ANNUAL STATEMENT

OF THE

PEERLESS INSURANCE COMPANY

of KEENE

in the state of NEW HAMPSHIRE

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2017

PROPERTY AND CASUALTY

2017

24198201720100100

ANNUAL STATEMENT

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

Peerless Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 24198 **Employer's ID Number** 02-0177030

Organized under the Laws of New Hampshire **, State of Domicile or Port of Entry** NH

Country of Domicile United States of America

Incorporated/Organized March 7, 1901 **Commenced Business** November 23, 1903

Statutory Home Office 62 Maple Avenue (Street and Number) , Keene, NH, US 03431 (City or Town, State, Country and Zip Code)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

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

OFFICERS

Chairman of the Board

James Paul Condrin, III

	Name	Title
1.	James Paul Condrin, III	President and Chief Executive Officer
2.	Kristin Lynn Kelley #	Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Neeti Bhalla	Vice President and Chief Investment Officer	John Derek Doyle	Vice President and Chief Financial Officer
Alison Brooke Erbig	Vice President and Comptroller	Elizabeth Julia Morahan	Vice President and General Counsel

DIRECTORS OR TRUSTEES

James Paul Condrin, III	Christopher George Cunniff #	John Derek Doyle	Alison Brooke Erbig
Stephen Joseph McAnena	Elizabeth Julia Morahan	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)	(Signature)	(Signature)
James Paul Condrin, III	Kristin Lynn Kelley #	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Vice President and Secretary	Vice President and Treasurer
(Title)	(Title)	(Title)

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

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	9,125,001,957		9,125,001,957	8,421,881,642
2. Stocks (Schedule D):				
2.1 Preferred stocks	13,069,515		13,069,515	39,718,305
2.2 Common stocks	1,036,027,671		1,036,027,671	1,218,228,919
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	425,374,205		425,374,205	334,945,335
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	3,198,080		3,198,080	3,684,024
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ (233,625,279), Schedule E - Part 1), cash equivalents ($ 147,211,679, Schedule E - Part 2), and short-term investments ($ 334,490,830, Schedule DA)	248,077,230		248,077,230	68,987,281
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				5,348,495
8. Other invested assets (Schedule BA)	999,021,883		999,021,883	839,666,973
9. Receivables for securities	10,729,702		10,729,702	251,194
10. Securities lending reinvested collateral assets (Schedule DL)	280,131,191		280,131,191	122,718,655
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	12,140,631,434		12,140,631,434	11,055,430,823
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	70,357,060		70,357,060	75,292,158
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	350,020,159	24,315,245	325,704,914	272,454,681
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 10,724,621 earned but unbilled premiums)	1,391,288,667	1,072,463	1,390,216,204	1,318,063,208
15.3 Accrued retrospective premiums ($ 0) and contracts subject to redetermination ($ 0)	86,553,104	8,662,435	77,890,669	79,865,831
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	9,077	152	8,925	13,072
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	215,139,000		215,139,000	280,068,000
19. Guaranty funds receivable or on deposit	4,436,942		4,436,942	4,470,963
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)	2,627	2,627		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	107,336,639		107,336,639	451,122
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	289,700,089	21,469,105	268,230,984	244,672,674
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	14,655,474,798	55,522,027	14,599,952,771	13,330,782,532
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	14,655,474,798	55,522,027	14,599,952,771	13,330,782,532

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	191,392,222		191,392,222	179,686,848
2502. Equities and deposits in pools and associations	39,370,248		39,370,248	33,731,792
2503. Amounts receivable under high deductible policies	33,658,785	2,910	33,655,875	32,570,336
2598. Summary of remaining write-ins for Line 25 from overflow page	25,278,834	21,466,195	3,812,639	(1,316,302)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	289,700,089	21,469,105	268,230,984	244,672,674

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	6,556,638,192	5,713,187,726
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	13,840,732	5,530,510
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	1,306,854,399	1,180,363,203
4.	Commissions payable, contingent commissions and other similar charges	108,354,519	109,948,825
5.	Other expenses (excluding taxes, licenses and fees)	167,514,686	194,855,665
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	57,258,001	49,745,385
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	27,646,095	3,771,137
7.2	Net deferred tax liability		
8.	Borrowed money $ 0 and interest thereon $ 0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 93,887,013 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)	3,001,261,836	2,771,889,321
10.	Advance premium	16,671,783	17,369,496
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	387,008	377,963
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	10,887,029	9,145,698
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $ 0 certified) (Schedule F, Part 8)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	6,824,008	15,341,236
20.	Derivatives		
21.	Payable for securities	88,040,423	24,656,217
22.	Payable for securities lending	280,131,191	122,718,655
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(490,809,723)	(427,004,239)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	11,151,500,179	9,791,896,798
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	11,151,500,179	9,791,896,798
29.	Aggregate write-ins for special surplus funds	70,492,329	38,102,934
30.	Common capital stock	8,848,635	8,848,635
31.	Preferred capital stock		
32.	Aggregate write-ins for other-than-special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	2,066,113,364	2,066,113,364
35.	Unassigned funds (surplus)	1,302,998,261	1,425,820,798
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)	3,448,452,589	3,538,885,731
38.	Totals (Page 2, Line 28, Col. 3)	14,599,952,768	13,330,782,529

	DETAILS OF WRITE-IN LINES		
2501.	Other liabilities	116,050,566	79,180,558
2502.	Amounts held under uninsured plans	109,383,000	117,204,263
2503.	Retroactive reinsurance reserves	(716,243,289)	(623,389,060)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(490,809,723)	(427,004,239)
2901.	Special surplus from retroactive reinsurance	70,492,329	38,102,934
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)	70,492,329	38,102,934
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	5,501,992,184	5,162,444,352
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	3,629,871,742	2,923,659,879
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	745,258,227	682,218,082
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,692,262,905	1,710,667,897
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Lines 2 through 5)	6,067,392,874	5,316,545,858
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(565,400,690)	(154,101,506)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	326,380,062	294,029,637
10.	Net realized capital gains (losses) less capital gains tax of $ 65,123,742 (Exhibit of Capital Gains (Losses))	118,459,417	921,654
11.	Net investment gain (loss) (Lines 9 + 10)	444,839,479	294,951,291
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 1,101,333 amount charged off $ 22,456,800)	(21,355,467)	(18,031,751)
13.	Finance and service charges not included in premiums	40,615,176	31,944,132
14.	Aggregate write-ins for miscellaneous income	16,437,119	2,635,322
15.	Total other income (Lines 12 through 14)	35,696,828	16,547,703
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(84,864,383)	157,397,488
17.	Dividends to policyholders	2,718,709	3,553,953
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)	(87,583,092)	153,843,535
19.	Federal and foreign income taxes incurred	(32,825,742)	(444,275)
20.	Net income (Line 18 minus Line 19) (to Line 22)	(54,757,350)	154,287,810
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	3,538,885,730	3,316,749,775
22.	Net income (from Line 20)	(54,757,350)	154,287,810
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (2,167,149)	3,941,355	73,870,444
25.	Change in net unrealized foreign exchange capital gain (loss)	31,526,313	12,006,069
26.	Change in net deferred income tax	(67,096,149)	(33,099,753)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(4,047,310)	15,071,385
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		
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)	(90,433,141)	222,135,955
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	3,448,452,589	3,538,885,730

	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.	Retroactive reinsurance gain/(loss)	39,521,575	20,490,333
1402.	Other income/(expense)	(23,084,456)	(17,855,011)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	16,437,119	2,635,322
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 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	5,525,221,789	5,220,115,187
2.	Net investment income	371,651,978	329,388,414
3.	Miscellaneous income	50,263,611	12,197,490
4.	Total (Lines 1 through 3)	5,947,137,378	5,561,701,091
5.	Benefit and loss related payments	3,181,666,090	2,803,663,173
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	2,345,065,829	2,377,819,327
8.	Dividends paid to policyholders	2,709,665	3,319,203
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	8,423,041	30,709,058
10.	Total (Lines 5 through 9)	5,537,864,625	5,215,510,761
11.	Net cash from operations (Line 4 minus Line 10)	409,272,753	346,190,330
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	4,400,602,978	1,764,429,663
	12.2 Stocks	968,652,298	400,152,453
	12.3 Mortgage loans	32,907,682	25,499,726
	12.4 Real estate		
	12.5 Other invested assets	640,781,950	679,339,905
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1,037)	5,573
	12.7 Miscellaneous proceeds	(8,996,995)	439,559
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,033,946,876	2,869,866,879
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	4,690,493,863	2,125,327,538
	13.2 Stocks	669,994,204	219,174,155
	13.3 Mortgage loans	123,159,650	38,807,542
	13.4 Real estate	4,198	975,357
	13.5 Other invested assets	898,086,487	672,600,119
	13.6 Miscellaneous applications	(60,899,530)	(13,525,548)
	13.7 Total investments acquired (Lines 13.1 to 13.6)	6,320,838,872	3,043,359,163
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)	(286,891,996)	(173,492,284)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	56,709,192	(319,855,867)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	56,709,192	(319,855,867)
	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)	179,089,949	(147,157,821)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	68,987,281	216,145,102
	19.2 End of year (Line 18 plus Line 19.1)	248,077,230	68,987,281

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

20.0001	1 - Premiums collected net of reinsurance	(59,937,936)	
20.0002	2 - Net investment income	372,649	905,383
20.0003	5 - Benefits and loss related payments	327,289,645	
20.0004	7 - Commissions, expenses paid and aggregate write-ins for deductions		1,000,188
20.0005	12.1 - Proceeds from investments sold, matured or repaid - Bonds	93,969,259	126,555,651
20.0006	12.2 - Proceeds from investments sold, matured or repaid - Stocks	21,686,465	4,135,919
20.0007	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans		127,417
20.0008	13.1 - Cost of Investment Acquired - Bonds	493,092,629	127,800,806
20.0009	13.2 - Cost of Investment Acquired - Stocks	16,633,504	3,170,950
20.0010	13.5 - Cost of Investment Acquired - Other invested assets		127,417
20.0011	16.6 - Other cash provided (applied)	394,070,408	374,990

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	118,271,465	54,589,125	56,096,849	116,763,741
2. Allied lines	87,927,389	40,288,530	44,738,170	83,477,749
3. Farmowners multiple peril	20,658,259	10,130,959	10,265,267	20,523,951
4. Homeowners multiple peril	1,199,764,899	621,982,711	649,914,698	1,171,832,912
5. Commercial multiple peril	452,353,900	225,000,319	222,824,997	454,529,222
6. Mortgage guaranty				
8. Ocean marine	15,706,459	11,355,558	10,986,753	16,075,264
9. Inland marine	170,750,801	35,739,991	38,901,373	167,589,419
10. Financial guaranty				
11.1 Medical professional liability—occurrence	19,937,702	7,111,605	9,973,436	17,075,871
11.2 Medical professional liability—claims-made	17,976,062	1,455,267	9,713,224	9,718,105
12. Earthquake	12,960,310	6,747,396	6,554,735	13,152,971
13. Group accident and health	3,282,145	(25,267)	1,756,627	1,500,251
14. Credit accident and health (group and individual)				
15. Other accident and health	11,154,891	44,419	3,410,360	7,788,950
16. Workers' compensation	396,343,796	29,084,020	23,062,066	402,365,750
17.1 Other liability—occurrence	450,957,568	173,643,456	225,810,601	398,790,423
17.2 Other liability—claims-made	179,860,236	78,331,532	119,335,542	138,856,226
17.3 Excess workers' compensation	8,587,201	4,399,978	4,031,332	8,955,847
18.1 Products liability—occurrence	35,203,276	19,881,536	19,650,316	35,434,496
18.2 Products liability—claims-made	4,122,877	816,523	2,072,493	2,866,907
19.1,19.2 Private passenger auto liability	1,322,669,154	619,278,851	662,415,661	1,279,532,344
19.3,19.4 Commercial auto liability	273,127,844	123,404,479	130,833,381	265,698,942
21. Auto physical damage	647,249,498	482,311,570	504,098,621	625,462,447
22. Aircraft (all perils)	10,243,508	4,668,790	4,575,334	10,336,964
23. Fidelity	9,654,130	3,793,463	1,934,471	11,513,122
24. Surety	158,552,238	103,261,976	109,750,284	152,063,930
26. Burglary and theft	1,011,289	75,551	661,532	425,308
27. Boiler and machinery	7,430,444	3,511,144	3,292,560	7,649,028
28. Credit	3,518,459	526,259	4,136,939	(92,221)
29. International				
30. Warranty	(137,379)	98,866		(38,513)
31. Reinsurance-nonproportional assumed property	41,351,394	6,139,045	7,213,840	40,276,599
32. Reinsurance-nonproportional assumed liability	21,586,988	7,462,186	8,237,412	20,811,762
33. Reinsurance-nonproportional assumed financial lines	7,965,514	1,702,321	8,517,247	1,150,588
34. Aggregate write-ins for other lines of business				
35. TOTALS	5,710,042,317	2,676,812,159	2,904,766,121	5,482,088,355

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)				

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	54,785,955	1,310,894			56,096,849
2. Allied lines	44,248,320	489,850			44,738,170
3. Farmowners multiple peril	10,205,241	60,026			10,265,267
4. Homeowners multiple peril	648,988,677	926,021			649,914,698
5. Commercial multiple peril	219,356,616	8,120,004	(4,651,623)		222,824,997
6. Mortgage guaranty					
8. Ocean marine	7,344,955	3,641,798			10,986,753
9. Inland marine	31,662,640	7,238,733			38,901,373
10. Financial guaranty					
11.1 Medical professional liability—occurrence	8,783,512	1,189,924			9,973,436
11.2 Medical professional liablity—claims-made	6,728,888	2,984,336			9,713,224
12. Earthquake	6,438,726	116,009			6,554,735
13. Group accident and health	1,038,090	718,537			1,756,627
14. Credit accident and health (group and individual)					
15. Other accident and health	3,407,220	3,140			3,410,360
16. Workers' compensation	113,564,277	8,445,017	(4,772,190)	(94,175,039)	23,062,065
17.1 Other liability—occurrence	184,910,031	37,341,767	(483,567)	4,042,369	225,810,600
17.2 Other liability—claims-made	85,281,863	34,063,167	(9,488)		119,335,542
17.3 Excess workers' compensation	3,746,359	284,973			4,031,332
18.1 Products liability—occurrence	11,514,300	6,980,016	(156,663)	1,312,664	19,650,317
18.2 Products liability—claims-made	1,953,295	119,198			2,072,493
19.1,19.2 Private passenger auto liability	652,815,106	9,600,555			662,415,661
19.3,19.4 Commercial auto liability	125,674,898	2,760,651	130,930	2,266,902	130,833,381
21. Auto physical damage	503,935,394	163,227			504,098,621
22. Aircraft (all perils)	3,608,215	967,119			4,575,334
23. Fidelity	2,831,360	(896,889)			1,934,471
24. Surety	33,456,991	76,293,293			109,750,284
26. Burglary and theft	586,611	74,921			661,532
27. Boiler and machinery	3,181,817	110,743			3,292,560
28. Credit	323,875	3,813,065			4,136,940
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	6,339,270	874,569			7,213,839
32. Reinsurance-nonproportional assumed liability	7,461,932	775,480			8,237,412
33. Reinsurance-nonproportional assumed financial lines	8,517,247				8,517,247
34. Aggregate write-ins for other lines of business					
35. TOTALS	2,792,691,681	208,570,144	(9,942,601)	(86,553,104)	2,904,766,120
36. Accrued retrospective premiums based on experience					86,553,104
37. Earned but unbilled premiums					9,942,601
38. Balance (Sum of Lines 35 through 37)					3,001,261,825

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 2 From Affiliates	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	6,640,974	118,271,465		6,640,974		118,271,465
2. Allied lines	2,339,583	87,927,389		2,339,583		87,927,389
3. Farmowners multiple peril	10,820,304	20,658,259		10,820,304		20,658,259
4. Homeowners multiple peril	19,207,234	1,199,764,899		19,207,234		1,199,764,899
5. Commercial multiple peril	59,109,871	452,353,900		59,109,871		452,353,900
6. Mortgage guaranty						
8. Ocean marine		15,706,459				15,706,459
9. Inland marine	28,703,999	170,750,801		28,703,999		170,750,801
10. Financial guaranty						
11.1 Medical professional liability--occurrence		19,937,702				19,937,702
11.2 Medical professional liability--claims-made		17,976,062				17,976,062
12. Earthquake	251,772	12,960,310		251,772		12,960,310
13. Group accident and health		3,282,145				3,282,145
14. Credit accident and health (group and individual)						
15. Other accident and health		11,154,891				11,154,891
16. Workers' compensation	28,451,348	396,343,796		28,451,348		396,343,796
17.1 Other liability—occurrence	22,519,406	450,957,568		22,519,406		450,957,568
17.2 Other liability—claims-made	218,932	179,860,236		218,932		179,860,236
17.3 Excess workers' compensation		8,587,201				8,587,201
18.1 Products liability—occurrence	86,451	35,203,276		86,451		35,203,276
18.2 Products liability—claims-made		4,122,877				4,122,877
19.1,19.2 Private passenger auto liability	12,236,512	1,322,669,154		12,236,512		1,322,669,154
19.3,19.4 Commercial auto liability	22,676,573	273,127,844		22,676,573		273,127,844
21. Auto physical damage	17,452,963	647,249,498		17,452,963		647,249,498
22. Aircraft (all perils)		10,243,508				10,243,508
23. Fidelity	1,989	9,654,130		1,989		9,654,130
24. Surety	294,908	158,552,238		294,908		158,552,238
26. Burglary and theft	9,026	1,011,289		9,026		1,011,289
27. Boiler and machinery	98,940	7,430,444		98,940		7,430,444
28. Credit		3,518,459				3,518,459
29. International						
30. Warranty		(137,379)				(137,379)
31. Reinsurance-nonproportional assumed property	X X X	41,351,394				41,351,394
32. Reinsurance-nonproportional assumed liability	X X X	21,586,988				21,586,988
33. Reinsurance-nonproportional assumed financial lines	X X X	7,965,514				7,965,514
34. Aggregate write-ins for other lines of business						
35. TOTALS	231,120,785	5,710,042,317		231,120,785		5,710,042,317

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	5,372,425	69,097,382	5,372,425	69,097,382	117,355,067	73,726,967	112,725,482	96.542
2. Allied lines	871,313	57,508,580	871,313	57,508,580	91,236,816	19,369,686	129,375,710	154.982
3. Farmowners multiple peril	5,693,241	11,886,967	5,693,241	11,886,967	6,838,606	3,059,020	15,666,553	76.333
4. Homeowners multiple peril	7,786,511	670,992,039	7,786,511	670,992,039	317,041,885	236,959,788	751,074,136	64.094
5. Commercial multiple peril	50,396,795	230,030,910	50,396,795	230,030,910	484,720,760	391,153,095	323,598,575	71.194
6. Mortgage guaranty								
8. Ocean marine		7,310,125		7,310,125	19,293,576	20,558,357	6,045,344	37.606
9. Inland marine	11,728,785	101,911,139	11,728,785	101,911,139	23,334,197	18,865,785	106,379,551	63.476
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(230,851)		(230,851)	29,617,711	20,107,949	9,278,911	54.339
11.2 Medical professional liability—claims-made		(19,475,442)		(19,475,442)	46,262,231	6,748,168	20,038,621	206.199
12. Earthquake	44,396	384,455	44,396	384,455	312,004	444,554	251,905	1.915
13. Group accident and health		255,837		255,837	1,338,611	727,798	866,650	57.767
14. Credit accident and health (group and individual)								
15. Other accident and health		66,879		66,879	10,247,105	2,971,165	7,342,819	94.272
16. Workers' compensation	26,454,030	251,832,420	26,454,030	251,832,420	2,385,243,681	2,408,968,965	228,107,136	56.691
17.1 Other liability—occurrence	13,746,355	116,685,689	13,746,355	116,685,689	921,757,481	690,275,245	348,167,925	87.306
17.2 Other liability—claims-made	9,374	(46,451,282)	9,374	(46,451,282)	349,634,611	197,602,045	105,581,284	76.036
17.3 Excess workers' compensation		5,465,713		5,465,713	114,991,260	113,565,480	6,891,493	76.950
18.1 Products liability—occurrence	235,017	10,339,695	235,017	10,339,695	73,459,109	72,862,167	10,936,637	30.864
18.2 Products liability—claims-made		(5,856,775)		(5,856,775)	7,769,706	3,177,376	(1,264,445)	(44.105)
19.1,19.2 Private passenger auto liability	20,514,942	782,409,171	20,514,942	782,409,171	1,097,270,473	972,880,907	906,798,737	70.870
19.3,19.4 Commercial auto liability	40,020,793	194,232,110	40,020,793	194,232,110	382,909,798	313,585,339	263,556,569	99.194
21. Auto physical damage	10,393,731	373,569,606	10,393,731	373,569,606	24,693,296	8,718,977	389,543,925	62.281
22. Aircraft (all perils)		45,655		45,655	10,670,735	7,102,286	3,614,104	34.963
23. Fidelity	(590)	1,708,846	(590)	1,708,846	17,071,149	11,885,464	6,894,531	59.884
24. Surety	144,258	23,326,464	144,258	23,326,464	44,304,807	41,049,081	26,582,190	17.481
26. Burglary and theft		(382,734)		(382,734)	464,509	41,517	40,258	9.466
27. Boiler and machinery	17,297	4,312,221	17,297	4,312,221	3,752,193	2,986,493	5,077,921	66.386
28. Credit		(1,159,073)		(1,159,073)	1,962,856	849,318	(45,535)	49.376
29. International								
30. Warranty					244,123	373,152	(129,029)	335.027
31. Reinsurance-nonproportional assumed property	XXX	18,376,815		18,376,815	(73,217,243)	30,903,953	(85,744,381)	(212.889)
32. Reinsurance-nonproportional assumed liability	XXX	3,851,128		3,851,128	43,793,755	40,763,410	6,881,473	33.065
33. Reinsurance-nonproportional assumed financial lines	XXX	642,980		642,980	2,263,329	904,226	2,002,083	174.005
34. Aggregate write-ins for other lines of business								
35. TOTALS	193,428,673	2,862,686,669	193,428,673	2,862,686,669	6,556,638,197	5,713,187,733	3,706,137,133	67.604

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)								

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	1,374,583	50,516,080	1,374,583	50,516,080	(439,308)	66,838,986	(439,308)	117,355,066	2,294,950
2. Allied lines	45,803	55,407,472	45,803	55,407,472	93,725	35,829,344	93,725	91,236,816	3,946,590
3. Farmowners multiple peril	18,657,783	7,237,588	18,657,783	7,237,588	310,543	(398,982)	310,543	6,838,606	506,175
4. Homeowners multiple peril	3,430,404	132,453,900	3,430,404	132,453,900	1,228,669	184,587,985	1,228,669	317,041,885	51,670,440
5. Commercial multiple peril	64,141,372	253,615,546	64,141,369	253,615,549	83,595,631	231,105,209	83,595,629	484,720,760	134,970,672
6. Mortgage guaranty									
8. Ocean marine		10,896,689		10,896,689		8,396,886		19,293,575	2,952,999
9. Inland marine	3,640,223	13,117,410	3,640,223	13,117,410	(853,660)	10,216,787	(853,660)	23,334,197	4,547,410
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		6,019,167		6,019,167		23,598,544		29,617,711	3,039,754
11.2 Medical professional liablity—claims-made		19,358,744		19,358,744		26,903,487		46,262,231	7,406,814
12. Earthquake		319,447		319,447		(7,443)		312,004	94,423
13. Group accident and health		626,663		626,663		711,948		(a) 1,338,611	50,936
14. Credit accident and health (group and individual)									
15. Other accident and health		1,508,523		1,508,523		8,738,582		(a) 10,247,105	1,106,600
16. Workers' compensation	66,352,236	1,057,307,684	66,352,236	1,057,307,684	120,461,240	1,327,935,997	120,461,240	2,385,243,681	371,790,199
17.1 Other liability—occurrence	40,624,951	317,327,905	40,624,951	317,327,905	48,090,472	604,429,576	48,090,472	921,757,481	248,249,512
17.2 Other liability—claims-made	55,614	89,883,096	55,614	89,883,096	180,791	259,751,515	180,791	349,634,611	82,433,688
17.3 Excess workers' compensation		54,759,546	(1)	54,759,547		60,231,714		114,991,261	14,010,681
18.1 Products liability—occurrence	299,901	27,879,602	299,901	27,879,602	324,615	45,579,506	324,615	73,459,108	55,284,175
18.2 Products liability—claims-made		645,734		645,734		7,123,972		7,769,706	3,653,754
19.1,19.2 Private passenger auto liability	18,583,579	649,019,488	18,583,579	649,019,488	(7,370,145)	448,250,985	(7,370,145)	1,097,270,473	237,038,522
19.3,19.4 Commercial auto liability	25,961,444	195,271,946	25,961,444	195,271,946	30,503,637	187,637,852	30,503,637	382,909,798	38,994,579
21. Auto physical damage	676,560	3,510,998	676,560	3,510,998	540,966	21,182,298	540,966	24,693,296	20,033,720
22. Aircraft (all perils)		9,595,229		9,595,229		1,075,506		10,670,735	4,729,899
23. Fidelity		2,498,179		2,498,179	26,954	14,572,970	26,954	17,071,149	1,863,129
24. Surety	(14,090)	8,479,885	(14,090)	8,479,885	24,849	35,824,921	24,849	44,304,806	11,218,851
26. Burglary and theft		56,024		56,024		408,485		464,509	110,418
27. Boiler and machinery		2,804,668		2,804,668	(4,194)	947,524	(4,194)	3,752,192	309,203
28. Credit		(119,401)		(119,401)		2,082,258		1,962,857	305,067
29. International									
30. Warranty						244,123		244,123	116,051
31. Reinsurance-nonproportional assumed property	X X X	13,827,118		13,827,118	X X X	(87,044,361)		(73,217,243)	789,503
32. Reinsurance-nonproportional assumed liability	X X X	14,707,657		14,707,657	X X X	29,086,098		43,793,755	3,297,542
33. Reinsurance-nonproportional assumed financial lines	X X X	1,978,795		1,978,795	X X X	284,534		2,263,329	38,143
34. Aggregate write-ins for other lines of business									
35. TOTALS	243,830,363	3,000,511,382	243,830,359	3,000,511,386	276,714,785	3,556,126,806	276,714,783	6,556,638,194	1,306,854,399

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	10,815,461			10,815,461
1.2 Reinsurance assumed	361,092,279			361,092,279
1.3 Reinsurance ceded	10,815,461			10,815,461
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	361,092,279			361,092,279
2. Commission and brokerage:				
2.1 Direct, excluding contingent		35,615,142		35,615,142
2.2 Reinsurance assumed, excluding contingent		356,022,621		356,022,621
2.3 Reinsurance ceded, excluding contingent		35,615,142		35,615,142
2.4 Contingent—direct		98,235		98,235
2.5 Contingent—reinsurance assumed		67,695,104		67,695,104
2.6 Contingent—reinsurance ceded		98,235		98,235
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)		423,717,725		423,717,725
3. Allowances to manager and agents	1	54,691,261		54,691,262
4. Advertising	511,675	89,479,391	19,136	90,010,202
5. Boards, bureaus and associations	1,629,737	9,602,742	12,116	11,244,595
6. Surveys and underwriting reports	62,633	31,128,404	422	31,191,459
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	225,295,434	465,139,344	13,919,039	704,353,817
8.2 Payroll taxes	9,468,048	42,133,919	605,501	52,207,468
9. Employee relations and welfare	35,876,696	151,725,350	2,514,537	190,116,583
10. Insurance	28,022,992	6,549,181	368,237	34,940,410
11. Directors' fees	5,384	30,471	405	36,260
12. Travel and travel items	11,905,354	26,969,423	427,012	39,301,789
13. Rent and rent items	11,727,054	52,796,790	775,650	65,299,494
14. Equipment	7,760,249	27,140,273	2,291,978	37,192,500
15. Cost or depreciation of EDP equipment and software	8,122,690	22,641,999	803,967	31,568,656
16. Printing and stationery	1,308,469	4,861,488	54,694	6,224,651
17. Postage, telephone and telegraph, exchange and express	5,778,448	30,070,020	319,941	36,168,409
18. Legal and auditing	2,077,232	8,337,505	406,048	10,820,785
19. Totals (Lines 3 to 18)	349,552,096	1,023,297,561	22,518,683	1,395,368,340
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 810,669		128,980,181		128,980,181
20.2 Insurance department licenses and fees		12,364,646		12,364,646
20.3 Gross guaranty association assessments		(343,673)		(343,673)
20.4 All other (excluding federal and foreign income and real estate)		19,751,575		19,751,575
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		160,752,729		160,752,729
21. Real estate expenses			(9,124)	(9,124)
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	34,613,853	84,494,890	2,995,315	122,104,058
25. Total expenses incurred	745,258,228	1,692,262,905	25,504,874	(a) 2,463,026,007
26. Less unpaid expenses—current year	1,306,854,399	333,127,207		1,639,981,606
27. Add unpaid expenses—prior year	1,180,363,203	354,531,993	17,882	1,534,913,078
28. Amounts receivable relating to uninsured plans, prior year		13,071		13,071
29. Amounts receivable relating to uninsured plans, current year		8,925		8,925
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	618,767,032	1,713,663,545	25,522,756	2,357,953,333

DETAILS OF WRITE-IN LINES				
2401. Other expenses	34,613,853	84,494,890	2,995,315	122,104,058
2402. Change in unallocated expense reserves				
2403. Summary of remaining write-ins for item 21 from overflow page				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	34,613,853	84,494,890	2,995,315	122,104,058

(a) Includes management fees of $ 800,497,613 to affiliates and $ 54,685,922 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

			1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a)	15,953,949	16,665,011
1.1	Bonds exempt from U.S. tax	(a)	65,488,426	60,261,319
1.2	Other bonds (unaffiliated)	(a)	199,506,719	200,912,442
1.3	Bonds of affiliates	(a)		
2.1	Preferred stocks (unaffiliated)	(b)	1,478,904	1,253,754
2.11	Preferred stocks of affiliates	(b)		
2.2	Common stocks (unaffiliated)		20,435,635	20,362,198
2.21	Common stocks of affiliates		5,272,340	5,272,340
3.	Mortgage loans	(c)	17,418,615	17,713,211
4.	Real estate	(d)	634,228	634,228
5.	Contract loans			
6.	Cash, cash equivalents and short-term investments	(e)	10,718,492	12,117,635
7.	Derivative instruments	(f)		
8.	Other invested assets		16,682,459	16,682,459
9.	Aggregate write-ins for investment income		945,562	945,562
10.	Total gross investment income		354,535,329	352,820,159
11.	Investment expenses			(g) 25,504,873
12.	Investment taxes, licenses and fees, excluding federal income taxes			(g)
13.	Interest expense			(h) 445,083
14.	Depreciation on real estate and other invested assets			(i) 490,141
15.	Aggregate write-ins for deductions from investment income			
16.	Total deductions (Lines 11 through 15)			26,440,097
17.	Net investment income (Line 10 minus Line 16)			326,380,062

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	945,562	945,562
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)	945,562	945,562
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

(a) Includes $ 5,285,699 accrual of discount less $ 28,757,318 amortization of premium and less $ 0 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 125,164 paid for accrued interest on purchases.
(d) Includes $ 634,228 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 960,452 accrual of discount less $ 5,455 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	(745,153)		(745,153)		
1.1	Bonds exempt from U.S. tax	6,702,094		6,702,094	139,027	
1.2	Other bonds (unaffiliated)	24,381,127	(3,841,068)	20,540,059	(1,497,889)	13,922,068
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	(568,265)	(3,380,783)	(3,949,048)	6,101,600	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	167,725,334	(7,452,635)	160,272,699	(75,962,833)	16,460,447
2.21	Common stocks of affiliates				(6,740,465)	
3.	Mortgage loans	(98,338)		(98,338)	275,240	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments	(1,037)		(1,037)		
7.	Derivative instruments	1,481,512		1,481,512	(5,348,495)	
8.	Other invested assets	1,865,071		1,865,071	83,633,355	
9.	Aggregate write-ins for capital gains (losses)		(2,484,676)	(2,484,676)	1,174,666	
10.	Total capital gains (losses)	200,742,345	(17,159,162)	183,583,183	1,774,206	30,382,515

	DETAILS OF WRITE-IN LINES					
0901.	DEFERRED G/L-TRSFR OF ASSETS-INTERCO NON-CASH				1,174,666	
0902.	Aggregate write-ins for capital gains (losses)		(2,484,676)	(2,484,676)		
0903.						
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		(2,484,676)	(2,484,676)	1,174,666	

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	24,315,245	19,958,527	(4,356,718)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,072,463	747,187	(325,276)
15.3 Accrued retrospective premiums and contracts subject to redetermination	8,662,435	8,869,672	207,237
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	152	91	(61)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	2,627	3,171	544
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		3	3
25. Aggregate write-ins for other-than-invested assets	21,469,105	21,020,948	(448,157)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	55,522,027	50,599,599	(4,922,428)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	55,522,027	50,599,599	(4,922,428)

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	21,466,195	21,015,374	(450,821)
2502. Amounts receivable under high deductible policies	2,910	5,574	2,664
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	21,469,105	21,020,948	(448,157)

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 New Hampshire, the accompanying financial statements of Peerless 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.

	SSAP #	F/S Page	F/S Line #	2017	2016
NET INCOME					
1. Peerless Insurance Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	($54,757,350)	$154,287,810
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	($54,757,350)	$154,287,810
SURPLUS					
5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	$3,448,452,589	$3,538,885,731
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	$3,448,452,589	$3,538,885,731

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:

1. 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).

2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.

3. 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).

4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).

5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.

NOTES TO FINANCIAL STATEMENTS

6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are based on market expectations. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.

7. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*, and the SVO Manual.

8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.

9. Derivative Securities, refer to Note 8.

10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and an amount, based on past experience, for losses and loss adjustment expenses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.

12. The Company did not change its capitalization policy in 2017.

13. The Company has no pharmaceutical rebate receivables.

D. Going Concern

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

Note 2 – Accounting Changes and Corrections of Errors

1) As a result of California market conduct exam, the Company reserved $1,037,264 for restitution on past property claims including interest. This adjustment reflects increases of $853,264 and $184,000 to losses and loss adjustment expenses, respectively, resulting in a decrease to pre-tax operating income.

2) During 2017, the Company changed its method of recognizing ceded premiums on excess of loss programs to upfront on day one of the effective date. This resulted in the Company recognizing $1,217,250 of additional ceded commission income, $14,814,000 of ceded unearned premium and $13,596,750 of ceded premiums payable during the calendar year 2017.

Note 3 – Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Fire Insurance Company (“LMFIC”), a Wisconsin insurance company; Employers Insurance Company of Wausau (“EICOW”), a Wisconsin insurance company; and Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company) acquired all of the issued and outstanding voting shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired an 8% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 92% (LMFIC 6%, PIC 8%, and LMIC 78%). The transaction was accounted for as a statutory purchase and the cost was $222,400,560, resulting in goodwill in the amount of $117,712,240. Goodwill amortization relating to the purchase of Ohio Casualty Corporation was $7,592,441 for year ended December 31, 2017; 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 2017 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.110% and 5.500%
Mezzanine	N/A

NOTES TO FINANCIAL STATEMENTS

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:

2017	2016
$22,861	$29,602

4. Age Analysis of Mortgage Loans:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investments (All)							
(a) Current	$ -	$ -	$ -	$ -	$425,437,047	$ -	$425,437,047
(b) 30-59 Days Past Due	-	-	-	-	28,645	-	28,645
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	-	-	-
(e) 180+ Days Past Due	-	-	-	-	-	-	-
2. Acquiring Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$2,991,724	$ -	$2,991,724
(b) Number of Loans	-	-	-	-	158	-	158
(c) Percent Reduced	- %	- %	- %	- %	1.174%	- %	1.174%
5. Participant or Co-lender in a Mortgage LoanAgreement							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$425,465,692	$ -	$425,465,692
b. Prior Year							
1. Recorded Investments (All)							
(a) Current	$ -	$ -	$ -	$ -	$334,874,448	$ -	$334,874,448
(b) 30-59 Days Past Due	-	-	-	-	182,763	-	182,763
(c) 60-89 Days Past Due	-	-	-	-	121,980	-	121,980
(d) 90-179 Days Past Due	-	-	-	-	22,813	-	22,813
(e) 180+ Days Past Due	-	-	-	-	110,057	-	110,057
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	$ -	$ -	$ -	$ -	$3,536,551	$ -	$3,536,551
(b) Number of Loans	-	-	-	-	110	-	110
(c) Percent Reduced	- %	- %	- %	- %	1.240%	- %	1.240%
5. Participant or Co-lender in a Mortgage LoanAgreement							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$335,312,061	$ -	$335,312,061

NOTES TO FINANCIAL STATEMENTS

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

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. With Allowance for Credit Losses	$ -	$ -	$ -	$ -	$681,737	$ -	$681,737
2. No Allowance for Credit Losses	-	-	-	-	908,396	-	908,396
3. Total (1+2)	-	-	-	-	1,590,133	-	1,590,133
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	-	-	-	-	1,590,133	-	1,590,133
b. Prior Year							
1. With Allowance for Credit Losses	$ -	$ -	$ -	$ -	$789,096	$ -	$789,096
2. No Allowance for Credit Losses	-	-	-	-	684,883	-	684,883
3. Total (1+2)	-	-	-	-	1,473,978	-	1,473,978
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	-	-	-	-	1,473,978	-	1,473,978

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:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Average Recorded Investment	$ -	$ -	$ -	$ -	$1,532,056	$ -	$1,532,056
2. Interest Income Recognized	-	-	-	-	94,790	-	94,790
3. Recorded Investments on Nonaccrual Status	-	-	-	-	-	-	-
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	84,411	-	84,411
b. Prior Year							
1. Average Recorded Investment	$ -	$ -	$ -	$ -	$1,430,097	$ -	$1,430,097
2. Interest Income Recognized	-	-	-	-	99,505	-	99,505
3. Recorded Investments on Nonaccrual Status	-	-	-	-	110,057	-	110,057
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	80,859	-	80,859

7. Allowance for Credit Losses:

		2017	2016
a.	Balance at beginning of period	$366,727	$476,196
b.	Additions charged to operations	(91,672)	478,582
c.	Direct write-downs charged against the allowances	(183,568)	(588,051)
d.	Recoveries of amounts previously charged off	-	-
e.	Balance at end of period	$91,487	$366,727

8. Mortgage Loans Derecognized as a Result of Foreclosure:

		2017	2016
a.	Aggregate amount of mortgage loans derecognized	$-	$216,603
b.	Real estate collateral recognized	-	127,417
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

		2017	2016
1.	The total recorded investment in restructured loans, as of year end	$1,618,971	$1,633,150
2.	The realized capital losses related to these loans	-	-

3. Total contractual commitments to extend credit to debtors owning receivables whose

NOTES TO FINANCIAL STATEMENTS

terms have been modified in troubled debt restructurings - -

4. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.

2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate as of December 31, 2017: None

3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at Decenber 31, 2017:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Reported
12544LAK7	307,024	303,686	3,338	303,686	303,149	3/31/2017
12544LAK7	921,072	911,059	10,013	911,059	909,446	3/31/2017
12544LAK7	307,024	303,686	3,338	303,686	303,149	3/31/2017
12544LAK7	307,024	303,686	3,338	303,686	303,149	3/31/2017
61749BAB9	21,593	21,467	126	21,467	15,077	3/31/2017
61749BAB9	312,007	310,187	1,820	310,187	217,858	3/31/2017
61749BAB9	28,245	28,080	165	28,080	19,722	3/31/2017
32056FAC6	1,212,199	1,200,568	11,631	1,200,568	1,196,214	3/31/2017
21075WBF1	74,846	73,100	1,746	73,100	72,860	3/31/2017
21075WBF1	19,682	18,275	1,407	18,275	18,215	3/31/2017
21075WBF1	72,417	71,239	1,178	71,239	71,227	9/30/2017
Total	XXX	XXX	38,100	XXX	XXX	XXX

4. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2017:

a. The aggregate amount of unrealized losses:

1.	Less than 12 Months	($5,281,392)
2.	12 Months or Longer	($11,532,235)

b. The aggregate related fair value of securities with unrealized losses:

1.	Less than 12 Months	$879,635,540
2.	12 Months or Longer	$656,814,324

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, 2017.

3. Collateral Received

a. Aggregate Amount Collateral Received

	Fair Value
1. Repurchase Agreement	
(a) Open	______
(b) 30 Days or Less	______

NOTES TO FINANCIAL STATEMENTS

(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	
2. Securities Lending	
(a) Open	$280,131,191
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	$280,131,191
(g) Securities Received	63,143,681
(h) Total Collateral Received	$343,274,872
3. Dollar Repurchase Agreement	
(a) Open	
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	
b. The fair value of that collateral and of the portion of that collateral that it has sold or re-pledged	$343,274,872

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. 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		
2. Securities Lending		
(a) Open	$ -	$ -
(b) 30 Days or Less	133,304,938	133,304,938
(c) 31 to 60 Days	93,183,389	93,183,389
(d) 61 to 90 Days	53,642,863	53,642,863
(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	$280,131,191	$280,131,191

NOTES TO FINANCIAL STATEMENTS

(l) Securities Received	-	-
(m) Total Collateral Reinvested	$280,131,191	$280,131,191

3. Dollar Repurchase Agreement

(a) Open		
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total		
(l) Securities Received		
(m) Total Collateral Reinvested		

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

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

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

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sales

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

J. Real Estate

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

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

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

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

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

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

1. There are twelve years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fifteen years.

2. There were $22,181,948 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 $113,179,851.

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.

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

1. Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted						
	Current Year						
	1	2	3	4	5	6	7
Restricted Asset Category	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	280,131,191	-	-	-	280,131,191	122,718,655	157,412,536
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	-	-	-	-	-	-	-
j. On deposit with states	549,317,750	-	-	-	549,317,750	532,936,067	16,381,683
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	$829,448,941	$ -	$ -	$ -	$829,448,941	$655,654,722	$173,794,219

(a) Subset of column 1

(b) Subset of column 3

NOTES TO FINANCIAL STATEMENTS

			Percentage	
	8	9	10	11
Restricted Asset Category	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	- %	- %
b. Collateral held under security lending agreements	-	280,131,191	1.91 %	1.92 %
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	-	-	- %	- %
j. On deposit with states	-	549,317,750	4%	4%
k. On deposit with other regulatory bodies	-	-	- %	- %
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	- %	- %
m. Pledged as collateral not captured in other categories	-	-	-%	-%
n. Other restricted assets	-	-	- %	- %
o. Total Restricted Assets	$ -	$829,448,941	5.91%	5.92%

(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 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted)*	4 % of BACV to Total Admitted Assets **
a. Cash	-	-	-	-
b. Schedule D, Part 1	-	-	-	-
c. Schedule D, Part 2, Section 1	-	-	-	-
d. Schedule D, Part 2, Section 2	-	-	-	-
e. Schedule B	-	-	-	-
f. Schedule A	-	-	-	-
g. Schedule BA, Part 1	-	-	-	-
h. Schedule DL, Part 1	$280,131,191	$280,131,191	1.91%	1.92%
i. Other	-	-	-	-
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	$280,131,191	$280,131,191	1.91%	1.92%

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

	1 Amount	2 % of Liability to Total Liabilities *
k. Recognized Obligation Return Collateral Asset	$280,131,191	2.51%

*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

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
1. Bonds - AC	1	-	$1,881,842	$ -	$1,885,167	$ -
2. LB&SS - AC	-	-	-	-	-	-
3. Preferred Stock - AC	-	-	-	-	-	-
4. Preferred Stock - FV	-	-	-	-	-	-
5. Total (1+2+3+4)	1	-	$1,881,842	$ -	$1,885,167	$ -

AC - Amortized Cost FV - Fair Value

Q. Short Sales

Not applicable.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 7 – Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2017.

Note 8 – Derivative Instruments

A,B,C. Derivative financial instruments utilized by the Company during 2017 and 2016 included foreign currency forward contracts.

Market risk is defined as the risk of adverse financial impact due to fluctuations in market rates or prices. To mitigate this risk, the Company's senior management has established risk control limits for derivative transactions. Credit/counterparty risk is defined as the risk of financial loss if a counterparty is either unable or unwilling to repay borrowings or settle a transaction in accordance with the underlying contractual terms. The Company manages credit and counterparty risk by using highly rated counterparties and obtaining collateral, where appropriate. Collateral requirements are determined after a comprehensive review of the credit quality of each counterparty and the collateral requirements are monitored and adjusted as needed.

The Company uses derivatives for risk management. The Company does not use derivatives for speculative purposes. The Company may also acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and immaterial to the underlying investment portfolio.

The Company uses foreign currency forward contracts to manage foreign currency risk associated with holding foreign currency denominated investments. Foreign currency forward contracts receive non-hedge accounting treatment and the change in fair value of open contracts is reported as net unrealized gains or losses in unassigned surplus. Cash settlement is required when the contract matures. Gains or losses at maturity are recorded as net realized capital gains or losses.

D. The Company did not have gains or losses in net unrealized capital gains or losses that represented a component of any derivatives' gain or loss that was excluded from the assessment of hedge effectiveness in 2017 or 2016.

E. The Company did not have gains or losses in net unrealized gains or losses that resulted from derivatives that no longer qualify for hedge accounting treatment in 2017 and 2016.

F. The company did not have derivatives accounted for as cash flow hedges of a forecasted transaction.

Note 9 – Income Taxes

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

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

1.

	12/31/2017		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 353,876,000	$ 1,484,000	$ 355,360,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	353,876,000	1,484,000	355,360,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	353,876,000	1,484,000	355,360,000
(f) Deferred Tax Liabilities	107,404,000	32,817,000	140,221,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	$ 246,472,000	$ (31,333,000)	$ 215,139,000

	12/31/2016		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	$ 428,733,347	$ 9,269,000	$ 438,002,347

NOTES TO FINANCIAL STATEMENTS

(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	428,733,347	9,269,000	438,002,347
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	428,733,347	9,269,000	438,002,347
(f) Deferred Tax Liabilities	100,477,000	57,457,347	157,934,347
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	$ 328,256,347	$ (48,188,347)	$ 280,068,000

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ (74,857,347)	$ (7,785,000)	$ (82,642,347)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(74,857,347)	(7,785,000)	(82,642,347)
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(74,857,347)	(7,785,000)	(82,642,347)
(f) Deferred Tax Liabilities	6,927,000	(24,640,347)	(17,713,347)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	$ (81,784,347)	$ 16,855,347	$ (64,929,000)

2.

	12/31/2017		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$ 64,248,185	$ 68,426	$ 64,316,611
(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)	206,424,864	-	206,424,864
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	206,424,864	-	206,424,864
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			490,761,682
(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.	83,202,951	1,415,574	84,618,525
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 353,876,000	$ 1,484,000	$ 355,360,000

	12/31/2016		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$ 106,442,219	$ 330,567	$ 106,772,786
(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)	228,626,904	-	228,626,904
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	228,626,904	-	228,626,904

NOTES TO FINANCIAL STATEMENTS

2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			489,735,987
(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.	93,664,224	8,938,433	102,602,657
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 428,733,347	$ 9,269,000	$ 438,002,347

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$ (42,194,034)	$ (262,141)	$ (42,456,175)
(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)	(22,202,040)	-	(22,202,040)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(22,202,040)	-	(22,202,040)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			1,025,695
(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.	(10,461,273)	(7,522,859)	(17,984,132)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ (74,857,347)	$ (7,785,000)	$ (82,642,347)

3.

	2017	2016
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	412.3%	486.5%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	3,233,313,589	3,258,817,731

4.

	12/31/2017		12/31/2016		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	$ 353,876,000	$ 1,484,000	$ 428,733,347	$ 9,269,000	$ (74,857,347)	$ (7,785,000)
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)	$ 353,876,000	$ 1,484,000	$ 428,733,347	$ 9,269,000	$ (74,857,347)	$ (7,785,000)
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%

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

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

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

	(1) 12/31/2017	(2) 12/31/2016	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ (33,103,361)	$ (448,163)	$(32,655,198)

NOTES TO FINANCIAL STATEMENTS

(b) Foreign	277,619	3,888	273,731
(c) Subtotal	(32,825,742)	(444,275)	(32,381,467)
(d) Federal income tax on net capital gains	65,123,742	496,275	64,627,467
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ 32,298,000	$ 52,000	$ 32,246,000
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 127,488,000	$ 116,591,000	$ 10,897,000
(2) Unearned premium reserve	130,266,000	201,315,000	(71,049,000)
(3) Policyholder reserves	-	-	-
(4) Investments	8,229,000	14,749,000	(6,520,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	40,000	74,000	(34,000)
(8) Compensation and benefits accrual	9,689,000	18,165,000	(8,476,000)
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	11,660,000	17,710,000	(6,050,000)
(11) Net operating loss carry-forward	-	1,831,000	(1,831,000)
(12) Tax credit carry-forward	50,221,000	34,072,000	16,149,000
(13) Other (including items <5% of total ordinary tax assets)	16,283,000	24,226,347	(7,943,347)
(99) Subtotal	353,876,000	428,733,347	(74,857,347)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	353,876,000	428,733,347	(74,857,347)
(e) Capital			
(1) Investments	1,484,000	9,269,000	(7,785,000)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	1,484,000	9,269,000	(7,785,000)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	1,484,000	9,269,000	(7,785,000)

NOTES TO FINANCIAL STATEMENTS

(i) Admitted deferred tax assets (2d + 2h)	355,360,000	438,002,347	(82,642,347)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	2,623,000	4,444,000	(1,821,000)
(2) Fixed assets	41,366,000	71,113,000	(29,747,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	55,914,000	-	55,914,000
(5) Other (including items <5% of total ordinary tax liabilities)	7,501,000	24,920,000	(17,419,000)
(99) Subtotal	107,404,000	100,477,000	6,927,000
(b) Capital:			
(1) Investments	32,817,000	57,457,347	(24,640,347)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	32,817,000	57,457,347	(24,640,347)
(c) Deferred tax liabilities (3a99 + 3b99)	140,221,000	157,934,347	(17,713,347)
4. Net deferred tax assets/liabilities (2i – 3c)	$ 215,139,000	$ 280,068,000	$(64,929,000)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of excludable dividend income, discounting of unpaid losses and loss adjustment expenses, compensation adjustments, charitable contributions, intercompany dividends, LP &LLC income, tax exempt income, 481(a) adjustments, limits on charitable contributions, accrued expenses, limits on unearned premium reserve deductions, impairments, partnership income, bond premium amortization, allowance for doubtful accounts, derivatives, utilization of foreign tax credits, meals and entertainment, revision to prior year estimates and foreign withholding.

E. The Company has foreign tax credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2017	$184,000	2027

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

Year Generated	Amount	Expiration
2011	$942,000	2031
2012	$151,000	2032
2013	$8,129,,000	2033
2014	$7,096,000	2034
2015	$8,298,000	2035
2016	$9,694,000	2036
2017	$15,727,000	2037

The Company has no net operating loss carry-forwards or alternative minimum tax credit carry-forwards.

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $39,077,000 from the current year and $31,118,000 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.
AMBCO Capital Corporation
America First Insurance Company
America First Lloyd’s Insurance Company
American Economy Insurance Company

Liberty Mutual Group Inc.
Liberty Mutual Holding Company Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Mutual Technology Group, Inc.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.

B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.

NOTES TO FINANCIAL STATEMENTS

C. As of December 31, 2017, 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	$28,227,840
4.	Received dividends in the amount of	$27,272,352

D. At December 31, 2017, the Company reported a net $100,512,633 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. 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 these agreements, LMGAM and LMIA provide services to the Company.

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

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**
Indiana Insurance Company	$50,000,000
Liberty Mutual Insurance Company[1]	$650,000,000
The Ohio Casualty Insurance Company	$100,000,000
Peerless Indemnity Insurance Company	$50,000,000
Safeco Insurance Company of America	$100,000,000
The Netherlands Insurance Company	$50,000,000

There is an outstanding loan to Liberty Mutual Insurance Company in the amount of $329,486,669 as of December 31, 2017.

[1]Reference Note 11C for detail on 2017 short term borrowings.

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**
Indiana Insurance Company	$50,000,000
Liberty Mutual Insurance Company	$650,000,000
The Ohio Casualty Insurance Company	$100,000,000
Peerless Indemnity Insurance Company	$50,000,000
Safeco Insurance Company of America	$100,000,000
The Netherlands Insurance Company	$50,000,000

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

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

H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its SCA companies during the statement period.

K. The Company does not use CARVM in calculating its investment in its foreign subsidiaries.

L. The Company does not hold any investments in downstream non-insurance holding companies.

M. All SCA investments

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

NOTES TO FINANCIAL STATEMENTS

	SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a.	SSAP No. 97 8a Entities				
	Not applicable	……………..	$ -	$ -	$ -
	……………………………………………………..	……………..	-	-	-
	……………………………………………………..	……………..	-	-	-
	Total SSAP No. 97 8a Entities	XXX	$ -	$ -	$ -
b.	SSAP No. 97 8b(ii) Entities				
	Ohio Casualty Corporation	8%	$ 136,221,494	$ 136,221,494	$ -
	Liberty USA Corporation	100%	195,535,426	195,535,426	-
	Total SSAP No. 97 8b(ii) Entities	XXX	$331,756,920	$331,756,920	$ -
c.	SSAP No. 97 8b(iii) Entities				
	Liberty Mutual Investment Holdings LLC	22%	$ 642,477,209	$ 642,477,209	$ -
	LMAT Holdings LLC	30%	28,228,920	28,228,920	-
	Total SSAP No. 97 8b(iii) Entities	XXX	$670,706,129	$670,706,129	$ -
d.	SSAP No. 97 8b(iv) Entities				
	Not applicable	……………..	$ -	$ -	$ -
	……………………………………………………..	……………..	-	-	-
	……………………………………………………..	……………..	-	-	-
	Total SSAP No. 97 8b(iv) Entities	XXX	$ -	$ -	$ -
e.	Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	$1,002,463,049	$1,002,463,049	$ -
f.	Aggregate Total (a+e)	XXX	$1,002,463,049	$1,002,463,049	$ -

2. NAIC Filing Response Information

	SCA Entity	Type of NAIC Filing*	Date of Filing to the NAIC	2016 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code**
a.	SSAP No. 97 8a Entities						
	Not applicable			$ -			
	……………………………………………………..			-			
	……………………………………………………..			-			
	Total SSAP No. 97 8a Entities	XXX	XXX	$ -	XXX	XXX	XXX
b.	SSAP No. 97 8b(ii) Entities						
	Ohio Casualty Corporation	S2	12/20/2016	$152,348,313	Yes	No	N/A
	Liberty USA Corporation	S2	12/6/2016	190,563,598	Yes	No	N/A
	Total SSAP No. 97 8b(ii) Entities	XXX	XXX	$342,911,911	XXX	XXX	XXX
c.	SSAP No. 97 8b(iii) Entities						
	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
	Total SSAP No. 97 8b(iii) Entities	XXX	XXX	$ -	XXX	XXX	XXX
d.	SSAP No. 97 8b(iv) Entities						
	Not applicable			$ -			
	……………………………………………………..			-			
	……………………………………………………..			-			
	Total SSAP No. 97 8b(iv) Entities	XXX	XXX	$ -	XXX	XXX	XXX
e.	Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	XXX	$342,911,911	XXX	XXX	XXX
f.	Aggregate Total (a+e)	XXX	XXX	$342,911,911	XXX	XXX	XXX

* 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.

<u>Note 11 – Debt</u>

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. FHLB (Federal Home Loan Bank) Agreements

NOTES TO FINANCIAL STATEMENTS

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Boston. Through its membership, the Company has conducted business activity (borrowings) with the FHLB.. For December year-to-date, the Company has incurred and paid interest expense of $445,083. The Company has determined the actual maximum borrowing capacity as $1,200,000,000 per Board of Directors consent.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	5,780,700	5,780,700	-
Activity Stock	-	-	-
Excess Stock	-	-	-
Aggregate Total	$ 5,780,700	$5,780,700	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$1,200,000,000	XXX	XXX

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	5,678,800	5,678,800	-
Activity Stock	-	-	-
Excess Stock	-	-	-
Aggregate Total	$ 5,678,800	$ 5,678,800	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$1,200,000,000	XXX	XXX

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

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 months to Less Than 1 year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock	$ -	$ -	$ -	$ -	$ -	$ -
Class A	-	-	-	-	-	-
Class B	$ -	$ 5,780,700	$ -	$ -	$ -	$ -

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

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

2. Current Year General Account

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

3. Current Year Protected Cell Accounts

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

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

NOTES TO FINANCIAL STATEMENTS

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

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 241,146,625	$ 242,427,499	$ 210,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 241,146,625	$ 242,427,499	$ 210,000,000

3. Current Year Protected Cell Accounts

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

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

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

4. Borrowing from FHLB

a. Amount As of the Reporting Date

1. Current Year

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

2. Prior Year-end

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

NOTES TO FINANCIAL STATEMENTS

b. Maximum Amount During Reporting Period (Current Year)

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Debt	$ 210,000,000	$ 210,000,000	$ -
Funding Agreements	-	-	-
Other	-	-	-
Aggregate Total	$ -	$ -	$ -

c. FHLB – Prepayment Obligations

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

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

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

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

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

1. The Company has 5,000,000 common shares authorized, and 3,524,456 shares issued and outstanding as of December 31, 2017. All shares have a stated par value of $2.50.

   The Company has 113,043 preferred shares authorized and no shares are issued and outstanding as of December 31, 2017. All shares have a stated par value of $2.50.

2. Preferred Stock

   Not applicable.

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent during 2017.

5. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is less than 10% of surplus or net income. The maximum dividend payout that may be made without prior approval in 2018 is $344,878,834.

6. As of December 31, 2017, the Company has pre-tax restricted surplus of $70,492,329 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 2017.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is ($312,925,465) after applicable deferred taxes of ($7,956,014).

11. Surplus Notes

    Not applicable.

12. Quasi-reorganization (dollar impact)

    Not applicable.

13. Quasi-reorganization (effective date)

    Not applicable.

NOTES TO FINANCIAL STATEMENTS

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 $24,903,256 that is offset by future premium tax credits of $810,669. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in 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:

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	$980,161
b.	Decreases current year: Premium tax offset applied	690,458
c.	Increases current year: Premium tax offset applied	520,966
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$810,669

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 ECO and bad faith losses paid during the reporting period	$1,251,733

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) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) 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 9F, the Company is a member of a controlled group for federal income tax purposes, and that group includes Liberty Mutual Group Inc. ("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

NOTES TO FINANCIAL STATEMENTS

Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.

The Company refunded all premium and interest held in an escrow fund to certain of its policyholders in accordance with North Carolina General Statutes § 58-36-25(b). These distributions represented the full disposition of the Company's escrow fund.

Note 15 – Leases

A. Lessee Leasing Arrangements

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

Year Ending December 31	Operating Leases
2017	$28,684,080
2018	29,206,788
2019	23,321,076
2020	16,660,110
2021	13,983,820
2022 & thereafter	93,837,087
Total	$205,692,961

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 $257,078.

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

1. The table below summarizes the face amount of the Company's financial instruments with off-balance-sheet risk.

	Assets		Liabilities	
	2017	**2016**	**2017**	**2016**
a. Forwards	-	81,300,000	-	-
b. Swaps	-	-	-	-
c. Options	-	-	-	-
d. Total	**-**	**81,300,000**	**-**	**-**

See Schedule DB of the Company's annual statement for additional detail.

The notional amounts specified in the agreements are used to calculate the exchange of contractual payments under the agreements and are generally not representative of the potential for gain or loss on these agreements.

2. The credit risk, market risk, cash requirements, and accounting policies of the Company's derivative instruments utilized during 2017 and 2016 are discussed in Note 8.

3. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure is represented by the fair value of contracts with a positive statement value at the reporting date. The Company has not incurred any losses on derivative financial instruments due to counterparty non-performance.

4. The Company's policy for requiring collateral is discussed in Note 8. The Company pledges or obtains collateral when certain predetermined exposure limits are exceeded. Typically, collateral pledged or obtained is in the form of cash.

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.

NOTES TO FINANCIAL STATEMENTS

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 $334,452,358 with corresponding collateral value of $343,274,872 of which $280,131,191 represents cash collateral that was reinvested.

C. Wash Sales

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

2. Not applicable.

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 – Fair Value Measurements

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

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

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

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

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

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

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

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S. Government & Agency Securities	$ -	$ -	$ -	$ -
U.S. MBS/ABS of Gov. & Corp. Agencies	-	7,053,458	5,930,889	12,984,347
U.S. State and Municipal	-	-	-	-
Corporate and Other	598,269,474	118,344,870	-	716,614,344
Foreign Government Securities	-	3,521,243	-	3,521,243
Total Bonds	598,269,474	128,919,571	5,930,889	733,119,934
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	-	749,515	12,320,000	13,069,515
Total Preferred Stocks	-	749,515	12,320,000	13,069,515

NOTES TO FINANCIAL STATEMENTS

Common Stocks				
Industrial and Miscellaneous	377,281,136	2,647,693	5,797,572	385,726,401
Total Common Stocks	377,281,136	2,647,693	5,797,572	385,726,401
Derivative Assets	-	-	-	-
Total assets at fair value	$975,550,610	$132,316,779	$24,048,461	$1,131,915,850

b. Liabilities at fair value				
Derivative Liabilities	$ -	$ -	$ -	$ -
…………………………………………………				
…………………………………………………				
Total liabilities at fair value	$ -	$ -	$ -	$ -

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

2. Rollforward of Level 3 Items

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

	Balance as of 12/31/2016	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance as of 12/31/2017
U.S. Government & Agency Securities	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -	$ -
U.S. MBS/ABS of Gov. & Corp. Agencies	-	7,171,378	-	19,684	(684,732)	-		(575,440)	-	5,930,890
U.S. State and Municipal	16,626,003	-	(16,698,890)	-	39,622	-		(128,297)	161,562	-
Corporate and Other	-	-	-	-	-	-		-	-	-
Foreign Government Securities	-	-	-	-	-	-		-	-	-
Total Bonds	16,626,003	7,171,378	(16,698,890)	19,684	(645,110)	-	-	(703,737)	161,562	5,930,890
Preferred Stock	-	-	-	-	-	12,320,000		-	-	12,320,000
Common Stock	5,704,494	-	(1,466,571)	(9,867)	1,045	9,603,771		(8,035,300)	-	5,797,571
Total	22,330,497	7,171,378	(18,165,461)	9,817	(644,065)	21,923,771	-	(8,739,037)	161,562	24,048,461
Derivative Assets	-	-	-	-	-	-	-	-	-	-
Derivative Liabilities	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. Government and Agency Securities

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company’s U.S. Treasury securities are based on active markets and unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs

NOTES TO FINANCIAL STATEMENTS

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Derivative Assets	$ -	$ -	$ -	$ -	$ -	$ -
Derivative Liabilities	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -

Derivatives can be exchange-traded or traded over-the-counter ("OTC"). OTC derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value an OTC derivative depends on the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For OTC derivatives that trade in liquid

NOTES TO FINANCIAL STATEMENTS

markets, such as generic forwards, swaps and options, model inputs can generally be corroborated by observable market data by correlation or other means, and model selection does not involve significant management judgment. The fair value of derivatives using models with observable inputs are classified as Level 2 within the fair value hierarchy and the fair value of derivatives using models with unobservable inputs are classified as Level 3 within the fair value hierarchy.

B. Other Fair Value Disclosures

Not Applicable.

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	$248,073,139	$248,077,230	$243,073,069	$5,000,070	$ -	$ -
Bonds	9,221,527,227	9,125,001,957	923,456,550	8,245,867,245	52,203,432	-
Preferred Stock	13,069,515	13,069,515	-	749,515	12320000	-
Common Stock	385,726,401	385,726,401	377,281,136	2,647,693	5,797,572	-
Securities Lending	280,042,587	280,131,191	-	280,042,587	-	-
Mortgage Loans	432,914,717	425,374,205			432,914,717	-
Surplus Notes	-	-	-	-	-	-
Total	$10,581,353,586	$10,477,380,498	$1,543,810,755	$8,534,307,110	$503,235,721	$ -

D. Reasons Not Practical to Estimate Fair Value

Not applicable.

Note 21 – Other Items

A. Unusual or Infrequent Items

The Company has no unusual or infrequent items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures

Not applicable.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

The Company does not purchase business interruption coverage.

F. Subprime-Mortgage-Related Risk Exposure

1. 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.

2. The Company does not have any direct exposure through investments in subprime mortgage loans.

3. The Company has direct exposure through their investment in residential mortgage-backed securities.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
Residential mortgage-backed securities	$583,314	$517,820	$529,531	$32,890

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

G. Insurance Linked Securities (ILS) Contracts

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

Note 22 – Events Subsequent

The Company evaluated subsequent events through February 20, 2018, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

There were no events subsequent to December 31, 2017 that would require disclosure.

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

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, 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, 2017.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	$ 3,001,261,835	$ -	$ 93,887,013	$ -	$ 2,907,374,822	$ -
All Other	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ 3,001,261,835	$ -	$ 93,887,013	$ -	$ 2,907,374,822	$ -
Direct Unearned Premium Reserve of		$ 93,887,014				

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	$73,231,976	$84,541,884	$73,231,976	$84,541,884
b.	Sliding Scale Adjustments	-	239,557	-	239,557
c.	Other Profit Commission Arrangements	-	(250,489)	-	(250,489)
d.	TOTAL	$73,231,976	$84,530,952	$73,231,976	$84,530,952

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	($544,280,669)	$ -
	(2) Adjustments – Prior Year(s)	(128,593,654)	-
	(3) Adjustments – Current Year	(43,368,965)	-
	(4) Current Total	($716,243,289)	$ -
b.	Consideration Paid or Received:		
	(1) Initial Consideration	($545,888,609)	$ -
	(2) Adjustments – Prior Year(s)	(11,121,178)	-
	(3) Adjustments – Current Year	(53,167)	-
	(4) Current Total	($557,062,955)	$ -
c.	Paid Losses Reimbursed or Recovered:		
	(1) Prior Year(s)	$73,290,830	$ -
	(2) Current Year	1,867,065	-
	(3) Current Total	$75,157,895	$ -
d.	Discount Unwind on Reserves:		
	(1) Prior Year(s)	($8,320,657)	$ -
	(2) Current Year	(2,553,232)	-
	(3) Current Total	($10,873,890)	$ -

NOTES TO FINANCIAL STATEMENTS

e. Special Surplus from Retroactive Reinsurance:

(1)	Initial Surplus Gain or Loss	$5,498,692	$ -
(2)	Adjustments – Prior Year(s)	28,754,356	-
(3)	Adjustments – Current Year	38,895,500	-
(4)	Current Year Restricted Surplus	70,492,419	-
(5)	Cumulative Total Transferred to Unassigned Funds	($2,656,130)	$ -

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

Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	($716,243,289)	$ -
Total	($716,243,289)	$ -

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.

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, 2017.

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.

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

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

a.	Total accrued retro premium	$86,553,104
b.	Unsecured amount	-
c.	Less: Nonadmitted amount (10%)	8,662,435
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount (a) – (c) – (d)	$77,890,669

F. Risk Sharing Provisions of the Affordable Care Act

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

NOTES TO FINANCIAL STATEMENTS

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events in prior years increased through the fourth quarter of 2017. The increase was the result of updated reserve analysis in a number of lines, with the largest increases in reserve estimates in the Other Liability-Occurrence line of business driven by a ground-up reserve analysis, Commercial Auto line of business driven by unfavorable auto trends, Other Liability-Claims Made line of business driven by a ground-up reserve analysis and Private Passenger Auto Liability line of business driven by higher catastrophe losses. Partially offsetting these increases were decreases in reserve estimates for the Commercial Multiple Peril line of business, Homeowners/Farmowners line of business, Special Property line of business, and the Special Liability line of business. 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 Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
	Ironshore Indemnity Inc. (“III”)	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 ("LMMAIC")	14486	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

	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 Affiliated Companies:	LM Property and Casualty Insurance Company (“LMPAC”)	32352	0.00%	All Lines

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

a. Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.

b. After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.

c. The Lead Company’s remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company’s pool participation percentage, as noted above.

d. There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

e. There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.

f. The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

g. Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2017:

Affiliate	Amount
Liberty Mutual Insurance Company	3,137,075

Effective July 1, 2017 III and ISIC became participants of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement. All III 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 III 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 $233,083,229 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 $233,083,229 as of December 31, 2017.

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	$103,421,755
Prudential Insurance Company New Jersey	Yes	$53,723,518

Note 28 – Health Care Receivables

Not applicable.

Note 29 – Participating Policies

No applicable.

Note 30 – Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves $ -

NOTES TO FINANCIAL STATEMENTS

2. Date of the most recent evaluation of this liability 12/31/2017
3. Was anticipated investment income utilized in the calculation? Yes

Note 31 – High Dollar Deductible Policies

As of December 31, 2017, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $1,107,485,226 and the amount billed and recoverable on paid claims was $33,658,785. There are no unsecured high dollar deductible recoverables 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 Company recognized $10,236,910 of interest accretion in the Statement of Income for the current year related to tabular discount on Workers' Compensation. The December 31, 2017 liabilities subject to discount were carried at a value representing a discount of $104,331,482 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	80,349,276	103,236,811
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability - occurrence	-	-
7. Medical Professional Liability - claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	-	-
10. Other Liability - claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability - occurrence	-	-
20. Products Liability - claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	$80,349,276	$103,236,811

* Must exclude medical loss reserves and all loss adjustment expense reserves.

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 insured with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

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

NOTES TO FINANCIAL STATEMENTS

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 2016, 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 $150 million including: $100 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, 2017, 2016, 2015, 2014, and 2013 before consideration of the NICO Reinsurance Transaction. Refer to Note 23f.

Asbestos

1. Direct -

	2013	2014	2015	2016	2017
a. Beginning reserves:	$311,316,538	$349,852,494	$351,771,702	$296,075,585	$309,775,676
b. Incurred losses and LAE	82,917,125	57,018,172	16,568,687	65,562,378	35,468,335
c. Calendar year payments	44,381,168	55,098,964	72,264,803	51,862,287	51,449,787
d. Ending reserves	$349,852,494	$351,771,702	$296,075,586	$309,775,676	$293,794,225

2. Assumed Reinsurance -

	2013	2014	2015	2016	2017
a. Beginning reserves*:	$115,013,707	$123,953,071	$114,650,433	$110,629,195	$102,379,798
b. Incurred losses and LAE	14,932,887	301,762	2,347,282	(990,769)	10,133,332
c. Calendar year payments	5,993,524	9,604,400	6,368,520	7,497,952	6,390,058
d. Ending reserves	$123,953,071	$114,650,433	$110,629,195	$102,140,474	$106,123,072

*Includes Ironshore acquisition in 2017

3. Net of Ceded Reinsurance -

	2013	2014	2015	2016	2017
a. Beginning reserves:	$178,029,817	$199,444,721	$183,609,562	$136,319,699	$134,401,350
b. Incurred losses and LAE	47,104,818	17,781,682	1,226,385	12,457,723	17,174,416
c. Calendar year payments	25,689,914	33,616,840	48,516,249	14,376,071	16,557,555
d. Ending reserves	$199,444,721	$183,609,563	$136,319,698	$134,401,351	$135,018,211

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

a. Direct Basis	$193,248,752
b. Assumed Reinsurance Basis	$77,900,193
c. Net of Ceded Reinsurance Basis	$83,981,230

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

a. Direct Basis	$180,721,303
b. Assumed Reinsurance Basis	$3,001,208
c. Net of Ceded Reinsurance Basis	$65,918,955

NOTES TO FINANCIAL STATEMENTS

Environmental

1. Direct -

	2013	2014	2015	2016	2017
a. Beginning reserves:	$84,028,567	$89,694,109	$84,120,655	$72,473,475	$74,540,119
b. Incurred losses and LAE	19,045,897	11,590,891	5,896,123	16,049,777	12,864,268
c. Calendar year payments	13,380,355	17,164,345	17,543,303	13,983,133	10,125,460
d. Ending reserves	$89,694,109	$84,120,655	$72,473,475	$74,540,119	$77,278,927

2. Assumed Reinsurance -

	2013	2014	2015	2016	2017
a. Beginning reserves*:	$12,997,868	$12,832,557	$12,086,120	$8,758,274	$8,342,342
b. Incurred losses and LAE	868,965	229,785	(1,961,600)	(32,950)	2,427,043
c. Calendar year payments	1,034,276	976,222	1,366,246	814,304	597,016
d. Ending reserves	$12,832,557	$12,086,120	$8,758,274	$7,911,020	$10,172,370

*Includes Ironshore acquisition in 2017

3. Net of Ceded Reinsurance -

	2013	2014	2015	2016	2017
a. Beginning reserves:	$61,699,541	$64,596,706	$59,774,827	$52,422,999	$51,207,253
b. Incurred losses and LAE	12,201,343	5,625,477	63,620	9,821,199	10,195,302
c. Calendar year payments	9,304,179	10,447,355	7,415,448	11,036,945	6,372,052
d. Ending reserves	$64,596,705	$59,774,828	$52,422,999	$51,207,253	$55,030,502

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

a. Direct Basis	$45,116,907
b. Assumed Reinsurance Basis	$5,471,593
c. Net of Ceded Reinsurance Basis	$29,174,068

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

a. Direct Basis	$32,075,085
b. Assumed Reinsurance Basis	$793,157
c. Net of Ceded Reinsurance Basis	$17,027,918

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 [X] 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 [X] No [ ] N/A [ ]

1.3 State Regulating? New Hampshire

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 [X]

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). 05/20/2015

3.4 By what department or departments?
State of New Hampshire Insurance Department

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 [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

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 [X]
4.12 renewals? Yes [ ] No [X]

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 [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

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

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

GENERAL INTERROGATORIES

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

6.2 If yes, give full information:
0

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

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

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
0

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP
200 Clarendon Street
Boston, MA 02116

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

10.2 If response to 10.1 is yes, provide information related to this exemption:
0

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

10.4 If response to 10.3 is yes, provide information related to this exemption:
0

GENERAL INTERROGATORIES

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

10.6 If the response to 10.5 is no or n/a, please explain.
0

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

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

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

12.2 If yes, provide explanation:
0

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [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:
0

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).
0

GENERAL INTERROGATORIES

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
0

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

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

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
0			0
0			0
0			0

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

21.21 Rented from others	$ 0
21.22 Borrowed from others	$ 0
21.23 Leased from others	$ 0
21.24 Other	$ 0

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [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. $ 343,274,872

24.06 If answer to 24.04 is no, report amount of collateral for other programs. $ 0

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

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [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	$	280,131,191
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$	280,131,191
24.103 Total payable for securities lending reported on the liability page	$	280,131,191

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	$	0
25.22	Subject to reverse repurchase agreements	$	0
25.23	Subject to dollar repurchase agreements	$	0
25.24	Subject to reverse dollar repurchase agreements	$	0
25.25	Placed under option agreements	$	0
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$	0
25.27	FHLB Capital Stock	$	5,780,700
25.28	On deposit with states	$	549,317,750
25.29	On deposit with other regulatory bodies	$	0
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	$	0
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	$	0
25.32	Other	$	0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK BOSTON	5,780,700
		0
		0

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year. $ 0

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

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

1 Name of Custodian(s)	2 Custodian's Address
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
Matthews International Capital Management, LLC.	U
Goldman Sachs Asset Management, L.P.	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	N/A	DS
Liberty Mutual Investment Advisors, LLC	N/A	N/A	N/A	DS
StanCorp	N/A	N/A	N/A	DS
Prudential Mortgage Capital Company	N/A	N/A	N/A	DS
Matthews International Capital Management, LL	N/A	N/A	N/A	SEC
Goldman Sachs Asset Management, L.P.	N/A	N/A	N/A	SEC

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
		0
		0
29.2999 TOTAL		0

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	9,130,006,116	9,224,666,865	94,660,749
30.2 Preferred stocks	13,069,515	13,069,515	0
30.3 Totals	9,143,075,631	9,237,736,380	94,660,749

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

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

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

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

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

32.2 If no, list exceptions:

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

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? $ 10,298,403

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE INC	$ 3,448,889
	$ 0
	$ 0

35.1 Amount of payments for legal expenses, if any? $ 9,104,114

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 499,043

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

0

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

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

1.6 Individual policies:

Most current three years:

1.61	Total premium earned	$ 0
1.62	Total incurred claims	$ 0
1.63	Number of covered lives	0

All years prior to most current three years:

1.64	Total premium earned	$ 0
1.65	Total incurred claims	$ 0
1.66	Number of covered lives	0

1.7 Group policies:

Most current three years:

1.71	Total premium earned	$ 0
1.72	Total incurred claims	$ 0
1.73	Number of covered lives	0

All years prior to most current three years:

1.74	Total premium earned	$ 0
1.75	Total incurred claims	$ 0
1.76	Number of covered lives	0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 10,507,381	$ 1,642,317
2.2	Premium Denominator	$ 5,482,088,355	$ 5,162,444,352
2.3	Premium Ratio (2.1 / 2.2)	0.00	0.00
2.4	Reserve Numerator	$ 17,910,239	$ 4,889,041
2.5	Reserve Denominator	$ 10,878,595,148	$ 9,670,970,760
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	$ 1,960,505
3.22	Non-participating policies	$ 229,160,279

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0 %

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

5.21	Out of Attorney's-in-fact compensation	Yes [ ] No [ ] N/A [X]
5.22	As a direct expense of the exchange	Yes [ ] No [ ] N/A [X]

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

N/A

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

5.5 If yes, give full information

0

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

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 v16.0 and AIR's Touchstone v4.2 software. For workers' compensation, Liberty Mutual utilizes RiskLink v16.0 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. 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information
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

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]
11.2 If yes, give full information
0

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $ 64,465,433
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 4,708,745

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 1,827,618

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 [X] No [ ] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From 0.05 %
12.42 To 0.08 %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No [ ]

12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $ 856,589,482
12.62 Collateral and other funds $ 249,953,029

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 220,000,000

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 [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No [ ]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
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 [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No [ ]

14.5 If the answer to 14.4 is no, please explain:
N/A

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

15.2 If yes, give full information
0

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ 0	$ 0	$ 0	$ 0	$ 0
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage: 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

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

18.4 If yes, please provide the balance of the funds adminstered as of the reporting date. $ 0

FIVE – YEAR HISTORICAL DATA

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

	1 2017	2 2016	3 2015	4 2014	5 2013
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,794,974,938	2,550,961,307	2,468,723,946	2,537,339,145	1,965,421,100
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,093,569,069	1,069,846,479	1,023,190,817	1,091,493,932	668,792,812
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,795,393,818	1,781,517,889	1,762,534,662	1,773,857,465	596,263,093
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	186,321,381	160,546,601	171,189,711	161,271,555	(182,145,287)
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	70,903,896	59,215,368	75,807,155	58,244,487	57,079,471
6. Total (Line 35)	5,941,163,102	5,622,087,644	5,501,446,291	5,622,206,584	3,105,411,189
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)	2,708,785,716	2,424,096,345	2,317,395,447	2,327,698,830	2,845,860,067
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,038,170,752	995,774,202	942,160,710	976,202,271	1,192,399,122
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,706,157,469	1,660,528,609	1,620,264,228	1,552,352,417	1,594,441,936
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	186,024,484	160,158,540	170,807,596	160,866,875	137,717,244
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	70,903,896	59,215,368	75,807,155	58,244,487	57,079,471
12. Total (Line 35)	5,710,042,317	5,299,773,064	5,126,435,136	5,075,364,880	5,827,497,840
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(565,400,690)	(154,101,506)	22,670,301	(95,111,731)	(276,931,495)
14. Net investment gain (loss) (Line 11)	444,839,479	294,951,291	362,009,012	371,701,298	556,336,031
15. Total other income (Line 15)	35,696,828	16,547,703	5,190,303	(1,701,428)	1,067,419
16. Dividends to policyholders (Line 17)	2,718,709	3,553,953	3,871,075	4,713,460	7,705,772
17. Federal and foreign income taxes incurred (Line 19)	(32,825,742)	(444,275)	81,373,822	22,995,837	121,256,724
18. Net income (Line 20)	(54,757,350)	154,287,810	304,624,719	247,178,842	151,509,459
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	14,599,952,771	13,330,782,532	13,172,391,683	12,800,884,898	13,621,186,110
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	325,704,914	272,454,681	274,945,325	276,159,867	314,702,685
20.2 Deferred and not yet due (Line 15.2)	1,390,216,204	1,318,063,208	1,238,871,856	1,172,868,764	1,499,281,420
20.3 Accrued retrospective premiums (Line 15.3)	77,890,669	79,865,831	78,798,556	89,634,524	94,147,632
21. Total liabilities excluding protected cell business (Page 3, Line 26)	11,151,500,179	9,791,896,798	9,855,641,908	9,741,967,989	10,834,743,223
22. Losses (Page 3, Line 1)	6,556,638,192	5,713,187,726	5,595,335,919	5,548,539,375	5,698,661,689
23. Loss adjustment expenses (Page 3, Line 3)	1,306,854,399	1,180,363,203	1,171,519,559	1,203,190,482	1,223,350,214
24. Unearned premiums (Page 3, Line 9)	3,001,261,836	2,771,889,321	2,632,208,126	2,515,271,520	2,376,172,424
25. Capital paid up (Page 3, Lines 30 & 31)	8,848,635	8,848,635	8,848,635	8,848,635	8,848,635
26. Surplus as regards policyholders (Page 3, Line 37)	3,448,452,589	3,538,885,731	3,316,749,774	3,058,916,909	2,786,442,887
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	409,272,753	346,190,330	400,708,494	297,773,334	4,805,586,842
Risk-Based Capital Analysis					
28. Total adjusted capital	3,448,452,589	3,538,885,731	3,316,749,774	3,058,916,909	2,786,442,887
29. Authorized control level risk-based capital	784,233,431	669,897,856	620,712,211	621,450,026	624,080,541
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)	75.2	76.2	73.5	73.6	76.5
31. Stocks (Lines 2.1 & 2.2)	8.6	11.4	13.0	13.8	12.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.5	3.0	2.9	2.5	2.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	2.0	0.6	2.0	0.9	1.5
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		0.0			
37. Other invested assets (Line 8)	8.2	7.6	6.9	6.8	6.0
38. Receivables for securities (Line 9)	0.1	0.0	0.0	0.5	0.2
39. Securities lending reinvested collateral assets (Line 10)	2.3	1.1	1.6	1.8	1.0
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)	650,301,272	657,041,737	652,526,640	655,134,197	645,898,544
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	329,486,669			30,320,506	
46. Affiliated mortgage loans on real estate					
47. All other affiliated	670,706,129	560,127,029	520,132,436	503,266,546	482,371,874
48. Total of above Lines 42 to 47	1,650,494,070	1,217,168,766	1,172,659,076	1,188,721,249	1,128,270,418
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)	47.9	34.4	35.4	38.9	40.5

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2017	2 2016	3 2015	4 2014	5 2013
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	3,941,355	73,870,444	(14,033,120)	55,603,161	(55,891,114)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(90,433,141)	222,135,955	257,832,866	272,474,022	899,134,202
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,389,930,959	1,513,187,926	1,477,764,977	1,748,147,384	3,428,787,446
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	630,499,078	608,458,912	543,732,520	571,662,942	590,248,543
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	988,471,761	874,492,556	897,134,583	876,575,793	2,199,835,322
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	24,342,621	3,732,913	48,002,004	61,219,155	170,801,156
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	22,870,923	15,796,325	22,933,980	25,735,214	(76,839,475)
59. Total (Line 35)	3,056,115,342	3,015,668,632	2,989,568,064	3,283,340,488	6,312,832,992
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)	1,288,950,448	1,401,028,500	1,345,043,988	1,563,159,670	(1,564,988,550)
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	602,088,428	575,740,853	503,264,692	515,198,507	435,223,334
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	924,577,917	807,636,049	800,078,156	754,222,207	590,389,932
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	24,198,953	3,657,904	47,770,900	58,853,846	39,261,817
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	22,870,923	15,796,325	22,933,980	25,735,214	(100,676,737)
65. Total (Line 35)	2,862,686,669	2,803,859,631	2,719,091,716	2,917,169,444	(600,790,204)
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	66.0	56.6	55.6	56.3	59.2
68. Loss expenses incurred (Line 3)	13.5	13.2	12.7	13.7	14.3
69. Other underwriting expenses incurred (Line 4)	30.8	33.1	31.2	31.9	32.2
70. Net underwriting gain (loss) (Line 8)	(10.3)	(3.0)	0.5	(1.9)	(5.7)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	29.0	32.0	30.3	31.0	26.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	79.5	69.8	68.4	70.0	73.5
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)	165.6	149.8	154.6	165.9	209.1
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)	176,052	42,035	(33,651)	(2,991)	163,042
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)	5.0	1.3	(1.1)	(0.1)	8.6
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)	189,244	(17,386)	(38,849)	137,885	175,800
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)	5.7	(0.6)	(1.4)	7.3	9.8

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	142,662	50,538	45,658	28,008	10,266	1,609	4,061	118,431	X X X
2. 2008	5,299,824	891,024	4,408,800	3,094,271	491,691	230,625	26,787	402,796	15,182	155,958	3,194,032	X X X
3. 2009	5,054,788	1,059,146	3,995,642	2,703,383	496,801	204,658	26,676	378,132	4,439	147,764	2,758,257	X X X
4. 2010	5,130,223	997,191	4,133,032	2,892,627	528,731	220,903	28,905	401,171	2,457	167,820	2,954,608	X X X
5. 2011	5,423,160	1,194,787	4,228,373	3,220,535	658,883	235,181	41,152	404,296	2,860	208,364	3,157,117	X X X
6. 2012	5,857,599	1,294,077	4,563,522	3,253,648	694,015	233,226	42,977	417,614	2,561	237,388	3,164,935	X X X
7. 2013	6,184,390	1,393,147	4,791,243	3,027,697	694,481	201,181	34,732	411,934	3,617	185,497	2,907,982	X X X
8. 2014	6,342,503	1,403,690	4,938,813	2,924,303	652,362	173,637	25,851	399,631	4,615	150,431	2,814,743	X X X
9. 2015	6,550,773	1,520,761	5,030,012	2,886,911	698,751	130,660	20,727	390,561	4,826	186,916	2,683,828	X X X
10. 2016	6,720,103	1,525,047	5,195,056	2,689,944	672,063	74,260	15,187	388,942	8,553	110,656	2,457,343	X X X
11. 2017	7,042,768	1,525,375	5,517,393	2,158,080	579,394	28,620	6,682	299,437	2,627	67,018	1,897,434	X X X
12. Totals	X X X	X X X	X X X	28,994,061	6,217,710	1,778,609	297,684	3,904,780	53,346	1,621,873	28,108,710	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	1,139,426	431,516	777,717	369,679	73,653	50,116	282,466	116,747	24,809	130	2,939	1,329,883	X X X
2. 2008	77,286	18,037	132,480	16,930	2,325	235	15,707	5,322	2,123		5,474	189,397	X X X
3. 2009	78,430	12,756	135,561	22,992	3,353	540	12,108	3,369	1,387		1,713	191,182	X X X
4. 2010	85,116	13,517	124,273	15,269	5,259	1,660	18,941	2,663	1,838		2,435	202,318	X X X
5. 2011	102,950	14,936	154,774	21,743	5,429	1,301	33,626	3,904	2,317		3,675	257,212	X X X
6. 2012	143,483	29,716	227,423	30,964	11,717	3,441	49,429	5,021	4,979		10,991	367,889	X X X
7. 2013	184,538	39,799	270,133	41,301	12,763	3,145	55,040	6,249	43,227		17,399	475,207	X X X
8. 2014	295,619	62,160	288,933	65,443	13,147	2,689	73,274	6,572	21,457		17,595	555,566	X X X
9. 2015	380,097	44,302	423,305	100,164	15,712	1,764	117,188	8,174	37,739	1	32,648	819,636	X X X
10. 2016	516,288	53,588	571,280	103,386	20,194	1,968	163,885	18,984	60,302	9	46,107	1,154,014	X X X
11. 2017	896,803	179,204	1,611,503	373,375	16,878	2,575	213,336	17,882	155,707	9	121,355	2,321,182	X X X
12. Totals	3,900,036	899,531	4,717,382	1,161,246	180,430	69,434	1,035,000	194,887	355,885	149	262,331	7,863,486	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,115,948	213,935
2. 2008	3,957,613	574,184	3,383,429	74.674	64.441	76.743			20.000	174,799	14,598
3. 2009	3,517,012	567,573	2,949,439	69.578	53.588	73.816			20.000	178,243	12,939
4. 2010	3,750,128	593,202	3,156,926	73.099	59.487	76.383			20.000	180,603	21,715
5. 2011	4,159,108	744,779	3,414,329	76.692	62.336	80.748			20.000	221,045	36,167
6. 2012	4,341,519	808,695	3,532,824	74.118	62.492	77.414			20.000	310,226	57,663
7. 2013	4,206,513	823,324	3,383,189	68.018	59.098	70.612			20.000	373,571	101,636
8. 2014	4,190,001	819,692	3,370,309	66.062	58.396	68.241			20.000	456,949	98,617
9. 2015	4,382,173	878,709	3,503,464	66.896	57.781	69.651			20.000	658,936	160,700
10. 2016	4,485,095	873,738	3,611,357	66.741	57.293	69.515			20.000	930,594	223,420
11. 2017	5,380,364	1,161,748	4,218,616	76.396	76.161	76.460			20.000	1,955,727	365,455
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	6,556,641	1,306,845

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) 1 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	4,368,452	4,351,848	4,350,392	4,429,153	4,463,003	4,512,951	4,561,141	4,573,738	4,581,008	4,611,102	30,094	37,364
2. 2008	3,071,066	2,999,523	2,960,804	2,959,908	2,970,812	3,006,016	3,002,576	3,002,858	3,005,647	3,003,411	(2,236)	553
3. 2009	XXX	2,634,561	2,627,811	2,603,028	2,579,039	2,597,289	2,577,241	2,578,952	2,579,964	2,582,076	2,112	3,124
4. 2010	XXX	XXX	2,747,295	2,746,512	2,758,414	2,789,236	2,762,040	2,763,557	2,762,190	2,767,093	4,903	3,536
5. 2011	XXX	XXX	XXX	2,998,130	2,996,963	3,009,785	3,009,927	3,007,995	3,012,351	3,019,987	7,636	11,992
6. 2012	XXX	XXX	XXX	XXX	3,121,313	3,144,849	3,115,550	3,097,331	3,109,584	3,120,501	10,917	23,170
7. 2013	XXX	XXX	XXX	XXX	XXX	2,909,843	2,941,107	2,920,406	2,919,802	2,949,225	29,423	28,819
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	2,943,847	2,935,469	2,926,561	2,958,753	32,192	23,284
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,027,241	3,052,865	3,084,643	31,778	57,402
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,145,528	3,174,761	29,233	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,770,456	XXX	XXX
										12. Totals	176,052	189,244

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) 1 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	878,952	1,533,025	1,996,497	2,320,188	2,556,365	2,769,473	2,959,355	3,085,395	3,195,169	XXX	XXX
2. 2008	1,243,351	1,902,541	2,219,809	2,442,535	2,594,095	2,686,337	2,739,976	2,769,304	2,789,711	2,806,418	XXX	XXX
3. 2009	XXX	1,049,658	1,588,961	1,873,876	2,079,427	2,217,901	2,297,045	2,340,175	2,367,059	2,384,564	XXX	XXX
4. 2010	XXX	XXX	1,155,268	1,748,776	2,050,303	2,271,394	2,408,489	2,483,720	2,529,825	2,555,894	XXX	XXX
5. 2011	XXX	XXX	XXX	1,364,654	1,928,754	2,252,773	2,479,843	2,625,203	2,713,654	2,755,681	XXX	XXX
6. 2012	XXX	XXX	XXX	XXX	1,340,948	2,013,913	2,321,624	2,534,305	2,674,978	2,749,882	XXX	XXX
7. 2013	XXX	XXX	XXX	XXX	XXX	1,263,854	1,867,534	2,161,482	2,379,402	2,499,665	XXX	XXX
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	1,343,278	1,933,214	2,233,266	2,419,727	XXX	XXX
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,391,561	2,011,898	2,298,093	XXX	XXX
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,477,285	2,076,954	XXX	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,600,624	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 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017
1. Prior	2,004,686	1,565,797	1,168,698	1,019,547	847,487	800,109	749,274	666,690	632,822	618,186
2. 2008	1,111,333	611,966	394,719	271,868	194,190	192,198	158,996	146,892	137,750	131,790
3. 2009	XXX	999,324	601,816	397,408	266,532	223,771	160,054	146,322	134,099	125,654
4. 2010	XXX	XXX	987,044	552,409	374,900	284,122	194,603	159,094	139,268	131,491
5. 2011	XXX	XXX	XXX	985,669	605,899	418,574	282,977	219,106	182,604	169,565
6. 2012	XXX	XXX	XXX	XXX	1,141,900	657,320	452,281	334,412	269,701	245,835
7. 2013	XXX	XXX	XXX	XXX	XXX	1,078,589	630,153	450,538	325,948	293,229
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	1,024,788	599,206	403,729	294,629
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,047,740	615,335	435,365
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,085,962	616,241
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,437,500

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L								
2. Alaska AK	L								
3. Arizona AZ	L	183,687	286,583		64,205	67,353	13,738	13,578	
4. Arkansas AR	L	318,871	443,292		55,397	148,415	784,542	23,571	
5. California CA	L	29,025,993	34,315,751	14,877	49,159,898	54,958,580	100,872,949	2,145,618	
6. Colorado CO	L	369	734		7,459	(15,833)	12,277	27	
7. Connecticut CT	L	7,099,361	12,026,035	31,092	9,615,234	3,448,474	25,932,417	524,608	
8. Delaware DE	L	3,438,026	3,193,280		955,287	1,189,485	3,539,880	254,141	
9. District of Columbia DC	L	424,698	475,527		109,754	33,665	492,987	31,394	
10. Florida FL	L	10,465	11,010			676,160	3,131,862	728	
11. Georgia GA	L	3,906,919	4,484,441	407	1,693,674	(837,003)	2,814,110	288,717	
12. Hawaii HI	N								
13. Idaho ID	L								
14. Illinois IL	L	2,455,840	3,221,023	295	1,613,002	893,117	7,658,900	181,537	
15. Indiana IN	L	9,643,823	10,886,308		5,748,364	5,349,573	16,710,660	712,877	
16. Iowa IA	L	73,534	144,496	807	32,207	(112,825)	841,288	5,436	
17. Kansas KS	L	321,315	479,882		269,023	558,068	1,519,981	23,752	
18. Kentucky KY	L	5,011,800	5,264,456		1,050,386	2,130,246	6,215,606	370,468	
19. Louisiana LA	L	519,621	2,078,674		4,012,576	6,845,854	7,241,570	38,411	
20. Maine ME	L	36,042,871	40,364,596		15,559,840	21,762,927	26,689,581	2,664,273	
21. Maryland MD	L	7,237,937	8,616,481		4,003,372	4,367,109	11,106,490	535,032	
22. Massachusetts MA	L	13,325,083	21,345,332	310	11,907,819	5,246,410	41,573,406	984,896	
23. Michigan MI	L	278,583	341,025	297	133,643	382,584	775,851	20,370	
24. Minnesota MN	L	359,984	583,785		671,443	788,354	4,736,736	26,610	
25. Mississippi MS	L								
26. Missouri MO	L	602,009	1,393,420		1,277,371	2,332,620	4,378,871	44,501	
27. Montana MT	L								
28. Nebraska NE	L	103,450	235,970		115,010	95,493	501,110	7,647	
29. Nevada NV	L	3,060	8,507		1,075	856	272	226	
30. New Hampshire NH	L	16,989,695	21,319,136	66,955	5,574,775	1,334,343	38,795,078	1,255,178	
31. New Jersey NJ	Q	2,192	2,192		(15,967)	5,047,252	5,676,645	162	
32. New Mexico NM	L	420	420			(821)	857	31	
33. New York NY	L	29,212,191	32,511,243	290,080	35,411,343	27,559,125	89,050,213	2,159,243	
34. North Carolina NC	L	4,440,202	6,540,122		4,721,332	2,660,064	6,419,554	328,230	
35. North Dakota ND	L								
36. Ohio OH	L	4,358,608	4,959,532	296	2,777,922	1,667,834	2,049,193	321,879	
37. Oklahoma OK	L	22,121	1,093,580		2,852,229	2,742,284	11,375,167	1,635	
38. Oregon OR	L					(11,494)	1,836		
39. Pennsylvania PA	L	13,331,589	18,367,777		5,075,591	6,926,553	34,975,863	985,479	
40. Rhode Island RI	L	19,970,284	22,236,522	9,478	13,220,334	11,281,563	12,730,287	1,476,215	
41. South Carolina SC	L	2,195,021	3,775,512		2,305,534	1,437,866	10,619,056	162,257	
42. South Dakota SD	L								
43. Tennessee TN	L	2,866,086	3,286,141	5,352	998,660	781,057	3,486,831	211,863	
44. Texas TX	L	1,895,225	2,398,374	560	2,739,623	2,896,244	5,171,707	140,096	
45. Utah UT	L	2,233	2,233			508	508	165	
46. Vermont VT	L	10,514,334	13,657,934	34,885	4,507,026	3,585,795	20,817,274	777,164	
47. Virginia VA	L	4,673,783	6,188,735	1,401	4,631,381	3,077,959	9,392,825	345,392	
48. Washington WA	L	48	48			(194,921)	31,134	4	
49. West Virginia WV	L						5		
50. Wisconsin WI	L	259,452	303,528	2,147	572,852	267,091	2,402,936	19,179	
51. Wyoming WY	L								
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CAN	N								
58. Aggregate Other Alien OT	XXX					2,807	3,100		
59. Totals	(a) 49	231,120,783	286,843,637	459,239	193,428,674	181,370,791	520,545,153	17,082,590	

DETAILS OF WRITE-INS									
58001. ZZZ OTHER ALIEN	XXX					2,807	3,100		
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX					2,807	3,100		

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

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

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery

*States employee's main work place - Worker's Compensation | *Location of Court or Obligee - Surety

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage | *Address of Assured - Other Accident and Health

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty | *Location of Properties covered - Burglary and Theft

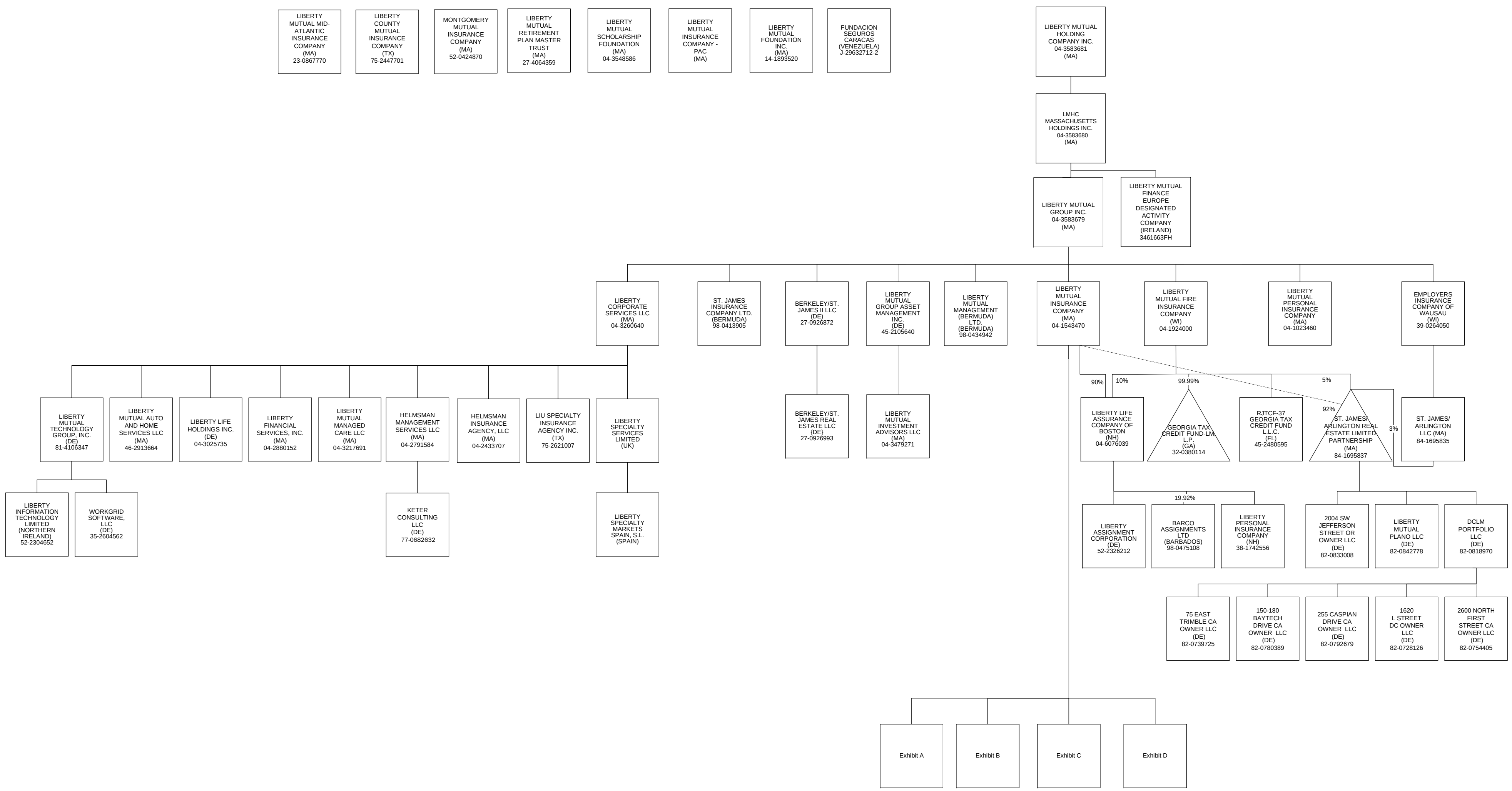
*Point of origin of shipment or principal location of assured - Inland Marine | *Principal Location of Assured - Ocean Marine, Credit

*State in which employees regularly work - Group Accident and Health | *Primary residence of Assured - Aircraft (all perils)

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

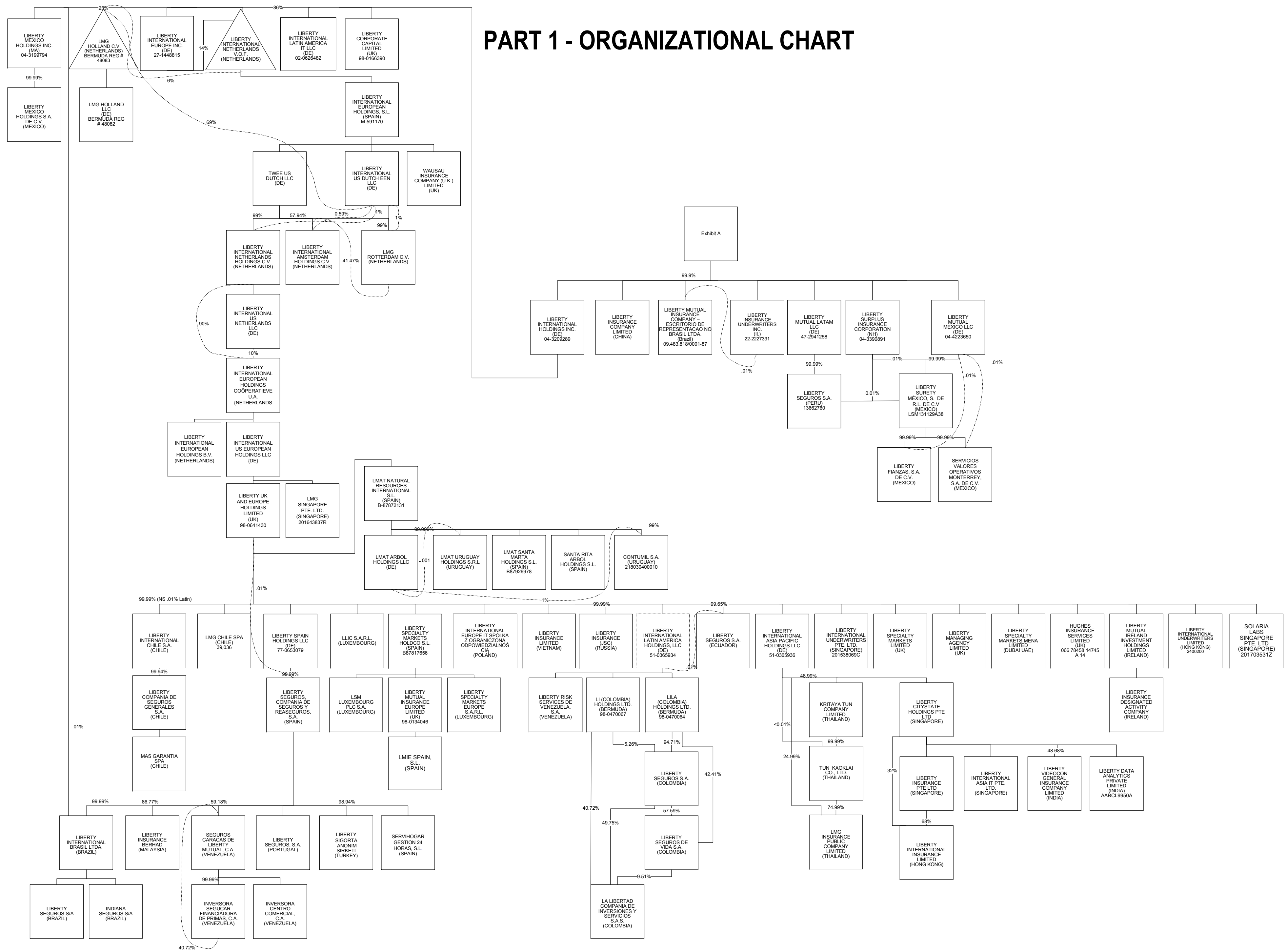
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



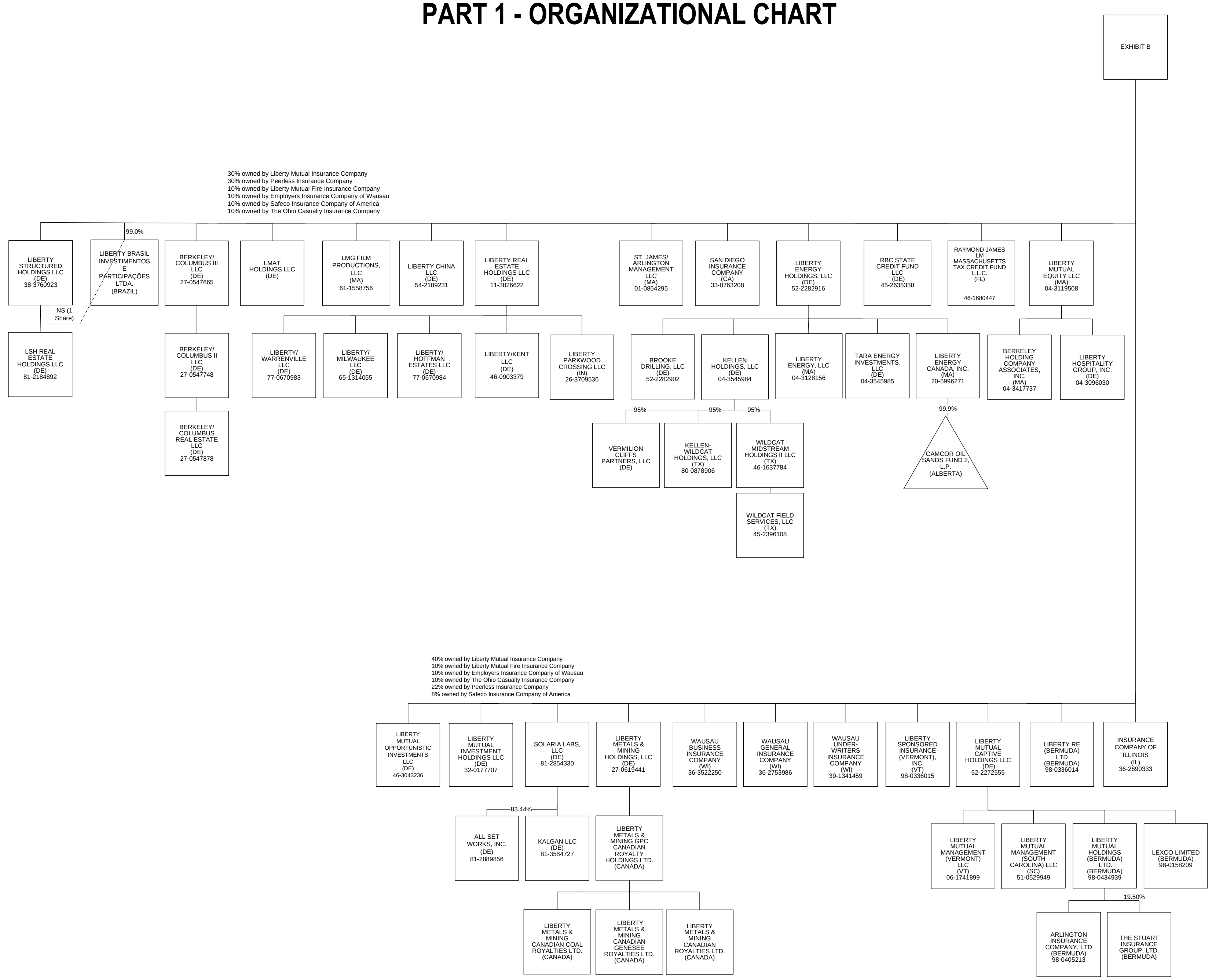
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



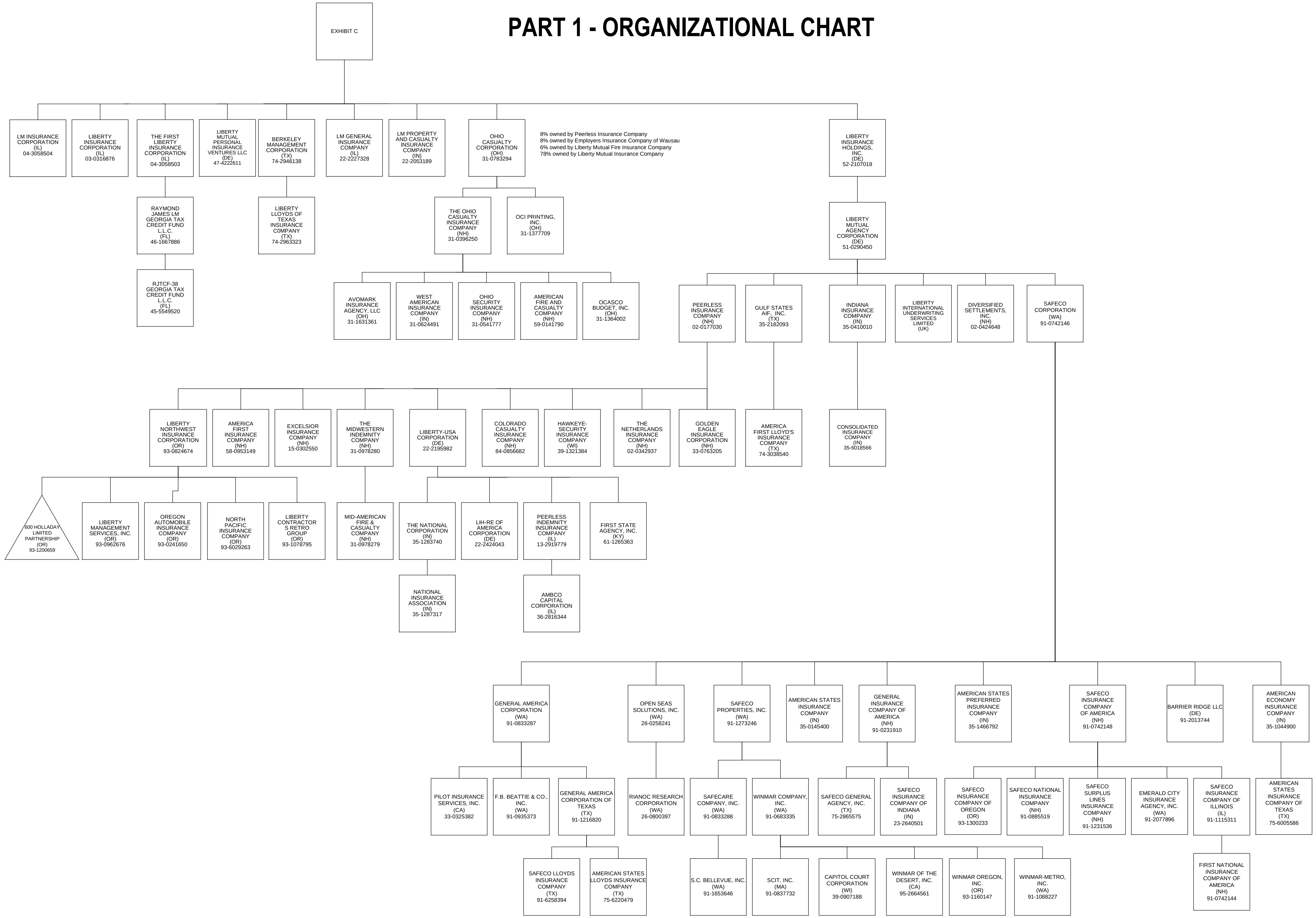
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



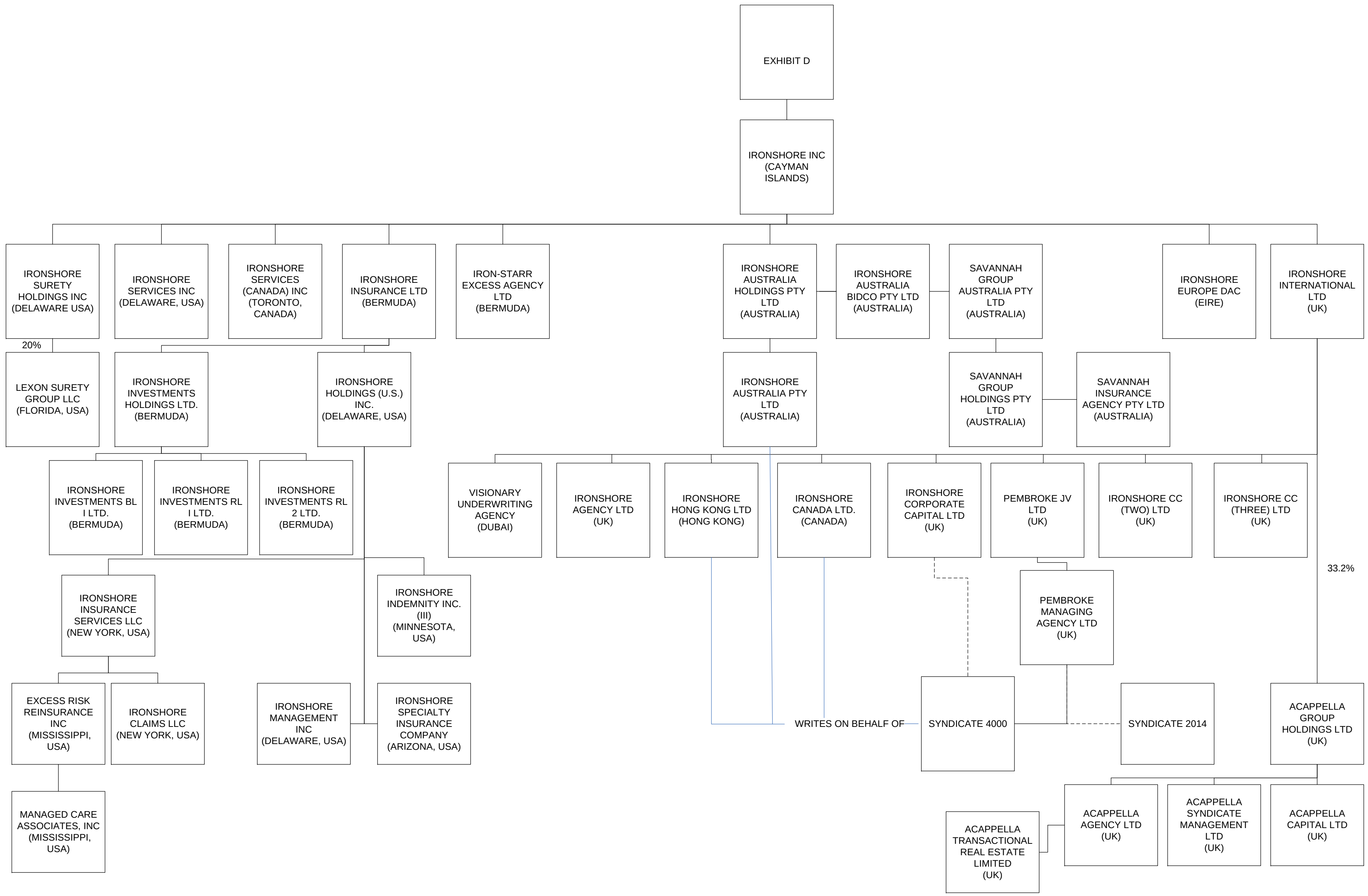
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	25,278,834	21,466,195	3,812,639	(1,316,302)
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	25,278,834	21,466,195	3,812,639	(1,316,302)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT