



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
BCS Insurance Company

NAIC Group Code	00023	00023	NAIC Company Code	38245	Employer's ID Number	36-6033921
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio			State of Domicile or Port of Entry	Ohio	
Country of Domicile				United States		
Incorporated/Organized	12/05/1950			Commenced Business	11/30/1952	
Statutory Home Office	6740 North High Street			Worthington, OH, US 43085		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	2 Mid America Plaza, Suite 200			Oakbrook Terrace, IL, US 60181	630-472-7700	
	(Street and Number)			(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)	
Mail Address	2 Mid America Plaza, Suite 200			Oakbrook Terrace, IL, US 60181		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	2 Mid America Plaza, Suite 200			Oakbrook Terrace, IL, US 60181	630-472-7700	
	(Street and Number)			(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)	
Internet Web Site Address				www.bcsins.com		
Statutory Statement Contact	Elias Georgopoulos			630-472-7749		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	lgeorgo@bcsf.com			630-472-7837		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Howard Francis Beacham III	President & Chief Executive Officer	Henry Alan Carpenter	Senior Vice President, General Counsel & Secretary
Susan Ann Pickar	Senior Vice President, Finance & Treasurer	Steven Scott Martin	Chairman of the Board

OTHER OFFICERS

David John Jacobs	Senior Vice President	Susan Chylla Lindquist	Senior Vice President
Dale Edward Palka	Senior Vice President		

DIRECTORS OR TRUSTEES

Howard Francis Beacham III	Henry Alan Carpenter	David John Jacobs	Susan Ann Pickar
Steven Scott Martin			

State of Illinois
County of DuPage

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.

Howard Francis Beacham III	Henry Alan Carpenter	Susan Ann Pickar
President & Chief Executive Officer	Senior Vice President, General Counsel & Secretary	Senior Vice President, Finance & Treasurer

Subscribed and sworn to before me
this 7th day of February, 2014

Laura Lutzow, Notary Public
09/10/2017



a. Is this an original filing?	Yes [X] No []
b. If no:	
1. State the amendment number	0
2. Date filed	
3. Number of pages attached	0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE BCS Insurance Company

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	173,575,421		173,575,421	180,005,003
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	15,471,653		15,471,653	3,808,312
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$8,070,914 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$5,156,001 , Schedule DA).....	13,226,915		13,226,915	17,601,918
6. Contract loans (including \$premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	6,316,755		6,316,755	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	208,590,744	0	208,590,744	201,415,233
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	1,770,881		1,770,881	1,617,161
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	42,134,853	5,223,856	36,910,997	33,371,850
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	8,337,981		8,337,981	5,770,185
16.2 Funds held by or deposited with reinsured companies	400,000		400,000	400,000
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....	4,182,365	285,966	3,896,399	2,759,141
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets	7,984,363	0	7,984,363	9,167,375
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	273,401,187	5,509,822	267,891,365	254,500,945
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	273,401,187	5,509,822	267,891,365	254,500,945
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Unapplied Claim Payments.....	6,344,285		6,344,285	6,211,606
2502. Intercompany Reinsurance Asset.....	1,612,740		1,612,740	2,901,003
2503. Continuity Credit Receivable.....	17,693		17,693	12,426
2598. Summary of remaining write-ins for Line 25 from overflow page	9,645	0	9,645	42,340
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,984,363	0	7,984,363	9,167,375

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	34,579,367	27,709,015
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	8,864,481	6,667,270
4. Commissions payable, contingent commissions and other similar charges	125,549	738,387
5. Other expenses (excluding taxes, licenses and fees)	373,202	1,038,776
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	3,294,471	2,668,190
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	1,579,944	1,976,954
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$16,864,450 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)	23,748,443	18,018,045
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	29,083,189	31,903,459
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	68,750	68,750
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated	4,512,537	3,069,547
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	987,000	1,055,800
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	5,672,178	5,304,750
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	2,134,111	2,403,256
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	115,023,222	102,622,199
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	115,023,222	102,622,199
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	3,000,000	3,000,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	36,484,581	36,484,581
35. Unassigned funds (surplus)	113,383,562	112,394,165
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	152,868,143	151,878,746
38. Totals (Page 2, Line 28, Col. 3)	267,891,365	254,500,945
DETAILS OF WRITE-INS		
2501. Allowance for Doubtful Accounts.....	1,736,000	2,025,000
2502. Retroactive Reinsurance Reserve Assumed.....	418,718	391,269
2503. Miscellaneous Liability.....	35,263	67,479
2598. Summary of remaining write-ins for Line 25 from overflow page	(55,870)	(80,492)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,134,111	2,403,256
2901.		0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	126,130,721	108,964,358
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	78,410,494	60,704,613
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	10,100,976	8,421,650
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	35,718,844	36,311,519
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	124,230,314	105,437,782
7. Net income of protected cells		0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	1,900,407	3,526,576
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,162,631	6,706,406
10. Net realized capital gains (losses) less capital gains tax of \$ 304,067 (Exhibit of Capital Gains (Losses)).....	636,811	858,361
11. Net investment gain (loss) (Lines 9 + 10)	6,799,442	7,564,767
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		0
13. Finance and service charges not included in premiums.....		0
14. Aggregate write-ins for miscellaneous income	445,762	685,868
15. Total other income (Lines 12 through 14)	445,762	685,868
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	9,145,611	11,777,211
17. Dividends to policyholders		0
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)	9,145,611	11,777,211
19. Federal and foreign income taxes incurred	2,789,975	3,583,887
20. Net income (Line 18 minus Line 19) (to Line 22)	6,355,636	8,193,324
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	151,878,746	146,616,413
22. Net income (from Line 20)	6,355,636	8,193,324
23. Net transfers (to) from Protected Cell accounts		0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 67,268	130,580	808,341
25. Change in net unrealized foreign exchange capital gain (loss)		0
26. Change in net deferred income tax	836,826	540,525
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(1,402,445)	(718,480)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	68,800	346,000
29. Change in surplus notes		0
30. Surplus (contributed to) withdrawn from protected cells		0
31. Cumulative effect of changes in accounting principles	0	92,623
32. Capital changes:		
32.1 Paid in		0
32.2 Transferred from surplus (Stock Dividend)		0
32.3 Transferred to surplus		0
33. Surplus adjustments:		
33.1 Paid in		0
33.2 Transferred to capital (Stock Dividend)		0
33.3 Transferred from capital		0
34. Net remittances from or (to) Home Office		0
35. Dividends to stockholders	(5,000,000)	(4,000,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	989,397	5,262,333
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	152,868,143	151,878,746
DETAILS OF WRITE-INS		
0501.		0
0502.		0
0503.		0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Allowance for Doubtful Accounts.....	289,000	727,000
1402. Miscellaneous Income.....	277,333	18,803
1403. Retroactive Reinsurance Assumed.....	(95,949)	(28,508)
1498. Summary of remaining write-ins for Line 14 from overflow page	(24,622)	(31,427)
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	445,762	685,868
3701.		0
3702.		0
3703.		0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	123,731,557	117,114,003
2. Net investment income	7,424,068	7,580,544
3. Miscellaneous income	445,762	685,868
4. Total (Lines 1 through 3)	131,601,387	125,380,415
5. Benefit and loss related payments	74,107,938	57,076,061
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	44,282,693	41,187,683
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 304,067 tax on capital gains (losses)	3,491,052	4,674,684
10. Total (Lines 5 through 9)	121,881,683	102,938,428
11. Net cash from operations (Line 4 minus Line 10)	9,719,704	22,441,987
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	47,012,139	50,362,914
12.2 Stocks	298,235	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	51
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	47,310,374	50,362,965
13. Cost of investments acquired (long-term only):		
13.1 Bonds	41,007,454	53,581,599
13.2 Stocks	11,821,914	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	6,300,000	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	59,129,368	53,581,599
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(11,818,994)	(3,218,634)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	5,000,000	4,000,000
16.6 Other cash provided (applied)	2,724,287	(3,321,858)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(2,275,713)	(7,321,858)
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)	(4,375,003)	11,901,495
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	17,601,918	5,700,423
19.2 End of year (Line 18 plus Line 19.1)	13,226,915	17,601,918

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	0	0	0	0
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	105,104	12,098	35,559	81,643
10.	Financial guaranty	0	0	0	0
11.1	Medical professional liability-occurrence	0	0	0	0
11.2	Medical professional liability-claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	111,043,291	9,985,821	14,387,094	106,642,018
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	20,712,724	8,020,126	9,325,790	19,407,060
17.3	Excess workers' compensation.....	0	0	0	0
18.1	Products liability-occurrence	0	0	0	0
18.2	Products liability-claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	0	0	0	0
19.3,19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance-nonproportional assumed property	0	0	0	0
32.	Reinsurance-nonproportional assumed liability	0	0	0	0
33.	Reinsurance-nonproportional assumed financial lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	131,861,119	18,018,045	23,748,443	126,130,721
DETAILS OF WRITE-INS					
3401.	.....	0	0	0	0
3402.	.....	0	0	0	0
3403.	.....	0	0	0	0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

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 .....					.0
2.	Allied lines .....					.0
3.	Farmowners multiple peril .....					.0
4.	Homeowners multiple peril .....					.0
5.	Commercial multiple peril .....					.0
6.	Mortgage guaranty .....					.0
8.	Ocean marine .....					.0
9.	Inland marine	35,559				35,559
10.	Financial guaranty .....					.0
11.1	Medical professional liability-occurrence .....					.0
11.2	Medical professional liability-claims-made .....					.0
12.	Earthquake .....					.0
13.	Group accident and health	10,764,836			3,622,258	14,387,094
14.	Credit accident and health (group and individual) ...					.0
15.	Other accident and health .....					.0
16.	Workers' compensation .....					.0
17.1	Other liability-occurrence .....					.0
17.2	Other liability-claims-made	9,325,790				9,325,790
17.3	Excess workers' compensation .....					.0
18.1	Products liability-occurrence .....					.0
18.2	Products liability-claims-made .....					.0
19.1,19.2	Private passenger auto liability .....					.0
19.3,19.4	Commercial auto liability .....					.0
21.	Auto physical damage .....					.0
22.	Aircraft (all perils) .....					.0
23.	Fidelity	0				.0
24.	Surety .....					.0
26.	Burglary and theft .....					.0
27.	Boiler and machinery .....					.0
28.	Credit .....					.0
29.	International .....					.0
30.	Warranty .....					.0
31.	Reinsurance-nonproportional assumed property ....					.0
32.	Reinsurance-nonproportional assumed liability .....					.0
33.	Reinsurance-nonproportional assumed financial lines .....					.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	20,126,185	0	0	3,622,258	23,748,443
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					23,748,443
DETAILS OF WRITE-INS						
3401.	.....					.0
3402.	.....					.0
3403.	.....					.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case. Pro-rata basis

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines						0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril						0
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	14,104,968				13,999,864	105,104
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made	284,896				284,896	0
12. Earthquake						0
13. Group accident and health	288,195,760	1,421,255	5,648,678	26,552,637	157,669,765	111,043,291
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation						0
17.1 Other liability-occurrence						0
17.2 Other liability-claims-made	39,141,084			2,528,537	15,899,823	20,712,724
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence						0
18.2 Products liability-claims-made						0
19.1,19.2 Private passenger auto liability						0
19.3,19.4 Commercial auto liability						0
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity	65,112			16,367	48,745	0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance-nonproportional assumed property	XXX					0
32. Reinsurance-nonproportional assumed liability	XXX					0
33. Reinsurance-nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	341,791,820	1,421,255	5,648,678	29,097,541	187,903,093	131,861,119
DETAILS OF WRITE-INS						
3401.						0
3402.						0
3403.						0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

(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 \$

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE BCS Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire .....				.0	.0	0	.0	.0
2.	Allied lines .....				.0	.0	0	.0	.0
3.	Farmowners multiple peril .....				.0	.0	0	.0	.0
4.	Homeowners multiple peril .....				.0	.0	0	.0	.0
5.	Commercial multiple peril .....				.0	.0	0	.0	.0
6.	Mortgage guaranty .....				.0	.0	0	.0	.0
8.	Ocean marine .....				.0	.0	0	.0	.0
9.	Inland marine	6,019,736		5,968,987	50,749	23,971	32,589	42,131	51.6
10.	Financial guaranty .....				.0	.0	0	.0	.0
11.1	Medical professional liability-occurrence .....				.0	.0	0	.0	.0
11.2	Medical professional liability-claims-made .....				.0	68,866	135,838	(66,972)	.0
12.	Earthquake .....				.0	.0	0	.0	.0
13.	Group accident and health	168,695,615	7,199,553	108,605,240	67,289,928	25,171,493	22,116,715	70,344,706	66.0
14.	Credit accident and health (group and individual) .....				.0	.0	0	.0	.0
15.	Other accident and health .....				.0	.0	0	.0	.0
16.	Workers' compensation .....				.0	.0	0	.0	.0
17.1	Other liability-occurrence .....				.0	.0	0	.0	.0
17.2	Other liability-claims-made	27,507,041		23,303,109	4,203,932	9,315,037	5,423,873	8,095,096	41.7
17.3	Excess workers' compensation .....				.0	.0	0	.0	.0
18.1	Products liability-occurrence .....				.0	.0	0	.0	.0
18.2	Products liability-claims-made .....				.0	.0	0	.0	.0
19.1,19.2	Private passenger auto liability .....				.0	.0	0	.0	.0
19.3,19.4	Commercial auto liability .....				.0	.0	0	.0	.0
21.	Auto physical damage .....				.0	.0	0	.0	.0
22.	Aircraft (all perils) .....				.0	.0	0	.0	.0
23.	Fidelity	(4,467)			(4,467)	.0	0	(4,467)	.0
24.	Surety .....				.0	.0	0	.0	.0
26.	Burglary and theft .....				.0	.0	0	.0	.0
27.	Boiler and machinery .....				.0	.0	0	.0	.0
28.	Credit .....				.0	.0	0	.0	.0
29.	International .....				.0	.0	0	.0	.0
30.	Warranty .....				.0	.0	0	.0	.0
31.	Reinsurance-nonproportional assumed property	XXX			.0	.0	0	.0	.0
32.	Reinsurance-nonproportional assumed liability	XXX			.0	.0	0	.0	.0
33.	Reinsurance-nonproportional assumed financial lines	XXX			.0	.0	0	.0	.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	202,217,925	7,199,553	137,877,336	71,540,142	34,579,367	27,709,015	78,410,494	62.2
DETAILS OF WRITE-INS									
3401.	.....				.0	.0	0	.0	.0
3402.	.....				.0	.0	0	.0	.0
3403.	.....				.0	.0	0	.0	.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0	.0	0	.0	.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE BCS Insurance Company

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 .....				.0				.0	
2.	Allied lines .....				.0				.0	
3.	Farmowners multiple peril .....				.0				.0	
4.	Homeowners multiple peril .....				.0				.0	
5.	Commercial multiple peril .....				.0				.0	
6.	Mortgage guaranty .....				.0				.0	
8.	Ocean marine .....				.0				.0	
9.	Inland marine .....				.0	2,081,204		2,057,233	23,971	.0
10.	Financial guaranty .....				.0				.0	
11.1	Medical professional liability-occurrence .....				.0				.0	
11.2	Medical professional liability-claims-made		26,963		26,963	515,057		473,154	68,866	13,967
12.	Earthquake .....				.0				.0	
13.	Group accident and health	1,191,880	123,200	1,054,901	260,179	54,806,980	2,943,015	32,838,681	(a) 25,171,493	1,726,690
14.	Credit accident and health (group and individual) .....				.0				.0	
15.	Other accident and health .....				.0				(a) .0	
16.	Workers' compensation .....				.0				.0	
17.1	Other liability-occurrence .....				.0				.0	
17.2	Other liability-claims-made	49,374,614		43,565,420	5,809,194	27,669,428		24,163,585	9,315,037	7,123,824
17.3	Excess workers' compensation .....				.0				.0	
18.1	Products liability-occurrence .....				.0				.0	
18.2	Products liability-claims-made .....				.0				.0	
19.1,19.2	Private passenger auto liability .....				.0				.0	
19.3,19.4	Commercial auto liability .....				.0				.0	
21.	Auto physical damage .....				.0				.0	
22.	Aircraft (all perils) .....				.0				.0	
23.	Fidelity .....				.0	72,177		72,177	.0	
24.	Surety .....				.0				.0	
26.	Burglary and theft .....				.0				.0	
27.	Boiler and machinery .....				.0				.0	
28.	Credit .....				.0				.0	
29.	International .....				.0				.0	
30.	Warranty .....				.0				.0	
31.	Reinsurance-nonproportional assumed property	XXX			.0	XXX			.0	
32.	Reinsurance-nonproportional assumed liability	XXX			.0	XXX			.0	
33.	Reinsurance-nonproportional assumed financial lines	XXX			.0	XXX			.0	
34.	Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
35.	TOTALS	50,566,494	150,163	44,620,321	6,096,336	85,144,846	2,943,015	59,604,830	34,579,367	8,864,481
DETAILS OF WRITE-INS										
3401.	.....				.0				.0	
3402.	.....				.0				.0	
3403.	.....				.0				.0	
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	12,272,340			12,272,340
1.2 Reinsurance assumed	0			0
1.3 Reinsurance ceded	3,260,494			3,260,494
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	9,011,846	0	0	9,011,846
2. Commission and brokerage:				
2.1 Direct, excluding contingent		74,957,412		74,957,412
2.2 Reinsurance assumed, excluding contingent		(1,116,371)		(1,116,371)
2.3 Reinsurance ceded, excluding contingent		62,231,351		62,231,351
2.4 Contingent-direct		405,571		405,571
2.5 Contingent-reinsurance assumed		0		0
2.6 Contingent-reinsurance ceded		32,939		32,939
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	11,982,322	0	11,982,322
3. Allowances to manager and agents				0
4. Advertising	6,961	78,065	2,388	87,414
5. Boards, bureaus and associations	3,046	29,621	1,180	33,847
6. Surveys and underwriting reports				0
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	463,806	6,248,377	240,207	6,952,390
8.2 Payroll taxes	33,998	331,477	12,628	378,103
9. Employee relations and welfare	315,268	3,081,850	119,274	3,516,392
10. Insurance	3,679	34,902	1,249	39,830
11. Directors' fees				0
12. Travel and travel items	38,667	458,302	13,479	510,448
13. Rent and rent items	78,332	767,068	29,773	875,173
14. Equipment	4,151	40,358	1,542	46,051
15. Cost or depreciation of EDP equipment and software	46,191	452,372	17,478	516,041
16. Printing and stationery	15,058	238,040	5,880	258,978
17. Postage, telephone and telegraph, exchange and express	7,452	73,441	2,902	83,795
18. Legal and auditing	71,076	953,930	379,767	1,404,773
19. Totals (Lines 3 to 18)	1,087,685	12,787,803	827,747	14,703,235
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$538		6,254,790		6,254,790
20.2 Insurance department licenses and fees		1,174,482		1,174,482
20.3 Gross guaranty association assessments		195,034		195,034
20.4 All other (excluding federal and foreign income and real estate)		1,326,330		1,326,330
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	8,950,636	0	8,950,636
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	1,445	1,998,083	484	2,000,012
25. Total expenses incurred	10,100,976	35,718,844	828,231	(a) 46,648,051
26. Less unpaid expenses-current year	8,864,481	3,742,390	50,832	12,657,703
27. Add unpaid expenses-prior year	6,667,270	4,402,475	42,879	11,112,624
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	7,903,765	36,378,929	820,278	45,102,972
DETAILS OF WRITE-INS				
2401. Donations.....	1,445	13,578	484	15,507
2402. Group Service Administration.....		1,984,505		1,984,505
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	1,445	1,998,083	484	2,000,012

(a) Includes management fees of \$13,442,029 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....565,110	.....522,515
1.1	Bonds exempt from U.S. tax	(a).....990,994	.....1,338,990
1.2	Other bonds (unaffiliated)	(a).....5,077,797	.....4,862,667
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....164,630	.....164,630
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....307	.....300
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....38,305	.....101,760
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	6,837,143	6,990,862
11.	Investment expenses		(g).....828,231
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....828,231
17.	Net investment income (Line 10 minus Line 16)		6,162,631
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$298,885 accrual of discount less \$1,706,089 amortization of premium and less \$151,298 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	74,888		74,888		
1.1	Bonds exempt from U.S. tax	21,042		21,042		
1.2	Other bonds (unaffiliated)	546,711		546,711	339,665	
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	298,235	0	298,235	597,142	0
2.21	Common stocks of affiliates	0	0	0	(755,714)	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0	0	0
7.	Derivative instruments			0		
8.	Other invested assets	0	0	0	16,755	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	940,876	0	940,876	197,848	0
DETAILS OF WRITE-INS						
0901.	.....			0		
0902.	.....			0		
0903.	.....			0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	5,223,856	3,453,711	(1,770,145)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	285,966	653,666	367,700
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	5,509,822	4,107,377	(1,402,445)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	5,509,822	4,107,377	(1,402,445)
DETAILS OF WRITE-INS			
1101.		0	0
1102.		0	0
1103.		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501.		0	0
2502.		0	0
2503.		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of the Company have been prepared on the basis of accounting procedures prescribed or permitted by the Ohio Insurance Department. The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the Ohio Insurance Department.

	State of Domicile	2013	2012
Net Income			
(1) BCS Insurance Company State Basis (page 4 line 20, columns 1 & 2)	Ohio	\$ 6,355,636	\$ 8,193,324
(2) State Prescribed practices that increase/(decrease) NAIC SAP: e.g., Depreciation of fixed assets		-	-
(3) State Permitted practices that increase/(decrease) NAIC SAP: e.g., Depreciation, home office property		-	-
(4) NAIC SAP (1-2-3=4)		\$ 6,355,636	\$ 8,193,324
Surplus			
(5) BCS Insurance Company State Basis (page 3 line 37, columns 1 & 2)	Ohio	\$ 152,868,143	\$ 151,878,746
(6) State Prescribed practices that increase/(decrease) NAIC SAP: e.g., Depreciation of fixed assets		-	-
(7) State Permitted practices that increase/(decrease) NAIC SAP: e.g., Depreciation, home office property		-	-
(8) NAIC SAP (5-6-7=8)		\$ 152,868,143	\$ 151,878,746

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. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

C. Accounting Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium is established to cover the unexpired portion of premiums written. Such reserves are computed by the pro rata method. Expenses incurred in connection with acquiring new insurance business (acquisition costs) are charged to operations as incurred. Net investment income consists primarily of interest and dividends. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed.

In addition, the Company uses the following accounting policies:

- Short-term investments are stated at cost, which approximates market.
- Long-term bonds are generally stated at their amortized value using the scientific interest method. Non-investment grade securities with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value, with any unrealized losses recorded as a reduction to surplus. If a security is deemed to be other than temporarily impaired, it is written down to its fair value through a charge to earnings
- Common Stocks, other than investments in stocks of subsidiaries and affiliates, are stated at fair value.
- Preferred Stocks - Not applicable
- Mortgage Loans - Not applicable
- Prepayment assumptions for loan-backed securities are obtained from broker dealer survey values or Bloomberg System. These assumptions are consistent with current interest rates and the economic environment. The retrospective scientific method is used to value all loan backed and structured securities.
- Subsidiaries, Controlled and Affiliated Companies are on an equity basis.
- Joint ventures, Partnerships and Limited Liability Companies - Not applicable
- Derivatives - Not applicable
- Anticipated investment income as a factor for premium deficiency reserves - Not applicable
- Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is reasonable, 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.
- Capitalization Policy - Not applicable
- Pharmaceutical Rebate Receivables – Not applicable

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

Accounting changes adopted to conform to the provisions of NAIC SAP or other state prescribed practices are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is generally reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. Generally, the cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at the date if the new accounting principles had been applied retroactively for all prior periods.

Effective January 1, 2012, the Company adopted Statement of Statutory Accounting Principle ("SSAP") No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10* ("SSAP No. 101"). SSAP No. 101 changes statutory accounting for income taxes in two key areas (1) tax contingencies and (2) the admissibility of deferred tax assets.

Under SSAP No. 101, Federal and foreign income tax contingencies are now determined under a modified version of SSAP No. 5 – Revised, Liabilities, Contingencies and Impairment of SSAP ("SSAP No. 5R"). Under this standard, the recognition of tax loss contingencies uses a more likely than not model.

SSAP No. 101 also provides for a three-step calculation to determine the admitted portion of adjusted gross deferred tax assets. In the first part of the admissibility test, all filers will be allowed to use a reversal period that corresponds to the tax loss carryback provisions of the Internal Revenue Code. (The carry back period for the Company is two years.) In the second part of the admissibility test, the reversal period and surplus limitation parameters (one year & 10 percent or three years & 15 percent) are determined based upon risk-based capital ("RBC") levels. Companies not meeting the minimum threshold are prohibited from admitting anything in this part of the admissibility test. For purposes of determining test parameters, the Company used prior year-end calculations of RBC and current period surplus thresholds.

As a result of the Company's adoption of this guidance effective January 1, 2012, the Company was able to admit more deferred tax assets. For 2012, this resulted in a \$92,623 increase to statutory surplus.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

None

B. Statutory Merger

None

C. Impairment Loss

None

4. Discontinued Operations

Not Applicable

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

None

B. Debt Restructuring

None

C. Reverse Mortgages

None

D. Loan Backed Securities

1. Anticipated prepayments for loan-backed and structured securities are used to determine the effective yield of an issue at purchase. Changes in the estimated cash flows of the issue are incorporated when determining the statement value at the end of each quarter and year-end. Prepayments for loan-backed and structured securities were obtained from the broker dealer survey or Bloomberg Systems. These assumptions are consistent with the current interest rate and economic environment. The retrospective scientific method is used to value most loan-backed and structured securities. For structured securities deemed to be high-risk, meaning the Company might not recover substantially all of its recorded investment due to unanticipated prepayment events, changes in investment yields due to changes in estimated future cash flows are accounted for on a prospective basis.

2. The Company has the following recognized other-than-temporary impairments on loan-backed securities:

None

3. Securities, by CUSIP, with a recognized other-than-temporary impairment, currently held by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

None

NOTES TO FINANCIAL STATEMENTS

4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
 - a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$473,366
2. 12 Months or Longer	\$369,591
 - b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months	\$12,790,016
2. 12 Months or Longer	\$3,267,405
5. The Company periodically reviews its fixed maturity securities on a case-by-case basis to determine if any decline in fair value below amortized cost is other-than-temporary. Factors considered when determining whether a decline is other-than-temporary include the length of time a security has been in an unrealized loss position, reasons for the decline in value, expectations for the amount and timing of a recovery in fair value, and the Company's intent to sell and whether the Company is more likely than not will be required to sell the security. When the Company intends to sell an impaired security or more likely than not will be required to sell an impaired security before recovery of its amortized cost basis, an other than temporary impairment is recognized in earnings. If the Company does not expect to recover the entire amortized cost basis of an impaired debt security, even if it does not intend to sell the security and it is not more likely than not that it will not be required to sell the security before recovery of its amortized cost basis, the entity must consider, based upon an estimate of the present value of cash flows expected to be collected on the debt security as compared to its amortized cost basis, whether a credit loss exists. The portion of the total other than temporary impairment related to a credit loss is recognized in the statement of income. For structured securities the difference between amortized cost and net present value of future cash flows is considered to be a credit loss. For all other securities, the difference between fair market value and amortized cost is considered to be a credit loss. If it is determined that a decline in fair value of an investment is temporary, an other-than-temporary impairment loss is not recorded.

Generally, securities with fair values that are less than 80% of cost and other securities the Company determines are underperforming or potential problem securities are subject to regular review. To facilitate the review, securities with significant declines in value, or where objective criteria evidencing credit deterioration have been met, are included on a watch list. Among the criteria for securities to be included on a watch list are: credit deterioration which has led to a significant decline in value of the security; a significant covenant related to the security has been breached; and an issuer has filed or indicated a possibility of filing for bankruptcy, has missed or announced it intends to miss a scheduled interest or principal payment, or has experienced a specific material adverse change that may impair its creditworthiness.

When performing these reviews, the Company considers the relevant facts and circumstances relating to each investment and exercises considerable judgment in determining whether a security is other-than-temporarily impaired. Assessment factors include judgments about an obligor's current and projected financial position, an issuer's current and projected ability to service and repay its debt obligations, the existence of, and realizable value of, any collateral backing the obligations, the macro-economic and the micro-economic outlooks for specific industries and issuers. Assessing the duration of asset-backed securities can also involve assumptions regarding underlying collateral such as prepayment rates, default and recovery rates, and third-party servicing capabilities.

Among the factors considered is whether the decline in fair value results from a change in the quality of the security itself, or from a downward movement in the market as a whole, the likelihood of recovering the carrying value based on the current and short-term prospects of the issuer, and the Company's ability and intent to hold the security until such a recovery may occur. Unrealized losses that are considered to be primarily the result of market conditions, such as increasing interest rates, unusual market volatility, or industry-related events, and where the Company also believes there exists a reasonable expectation for recovery and, furthermore, has the intent and ability to hold the investment until maturity or the market recovery, are usually determined to be temporary. To the extent factors contributing to recognize other-than-temporary impairment losses affected other investments, such investments were reviewed for other-than-temporary impairment and losses were recorded when appropriate.

In addition to the review procedures described above, investment in structured securities where market prices are depressed are subject to a review of their future estimated cash flows, including expected and stress case scenarios, to identify potential shortfalls in contractual payments. Even in the case of severely depressed market values on structured securities, the Company places significant importance on the results of its cash flow testing and its ability and intent to hold these securities until their fair values recover when reaching other-than-temporary impairment conclusions. If there has been an adverse change in estimated cash flows which results in negative yield, an other-than-temporary impairment is recognized in the consolidated statements of income.

There are inherent uncertainties in assessing the fair values assigned to the Company's investments and in determining whether a decline in fair value is other-than-temporary. The Company's review of fair value involves several criteria including economic conditions, credit loss experience, other issuer-specific developments and future cash flows. These assessments are based on the best available information at the time. Factors such as market liquidity, the widening of bid/ask spreads and a change in the cash flow assumptions can contribute to future price volatility. If actual experience differs negatively from the assumptions and other consideration, realized losses may be recognized in the consolidated statements of income in future periods.

NOTES TO FINANCIAL STATEMENTS

The Company currently does not have the intent to sell securities with unrealized losses not considered other-than-temporary until they mature or recover in value. However, if the specific facts and circumstances surrounding a security or the outlook for its industry sector change, the Company may sell the security and realize a loss.

E. Repurchase Agreements and/or Securities Lending Transactions

None

F. Real Estate

None

G. Investments in Low Income Housing Tax Credits (LIHTC)

Not Applicable

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Support- ing S/A Restricted Assets (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Support- ing G/A Activity (b)	Total (1plus 3)					
a. Subject to contractual obligation for which liability is not shown										
b. Collateral held under security lending arrangements										
c. Subject to repurchase agreements										
d. Subject to reverse repurchase agreements										
e. Subject 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										
i. On deposit with state	4,991,328				4,991,328	5,359,358	(368,030)	4,991,328	183%	186%
j. On deposit with other regulatory bodies										
k. Pledged as collateral not captured in other categories	10,405,189				10,405,189	2,021,067	8,384,122	10,405,189	3.81%	3.88%
l. Other restricted assets										
m. Total restricted assets	15,396,517				15,396,517	7,380,425	8,016,092	15,396,517	5.63%	5.75%

(a) Subset of column 1
(b) Subset of column 2

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories

Collateral Agreement	Gross Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting S/A Restricted Assets (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
					(1plus 3)					
Federal Home Loan Bank	10,405,189				10,405,189	2,021,067	8,384,122	10,405,189	3.81%	3.88%

(a) Subset of column 1
(b) Subset of column 2

3. Detail of Other Restricted Assets

None

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

Not Applicable

NOTES TO FINANCIAL STATEMENTS

B. Write-downs for Impairments

Not Applicable

7. Investment Income

A. Due and accrued income was excluded from surplus on the following bases:

The Company non-admits investment income due and accrued if amounts are over 90 days past due.

B. Amounts Non-admitted

The total amount excluded was \$0.

8. Derivative Instruments

Not Applicable

9. Income Taxes

A. The components of the net deferred tax asset (DTA) or deferred tax liability (DTL) recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

1. The change between years by tax character (ordinary and capital) for the year 2013 and 2012:

12/31/2013			
(1)	(2)	(3)	
Ordinary	Capital	(Col 1 + 2) Total	
(a) Gross Deferred Tax Assets	\$ 4,249,025	\$ 500,314	\$ 4,749,339
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	4,249,025	500,314	4,749,339
(d) Deferred Tax Assets Nonadmitted	285,966	-	285,966
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	3,963,059	500,314	4,463,373
(f) Deferred Tax Liabilities	304,273	262,701	566,974
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$ 3,658,786	\$ 237,613	\$ 3,896,399

12/31/2012			
(4)	(5)	(6)	
Ordinary	Capital	(Col 4 + 5) Total	
(a) Gross Deferred Tax Assets	\$ 3,358,684	\$ 715,940	\$ 4,074,624
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	3,358,684	715,940	4,074,624
(d) Deferred Tax Assets Nonadmitted	639,095	14,571	653,666
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	2,719,589	701,369	3,420,958
(f) Deferred Tax Liabilities	49,405	612,412	661,817
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$ 2,670,184	\$ 88,957	\$ 2,759,141

Change			
(7)	(8)	(9)	
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total	
(a) Gross Deferred Tax Assets	\$ 890,341	\$ (215,626)	\$ 674,715
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	890,341	(215,626)	674,715
(d) Deferred Tax Assets Nonadmitted	(353,129)	(14,571)	(367,700)
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	1,243,470	(201,055)	1,042,415
(f) Deferred Tax Liabilities	254,868	(349,711)	(94,843)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$ 988,602	\$ 148,656	\$ 1,137,258

NOTES TO FINANCIAL STATEMENTS

2. The amount of admitted adjusted gross deferred tax assets admitted under each component of SSAP 101:

12/31/2013			
(1)	(2)	(3)	
Ordinary	Capital	(Col1+2) Total	
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years	\$ 3,658,786	\$ 237,613	\$ 3,896,399
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	22,345,762
(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	304,273	262,701	566,974
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$ 3,963,059	\$ 500,314	\$ 4,463,373
12/31/2012			
(4)	(5)	(6)	
Ordinary	Capital	(Col 4+5) Total	
(a) Federal Income Taxes Paid In Prior Years	\$ 2,670,184	\$ 88,957	\$ 2,759,141
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	22,367,941
(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	49,405	612,412	661,817
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$ 2,719,589	\$ 701,369	\$ 3,420,958
Change			
(7)	(8)	(9)	
(Col1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total	
(a) Federal Income Taxes Paid In Prior Years	\$ 988,602	\$ 148,656	\$ 1,137,258
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	(22,179)
(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	254,868	(349,711)	(94,843)
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$ 1,243,470	\$ (201,055)	\$ 1,042,415

3. The ratio used to determine applicable period used in 9A(2)b1 for determining the amount of adjusted gross DTAs:

	2013	2012
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	1398%	1764%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	\$ 148,971,744	\$ 149,119,605

NOTES TO FINANCIAL STATEMENTS

4. Disclose the impact of tax-planning strategies:

12/31/2013		
	(1) Ordinary Percent	(2) Capital Percent
(a) Determination Of Adjusted Gross Deferred Tax		
1. Adjusted Gross DTAs Amount from Note 9A1(c)	4,249,025	500,314
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	3,963,059	500,314
4. Percentage of Net Admitted Percentage of Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0%	0%

12/31/2012		
	(4) Ordinary Percent	(5) Capital Percent
(a) Determination Of Adjusted Gross Deferred Tax		
1. Adjusted Gross DTAs Amount from Note 9A1(c)	3,358,684	715,940
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	2,719,589	701,369
4. Percentage of Net Admitted Percentage of Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0%	0%

Change		
	(7) (Col1-4) Ordinary Percent	(8) (Col 2-5) Capital Percent
(a) Determination Of Adjusted Gross Deferred Tax		
1. Adjusted Gross DTAs Amount from Note 9A1(c)	890,341	(215,626)
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	1,243,470	(201,055)
4. Percentage of Net Admitted Percentage of Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0%	0%

(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes__x__ No____

B. Unrecognized Deferred Tax Liabilities

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

	(1) 12/31/2013	(2) 12/31/2012	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 2,789,975	\$ 3,583,887	\$ (793,912)
(b) Foreign	-	-	-
(c) Subtotal	2,789,975	3,583,887	(793,912)
(d) Federal income tax on net capital gains	304,067	452,520	(148,453)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$ 3,094,042	\$ 4,036,407	\$ (942,365)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 514,094	\$ 421,686	\$ 92,408
(2) Unearned premium reserve	1,368,580	1,074,236	294,344
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	2,366,351	1,862,762	503,589
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	-	-	-
(99) Subtotal	4,249,025	3,358,684	890,341
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	285,966	639,095	(353,129)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	3,963,059	2,719,589	1,243,470
(e) Capital:			
(1) Investments	500,314	715,940	(215,626)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	500,314	715,940	(215,626)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	14,571	(14,571)
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	500,314	701,369	(201,055)
(i) Admitted deferred tax assets (2d + 2h)	4,463,373	3,420,958	1,042,415
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	72,237	49,405	22,832
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	72,237	49,405	22,832
(b) Capital:			
(1) Investments	494,737	612,412	(117,675)
(2) Real estate	-	-	-
(3) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	494,737	612,412	(117,675)
(c) Deferred tax liabilities (3a99 + 3b99)	566,974	661,817	(94,843)
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 3,896,399	\$ 2,759,141	\$ 1,137,258

NOTES TO FINANCIAL STATEMENTS

D. Among the more significant book to tax adjustments were the following:

	December 31, 2013	Effective Tax Rate
Provision computed at statutory rate	3,309,775	35%
Nondeductible expense for meals, entertainment, lobbying and penalties	(75,953)	-1%
Tax exempt interest	(398,350)	-4%
Provision to actual adjustment	16,010	0%
Rate differential	7,583	
Change in nonadmitted assets	(601,849)	-6%
Total income tax reported	<u>2,257,216</u>	<u>24%</u>
Federal and foreign income taxes incurred	2,789,975	30%
Realized capital gains (losses) tax	304,067	3%
Change in net deferred income taxes	(836,826)	-9%
Total income tax	<u>2,257,216</u>	<u>24%</u>

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- As of December 31, 2013 and December 31, 2012, the Company did not have any unused operating loss carry forwards available to offset against future taxable income.
- The income tax expense of \$3,100,865 from 2013 and \$4,011,644 from 2012 is available for recoupment in the event of future net losses. The reporting entity has a total of \$0 protective deposits which are on deposit with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.

F. Consolidated Federal Income Tax Return

The Company's federal income tax return is consolidated with its parent, BCS Financial Corporation (BCSF). The method of allocation between companies is subject to written agreement, approved by the Board of Directors. Intercompany tax balances are settled annually. Allocation is based upon separate return calculations, with credit for net losses being obtained when utilized.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information Concerning Parent, Subsidiaries, Affiliates, and Other Related Parties

A. B. & C. Nature of Relationships

The Company is owned 100% by BCS Financial Corporation (BCSF). The Company has a management service agreement with BCSF. It shares common management, staff and facilities provided by BCSF with its other affiliates. Expenses identified as specific to a company are charged directly; all other expenses are charged in accordance with the service agreement.

The Company paid cash dividends to BCSF of \$5,000,000 and \$4,000,000 in 2013 and 2012, respectively.

D. Amounts Due to or from Related Parties

At December 31, 2013, the Company reported \$5,672,178 due to affiliates.

E. Guarantees or Contingencies for Related Parties

None

F. Management or Service Contracts and Cost Sharing Arrangements

The Company has a management service agreement with BCSF whereby BCSF provides all insurance management, administrative and advisory services as well as investment management and general office administrative services. Expenses identified as specific to a company are charged directly; all other expenses are charged in accordance with the service agreement. There has been no change in the management service agreement in 2013.

G. Nature of Control Relationship

All outstanding common shares are owned by BCSF, an insurance holding company domiciled in the state of Delaware.

H. Amount Deducted for Investment in Upstream Company

Not Applicable

I. Investments in SCA Entities Disclosures

Not Applicable

NOTES TO FINANCIAL STATEMENTS

J. Investments in Impaired SCA Entities Disclosures

Not Applicable

K. Foreign Insurance Subsidiary

Not Applicable

L. Downstream Noninsurance Company

Not Applicable

11. Debt

A. Debt & Holding Company Obligations

Not Applicable

B. Federal Home Loan Bank (FHLB) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. Through its membership, the Company has issued debt to the FHLB of Cincinnati of \$0 in exchange for cash advances in the amount of \$0. It is part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Cincinnati for use in general operations would be accounted for consistent with SSAP No. 15, Debt and Holding Company Obligations as borrowed money. The table below indicates the amount of FHLB of Cincinnati stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB of Cincinnati.

	Current Year	Prior Year
2. FHLB stock purchased/owned as part of the agreement	\$ 581,800	\$ 404,400
3. Collateral pledged to the FHLB	10,405,189	2,021,067
4. Borrowing capacity currently available	10,002,425	2,928,269
5. Agreement assets and liabilities	-	-
General Account:		
a. Assets	-	-
b. Liabilities	-	-
Separate Account:		
a. Assets	581,800	404,400
b. Liabilities	-	-

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

A. Defined Benefit Plan

None

B. Investment Policies & Strategies

None

C. Fair Value of Each Class of Plan Assets

None

D. Basis Used to Determine the Overall Expected Long-Term Rate-of-Return-on-Assets

None

E. Defined Contribution Plans

None

F. Multiemployer Plans

None

G. Consolidated/Holding Company Plans

BCSF sponsors a defined benefit pension plan, a postretirement healthcare benefit plan and a 401(k) Plan covering substantially all of its employees as well as a deferred compensation plan for select employees. The expenses of these plans are charged in accordance with the management service agreement. In 2013, the Company incurred expenses of \$2,286,798 relating to these plans. The Company has no legal obligation for benefits under these plans.

H. Postemployment Benefits and Compensated Absences

None

NOTES TO FINANCIAL STATEMENTS

I. Impact of Medicare Modernization Act on Postretirement Benefits

Not Applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions, and Quasi-Reorganizations

1. Outstanding Shares

The Company has 300,000 shares of \$10 par value common stock authorized, issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.

2. Dividend Rate of Preferred Stock

Not Applicable

3. , 4, & 5. Dividend Restrictions

All dividends require notification to the Director of the Ohio Department of Insurance. The amount of dividends that can be paid by insurance companies domiciled in Ohio without prior approval of the Director of the Ohio Department of Insurance is subject to restriction and cannot exceed the greater of ten percent of prior year end surplus or the prior year's net income. The amount of dividends that could be paid in 2013 without prior approval was \$15,187,875. The Company paid dividends totaling \$5,000,000 to its stockholders during 2013.

6. Surplus Restriction

None

7. Mutual Surplus Advances

None

8. Company Stock Held for Special Purposes

None

9. Changes in Special Surplus Funds

None

10. Changes in Unassigned Funds

The portion of unassigned funds represented or increased by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus
1. Unrealized gain on Affiliated stock	673,661
2. Unrealized gain on Bonds	270,343
Total	944,004

11. Surplus Notes

None

12. & 13. Quasi Reorganizations

None

14. Contingencies

A. Contingent Commitments

None

B. Assessments

1. The Company is subject to guarantee fund assessments by the states in which it writes business. Guarantee fund assessments are accrued at the time of insolvency. The Company has accrued a liability for guarantee fund assessments of \$164,019 at December 31, 2013. The amount represents management's best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

NOTES TO FINANCIAL STATEMENTS

2. Guaranty Fund & Other Assessments with Liabilities Recognized Under SSAP No. 35R:

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$	-
b. Decreases current year:		
Policy surcharges collected	\$	-
Policy surcharges charged off	\$	-
Premium tax offset applied	\$	-
c. Increases current year:		
Policy surcharges collected	\$	-
Policy surcharges charged off	\$	-
Premium tax offset applied	\$	-
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	-

C. Gain Contingencies

None

D. Claims Related to Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

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

	Direct
Claims related to ECO and bad faith losses paid during the reporting period	\$ -

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

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

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

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

E. Product Warranties

None

F. All Other Contingencies

None

15. Leases

None

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfer of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

1. The Company has not sold and reacquired any security within a 30 day period of its original sale.
2. The details by NAIC designation 3 or below of securities sold during the year ended December 31, 2013 are reacquired within 30 days of the sale date are:

None

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured 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 Similarly Structured Cost Based Reimbursement Contracts

Not Applicable

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

Name and Address of Managing General Agent or Third Party Administration	FEIN Number	Exclusive Contract	Types of Business Written	Types of Authority Granted	Total Direct Premium Written/Produced By
AGA Service Company 2805 North Parham Road Richmond, VA 23294	54-1545622	N	Group Travel	C, CA, P, U, B	56,711,840
Interstate Risk Insurance Services, Inc. 1800 Sutter Street Suite 777 Concord, CA 94520	38-3656924	N	Legal Liability	P, U, B	15,696,624
MGA Financial Services, Inc. 9024 Town Center Parkway Lakewood Ranch, FL 34202	65-0917796	N	Other Liability	P, U, B	7,864,709
Plan Administrators, Inc. 8906 Two Notch Road, Suite 200 Columbia, SC 29223	57-0718839	N	Accident & Health, Dental, AD & D, Disability	C, CA, P, U	118,587,827
Worldwide Insurance Services, Inc. dba HTH Worldwide 1 Radnor Corporate Center, Suite 100 Radnor, PA 19087	54-1867679	N	Major Medical, AD & D	C, CA, P, U, B	44,682,135
All Other TPA Premium					29,520,346

20. Fair Value Measurements

A. Input used for assets measured and reported at Fair Value.

1. Items measured and reported at Fair Value by Levels 1, 2, and 3

Certain financial instruments are periodically measured at fair value on a nonrecurring basis, such as when impaired, or for certain bonds when carried at the lower of cost or fair value.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties that is other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporation of current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology model or input used.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

NOTES TO FINANCIAL STATEMENTS

The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Assets Measured at Fair Value

Certain financial assets are measured at fair value, such as certain bonds valued at the lower of cost or fair value, or investments that are impaired during the reporting period and recorded at fair value on the balance sheet at December 31. The following table summarizes assets measured at fair value:

Description of each class of assets	(Level 1)	(Level 2)	(Level 3)	(Total)
Assets at fair value				
U.S. Treasury	\$ -	\$ -	\$ -	\$ -
Government agencies	-	-	-	-
States and political subdivisions	-	-	-	-
Corporates securities	-	-	-	-
Structured securities				
U.S. government agency	-	-	-	-
Residential prime	-	-	-	-
Residential Alt A	-	-	-	-
Residential subprime	-	723,211	-	723,211
Commercial	-	-	-	-
Asset backed	-	279,020	-	279,020
Corporate securities	-	401,650	-	401,650
Total structured securities	-	1,403,881	-	1,403,881
Total bonds	-	1,403,881	-	1,403,881
Common Stock				
Vanguard	6,727,604	-	-	6,727,604
Artisan	5,514,051	-	-	5,514,051
Federal Home Loan Bank	-	581,800	-	581,800
Plans' Liability Insurance Company	-	-	2,648,198	2,648,198
Total common stock	12,241,655	581,800	2,648,198	15,471,653
Other invested asset	-	-	6,316,755	6,316,755
Total bonds, stocks, and other invested assets	\$ 12,241,655	\$ 1,985,681	\$ 8,964,953	\$ 23,192,289

Bonds measured at fair value are those bonds that were determined to be other-than-temporarily impaired at December 31 and bonds valued at the lower of cost or fair value at December 31. NAIC 3 – 6 rated bonds are valued at the lower of cost or market. The Company does not have any investment commitments at December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 1/1/2013	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	Settle- ments	Ending Balance at 12/31/2013
U.S. Treasury	-	-	-	-	-	-	-	-	-	-
Government agencies	-	-	-	-	-	-	-	-	-	-
States political subdivision	-	-	-	-	-	-	-	-	-	-
Corporate securities	-	-	-	-	-	-	-	-	-	-
Structured securities										
U.S. government agency	-	-	-	-	-	-	-	-	-	-
Residential - prime	-	-	-	-	-	-	-	-	-	-
Residential - Alt-A	-	-	-	-	-	-	-	-	-	-
Residential - subprime	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-
Asset-backed	-	-	-	-	-	-	-	-	-	-
Corporate securities	-	-	-	-	-	-	-	-	-	-
Total structured	-	-	-	-	-	-	-	-	-	-
Total bonds	-	-	-	-	-	-	-	-	-	-
Common stock										
Federal Home Loan Bank	-	-	-	-	-	-	-	-	-	-
Plans' Liability Insurance Company	3,403,912	-	-	-	(755,714)	-	-	-	-	2,648,198
Total common stock	3,403,912	-	-	-	(755,714)	-	-	-	-	2,648,198
Other invested asset	-				16,755	6,300,000				6,316,755
Total assets	3,403,912	-	-	-	(738,959)	6,300,000	-	-	-	8,964,953

3. Policy on Transfers into and out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and techniques used for level 2 and level 3 Fair Values

Bonds carried at fair value categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations as quoted markets prices for similar instruments in an active market were utilized. This was accomplished by the use of matrix pricing. Matrix pricing takes quoted prices of bonds with similar features and applies analytic methods to determine the fair value of bonds held. Features that are inputs into the analysis include duration, credit quality, tax status and call and sinking fund features.

Common stocks categorized as Level 3 had key unobservable inputs. Also, the investment is less liquid, and there is limited trading activity. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or the general lack of transparency in the process to develop the valuation estimates generally causing these investments to be classified in Level 3.

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Fair Value for all financial instruments by levels 1, 2, and 3

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
U.S. Treasury	12,127,008	11,548,250	-	11,548,250	-	-
Government agencies	340,890	302,792	-	302,792	-	-
States and political subdivisions	72,973,111	74,363,068	-	74,363,068	-	-
Corporate securities	34,580,055	32,925,336	-	32,925,336	-	-
Structured securities						
U.S. government agency	28,367,991	27,745,607	-	27,745,607	-	-
States and political subdivisions	320,807	326,964	-	326,964	-	-
Residential - prime	4,615,690	4,586,677	-	4,586,677	-	-
Residential - Alt-A	317,452	289,053	-	289,053	-	-
Residential - subprime	2,229,156	2,138,282	-	2,138,282	-	-
Commercial	14,359,887	13,857,994	-	13,857,994	-	-
Asset-backed	4,364,540	4,262,460	-	4,262,460	-	-
Corporate securities	1,353,897	1,228,938	-	1,228,938	-	-
Total structured	55,929,420	54,435,975	-	54,435,975	-	-
 Total bonds	175,950,484	173,575,421	-	173,575,421	-	-
 Common stock						
Vanguard	6,727,604	6,727,604	6,727,604	-	-	-
Artisan	5,514,051	5,514,051	5,514,051	-	-	-
Federal Home Loan Bank	581,800	581,800	-	581,800	-	-
Plans' Liability Insurance Company	2,648,198	2,648,198	-	-	2,648,198	-
Total common stock	15,471,653	15,471,653	12,241,655	581,800	2,648,198	-
 Other invested asset	6,316,755	6,316,755	-	-	6,316,755	-
 Total assets	197,738,892	195,363,829	12,241,655	174,157,221	8,964,953	-

D. Financial instruments for which not practicable to Estimate Fair Value.

Not applicable

21. Other Items

A. Extraordinary Items

None

B. Troubled Debt Restructuring for Debtors

None

C. Other Disclosures

None

D. Business Interruption Insurance Recoveries

None

E. State Transferable and Non-transferable Tax Credits

None

F. Subprime Mortgage Related Risk Exposure

1. The Company has identified securities with the following characteristics as having subprime mortgage risk:
- a. First lien mortgages where borrowers have a FICO scores less than 650

b. First lien mortgages with loan-to-value ratios greater than 95%

c. Second lien mortgages where borrowers have FICO scores less than 675

d. Borrowers with less than conventional documentation of their income and/or net assets and FICO scores less than 650
2. Direct Exposure through investments in subprime mortgage loans
- None

NOTES TO FINANCIAL STATEMENTS

3. The following summarizes the Company's investments in securities with underlying subprime exposure at December 31, 2013:

Investment type	Actual Cost	Book Adjusted Carrying Value (excluding interest)	Fair Value	Other-than-Temporary Impairment Losses Recognized
a. Residential mortgaged backed securities	2,355,470	2,138,282	2,229,156	672,564
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investments in subsidiaries	-	-	-	-
f. Other assets	-	-	-	-
g. Total	2,355,470	2,138,282	2,229,156	672,564

4. Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage

None

G. Offsetting and Netting of Assets and Liabilities

None

H. Joint and Several Liabilities Arrangements

None

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 14, 2014 for the statutory statement issued on March 1, 2014.

The Company does not have any subsequent events to report.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through February 14, 2014 for the statutory statement issued on March 1, 2014.

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be \$821,713. The total adjusted capital as a percentage of the authorized control level would decrease from 1,435% to 1,427%.

A. ACA fee assessment payable	\$ 821,713
B. Assessment expected to impact RBC	8%

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

A. Unsecured Reinsurance Recoverable

The Company has outlined below unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized that exceed 3% of policyholders' surplus.

FEIN	NAIC #	Reinsurer	Recoverable
36-2149353	80985	4 Ever Life Insurance Co.	13,350,000
AA-1120337	00000	Aspen Insurance	4,705,000
AA-1340125	00000	Hannover Rueckversicherung AG	6,558,000
36-3503382	26794	Plans' Liability Ins. Co.	33,348,000

B. Reinsurance Recoverable in Dispute

None

C. Reinsurance Assumed and Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2013:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
a. Affiliates	-	-	802,816	101,556	(802,816)	(101,556)
b. All Other	3,701,358	-	16,061,634	4,436,277	(12,360,276)	(4,436,277)
c. Total	3,701,358	-	16,864,450	4,537,833	(13,163,092)	(4,537,833)
d. Direct Unearned Premium Reserve			16,864,450			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

2. The additional or return commission, predicted on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements is accrued as follows:

None

3. Types of risk attributed to each of the Company's protected cells

None

D. Uncollectible Reinsurance

None

E. Commutation of Assumed Reinsurance

None

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

1. Reported Company

As: December 31, 2013

	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	(316,695)	2,488,504
2. Adjustments - Prior Year(s)	(74,574)	(2,408,012)
3. Adjustments - Current Year	(27,449)	(24,622)
4. Current Total	(418,718)	55,870
b. Consideration (Paid) or Received:		
1. Initial Consideration	316,695	(2,488,504)
2. Adjustments - Prior Year(s)	10,219	-
3. Adjustments - Current Year	-	-
4. Current Total	326,914	(2,488,504)
c. Paid Losses (Reimbursed) or Recovered:		
1. Prior Year(s)	(651,000)	1,941,184
2. Current Year	(68,500)	-
3. Current Total	(719,500)	1,941,184
d. Special Surplus from Retroactive Reinsurance		
1. Initial Surplus Gain or Loss	-	-
2. Adjustments - Prior Year(s)	(64,355)	(2,408,012)
3. Adjustments - Current Year	(95,949)	(24,622)
4. Current Year Restricted Surplus	(160,304)	(2,432,634)
5. Cumulative Total Transferred to Unassigned Funds	(811,304)	(491,450)
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
	Assumed Amount	Ceded Amount
Company		
Allianz Life Insurance Company of North America	(418,718)	-
Plans' Liability Insurance Company		55,870
Total	\$ (418,718)	\$ 55,870

- f. Total paid Loss/LAE amounts recoverable (for authorized, unauthorized, and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized, and certified reinsurers), and for amounts recoverable the collateral held (for authorized, unauthorized, and certified reinsurers) as respects amounts recoverable from unauthorized reinsurers:

1. Authorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
Alea North America Company	10,000	10,000
Finial Reinsurance Company	1,000	1,000
Lumbermens Mutual Casualty Company	140,000	140,000
CX Reinsurance Company	479,000	479,000
Total	\$ 630,000	\$ 630,000

2. Unauthorized Reinsurers

NONE

3. Certified Reinsurers

NONE

G. Reinsurance Accounted for as a Deposit

Not Applicable

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

Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable

NOTES TO FINANCIAL STATEMENTS

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Methods Used to Estimate

None

B. Method used to Record

Not Applicable

C. Amount and Percent of Net Retrospective Premiums

None

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

None

E. Calculation of Non-Admitted Retrospective Premiums

None

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years' increased by \$2,296,000 during 2013 as shown in the chart below. This is 6.68% of unpaid losses and loss adjustment expenses of \$34,377,000 as of December 31, 2012. The increase occurred in the Other Liability – Claims Made line of business. The line contains errors and omissions professional liability coverage for lawyers, which has experienced adverse development during 2013, predominantly on the 2012 accident year.

	2013 Calendar Year Losses and LAE Incurred	2013 Loss Year Losses and LAE Incurred Sch. P - Part 1 - In ('000)	Total Shortage (Redundancy)	Loss and DCC Shortage (Redundancy) Sch. P - Part 2	Impact of AO on Total Shortage (Redundancy)
Medical Malpractice	(72)	-	(72)	(73)	1
Accident and Health	73,148	76,008	(2,860)	(1,779)	(1,081)
Other Liability - Occurrence	-	-	-	-	-
Other Liability - Claims Made	15,400	11,154	4,246	4,163	83
Auto Physical Damage	-	-	-	-	-
Fidelity	(7)	-	(7)	(7)	-
Inland Marine / Other	43	51	(8)	(8)	-
Total	88,512	87,213	1,299	2,296	(997)

26. Intercompany Pooling Arrangements

Not Applicable

27. Structured Settlements

A. Reserves Released due to Purchase of Annuities

In 2003, the Company purchased annuities that have a remaining balance of \$269,850 through New York Life Insurance Company under which the claimant is the payee.

<u>Loss Reserves Eliminated by Annuities</u>	<u>Unrecorded Loss Contingencies</u>
\$ 269,850	\$ -

B. Annuity Insurers with Balances Due Greater than 1% of Policyholders Surplus

Not Applicable

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

None

B. Risk Sharing Receivables

None

29. Participating Policies

Not Applicable

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves

The Company evaluated the need to record a premium deficiency reserve as of the end of the current year and determined a reserve was not necessary. This evaluation was completed on February 14, 2014. The Company does anticipate investment income when evaluating the need for a premium deficiency reserve.

	(1)
1. Liability carried for premium deficiency reserves	\$ -
2. Date of the most recent evaluation of this liability	2/14/2014
3. Was anticipated investment income utilized in the calculation?	Yes <u>X</u> No <u> </u>

31. High Deductibles

Not Applicable

32. Discounting of Liabilities for Unpaid Losses and Loss Adjustment Expenses

A. Tabular Basis

Not Applicable

B. Non-Tabular Basis

Not Applicable

C. Changes in Discounting Assumptions

Not Applicable

33. Asbestos/ Environmental Reserves

Not Applicable

34. Subscriber Savings Accounts

Not Applicable

35. Multiple Peril Crop Insurance

None

36. Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Ohio.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2008
- 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.

.....12/31/2008
- 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).

.....05/07/2010
- 3.4

By what department or departments? Ohio.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes ☒ No ☐
- 4.12 renewals?

Yes ☒ No ☐
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes ☐ No ☒
- 4.22 renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

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

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

- 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 ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control
- 7.22

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, 200 E. Randolph Drive, 56th Floor, Chicago, IL 60601.....

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

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 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Charles C. Emma, EVP Advisors Inc., 514 W. State Street, Suite 210, Geneva, IL 60134.....

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

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

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.

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

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

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

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

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

GENERAL INTERROGATORIES

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
- 20.12 To stockholders not officers \$.....
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
- 20.22 To stockholders not officers \$.....
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [X] No []
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....809,642
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [] No [X]
- 24.02 If no, give full and complete information, relating thereto
- The Company has securities on deposit with Federal Home Loan Bank to secure line of credit.....
- 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)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

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 []

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

25.21	Subject to repurchase agreements	\$.....
25.22	Subject to reverse repurchase agreements	\$.....
25.23	Subject to dollar repurchase agreements	\$.....
25.24	Subject to reverse dollar repurchase agreements	\$.....
25.25	Pledged as collateral	\$.....10,405,189
25.26	Placed under option agreements	\$.....
25.27	Letter stock or securities restricted as to sale	\$.....2,648,198
25.28	On deposit with state or other regulatory body	\$.....4,991,328
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Must sell to Blue Cross Blue Shield or affiliated company.....	Plans' Liability Insurance Company common stock.....	.....2,648,198
.....
.....
.....
.....

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
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: \$.....

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
State Street Bank & Trust Company Boston.....	1 Lincoln Street, Boston, MA 02111.....

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]

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 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
109875.....	Asset Allocation & Management Company, LLC.....	30 North LaSalle, Suite 3500, Chicago, IL 60602.....
106595.....	Wellington Management Company, LLP.....	280 Congress Street, Boston, MA 02210.....

GENERAL INTERROGATORIES

- 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)])?
- 29.2 If yes, complete the following schedule:
- Yes [] No [X]

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

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.....	178,731,413	181,106,461	2,375,048
30.2 Preferred Stocks.....	0		0
30.3 Totals	178,731,413	181,106,461	2,375,048

- 30.4 Describe the sources or methods utilized in determining the fair values:
See attachment.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 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?
- 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 Securities Valuation Office been followed?
- 32.2 If no, list exceptions:
- Yes [X] No []
- Yes [X] No []
- Yes [X] No []

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$33,848
- 33.2 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.....	\$.....16,043
P&C Insurers Association of America.....	\$.....15,260

- 34.1 Amount of payments for legal expenses, if any? \$177,265
- 34.2 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
.....	\$.....
.....	\$.....
.....	\$.....

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$
- 35.2 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
.....	\$.....
.....	\$.....
.....	\$.....

30.4 The Company's custodial bank provides the Company with the fair market value of securities. A description of its methods follows: Interactive Data Services, JP Morgan Pricing Direct, Barclays Capital are all sources for U.S. Treasuries, Corporates, Governments, and Collateralized Mortgage Obligations; Interactive Data Services and Bloomberg are the primary sources for Municipals; manual pricing is provided by Bloomberg.

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [X] No []

1.2

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

\$ 1,278

1.3

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

\$ 0

1.31

Reason for excluding

N/A

1.4

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

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ 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

\$ 1,278

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

1

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

	1	2
	Current Year	Prior Year
2.1	Premium Numerator	\$ 42,001,815 \$ 34,399,771
2.2	Premium Denominator	\$ 126,130,721 \$ 108,964,358
2.3	Premium Ratio (2.1/2.2)	0.333 0.316
2.4	Reserve Numerator	\$ 37,663,019 \$ 31,871,723
2.5	Reserve Denominator	\$ 63,570,033 \$ 50,173,875
2.6	Reserve Ratio (2.4/2.5)	0.592 0.635

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [] No [X]

3.2

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

3.21

Participating policies

\$

3.22

Non-participating policies

\$

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

Does the reporting entity issue assessable policies?

Yes [] No []

4.2

Does the reporting entity issue non-assessable policies?

Yes [] No []

4.3

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

%

4.4

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

\$

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

Yes [] No []

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

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

5.22

As a direct expense of the exchange

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

5.3

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

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [] No []

5.5

If yes, give full information

16

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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 of loss:
No workers' compensation contracts were written.....

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:
N/A.....

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?.....
N/A.....

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?.....

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 uninsured catastrophe loss
The Company is provided protection through excess of loss reinsurance and primarily writes Accident & Health policies.....

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)?.....

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.....

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?.....

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?.....

8.2

If yes, give full information

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.....

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.

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?

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,

(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

(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.

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes

[]

No

[X]

Yes

[]

No

[X]

Yes

[]

No

[X]

Yes

[X]

No

[]

Yes

[]

No

[X]

Yes

[]

No

[X]

Yes

[X]

No

[]

N/A

[]

16.1

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

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

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

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

12.4

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

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [] No [X]

12.6

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

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$750,000

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.

9

14.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [] No [X]

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [] No []

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....
18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE BCS Insurance Company

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.					
	1 2013	2 2012	3 2011	4 2010	5 2009
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)	39,425,980	35,385,376	29,771,445	28,409,499	24,363,808
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	14,104,968	11,533,610	19,170,273	14,674,901	13,429,621
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	295,330,805	261,863,697	220,273,479	198,483,670	198,424,442
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	348,861,753	308,782,683	269,215,197	241,568,070	236,217,871
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)	20,712,724	17,510,770	10,906,129	6,846,601	2,407,102
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	105,104	54,340	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	111,043,291	94,054,266	102,495,320	100,330,086	104,563,521
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	131,861,119	111,619,376	113,401,449	107,176,687	106,970,623
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	1,900,407	3,526,576	3,760,701	651,324	(3,403,852)
14. Net investment gain (loss) (Line 11)	6,799,442	7,564,767	8,139,199	7,711,001	8,229,825
15. Total other income (Line 15)	445,762	685,868	(786,763)	(389,884)	(216,310)
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	2,789,975	3,583,887	3,774,121	2,822,572	1,540,415
18. Net income (Line 20)	6,355,636	8,193,324	7,339,016	5,149,869	3,069,248
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	267,891,365	254,500,945	230,556,413	217,904,472	220,244,811
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	36,910,997	33,371,850	25,653,772	24,593,140	24,573,010
20.2 Deferred and not yet due (Line 15.2)	0	0	581,697	2,018,200	3,251,759
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	115,023,222	102,622,199	83,940,000	75,859,169	79,821,817
22. Losses (Page 3, Line 1)	34,579,367	27,709,015	27,766,871	27,261,827	34,271,365
23. Loss adjustment expenses (Page 3, Line 3)	8,864,481	6,667,270	4,890,751	2,904,327	2,562,544
24. Unearned premiums (Page 3, Line 9)	23,748,443	18,018,045	15,363,027	12,077,294	10,409,971
25. Capital paid up (Page 3, Lines 30 & 31)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	152,868,143	151,878,746	146,616,413	142,045,303	140,422,994
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	9,719,704	22,441,987	14,195,816	5,309,635	2,014,467
Risk-Based Capital Analysis					
28. Total adjusted capital	152,868,143	151,878,746	146,616,413	142,045,303	140,422,994
29. Authorized control level risk-based capital	10,653,400	8,452,151	6,568,281	8,295,704	9,252,423
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	83.2	89.4	94.8	95.0	90.5
31. Stocks (Lines 2.1 & 2.2)	7.4	1.9	2.1	2.2	2.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
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)	6.3	8.7	3.1	2.8	7.5
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	XXX
37. Other invested assets (Line 8)	3.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	XXX
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
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)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	2,648,198	3,403,912	3,566,265	3,511,021	3,374,146
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	129,251	128,930	128,930	128,930	1,125,491
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	2,777,449	3,532,842	3,695,195	3,639,951	4,499,637
49. Total Investment in parent included in Lines 42 to 47 above		0	0	0	0
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)	1.8	2.3	2.5	2.6	3.2

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2013	2012	2011	2010	2009
(Continued)					
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	130,580	808,341	(177,905)	298,932	60,400
52. Dividends to stockholders (Line 35)	(5,000,000)	(4,000,000)	(3,500,000)	(3,500,000)	(3,500,000)
53. Change in surplus as regards policyholders for the year (Line 38)	989,397	5,262,333	4,571,110	1,622,309	(134,028)
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)	27,507,041	7,651,429	10,943,001	3,598,679	23,092,038
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,019,736	5,611,011	6,293,085	4,293,936	6,097,559
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	175,890,701	139,527,427	134,193,766	136,361,196	148,117,192
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	209,417,478	152,789,867	151,429,852	144,253,811	177,306,789
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,203,932	2,938,447	290,953	391,377	897,190
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	50,749	0	0	0	0
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	67,285,461	57,824,022	63,033,378	72,190,262	80,491,117
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	71,540,142	60,762,469	63,324,331	72,581,639	81,388,307
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)	62.2	55.7	58.0	62.1	70.2
68. Loss expenses incurred (Line 3)	8.0	7.7	4.6	3.7	3.3
69. Other underwriting expenses incurred (Line 4)	28.3	33.3	34.0	33.6	29.7
70. Net underwriting gain (loss) (Line 8)	1.5	3.2	3.4	0.6	(3.1)
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)	26.8	31.9	33.7	33.4	30.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.2	63.4	62.6	65.8	73.4
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)	86.3	73.5	77.3	75.5	76.2
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)	2,296	(3,179)	(7,170)	(3,296)	473
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	1.5	(2.2)	(5.0)	(2.3)	0.3
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)	(2,951)	(6,532)	(5,900)	(18)	(2,644)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(2.0)	(4.6)	(4.2)	0.0	(1.9)

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

If no, please explain

.....

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	28	25	1,530	1,530	0	0	0	3	XXX
2. 2004	217,631	159,733	57,898	112,938	78,254	1,395	777	2,031	869	0	36,464	XXX
3. 2005	251,987	175,373	76,613	137,686	90,698	5,247	2,597	2,793	1,124	0	51,307	XXX
4. 2006	271,936	191,467	80,470	154,375	102,645	3,864	2,663	2,226	905	0	54,252	XXX
5. 2007	297,379	195,546	101,833	158,156	97,430	3,161	1,752	2,568	1,111	0	63,592	XXX
6. 2008	260,235	148,263	111,972	158,222	89,251	3,929	1,785	3,233	1,215	0	73,132	XXX
7. 2009	236,739	128,599	108,140	140,839	70,190	2,714	836	2,343	839	0	74,031	XXX
8. 2010	238,765	133,255	105,509	151,531	86,271	3,531	1,421	2,102	770	0	68,702	XXX
9. 2011	263,133	153,017	110,116	143,128	78,383	4,534	750	2,775	579	0	70,726	XXX
10. 2012	295,879	186,915	108,964	160,814	99,727	4,981	917	4,169	1,186	0	68,134	XXX
11. 2013	344,207	218,075	126,132	130,936	81,905	1,410	262	3,029	1,194	0	52,014	XXX
12. Totals	XXX	XXX	XXX	1,448,654	874,779	36,297	15,289	27,268	9,792	0	612,358	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1.	1,978	1,940	103	11	1,721	1,679	25	11	0	0	0	186	XXX
2.	251	245	6	6	52	51	6	6	0	0	0	7	XXX
3.	630	630	0	0	63	63	0	0	0	0	0	0	XXX
4.	200	200	0	0	25	25	0	0	0	0	0	0	XXX
5.	1,284	1,284	2,821	2,821	76	76	0	0	0	0	0	0	XXX
6.	1,168	1,168	2,521	2,521	186	186	0	0	0	0	0	0	XXX
7.	675	672	1,233	1,227	49	46	515	510	5	3	0	19	XXX
8.	742	726	2,433	2,428	60	34	512	507	162	144	0	70	XXX
9.	1,874	1,345	4,482	4,181	530	29	1,149	925	410	273	0	1,692	XXX
10.	36,519	33,431	7,225	6,207	2,522	1,238	862	446	844	380	0	6,270	XXX
11.	5,396	2,980	67,264	40,204	1,524	0	2,831	666	2,500	466	0	35,199	XXX
12.	50,717	44,621	88,088	59,606	6,808	3,427	5,900	3,071	3,921	1,266	0	43,443	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	130	56
2.	116,678	80,207	36,471	53.6	50.2	63.0	0	0		6	1
3.	146,418	95,112	51,307	58.1	54.2	67.0	0	0		0	0
4.	160,690	106,438	54,252	59.1	55.6	67.4	0	0		0	0
5.	168,066	104,474	63,592	56.5	53.4	62.4	0	0		0	0
6.	169,259	96,127	73,132	65.0	64.8	65.3	0	0		0	0
7.	148,373	74,324	74,050	62.7	57.8	68.5	0	0		9	10
8.	161,073	92,301	68,772	67.5	69.3	65.2	0	0		21	49
9.	158,883	86,465	72,418	60.4	56.5	65.8	0	0		830	862
10.	217,936	143,532	74,404	73.7	76.8	68.3	0	0		4,106	2,164
11.	214,890	127,677	87,213	62.4	58.5	69.1	0	0		29,476	5,723
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	34,578	8,865

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	14,853	14,516	14,493	14,843	14,856	13,554	13,541	13,431	13,394	13,317	(77)	(114)
2. 2004	44,808	36,692	34,673	34,343	34,277	34,337	34,255	34,254	35,309	35,309	0	1,055
3. 2005	XXX	53,123	48,508	50,419	49,787	49,759	49,646	49,640	49,638	49,638	0	(2)
4. 2006	XXX	XXX	54,381	55,302	53,679	52,958	52,976	52,916	52,918	52,931	13	15
5. 2007	XXX	XXX	XXX	60,992	64,206	62,648	62,196	62,175	62,141	62,136	(5)	(40)
6. 2008	XXX	XXX	XXX	XXX	67,844	71,868	72,018	71,135	71,126	71,114	(12)	(21)
7. 2009	XXX	XXX	XXX	XXX	XXX	77,489	74,684	73,161	72,556	72,544	(12)	(617)
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	71,462	66,895	67,164	67,423	259	527
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	73,840	70,023	70,085	62	(3,755)
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	68,889	70,957	2,068	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	83,344	XXX	XXX
12. Totals											2,296	(2,951)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	2,209	7,617	8,317	9,138	12,148	13,016	13,127	13,128	13,131	XXX	XXX
2. 2004	16,468	32,942	34,253	34,219	34,225	34,234	34,234	34,238	35,301	35,302	XXX	XXX
3. 2005	XXX	25,769	45,779	48,992	49,141	49,671	49,625	49,640	49,638	49,638	XXX	XXX
4. 2006	XXX	XXX	28,199	51,689	52,831	52,873	52,968	52,916	52,918	52,931	XXX	XXX
5. 2007	XXX	XXX	XXX	34,599	59,824	62,161	62,188	62,168	62,141	62,136	XXX	XXX
6. 2008	XXX	XXX	XXX	XXX	39,021	69,263	70,998	71,042	71,113	71,114	XXX	XXX
7. 2009	XXX	XXX	XXX	XXX	XXX	47,409	71,849	72,349	72,411	72,527	XXX	XXX
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	47,555	65,122	66,463	67,371	XXX	XXX
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	46,734	66,465	68,530	XXX	XXX
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42,054	65,151	XXX	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,179	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 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013
1. Prior	8,151	5,875	6,017	5,842	5,355	345	283	217	179	106
2. 2004	26,914	1,964	184	49	32	82	0	0	0	0
3. 2005	XXX	24,764	2,069	226	38	10	0	0	0	0
4. 2006	XXX	XXX	24,412	2,835	170	13	4	0	0	0
5. 2007	XXX	XXX	XXX	25,338	2,922	93	6	6	0	0
6. 2008	XXX	XXX	XXX	XXX	26,840	1,380	98	37	10	0
7. 2009	XXX	XXX	XXX	XXX	XXX	28,792	1,406	236	11	11
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	22,995	795	105	10
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,615	1,676	525
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,187	1,434
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,225

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE BCS Insurance Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories										
States, etc.		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
			2	3						
		Active Status	Direct Premiums Written	Direct Premiums Earned						
1. Alabama	AL	L	31,332,904	31,369,252	0	24,151,727	29,179,035	14,836,668	0	
2. Alaska	AK	L	219,288	75,693	0	131,096	119,380	28,719	0	
3. Arizona	AZ	L	3,587,797	3,613,507	0	1,865,734	1,762,352	968,239	0	
4. Arkansas	AR	L	2,991,944	2,948,330	0	1,129,878	1,512,018	1,498,112	0	
5. California	CA	L	37,277,496	35,220,770	0	12,069,009	16,648,112	18,920,035	0	
6. Colorado	CO	L	4,554,146	4,608,954	0	1,332,109	734,763	1,324,435	0	
7. Connecticut	CT	L	5,463,743	5,471,008	0	2,508,997	2,482,236	737,265	0	
8. Delaware	DE	L	1,133,460	1,032,771	0	2,068,330	2,061,864	200,160	0	
9. Dist. Columbia	DC	L	10,505,934	13,472,211	0	9,305,474	8,557,606	1,036,694	0	
10. Florida	FL	L	9,993,518	10,189,957	0	6,269,513	6,328,343	1,681,434	0	
11. Georgia	GA	L	8,166,531	8,116,009	0	4,512,472	4,582,263	1,529,385	0	
12. Hawaii	HI	L	126,786	133,604	0	57,332	2,517	59,655	0	
13. Idaho	ID	L	1,021,231	1,063,924	0	530,149	490,045	239,411	0	
14. Illinois	IL	L	8,478,733	7,251,328	0	7,239,319	6,326,550	16,129,247	0	
15. Indiana	IN	L	10,424,532	10,538,501	0	5,100,099	5,241,943	1,736,378	0	
16. Iowa	IA	L	2,545,700	2,527,861	0	1,182,468	1,403,440	555,403	0	
17. Kansas	KS	L	1,544,359	1,565,385	0	818,075	790,194	307,671	0	
18. Kentucky	KY	L	2,116,762	2,129,599	0	1,489,228	1,457,574	267,774	0	
19. Louisiana	LA	L	6,086,128	6,169,832	0	4,164,784	5,049,885	3,546,969	0	
20. Maine	ME	L	535,086	531,021	0	306,727	289,175	72,229	0	
21. Maryland	MD	L	2,204,386	2,219,189	0	1,162,420	(201,881)	602,663	0	
22. Massachusetts	MA	L	1,627,133	1,779,127	0	699,817	832,874	1,071,004	0	
23. Michigan	MI	L	8,958,110	8,430,137	0	24,753,852	10,408,872	12,872,890	0	
24. Minnesota	MN	L	4,638,133	4,624,243	0	2,303,466	2,629,273	1,408,622	0	
25. Mississippi	MS	L	2,288,934	2,310,885	0	1,248,635	1,203,031	342,238	0	
26. Missouri	MO	L	4,725,395	4,787,258	0	2,272,866	3,584,196	3,501,027	0	
27. Montana	MT	L	555,335	556,102	0	351,790	228,464	72,719	0	
28. Nebraska	NE	L	1,629,698	1,613,501	0	505,592	4,215,387	4,924,075	0	
29. Nevada	NV	L	1,544,306	1,614,424	0	874,372	893,865	279,008	0	
30. New Hampshire	NH	L	1,712,002	1,713,959	0	662,807	673,533	245,215	0	
31. New Jersey	NJ	L	5,808,032	5,745,411	0	4,090,976	4,947,554	2,202,807	0	
32. New Mexico	NM	L	421,731	414,157	0	177,243	179,853	49,394	0	
33. New York	NY	L	51,395,372	49,003,754	0	24,980,924	26,054,432	9,778,855	0	
34. No. Carolina	NC	L	8,275,254	7,971,022	0	3,978,559	4,938,686	2,979,254	0	
35. No. Dakota	ND	L	280,464	281,191	0	182,859	177,762	253,378	0	
36. Ohio	OH	L	8,584,658	8,766,130	0	4,893,300	4,688,232	1,087,508	0	
37. Oklahoma	OK	L	2,429,579	2,424,608	0	1,262,684	1,452,654	565,310	0	
38. Oregon	OR	L	2,610,984	2,636,301	0	1,492,324	1,571,986	347,007	0	
39. Pennsylvania	PA	L	14,424,713	14,957,177	0	6,722,666	6,976,305	5,231,488	0	
40. Rhode Island	RI	L	7,014,473	6,584,798	0	2,916,740	2,795,283	1,785,908	0	
41. So. Carolina	SC	L	5,438,024	5,808,414	0	4,811,749	5,310,283	2,202,165	0	
42. So. Dakota	SD	L	420,475	413,656	0	178,876	242,168	95,822	0	
43. Tennessee	TN	L	6,013,177	5,977,321	0	3,509,543	3,116,111	1,012,524	0	
44. Texas	TX	L	20,801,811	20,196,458	0	7,944,822	9,129,429	4,048,877	0	
45. Utah	UT	L	2,062,155	2,007,904	0	1,151,786	1,218,492	251,672	0	
46. Vermont	VT	L	1,399,240	1,400,485	0	206,457	4,112,242	4,569,753	0	
47. Virginia	VA	L	5,433,277	5,339,147	0	2,793,003	3,032,562	1,035,649	0	
48. Washington	WA	L	12,137,949	12,074,057	0	3,475,090	3,614,934	3,161,586	0	
49. West Virginia	WV	L	737,860	735,585	0	451,236	464,828	228,847	0	
50. Wisconsin	WI	L	3,180,735	3,171,602	0	2,340,279	2,389,107	1,427,262	0	
51. Wyoming	WY	L	4,932,347	4,933,725	0	3,563,936	4,286,078	2,025,731	0	
52. American Samoa	AS	N	0	0	0	0	0	0	0	
53. Guam	GU	N	0	0	0	0	0	0	0	
54. Puerto Rico	PR	L	0	0	0	24,744	(102,444)	375,256	0	
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0	
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	
57. Canada	CAN	N	0	0	0	0	0	0	0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Totals	(a)	52	341,791,820	338,521,245	0	202,217,933	210,083,446	135,711,397	0	0
DETAILS OF WRITE-INS										
58001.		XXX								
58002.		XXX								
58003.		XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page.		XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	0

(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; (N) None of the above - Not allowed to write business in the state.

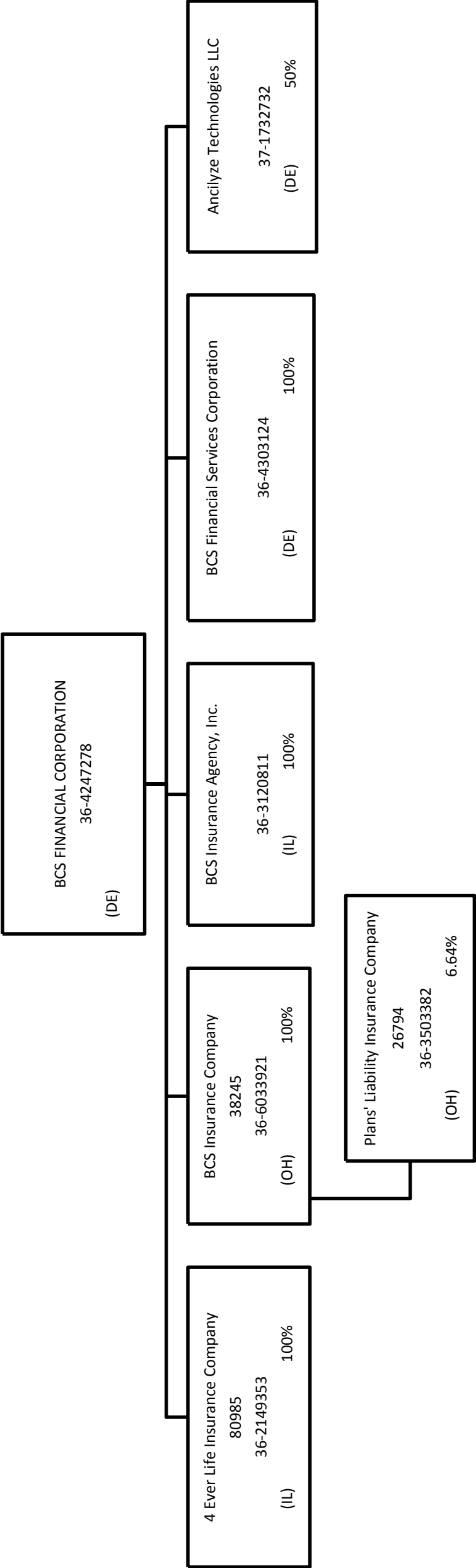
Explanation of basis of allocation of premiums by states, etc.

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

For group accident and health business BCS Insurance Company allocates premium by either the group situs state or by the insured member state depending upon the specific type of accident and health business. The group is the entity, usually an employer, that the policy is issued to and the insured member is the participant, usually an employee, to whom a certificate is issued to. For travel accident business the premium is allocated by state based upon the insured state of residence. The insured is the individual that purchases the travel accident coverage through a particular entity. For professional liability business the premium is allocated by the group situs state. The group is a corporate entity that purchases the policy.

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

PART 1 – ORGANIZATIONAL CHART



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