\$ 3,385,443
(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)	\$ 130,819,166	\$ -	\$ 130,819,166
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ 130,819,166	\$ -	\$ 130,819,166
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			\$ 196,530,956
(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.	\$ 28,336,834	\$ 9,849,557	\$ 38,186,391
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 159,156,000	\$ 13,235,000	\$ 172,391,000

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) Ordinary	(8) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ (3,385,443)	\$ (3,385,443)
(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)	\$ (34,416,461)	\$ -	\$ (34,416,461)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ (34,416,461)	\$ -	\$ (34,416,461)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			\$ 45,271,391
(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.	\$ 4,765,461	\$ 8,705,443	\$ 13,470,904
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total 2(a) + 2(b) + 2(c)	\$ (29,651,000)	\$ 5,320,000	\$ (24,331,000)

3.

	2018	2017
(a) Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount	470.1%	421.1%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$ 1,603,012,731	\$ 1,440,911,924

4.

	12/31/2018		12/31/2017		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) Ordinary	(6) Capital
Impact of Tax-Planning Strategies						
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 129,505,000	\$ 18,555,000	\$ 159,156,000	\$ 13,235,000	\$ (29,651,000)	\$ 5,320,000
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	\$ 129,505,000	\$ 18,555,000	\$ 159,156,000	\$ 13,235,000	\$ (29,651,000)	\$ 5,320,000
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%

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

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

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

	(1)	(2)	(3)
	12/31/2018	12/31/2017	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ (6,129,111)	\$ (22,568,853)	\$ 16,439,742
(b) Foreign	\$ 115,764	\$ (46,236)	\$ 162,000
(c) Subtotal	\$ (6,013,347)	\$ (22,615,089)	\$ 16,601,742
(d) Federal income tax on net capital gains	\$ (2,118,653)	\$ 15,351,089	\$ (17,469,742)
(e) Utilization of capital loss carry-forwards	\$ -	\$ -	\$ -
(f) Other	\$ -	\$ -	\$ -
(g) Federal and foreign income tax incurred	\$ (8,132,000)	\$ (7,264,000)	\$ (868,000)
2. Deferred Tax Assets:	\$ -	\$ -	\$ -
(a) Ordinary	\$ -	\$ -	\$ -
(1) Discounting of unpaid losses	\$ 49,302,000	\$ 50,993,000	\$ (1,691,000)
(2) Unearned premium reserve	\$ 54,501,000	\$ 52,106,000	\$ 2,395,000
(3) Policyholder reserves	\$ -	\$ -	\$ -
(4) Investments	\$ 4,684,000	\$ 4,235,000	\$ 449,000
(5) Deferred acquisition costs	\$ -	\$ -	\$ -
(6) Policyholder dividends accrual	\$ -	\$ -	\$ -
(7) Fixed Assets	\$ -	\$ -	\$ -
(8) Compensation and benefits accrual	\$ 2,853,000	\$ 3,850,000	\$ (997,000)
(9) Pension accrual	\$ -	\$ -	\$ -
(10) Receivables – nonadmitted	\$ 4,983,000	\$ 4,664,000	\$ 319,000
(11) Net operating loss carry-forward	\$ -	\$ 12,593,000	\$ (12,593,000)
(12) Tax credit carry-forward	\$ 8,970,000	\$ 29,575,000	\$ (20,605,000)
(13) Other (including items <5% of total ordinary tax assets)	\$ 4,212,000	\$ 1,140,000	\$ 3,072,000
(99) Subtotal	\$ 129,505,000	\$ 159,156,000	\$ (29,651,000)
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ -	\$ -	\$ -
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 129,505,000	\$ 159,156,000	\$ (29,651,000)

NOTES TO FINANCIAL STATEMENTS

(e) Capital			\$ -
(1) Investments	\$ 18,555,000	\$ 13,235,000	\$ 5,320,000
(2) Net capital loss carry-forward	\$ -	\$ -	\$ -
(3) Real estate	\$ -	\$ -	\$ -
(4) Other (including items <5% of total capital tax assets)	\$ -	\$ -	\$ -
(99) Subtotal	\$ 18,555,000	\$ 13,235,000	\$ 5,320,000
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 18,555,000	\$ 13,235,000	\$ 5,320,000
(i) Admitted deferred tax assets (2d + 2h)	\$ 148,060,000	\$ 172,391,000	\$ (24,331,000)
3. Deferred Tax Liabilities:	\$ -	\$ -	\$ -
(a) Ordinary	\$ -	\$ -	\$ -
(1) Investments	\$ 3,750,000	\$ 3,193,000	\$ 557,000
(2) Fixed assets	\$ 17,653,000	\$ 11,716,000	\$ 5,937,000
(3) Deferred and uncollected premium	\$ -	\$ -	\$ -
(4) Policyholder reserves	\$ 19,679,000	\$ 25,256,000	\$ (5,577,000)
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 4,464,000	\$ 3,676,000	\$ 788,000
(99) Subtotal	\$ 45,546,000	\$ 43,841,000	\$ 1,705,000
(b) Capital:	\$ -	\$ -	\$ -
(1) Investments	\$ 20,489,000	\$ 22,004,000	\$ (1,515,000)
(2) Real estate	\$ -	\$ -	\$ -
(3) Other (including items <5% of total capital tax liabilities)	\$ -	\$ -	\$ -
(99) Subtotal	\$ 20,489,000	\$ 22,004,000	\$ (1,515,000)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 66,035,000	\$ 65,845,000	\$ 190,000
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 82,025,000	\$ 106,546,000	\$ (24,521,000)

- D. Effective tax rates differ from the current statutory rate of 21% principally due to the effects of intercompany dividends, LP & LLC income, utilization of prior year net operating losses, gain on sale, utilization of prior year AMT credits and utilization of general business credits.
- E. The Company has no net operating loss carry-forwards available to offset future net income subject to Federal income tax.

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

Year Generated	Amount	Expiration
2017	\$ 3,577,000	2037

The Company recognizes \$10,427,000 of AMT credit as a current-year recoverable. An AMT credit carry-forward DTA of \$5,393,000 is expected to be utilized against regular tax or refunded in the future. The alternative minimum tax credit carry-forward does not expire. Ending carryforward balance is computed as follows:

AMT Credit Carryforward	
Beginning Balance	\$ 15,347,000
Current Year AMT Credit Recovered	(10,427,000)
Other Current Year Adjustments to AMT Credit Carryforward	473,000
Sequestration	-
Total AMT Credit Ending Balance	5,393,000
AMT Credit Carryforward Non-Admitted	-
Total AMT Credit Carryforward subject to SSAP101 DTA admittance limitations	\$ 5,393,000

The amount of Federal income taxes incurred and available for recoupment in the event of future losses are none from the current year and none from the preceding year.

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

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

All Set Works, Inc.	Liberty Mutual Group Inc.
AMBCO Capital Corporation	Liberty Mutual Holding Company Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyd's Insurance Company	Liberty Mutual Personal Insurance Company
American Economy Insurance Company	Liberty Mutual Technology Group, Inc.
American Fire and Casualty Company	Liberty Northwest Insurance Corporation
American States Insurance Company	Liberty Personal Insurance Company
American States Insurance Company of Texas	Liberty RE (Bermuda) Limited
American States Lloyds Insurance Company	Liberty Sponsored Insurance (Vermont), Inc.
American States Preferred Insurance Company	Liberty Surplus Insurance Corporation
Barrier Ridge LLC	LIH-RE of America Corporation
Berkeley Holding Company Associates, Inc.	LIU Specialty Insurance Agency Inc.
Berkeley Management Corporation	LM General Insurance Company
Capitol Court Corporation	LM Insurance Corporation
Colorado Casualty Insurance Company	LM Property and Casualty Insurance Company
Consolidated Insurance Company	LMHC Massachusetts Holdings Inc.
Diversified Settlements, Inc.	Managed Care Associates Inc.
Emerald City Insurance Agency, Inc.	Mid-American Fire & Casualty Company
Employers Insurance Company of Wausau	North Pacific Insurance Company
Excelsior Insurance Company	Ocasco Budget, Inc.
Excess Risk Reinsurance, Inc.	OCI Printing, Inc.
F.B. Beattie & Co., Inc.	Ohio Casualty Corporation

NOTES TO FINANCIAL STATEMENTS

First National Insurance Company of America	Ohio Security Insurance Company
First State Agency Inc.	Open Seas Solutions, Inc.
General America Corporation	Oregon Automobile Insurance Company
General America Corporation of Texas	Peerless Indemnity Insurance Company
General Insurance Company of America	Peerless Insurance Company
Golden Eagle Insurance Corporation	Pilot Insurance Services, Inc.
Gulf States AIF, Inc.	Rianoc Research Corporation
Hawkeye-Security Insurance Company	S.C. Bellevue, Inc.
Indiana Insurance Company	SAFECARE Company, Inc.
Insurance Company of Illinois	Safeco Corporation
Ironshore Holdings (US) Inc.	Safeco General Agency, Inc.
Ironshore Indemnity Inc.	Safeco Insurance Company of America
Liberty Specialty Markets Bermuda Limited	Safeco Insurance Company of Illinois
Ironshore Management Inc.	Safeco Insurance Company of Indiana
Ironshore Services Inc.	Safeco Insurance Company of Oregon
Ironshore Specialty Insurance Company	Safeco Lloyds Insurance Company
Ironshore Surety Holdings Inc.	Safeco National Insurance Company
LEXCO Limited	Safeco Properties, Inc.
Liberty-USA Corporation	Safeco Surplus Lines Insurance Company
Liberty Assignment Corporation	San Diego Insurance Company
Liberty Energy Canada, Inc.	SCIT, Inc.
Liberty Financial Services, Inc.	St. James Insurance Company Ltd.
Liberty Hospitality Group, Inc.	The First Liberty Insurance Corporation
Liberty Insurance Corporation	The Midwestern Indemnity Company
Liberty Insurance Holdings, Inc.	The National Corporation
Liberty Insurance Underwriters Inc.	The Netherlands Insurance Company
Liberty International Europe Inc.	The Ohio Casualty Insurance Company
Liberty International Holdings Inc.	Wausau Business Insurance Company
Liberty Life Assurance Company of Boston	Wausau General Insurance Company
Liberty Life Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Lloyds of Texas Insurance Company	West American Insurance Company
Liberty Management Services, Inc.	Winmar Company, Inc.
Liberty Mexico Holdings Inc.	Winmar of the Desert, Inc.
Liberty Mutual Agency Corporation	Winmar Oregon, Inc.
Liberty Mutual Fire Insurance Company	Winmar-Metro, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar-Metro, Inc.

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

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

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

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group Inc. ("LMGI"), a Massachusetts company. The ultimate parent of LMGI is Liberty Mutual Holding Company Inc. ("LMHC"), a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. As of December 31, 2018, the Company had the following capital transactions with its parent and subsidiaries:
- | | | |
|--|----|-------------|
| 1. Received capital contributions of | \$ | - |
| 2. Received return of capital distributions of | \$ | - |
| 3. Contributed capital in the amount of | \$ | 11,913,929 |
| 4. Received dividends in the amount of | \$ | 252,471,763 |
- D. At December 31, 2018, the Company reported a net \$26,563,897 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. A. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

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

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

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

There is an "Agent-Company Agreement" between the Company and Helmsman Insurance Agency LLC ("Helmsman") whereby Helmsman is appointed a property-casualty insurance agent of the Company and provides usual and customary services of an insurance agent on all insurance contracts placed by Helmsman with the Company.

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

Company	Credit Line
Liberty Mutual Group	\$ 150,000,000
Liberty Mutual Insurance Company	\$ 450,000,000

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

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

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

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

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

The Company paid \$24,009,282 under the LMHC Tax Sharing Agreement and paid \$ 12,017,945 under the LMGAM and LMIA investment management agreements. Pursuant to the Inter Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual management services agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

- G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.

NOTES TO FINANCIAL STATEMENTS

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

	Carrying Value
Ohio Casualty Corporation	\$ 110,336,028

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

- M. All SCA investments

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

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
N/A				
Total SSAP No. 97 8a Entities				
b. SSAP No. 97 8b(ii) Entities				
Ohio Casualty Corporation	6%	\$ 110,336,028	\$ 109,768,981	\$ 567,047
Total SSAP No. 97 8b(ii) Entities				
c. SSAP No. 97 8b(iii)				
St. James/Arlington Real Estate Limited Partnership	5%	\$ 31,440,025	\$ 31,440,025	\$ -
Liberty Mutual Investment Holdings LLC	10%	\$ 280,349,772	\$ 280,349,772	\$ -
LMAT Holdings LLC	10%	\$ 17,984,096	\$ 17,984,096	\$ -
Georgia Tax Credit Fund LM L.P.	75%	\$ 6,479,907	\$ 6,479,907	\$ -
Raymond James Georgia Fund 37 State Tax	100%	\$ 3,689,027	\$ 3,689,027	\$ -
Total SSAP No. 97 8b(iii) Entities				
d. SSAP No. 97 8b(iv)				
N/A				
Total SSAP No. 97 8b(iv) Entities				
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)		\$ 450,278,854	\$ 449,711,807	\$ 567,047
f. Aggregate Total (a+e)		\$ 450,278,854	\$ 449,711,807	\$ 567,047

2. NAIC Filing Response Information

SCA Entity	Type of NAIC Filing	Date of Filing to NAIC	2017 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
a. SSAP No. 97 8a Entities						
N/A						
Total SSAP No. 97 8a Entities						
b. SSAP No. 97 8b(ii) Entities						
Ohio Casualty Corporation	S2	12/17/2018	\$ 102,166,120	Yes	No	N/A
Total SSAP No. 97 8b(ii) Entities						
c. SSAP No. 97 8b(iii)						
St. James/Arlington Real Estate Limited Partnership	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Investment Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
LMAT Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Georgia Tax Credit Fund LM L.P.	N/A	N/A	N/A	N/A	N/A	N/A
Raymond James Georgia Fund 37 State Tax	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iii) Entities						
d. SSAP No. 97 8b(iv)						
N/A						
Total SSAP No. 97 8b(iv) Entities						
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)			\$ 102,166,120			
f. Aggregate Total (a+e)			\$ 102,166,120			

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

** I – Immaterial or M – Material

- N. Investment in Insurance SCAs

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

- O. SCA Loss Tracking

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

Note 11 - Debt

- A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

- B. FHLB (Federal Home Loan Bank) Agreements

- The Company is a member of the Federal Home Loan Bank (FHLB) of Chicago. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. On March 21, 2012, the Company borrowed \$150,000,000 under the agreement with a maturity date of March 22, 2032. The borrowing is fully collateralized. Interest on the borrowing accrues at an annual rate of 3.91%. For December year-to-date, the Company has incurred and paid expense of \$5,946,458. It is part of the Company's strategy to utilize these funds as backup liquidity. The Company has determined the actual maximum borrowing capacity as \$1,000,000,000 per Board of Directors consent

NOTES TO FINANCIAL STATEMENTS

2. FHLB Capital Stock

a. Aggregate Totals

1. Current year

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	\$ 949,100	\$ 949,100	\$ -
Activity Stock	\$ 5,800,900	\$ 5,800,900	\$ -
Excess Stock	\$ -	\$ -	\$ -
Aggregate Total	\$ 6,750,000	\$ 6,750,000	\$ -
Actual Borrowing Capacity as Determined by the Insurer	\$ 1,000,000,000	XXX	XXX

2. Prior Year-end

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	\$ 780,200	\$ 780,200	\$ -
Activity Stock	\$ 5,969,800	\$ 5,969,800	\$ -
Excess Stock	\$ -	\$ -	\$ -
Aggregate Total	\$ 6,750,000	\$ 6,750,000	\$ -
Actual Borrowing Capacity as Determined by the Insurer	\$ 1,000,000,000	XXX	XXX

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

	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 1 Year	6 3 to 5 Years
Membership Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Class A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Class B	\$ -	\$ 949,100	\$ -	\$ -	\$ -	\$ -

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ 222,373,037	\$ 224,309,740	\$ 150,000,000

2. Current Year Total General Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ 222,373,037	\$ 224,309,740	\$ 150,000,000

3. Current Year Protected Cell Accounts

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

4. Prior Year-end Total General Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ 160,248,637	\$ 159,605,142	\$ 150,000,000

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Borrowing
Total Collateral Pledged	\$ 270,901,855	\$ 273,089,151	\$ 150,000,000

2. Current Year Total General Accounts

	Fair Value	Carrying Value	Borrowing
Total Collateral Pledged	\$ 270,901,855	\$ 273,089,151	\$ 150,000,000

3. Current Year Protected Cell Accounts

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

4. Prior Year-end Total General Protected Cell Accounts

	Fair Value	Carrying Value	Borrowing
Total Collateral Pledged	\$ 177,243,439	\$ 175,572,906	\$ 150,000,000

NOTES TO FINANCIAL STATEMENTS

4. Borrowing from FHLB
a. Amount as of the Reporting Date

1. Current Year

	(1)	(2)	(3)	(4)
	Total 2+3	General Account	Protected Cell Accounts	Funding Agreements Reserves Established
Debt	\$ 150,000,000	\$ 150,000,000	\$ -	XXX
Funding Agreements	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	XXX
Aggregate Total	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -

2. Prior Year-end

	(1)	(2)	(3)	(4)
	Total 2+3	General Account	Protected Cell Accounts	Funding Agreements Reserves Established
Debt	\$ 150,000,000	\$ 150,000,000	\$ -	XXX
Funding Agreements	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	XXX
Aggregate Total	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -

- b. Maximum Amount During Reporting Period (Current Year)

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
Debt	\$ 150,000,000	\$ 150,000,000	\$ -
Funding Agreements	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Aggregate Total	\$ 150,000,000	\$ 150,000,000	\$ -

- c. FHLB - Prepayment Obligations

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

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

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

Eligible employees may participate in the Liberty Mutual Retirement Benefit Plan for U.S. Employees; the Supplemental Income at Retirement Plan (SIRP) which has both a defined benefit component and defined contribution component; the Employees' Thrift Incentive Plan (defined-contribution savings); and the U.S. postretirement health and life insurance benefit plans sponsored by a Holding Company, Liberty Mutual Group Inc. (LMGI).

Also, eligible employees may participate in non-contributory defined benefit plans, contributory defined contribution pension plans and health care and life insurance postretirement benefits plans sponsored by Liberty Mutual Insurance Company (LMIC).

The Company has no legal obligation for these plans. Accordingly, these plans' assets and obligations are not disclosed in this note. The costs of the LMGI plans are allocated by LMGI to LMIC, pursuant to an Employee Benefit Plan Cost-Sharing Agreement, and a portion of the LMGI and LMIC benefit plan costs, in turn, are allocated to the Company through the Liberty Mutual Second Amended and Restated Inter-Company Reinsurance Agreement, as described in Note 26.

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

1. The Company has 100,000 shares authorized, issued and outstanding as of December 31, 2018. All shares have a stated par value of \$100.

The Company has 100,000 shares authorized of Series A Preferred Stock, 1,000 shares issued and outstanding as of December 31, 2018. All shares have a stated par value of \$0.01.

2. On December 31, 2008, the Company issued 7,468 preferred shares, at an issuance price of \$647,660,000, to its parent, LMGI. Dividends, based on the issuance price, are cumulative and payable on a quarterly basis.
3. There are no dividend restrictions.
4. The Company paid dividends to its parent in 2018 of:

	Ordinary
March	\$ 3,750,000
June	\$ 3,750,000
September	\$ 3,750,000
December	\$ 3,750,000
Total	\$ 15,000,000

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2019 is \$153,503,773.
6. As of December 31, 2018, the Company has pre-tax restricted surplus of \$6,897,373 resulting from retroactive reinsurance contracts.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2018.
10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is (\$65,532,494) after applicable deferred taxes of \$10,966,579.

11. Surplus Notes

Not applicable.

12. Quasi-reorganization (dollar impact)

Not applicable.

NOTES TO FINANCIAL STATEMENTS

13. Quasi-reorganization (effective date)

Not applicable.

Note 14 - Contingencies

A. Contingent Commitments

Refer to Note 10E.

B. Assessments

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

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

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

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

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related to ECO and bad faith losses paid during the reporting period	\$ 11,169,144

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

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

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

(f) Per Claim [X] (g) Per Claimant []

E. Product Warranties

The Company does not write product warranty business.

F. Joint and Several Liabilities

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

G. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

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

At December 31, 2017 the total fair value of securities on loan was \$122,920,316, with corresponding collateral value of \$128,000,429 of which \$115,705,852 represents cash collateral that was reinvested.

C. Wash Sales

1. The Company did not have any wash sale
2. Not applicable.

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

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

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

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

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds					
U.S. Government & Agency Securities	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. MBS/ABS of Gov. & Corp. Agencies	-	3,588,101	-	-	3,588,101
U.S. State and Municipal	-	-	-	-	-
Corporate and Other	115,509,679	183,135,483	-	-	298,645,162
Foreign Government Securities	-	2,850,468	-	-	2,850,468
Total Bonds	115,509,679	189,574,052	-	-	305,083,731
Preferred Stocks					
Industrial and Miscellaneous (Unaffiliated)	-	855,665	-	-	855,665
Total Preferred Stocks	\$ -	\$ 855,665	\$ -	\$ -	\$ 855,665
Common Stocks					
Industrial and Miscellaneous	46,068,705	-	6,750,000	-	52,818,705
Total Common Stocks	46,068,705	-	6,750,000	-	52,818,705
Other Assets	-	-	-	-	-
Total assets at fair value	\$ 161,578,384	\$ 190,429,717	\$ 6,750,000	\$ -	\$ 358,758,101
b. Liabilities at fair value					
Derivative Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -	\$ -

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

NOTES TO FINANCIAL STATEMENTS

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 12/31/2017	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance as of 12/31/2018
U.S. Government & Agency Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. MBS/ABS of Gov. & Corp. Agencies	-	-	-	-	-	-	-	-	-	-
U.S. State and Municipal	-	-	-	-	-	-	-	-	-	-
Corporate and Other	-	-	-	-	-	-	-	-	-	-
Foreign Government Securities	-	-	-	-	-	-	-	-	-	-
Total Bonds	-	-	-	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	6,752,690	-	-	(205)	(123)	-	-	(2,362)	-	6,750,000
Total	\$6,752,690	\$ -	\$ -	\$ (205)	\$ (123)	\$ -	\$ -	\$ (2,362)	\$ -	\$6,750,000

3. Policy on Transfers Into and Out of Level 3

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

Inputs and Techniques Used for Fair Value

4.

Fixed Maturities

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

U.S. Government and Agency Securities

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

Municipal Securities

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

Corporate debt and other

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

Foreign government securities

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

Common and Preferred Stocks

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

Other Invested Assets

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

5. Derivative Fair Values

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	\$ 17,585,480	\$ 17,603,652	\$ (61,355,968)	\$ 1,457,869	\$ -	\$ 77,483,579	\$ -
Bonds	4,603,015,847	4,629,763,962	811,639,755	3,769,647,058	21,729,034	-	-
Preferred Stock	855,665	855,665	-	855,665	-	-	-
Common Stock	52,818,705	52,818,705	46,068,705	-	6,750,000	-	-
Securities Lending	133,216,883	133,150,169	-	133,216,883	-	-	-
Mortgage Loans	193,458,961	185,712,410	-	-	193,458,961	-	-
Surplus Notes	-	-	-	-	-	-	-
Total	\$ 5,000,951,542	\$ 5,019,904,563	\$ 796,352,492	\$ 3,905,177,475	\$ 221,937,995	\$ 77,483,579	\$ -

D. Reasons Not Practical to Estimate Fair Value

Not applicable.

E. Instruments Measured at Net Asset Value (NAV)

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

Note 21 - Other Items

A. Unusual or Infrequent Items

On May 1, 2018 the Company, with regulatory approval, sold its 10% ownership interest in Liberty Life Assurance Company to Lincoln Financial Group, resulting in a total realized gain of \$43,693,787.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1. Florida Special Disability Trust Fund

- The Company took a credit in the determination of its loss reserves of \$0 in 2018 and \$14,049,345 in 2017.
- The Company received payments from the Special Disability Trust Fund of \$0 in 2018 and \$954,928 in 2017.
- The amount the Company was assessed by the Special Disability Trust Fund was \$226,213 in 2018 and \$261,364 in 2017.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

- Carrying value of transferable and non-transferable state tax credits gross of any related state tax liabilities and total unused transferable and non-transferable state tax credits by state and in total

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Film Credit	AK	\$ 6,627	\$ 6,627
Total		\$ 6,627	\$ 6,627

- Method of estimating utilization of remaining transferable and non-transferable state tax credits

The Company estimated the utilization of the remaining transferable and non-transferable State Tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining transferable and non-transferable state tax credits.

- Impairment amount recognized by the reporting period, if any.

The Company has not recognized any impairment losses associated with its transferable and non-transferable state tax credits during the reporting period.

- State Tax Credits Admitted and Nonadmitted

	Non Admitted	Total Nonadmitted
a. Transferable	\$ 6,627	\$ -
b. Non-transferable	\$ -	\$ -

F. Subprime-Mortgage-Related Risk Exposure

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

G. Insurance Linked Securities (ILS) Contracts

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

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 21, 2019, the date the financial statements were available to be issued.

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

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

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, there are no unsecured reinsurance recoverable or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

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, 2018.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 1,256,228,712	\$ -	\$ 1,755,233,506	\$ -	\$ (499,004,794)	\$ -
All Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,256,228,712	\$ -	\$ 1,755,233,506	\$ -	\$ (499,004,794)	\$ -

Directed Unearned Premium Reserve: \$ 1,755,233,506

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, 2016 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$ 234,691,688	\$ 42,843,153	\$ 234,691,688	\$ 42,843,153
b. Sliding Scale Adjustments	\$ -	\$ 101,359	\$ -	\$ 101,359
c. Other Profit Commission Arrangements	\$ -	\$ (126,002)	\$ -	\$ (126,002)
d. TOTAL	\$ 234,691,688	\$ 42,818,511	\$ 234,691,688	\$ 42,818,511

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance treaties in the current year.

F. Retroactive Reinsurance

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

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

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

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

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

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

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

G. Reinsurance Accounted for as a Deposit

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

NOTES TO FINANCIAL STATEMENTS

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

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

The Company does not transact business with Certified Reinsurers.

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

The Company is not a Certified Reinsurer.

J. Asbestos and Pollution Counterparty Reporting Exception

The Counterparty reporting party does not apply to the Company.

Note 24 - Retrospectively rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 15.3 of the asset page have been determined based upon loss experience on business subject to such experience rating adjustment.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.

The Company does not recognize a liability for medical loss ratio rebates pursuant to the Public Health Service Act, as the Company does not write direct comprehensive major medical health business.

E. Ten Percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted.

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

F. Risk Sharing Provisions of the Affordable Care Act

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

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Companies	Line of Business
Lead	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
Pool	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
Ironshore Indemnity Inc. ("IIF")	23647	0.00%	All Lines
Ironshore Specialty Insurance Company ("ISIC")	25445	0.00%	All Lines
Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines
Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
LM General Insurance Company ("LMGIC")	36447	0.00%	All Lines
Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
LM Insurance Corporation ("LMC")	33600	0.00%	All Lines
Liberty Mutual Mid-Atlantic Insurance Company ("LMMIAIC")	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
100% Quota Share LM Property and Casualty Insurance Affiliated Company ("LMPAC")	32352	0.00%	All Lines

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Note 27 - Structured Settlements

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

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

Note 28 - Health Care Receivables

Not applicable.

Note 29 - Participating Policies

Not applicable.

Note 30 - Premium Deficiency Reserves

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

Note 31 - High Dollar Deductible Policies

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

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

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

- A. Tabular Discount

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

- B. Non-tabular Discount

Not applicable

Note 33 - Asbestos/Environmental Reserves

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

NOTES TO FINANCIAL STATEMENTS

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

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

Uncertainty Regarding Reserving Methodologies

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

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

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

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

Asbestos

1. Direct -

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 139,940,998	\$ 140,708,681	\$ 118,430,234	\$ 123,910,271	\$ 117,517,690
b. Incurred losses and LAE	\$ 22,807,269	\$ 6,627,475	\$ 26,224,951	\$ 14,187,334	\$ 24,731,200
c. Calendar year payments	\$ 22,039,586	\$ 28,905,921	\$ 20,744,915	\$ 20,579,915	\$ 20,208,522
d. Ending reserves	\$ 140,708,681	\$ 118,430,235	\$ 123,910,270	\$ 117,517,690	\$ 122,040,368

2. Assumed Reinsurance -

	2014	2015	2016	2017	2018
a. Beginning reserves*:	\$ 49,581,228	\$ 45,860,173	\$ 44,251,678	\$ 40,951,919	\$ 42,449,229
b. Incurred losses and LAE	\$ 120,705	\$ 938,913	\$ (396,308)	\$ 4,053,333	\$ (371,535)
c. Calendar year payments	\$ 3,841,760	\$ 2,547,408	\$ 2,999,181	\$ 2,556,023	\$ 2,377,319
d. Ending reserves	\$ 45,860,173	\$ 44,251,678	\$ 40,856,189	\$ 42,449,229	\$ 39,700,375

*Includes Ironshore acquisition in 2017

3. Net of Ceded Reinsurance -

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 79,777,888	\$ 73,443,825	\$ 54,527,879	\$ 53,760,540	\$ 54,007,284
b. Incurred losses and LAE	\$ 7,112,673	\$ 490,554	\$ 4,983,089	\$ 6,869,767	\$ 16,061,925
c. Calendar year payments	\$ 13,446,736	\$ 19,406,500	\$ 5,750,429	\$ 6,623,022	\$ 7,709,193
d. Ending reserves	\$ 73,443,825	\$ 54,527,879	\$ 53,760,539	\$ 54,007,285	\$ 62,360,017

4. Ending Reserves for Bulk + IBNR included above (Loss & LAE)

a. Direct Basis	\$ 85,505,003
b. Assumed Reinsurance Basis	\$ 28,917,279
c. Net of Ceded Reinsurance Basis	\$ 43,298,124

5. Ending Reserves for LAE included above (Case, Bulk & IBNR)

a. Direct Basis	\$ 71,462,986
b. Assumed Reinsurance Basis	\$ 1,167,483
c. Net of Ceded Reinsurance Basis	\$ 28,122,344

Environmental

1. Direct -

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 35,877,644	\$ 33,648,262	\$ 28,989,390	\$ 29,816,048	\$ 30,911,571
b. Incurred losses and LAE	\$ 4,636,356	\$ 2,358,449	\$ 6,419,911	\$ 5,145,707	\$ 8,736,239
c. Calendar year payments	\$ 6,865,738	\$ 7,017,321	\$ 5,593,253	\$ 4,050,184	\$ 6,493,842
d. Ending reserves	\$ 33,648,262	\$ 28,989,390	\$ 29,816,048	\$ 30,911,571	\$ 33,153,967

2. Assumed Reinsurance -

	2014	2015	2016	2017	2018
a. Beginning reserves*:	\$ 5,133,023	\$ 4,834,448	\$ 3,503,310	\$ 3,336,937	\$ 4,068,948
b. Incurred losses and LAE	\$ 91,914	\$ (784,640)	\$ (13,180)	\$ 970,817	\$ (65,695)
c. Calendar year payments	\$ 390,489	\$ 546,498	\$ 325,722	\$ 238,806	\$ 404,522
d. Ending reserves	\$ 4,834,448	\$ 3,503,310	\$ 3,164,408	\$ 4,068,948	\$ 3,598,731

*Includes Ironshore acquisition in 2017

3. Net of Ceded Reinsurance -

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 25,838,682	\$ 23,909,931	\$ 20,969,200	\$ 20,482,901	\$ 22,012,201
b. Incurred losses and LAE	\$ 2,250,191	\$ 25,448	\$ 3,928,479	\$ 4,078,121	\$ 3,997,444
c. Calendar year payments	\$ 4,178,942	\$ 2,966,179	\$ 4,414,778	\$ 2,548,821	\$ 3,409,772
d. Ending reserves	\$ 23,909,931	\$ 20,969,200	\$ 20,482,901	\$ 22,012,201	\$ 22,599,873

4. Ending Reserves for Bulk + IBNR included above (Loss & LAE)

a. Direct Basis	\$ 19,566,218
b. Assumed Reinsurance Basis	\$ 1,730,608
c. Net of Ceded Reinsurance Basis	\$ 12,573,593

NOTES TO FINANCIAL STATEMENTS

5. Ending Reserves for LAE included above (Case, Bulk & IBNR)

a. Direct Basis	\$ 12,917,931
b. Assumed Reinsurance Basis	\$ 344,932
c. Net of Ceded Reinsurance Basis	\$ 7,701,184

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable.

Note 36 - Financial Guaranty Insurance Contracts

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 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? Wisconsin
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes No]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013
- 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. 12/31/2013
- 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). 05/21/2015
- 3.4 By what department or departments?
 Wisconsin Department of Insurance

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

GENERAL INTERROGATORIES

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

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

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

6.2 If yes, give full information:

.....

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

7.2 If yes,

7.21 State the percentage of foreign control. _____ %

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

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

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

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

.....

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

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

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

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

Ernst & Young, LLP
 200 Clarendon Street
 Boston, MA 02116

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

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

.....

GENERAL INTERROGATORIES

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

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

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

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

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

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

12.11 Name of real estate holding company	St. James/Arlington Real Estate
12.12 Number of parcels involved	7
12.13 Total book/adjusted carrying value	\$ 31,254,791

12.2 If yes, provide explanation:
 Liberty Mutual Fire Insurance Company directly owns 5% of St James/Arlington Real Estate LP

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....
.....

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

INVESTMENT

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

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

- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [] N/A []
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 147,641,399
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ _____
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [] N/A []
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [] N/A []
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [] N/A []
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--|--|-----------------------|
| 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | | \$ <u>133,150,169</u> |
| 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | | \$ <u>133,150,169</u> |
| 24.103 Total payable for securities lending reported on the liability page | | \$ <u>133,150,169</u> |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

GENERAL INTERROGATORIES

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

25.21	Subject to repurchase agreements	\$ _____
25.22	Subject to reverse repurchase agreements	\$ _____
25.23	Subject to dollar repurchase agreements	\$ _____
25.24	Subject to reverse dollar repurchase agreements	\$ _____
25.25	Placed under option agreements	\$ _____
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
25.27	FHLB Capital Stock	\$ <u>6,750,000</u>
25.28	On deposit with states	\$ <u>213,900,322</u>
25.29	On deposit with other regulatory bodies	\$ <u>19,340,833</u>
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ <u>142,998,568</u>
25.32	Other	\$ <u>5,755,456</u>

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK CHICAGO	6,750,000
.....

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
.....

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	4,631,239,998	4,603,018,062	(28,221,936)
30.2 Preferred stocks	855,665	855,665	
30.3 Totals	4,632,095,663	4,603,873,727	(28,221,936)

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

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

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

.....

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

32.2 If no, list exceptions:

.....

33 By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

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

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

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

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

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

OTHER

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

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE INC.	\$ 1,402,852
	\$
	\$

GENERAL INTERROGATORIES

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 10,134		\$ 4,202,952	
2.2 Premium Denominator	\$ 2,487,932,815		\$ 2,200,796,874	
2.3 Premium Ratio (2.1 / 2.2)	0.00		0.00	
2.4 Reserve Numerator	\$ 13,703,474		\$ 7,164,095	
2.5 Reserve Denominator	\$ 4,489,759,993		\$ 4,351,438,063	
2.6 Reserve Ratio (2.4 / 2.5)	0.00		0.00	

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

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

3.21 Participating policies \$ 1,388,882,164

3.22 Non-participating policies \$ 2,313,183,652

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
 The Company purchases a combination of per risk excess of loss reinsurance and excess of loss per event catastrophe reinsurance.

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

GENERAL INTERROGATORIES

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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
 No

- 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 | | \$ | 1 |
| 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): \$ 88,000,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. _____ 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Premiums and recoverables were allocated pursuant to the intercompany pooling agreement.

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

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

- 16.1 Does the reporting entity write any warranty business? Yes No
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | | 1 | 2 | 3 | 4 | 5 |
|------------------|----|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
| | | Direct Losses
Incurred | Direct Losses
Unpaid | Direct Written
Premium | Direct Premium
Unearned | Direct Premium
Earned |
| 16.11 Home | \$ | 485,225 | \$ | \$ | \$ | \$ |
| 16.12 Products | \$ | \$ | \$ | \$ | \$ | \$ |
| 16.13 Automobile | \$ | \$ | \$ | \$ | \$ | \$ |
| 16.14 Other* | \$ | (66,269) | \$ | 1,598,090 | \$ | \$ |

* Disclose type of coverage: GL

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2018	2017	2016	2015	2014
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,966,797,588	3,086,112,683	3,134,589,419	3,266,726,048	3,467,016,954
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,506,881,564	1,430,483,091	1,545,191,323	1,663,801,352	1,884,949,186
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,633,256,971	1,685,307,541	1,742,470,482	1,803,941,480	1,856,461,382
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	99,440,857	79,778,442	68,447,056	74,132,533	72,978,295
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	42,166,373	28,361,559	23,686,147	30,322,862	23,297,795
6. Total (Line 35)	6,248,543,353	6,310,043,316	6,514,384,427	6,838,924,275	7,304,703,612
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,120,596,401	1,083,514,288	969,638,538	926,958,179	931,079,533
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	593,118,389	415,268,301	398,309,682	376,864,283	390,480,909
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	698,219,900	682,462,988	664,211,442	648,105,691	620,940,965
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	92,376,475	74,409,793	64,063,417	68,323,039	64,346,751
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	42,166,373	28,361,559	23,686,147	30,322,862	23,297,795
12. Total (Line 35)	2,546,477,538	2,284,016,929	2,119,909,226	2,050,574,054	2,030,145,953
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	9,667,789	(226,160,272)	(61,640,601)	9,068,124	(38,044,690)
14. Net investment gain (loss) (Line 11)	420,088,110	158,988,471	121,159,335	237,750,311	167,674,787
15. Total other income (Line 15)	(27,048,950)	14,660,929	6,826,107	3,176,375	(1,011,185)
16. Dividends to policyholders (Line 17)	1,315,293	1,087,484	1,421,581	1,548,430	1,885,384
17. Federal and foreign income taxes incurred (Line 19)	(6,013,347)	(22,615,089)	28,717,945	(3,637,038)	(5,440,420)
18. Net income (Line 20)	407,405,003	(30,983,267)	36,205,315	252,083,418	132,173,948
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	6,545,646,258	6,038,929,326	5,650,731,746	5,477,772,126	5,297,887,108
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	135,501,603	130,281,967	108,981,873	109,978,131	110,463,948
20.2 Deferred and not yet due (Line 15.2)	573,572,798	556,086,480	527,225,282	495,548,741	469,147,504
20.3 Accrued retrospective premiums (Line 15.3)	27,724,964	31,156,268	31,946,332	31,519,422	35,853,810
21. Total liabilities excluding protected cell business (Page 3, Line 26)	4,860,608,526	4,626,141,753	4,176,150,733	4,078,781,163	3,995,773,620
22. Losses (Page 3, Line 1)	2,677,185,459	2,622,655,277	2,285,275,090	2,238,134,366	2,219,415,749
23. Loss adjustment expenses (Page 3, Line 3)	549,248,034	522,741,759	472,145,281	468,607,823	481,276,193
24. Unearned premiums (Page 3, Line 9)	1,256,228,712	1,200,504,734	1,108,755,728	1,052,883,251	1,006,108,608
25. Capital paid up (Page 3, Lines 30 & 31)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,685,037,732	1,412,787,575	1,474,581,013	1,398,990,964	1,302,113,488
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	494,241,288	84,331,427	193,345,148	168,927,358	159,111,107
Risk-Based Capital Analysis					
28. Total adjusted capital	1,685,037,732	1,547,457,924	1,486,120,132	1,409,335,978	1,311,838,591
29. Authorized control level risk-based capital	340,999,560	342,722,284	295,909,898	272,345,674	270,653,111
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)	83.5	77.6	77.6	77.3	75.2
31. Stocks (Lines 2.1 & 2.2)	2.9	5.4	8.6	9.0	9.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.3	3.2	3.5	3.0	2.9
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	0.3	2.6	(0.0)	1.4	1.1
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	7.4	8.8	8.6	8.5	9.5
38. Receivables for securities (Line 9)	0.1	0.0	0.0	0.1	0.5
39. Securities lending reinvested collateral assets (Line 10)	2.4	2.3	1.7	0.7	0.9
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	110,336,028	237,848,342	226,518,826	210,909,477	207,051,938
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)		114,936,626			
46. Affiliated mortgage loans on real estate					
47. All other affiliated	339,942,827	336,861,572	285,402,888	269,892,298	264,707,525
48. Total of above Lines 42 to 47	450,278,855	689,646,540	511,921,714	480,801,775	471,759,463
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)	26.7	48.8	34.7	34.4	36.2

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(76,596,400)	19,065,151	37,159,281	(87,818,913)	18,633,743
52. Dividends to stockholders (Line 35)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(26,531,250)
53. Change in surplus as regards policyholders for the year (Line 38)	272,250,158	(61,793,439)	75,590,049	96,877,476	85,817,469
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)	2,014,836,297	1,917,603,134	1,949,446,145	1,943,621,172	2,169,292,469
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	974,542,637	939,188,747	942,319,985	882,952,396	949,637,639
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	799,102,431	778,672,970	720,863,874	832,480,611	869,230,962
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	14,795,610	10,255,765	1,723,359	19,470,730	23,573,862
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	15,113,730	9,148,369	6,318,530	9,173,592	10,294,086
59. Total (Line 35)	3,818,390,705	3,654,868,985	3,620,671,893	3,687,698,501	4,022,029,018
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	636,465,719	515,580,178	560,411,400	538,017,596	625,263,867
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	326,898,738	240,835,371	230,296,341	201,305,877	206,079,402
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	383,378,734	369,831,167	323,054,419	320,031,262	301,688,883
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	14,696,393	9,679,582	1,463,163	19,108,361	23,541,539
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	15,113,730	9,148,369	6,318,530	9,173,592	10,294,086
65. Total (Line 35)	1,376,553,314	1,145,074,667	1,121,543,853	1,087,636,688	1,166,867,777
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	57.8	66.0	56.6	55.6	56.3
68. Loss expenses incurred (Line 3)	12.2	13.5	13.2	12.7	13.7
69. Other underwriting expenses incurred (Line 4)	29.6	30.8	33.1	31.2	31.9
70. Net underwriting gain (loss) (Line 8)	0.4	(10.3)	(3.0)	0.5	(1.9)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 12 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	29.2	29.0	32.0	30.2	31.0
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.0	79.5	69.8	68.4	70.0
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	151.1	161.7	143.8	146.6	155.9
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(57,253)	70,421	16,818	(13,462)	(1,195)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(4.1)	4.8	1.2	(1.0)	(0.1)
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	31,341	75,699	(6,953)	(15,539)	55,155
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	2.1	5.4	(0.5)	(1.3)	5.9

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

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

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

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One Year	Two Year	
1. Prior	1,827,951	1,811,882	1,843,027	1,860,929	1,894,989	1,912,890	1,918,041	1,922,065	1,933,208	1,896,471	(36,737)	(25,594)	
2. 2009	1,053,824	1,051,124	1,041,211	1,031,615	1,038,916	1,030,896	1,031,581	1,031,986	1,032,829	1,032,952	123	966	
3. 2010	XXX	1,098,918	1,098,605	1,103,365	1,115,695	1,104,816	1,105,423	1,104,876	1,106,837	1,107,531	694	2,655	
4. 2011	XXX	XXX	1,199,252	1,198,785	1,203,914	1,203,971	1,203,198	1,204,940	1,207,996	1,208,720	724	3,780	
5. 2012	XXX	XXX	XXX	1,248,525	1,257,940	1,246,220	1,238,932	1,243,834	1,248,199	1,253,261	5,062	9,427	
6. 2013	XXX	XXX	XXX	XXX	1,163,937	1,176,443	1,168,162	1,167,921	1,179,691	1,181,847	2,156	13,926	
7. 2014	XXX	XXX	XXX	XXX	XXX	1,177,539	1,174,188	1,170,624	1,183,501	1,182,842	(659)	12,218	
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	1,210,896	1,221,146	1,233,857	1,225,579	(8,278)	4,433	
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,258,211	1,269,904	1,267,741	(2,163)	9,530	
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,508,184	1,490,009	(18,175)	XXX	
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,585,011	XXX	XXX	
											12. Totals	(57,253)	31,341

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1. Prior	000	388,537	663,016	853,116	984,484	1,091,182	1,178,867	1,237,445	1,288,038	1,330,834	XXX	XXX
2. 2009	419,863	635,584	749,550	831,771	887,160	918,818	936,070	946,824	953,824	959,737	XXX	XXX
3. 2010	XXX	462,107	699,511	820,121	908,558	963,396	993,488	1,011,930	1,022,358	1,030,907	XXX	XXX
4. 2011	XXX	XXX	545,862	771,502	901,109	991,937	1,050,081	1,085,462	1,102,273	1,117,355	XXX	XXX
5. 2012	XXX	XXX	XXX	536,379	805,565	928,650	1,013,722	1,069,991	1,099,952	1,122,231	XXX	XXX
6. 2013	XXX	XXX	XXX	XXX	505,541	747,014	864,593	951,761	999,867	1,030,431	XXX	XXX
7. 2014	XXX	XXX	XXX	XXX	XXX	537,311	773,286	893,306	967,889	1,039,270	XXX	XXX
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	556,624	804,759	919,237	1,030,044	XXX	XXX
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	590,914	830,782	980,252	XXX	XXX
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	640,252	978,851	XXX	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	682,131	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Prior	871,105	625,367	516,566	416,671	396,923	363,308	325,433	308,229	299,990	246,135
2. 2009	399,730	240,726	158,963	106,613	89,508	64,022	58,529	53,640	50,262	48,107
3. 2010	XXX	394,817	220,964	149,960	113,649	77,841	63,638	55,707	52,596	48,340
4. 2011	XXX	XXX	394,268	242,359	167,430	113,191	87,642	73,042	67,827	59,096
5. 2012	XXX	XXX	XXX	456,760	262,928	180,912	133,765	107,880	98,333	87,980
6. 2013	XXX	XXX	XXX	XXX	431,436	252,061	180,215	130,379	117,291	105,695
7. 2014	XXX	XXX	XXX	XXX	XXX	409,915	239,683	161,492	117,853	78,039
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	419,096	246,134	174,145	96,938
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	434,385	246,497	140,378
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	574,999	268,744
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	602,449

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

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
Active Status (a)	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)	
1. Alabama	AL	L	30,616,392	33,331,252	2,887	17,484,998	14,879,302	76,004,963	99,078
2. Alaska	AK	L	12,139,875	12,502,557	4,328	4,714,517	7,821,503	22,592,556	12,175
3. Arizona	AZ	L	40,159,264	41,047,272	(10,513)	28,305,412	27,932,560	77,824,767	70,919
4. Arkansas	AR	L	22,216,476	22,945,603	3,646	5,943,574	7,828,774	31,068,925	82,405
5. California	CA	L	642,868,052	615,272,871	145,988	405,139,447	439,348,869	1,004,726,870	1,713,930
6. Colorado	CO	L	54,809,484	56,364,889	(196)	37,447,927	41,374,795	79,462,674	160,051
7. Connecticut	CT	L	99,377,288	110,020,281	146,402	59,460,649	36,479,174	133,078,311	711,855
8. Delaware	DE	L	29,627,322	30,957,902	1,103	16,360,901	13,209,407	26,452,096	195,924
9. District of Columbia	DC	L	10,129,354	10,174,550	1,112	3,107,687	3,112,490	12,439,766	42,349
10. Florida	FL	L	170,980,121	177,586,327	436,243	162,863,597	121,446,235	321,611,729	487,704
11. Georgia	GA	L	92,259,266	102,785,713	988	60,885,728	47,232,753	135,079,992	227,011
12. Hawaii	HI	L	59,530,279	58,356,718	531	35,139,422	33,602,126	38,452,460	213,460
13. Idaho	ID	L	10,491,538	10,773,122	273	8,931,037	3,920,009	10,872,069	75,748
14. Illinois	IL	L	104,331,276	107,453,194	(61,968)	58,320,939	45,078,405	240,401,438	327,385
15. Indiana	IN	L	27,077,669	28,539,796	121,646	14,370,669	5,149,092	53,328,733	4,455
16. Iowa	IA	L	11,529,072	12,850,303	71,131	9,220,076	1,700,979	27,841,542	19,122
17. Kansas	KS	L	18,260,333	19,411,710	10,003	10,789,183	5,993,201	32,555,745	67,477
18. Kentucky	KY	L	36,633,321	39,757,994	(10,247)	19,211,783	13,834,938	72,008,110	208,925
19. Louisiana	LA	L	88,091,752	93,519,025	8,276	56,141,861	56,189,174	100,688,521	178,574
20. Maine	ME	L	28,626,427	30,133,411	1,579	13,023,980	7,237,848	22,140,886	188,488
21. Maryland	MD	L	70,662,109	76,773,886	3,890	43,782,145	37,902,248	109,556,418	248,513
22. Massachusetts	MA	L	151,227,628	156,587,859	125,875	74,732,908	65,292,382	183,824,435	918,957
23. Michigan	MI	L	66,936,193	73,437,423	(83,472)	55,486,910	93,415,606	375,213,930	356,019
24. Minnesota	MN	L	45,053,144	47,325,409	30,695	21,923,485	14,384,818	135,298,151	167,773
25. Mississippi	MS	L	27,622,925	28,594,304	238	14,620,091	4,929,982	37,496,018	29,728
26. Missouri	MO	L	36,108,675	41,266,493	33,110	22,871,952	15,118,948	86,486,344	122,129
27. Montana	MT	L	17,311,624	15,309,123	286	5,487,677	4,756,068	17,546,735	108,706
28. Nebraska	NE	L	8,980,283	10,605,777	757	5,632,940	1,335,328	17,316,670	28,523
29. Nevada	NV	L	33,558,700	35,439,373	6	20,688,060	17,857,356	41,144,860	135,396
30. New Hampshire	NH	L	36,047,512	37,118,706	1,515	14,143,987	11,107,903	42,398,620	345,681
31. New Jersey	NJ	L	230,847,623	249,283,234	98,012	112,508,412	106,843,384	383,939,800	1,577,434
32. New Mexico	NM	L	20,306,144	19,438,117	733	11,256,059	9,205,794	28,223,104	63,253
33. New York	NY	L	421,268,030	466,277,244	6,784	269,591,471	283,257,114	826,701,548	3,294,800
34. North Carolina	NC	L	123,321,442	123,139,957	2,214	83,407,325	86,889,509	159,999,068	162,215
35. North Dakota	ND	L	3,871,560	3,627,869		5,515,505	1,529,710	6,327,479	9,756
36. Ohio	OH	L	73,909,028	77,142,631	26	28,295,029	14,790,724	117,293,384	522,773
37. Oklahoma	OK	L	29,971,647	33,694,113	1,105	15,469,978	12,163,713	75,728,425	99,683
38. Oregon	OR	L	34,152,001	33,331,269	120,701	22,847,683	15,339,263	38,681,169	139,452
39. Pennsylvania	PA	L	122,911,546	127,535,889	13,230	62,765,226	59,484,298	262,466,450	702,264
40. Rhode Island	RI	L	28,007,641	30,508,083	2,133	15,195,451	9,647,085	30,955,135	221,558
41. South Carolina	SC	L	38,625,558	43,516,802	2,178	24,039,210	27,721,703	70,219,902	179,619
42. South Dakota	SD	L	4,283,758	4,263,564	93	2,526,416	2,690,286	11,168,270	15,001
43. Tennessee	TN	L	49,258,934	53,429,002	3,736	9,825,816	(11,328,899)	134,147,949	175,229
44. Texas	TX	L	177,849,744	186,351,457	1,791,533	317,602,591	65,222,868	659,942,148	66,176
45. Utah	UT	L	26,530,153	27,259,899	39	8,480,570	6,464,166	25,970,021	147,014
46. Vermont	VT	L	15,904,645	16,288,452	456	6,066,823	5,812,175	19,574,213	114,683
47. Virginia	VA	L	47,056,311	52,619,074	2,687	21,247,505	13,512,102	68,987,709	156,407
48. Washington	WA	L	115,201,629	118,081,118	(311)	64,961,413	65,534,429	85,549,751	986,028
49. West Virginia	WV	L	13,348,895	14,958,133	1	4,851,659	2,457,076	11,195,187	78,730
50. Wisconsin	WI	L	37,393,414	32,397,656	435,171	17,350,728	20,916,305	127,814,796	175,422
51. Wyoming	WY	L	4,105,326	4,056,987	(9)	2,302,059	3,848,840	4,956,507	11,077
52. American Samoa	AS	N							
53. Guam	GU	N		10	1		1,375,000	1,375,000	
54. Puerto Rico	PR	L	381,091	355,642		18,399,783	(47,782,749)	24,701,031	
55. U.S. Virgin Islands	VI	N			2	9,698,553	4,427,657	8,709,479	
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N				721,298	(54,013)	97,750	
58. Aggregate Other Alien	OT	X X X	296,318	293,266	(8)	677,295	2,664,069	9,960,816	
59. Totals	(a) 52		3,702,065,814	3,854,092,311	3,466,619	2,441,837,400	1,962,103,882	6,759,600,425	16,447,034

DETAILS OF WRITE-INS									
58001.	ZZZ Other Alien	X X X	296,318	293,266	(8)	677,295	2,664,069	9,960,816	
58002.		X X X							
58003.		X X X							
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X	296,318	293,266	(8)	677,295	2,664,069	9,960,816	

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

(a) Active Status Counts

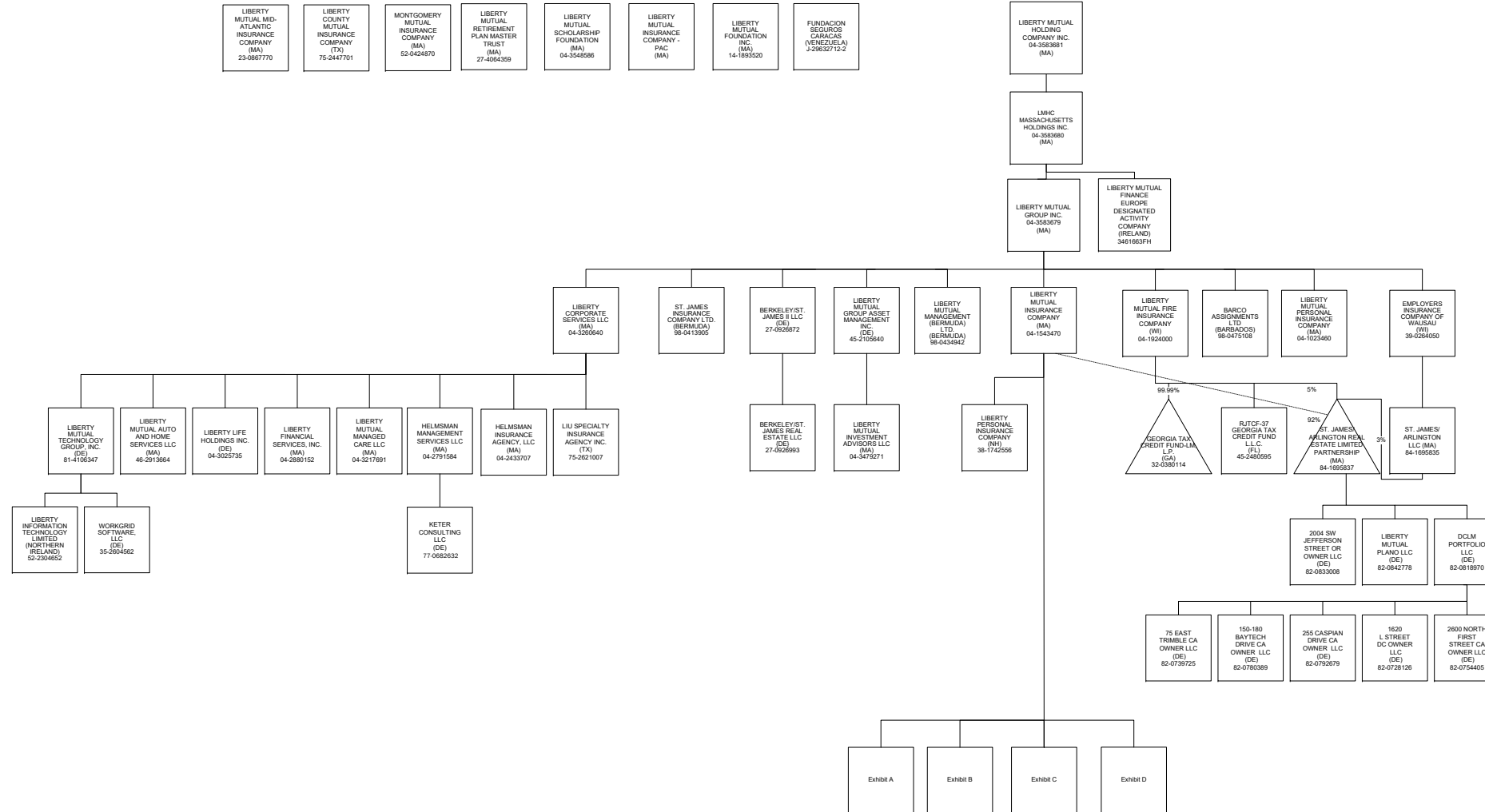
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG	52
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	
D - Domestic Surplus Lines Insurer (DSLII) - Reporting entities authorized to write surplus lines in the state of domicile	
R - Registered - Non-domiciled RRGs	
Q - Qualified - Qualified or accredited reinsurer	
N - None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLII)	5

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

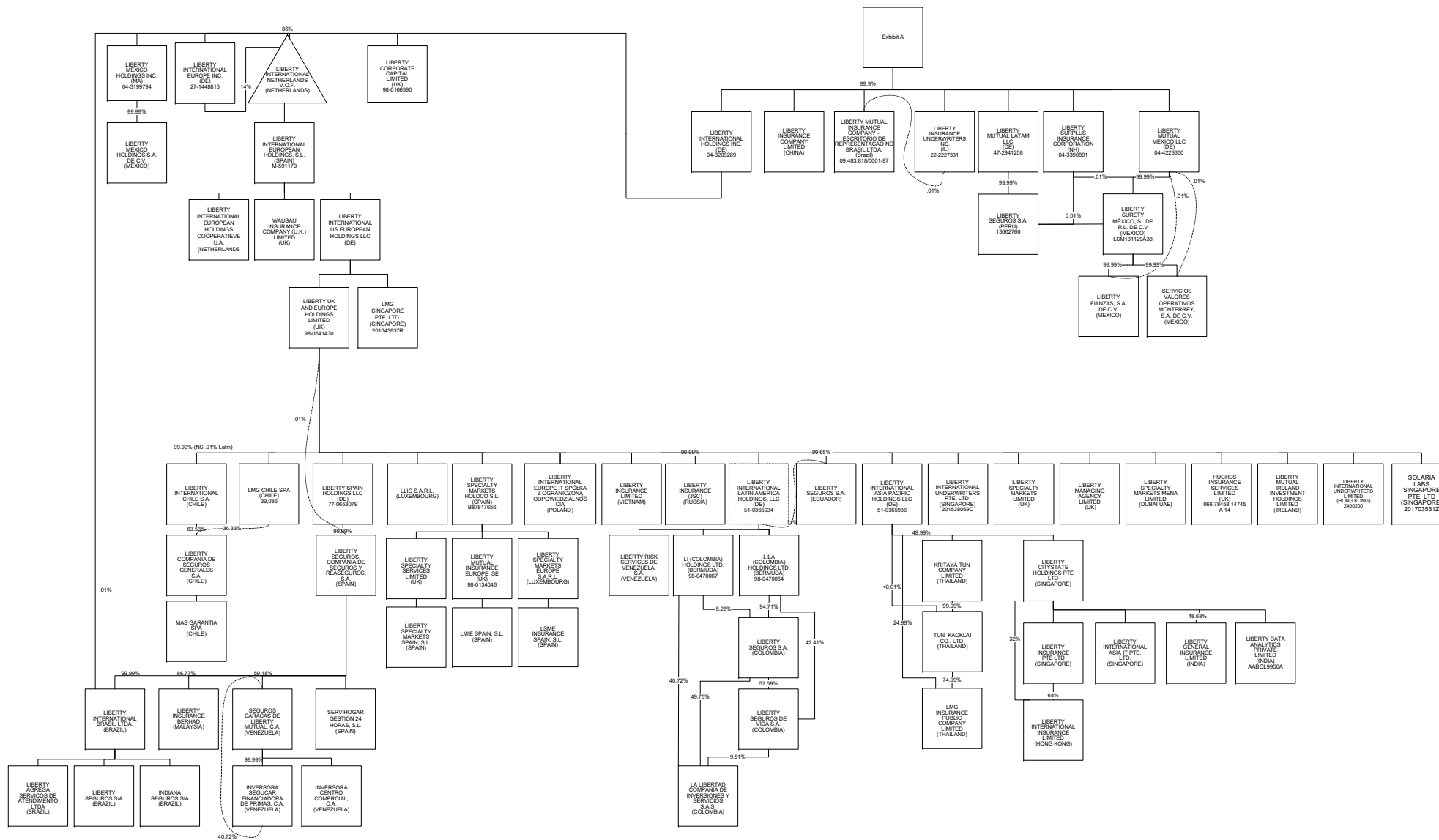
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

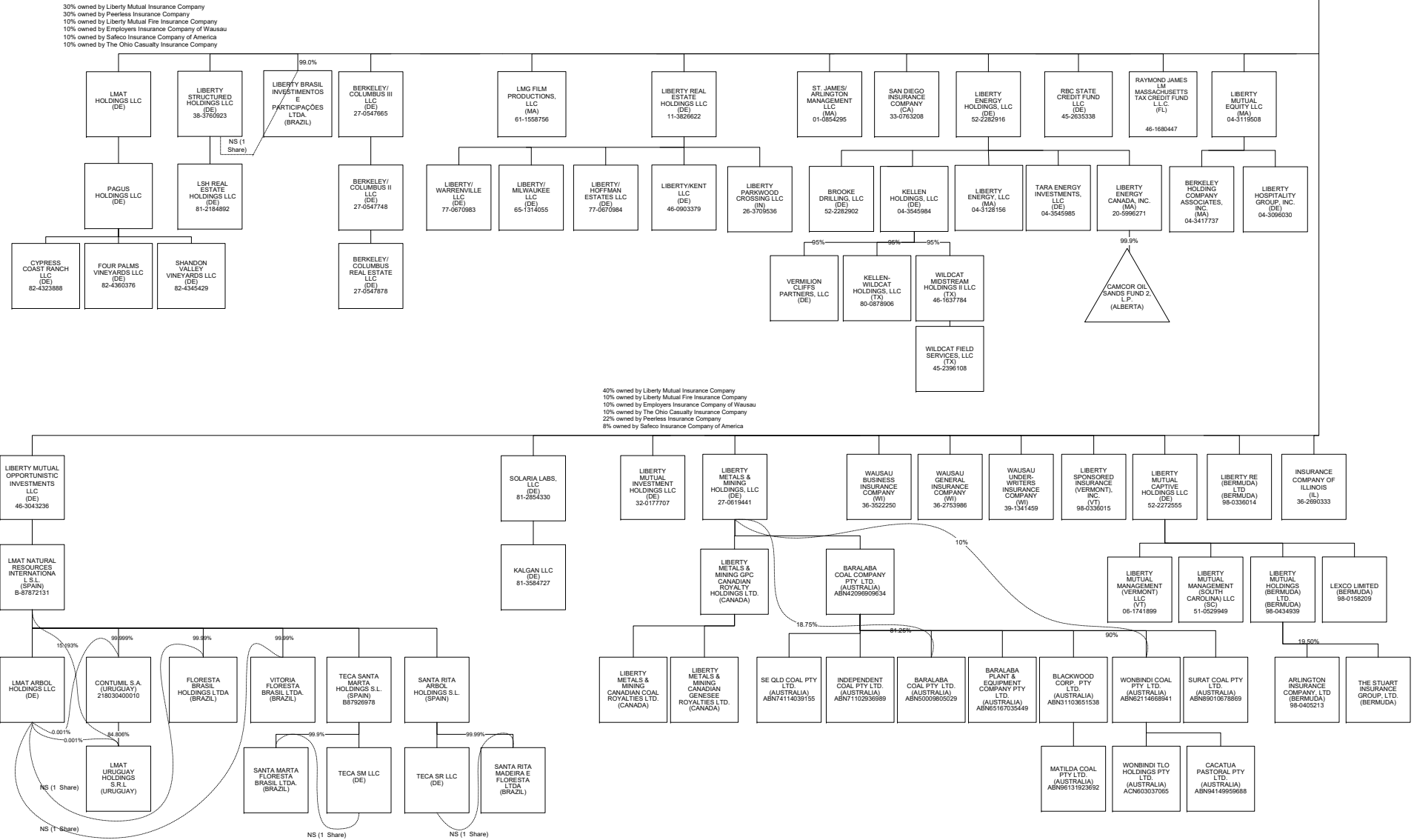
PART 1 - ORGANIZATIONAL CHART



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

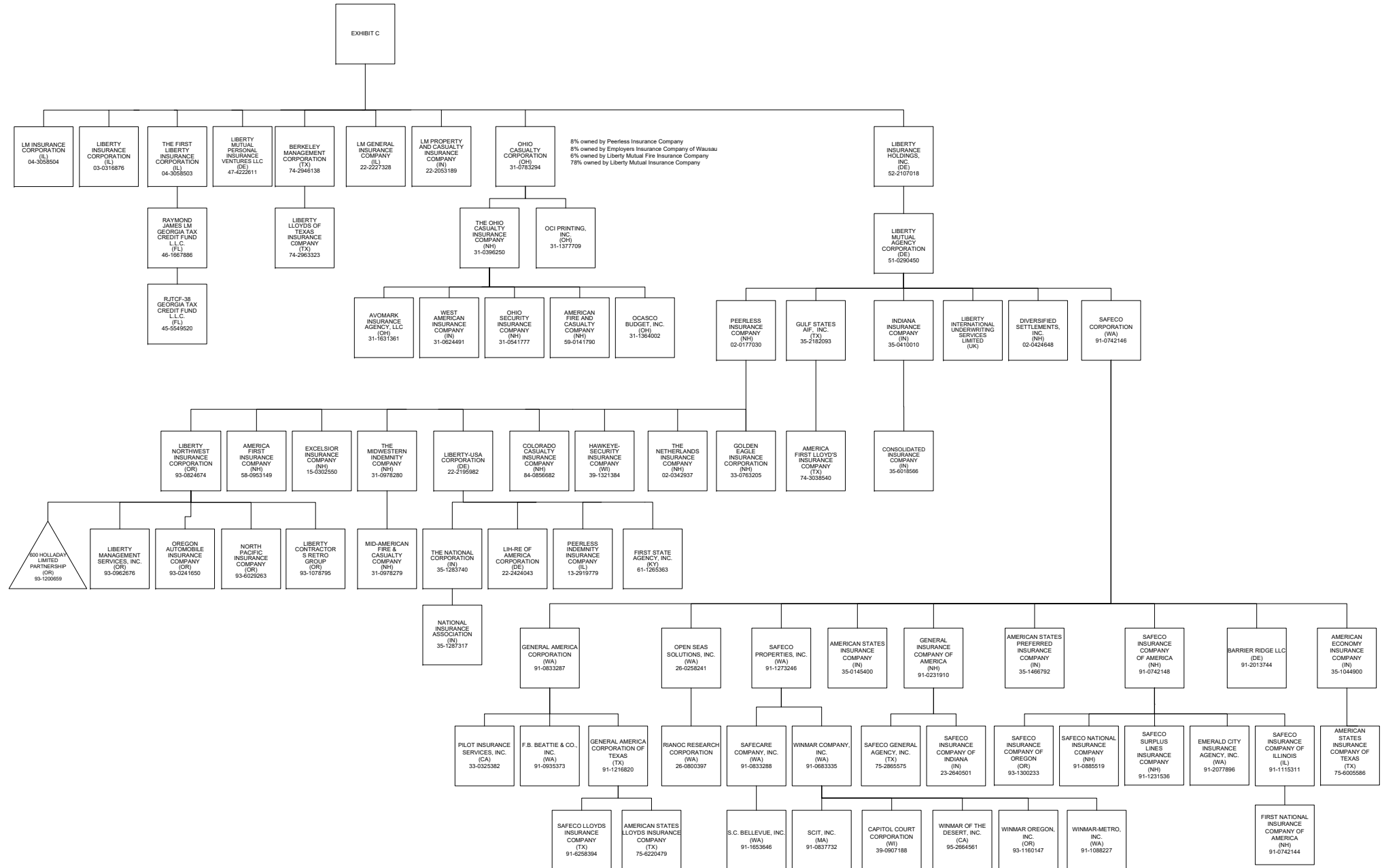
PART 1 - ORGANIZATIONAL CHART

EXHIBIT B



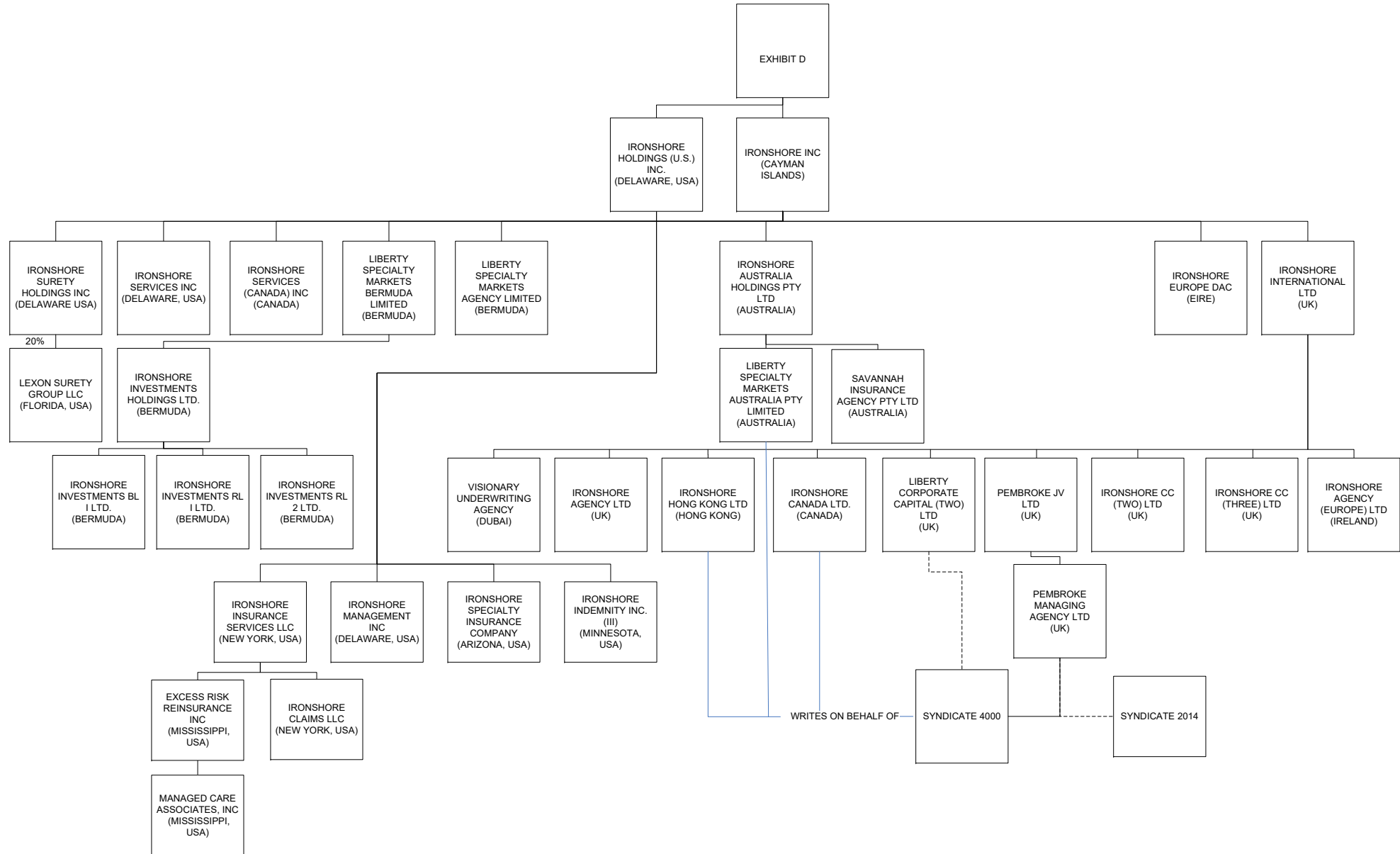
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS				
2504. Other assets	9,137,489	7,752,120	1,385,369	1,286,020
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	9,137,489	7,752,120	1,385,369	1,286,020

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule E – Part 3 – Special Deposits	E28
Cash Flow	5	Schedule F – Part 1	20
Exhibit of Capital Gains (Losses)	12	Schedule F – Part 2	21
Exhibit of Net Investment Income	12	Schedule F – Part 3	22
Exhibit of Nonadmitted Assets	13	Schedule F – Part 4	27
Exhibit of Premiums and Losses (State Page)	19	Schedule F – Part 5	28
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