



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

**ANNUAL STATEMENT**  
**For the Year Ended December 31, 2014**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**Plans' Liability Insurance Company**

|                                       |                                 |                |   |                                    |                                |            |
|---------------------------------------|---------------------------------|----------------|---|------------------------------------|--------------------------------|------------|
| NAIC Group Code                       | 00023                           | 00023          | NAIC Company Code                           | 26794                              | Employer's ID Number           | 36-3503382 |
|                                       | (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                | 05/15/1986                      |                | Commenced Business                          |                                    | 06/17/1986                     |            |
| 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             | N/A                             |                |   |                                    |                                |            |
| 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        | Terry Michael Hackett # | Senior Vice President, General Counsel & Secretary |
| Susan Ann Pickar           | Senior Vice President, Finance & Treasurer | Scott Phillip Serota    | Chairman of the Board                              |

**OTHER OFFICERS**

|                  |                           |                   |   |
|------------------|---------------------------|-------------------|---|
| Sharon Jane Dold | Vice President, Marketing | David John Jacobs | Senior Vice President, Actuarial & Underwriting |
|------------------|---------------------------|-------------------|---|

**DIRECTORS OR TRUSTEES**

|                            |                   |                     |                      |
|----------------------------|-------------------|---------------------|----------------------|
| Howard Francis Beacham III | Terry Dee Kellogg | Steven Scott Martin | Scott Phillip Serota |
| Paul Mark White            |                   |                     |                      |

State of Illinois  
County of DuPage

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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  
President & Chief Executive Officer

Terry Michael Hackett  
Senior Vice President, General Counsel & Secretary

Susan Ann Pickar  
Senior Vice President, Finance & Treasurer

Subscribed and sworn to before me  
this 6th day of February, 2015

Jennifer Mark, Notary Public  
03/24/2018

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

Yes [ X ] No [ ]

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ASSETS

|   | Current Year |                    |                                      | Prior Year             |
|---|--------------|--------------------|--------------------------------------|------------------------|
|   | 1            | 2                  | 3                                    | 4                      |
|   | Assets       | Nonadmitted Assets | Net Admitted Assets<br>(Cols. 1 - 2) | Net Admitted<br>Assets |
| 1. Bonds (Schedule D).....  | 68,275,723   | 0                  | 68,275,723                           | 68,179,049             |
| 2. Stocks (Schedule D):   |              |                    |                                      |                        |
| 2.1 Preferred stocks .....  | 0            | 0                  | 0                                    | 0                      |
| 2.2 Common stocks .....   | 5,837,295    | 361,616            | 5,475,679                            | 5,103,816              |
| 3. Mortgage loans on real estate (Schedule B):  |              |                    |                                      |                        |
| 3.1 First liens .....   | 0            | 0                  | 0                                    | 0                      |
| 3.2 Other than first liens .....  | 0            | 0                  | 0                                    | 0                      |
| 4. Real estate (Schedule A):  |              |                    |                                      |                        |
| 4.1 Properties occupied by the company (less<br>\$ ..... encumbrances).....   | 0            | 0                  | 0                                    | 0                      |
| 4.2 Properties held for the production of income<br>(less \$ ..... encumbrances) .....  | 0            | 0                  | 0                                    | 0                      |
| 4.3 Properties held for sale (less<br>\$ ..... encumbrances) .....  | 0            | 0                  | 0                                    | 0                      |
| 5. Cash (\$ .....1,429,713 , Schedule E-Part 1), cash equivalents<br>(\$ .....0 , Schedule E-Part 2) and short-term<br>investments (\$ .....261,543 , Schedule DA)..... | 1,691,257    | 0                  | 1,691,257                            | 5,567,445              |
| 6. Contract loans (including \$ .....premium notes).....  | 0            | 0                  | 0                                    | 0                      |
| 7. Derivatives (Schedule DB).....   | 0            | 0                  | 0                                    | 0                      |
| 8. Other invested assets (Schedule BA) .....  | 3,973,896    | 0                  | 3,973,896                            | 2,096,853              |
| 9. Receivables for securities .....   | 0            | 0                  | 0                                    | 0                      |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  | 0            | 0                  | 0                                    | 0                      |
| 11. Aggregate write-ins for invested assets .....   | 0            | 0                  | 0                                    | 0                      |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....   | 79,778,171   | 361,616            | 79,416,555                           | 80,947,163             |
| 13. Title plants less \$ ..... charged off (for Title insurers<br>only).....  |              |                    | 0                                    | 0                      |
| 14. Investment income due and accrued .....   | 529,336      |                    | 529,336                              | 524,554                |
| 15. Premiums and considerations:  |              |                    |                                      |                        |
| 15.1 Uncollected premiums and agents' balances in the course of<br>collection .....   | 144,311      | 0                  | 144,311                              | 153,139                |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due (including \$ .....earned<br>but unbilled premiums).....               | 0            | 0                  | 0                                    | 0                      |
| 15.3 Accrued retrospective premiums.....  | 0            | 0                  | 0                                    | 0                      |
| 16. Reinsurance:  |              |                    |                                      |                        |
| 16.1 Amounts recoverable from reinsurers .....  | 0            | 0                  | 0                                    | 0                      |
| 16.2 Funds held by or deposited with reinsured companies .....  | 0            | 0                  | 0                                    | 0                      |
| 16.3 Other amounts receivable under reinsurance contracts .....   | 0            | 0                  | 0                                    | 0                      |
| 17. Amounts receivable relating to uninsured plans .....  | 0            | 0                  | 0                                    | 0                      |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....  | 0            | 0                  | 0                                    | 706,775                |
| 18.2 Net deferred tax asset.....  | 0            | 0                  | 0                                    | 0                      |
| 19. Guaranty funds receivable or on deposit .....   | 0            | 0                  | 0                                    | 0                      |
| 20. Electronic data processing equipment and software.....  | 0            | 0                  | 0                                    | 0                      |
| 21. Furniture and equipment, including health care delivery assets<br>(\$ ..... ) .....   | 0            | 0                  | 0                                    | 0                      |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  | 0            | 0                  | 0                                    | 0                      |
| 23. Receivables from parent, subsidiaries and affiliates .....  | 0            | 0                  | 0                                    | 0                      |
| 24. Health care (\$ ..... ) and other amounts receivable.....   | 0            | 0                  | 0                                    | 0                      |
| 25. Aggregate write-ins for other-than-invested assets .....  | 0            | 0                  | 0                                    | 0                      |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 12 to 25).....  | 80,451,818   | 361,616            | 80,090,202                           | 82,331,631             |
| 27. From Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts.....   | 0            | 0                  | 0                                    | 0                      |
| 28. Total (Lines 26 and 27)   | 80,451,818   | 361,616            | 80,090,202                           | 82,331,631             |
| 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. ....  | 0            | 0                  | 0                                    | 0                      |
| 2502. ....  | 0            | 0                  | 0                                    | 0                      |
| 2503. ....  |              |                    |                                      |                        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   | 0            | 0                  | 0                                    | 0                      |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)  | 0            | 0                  | 0                                    | 0                      |

LIABILITIES, SURPLUS AND OTHER FUNDS

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) .....   | 31,265,234        | 28,526,066      |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....  | 249,197           | 446,653         |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....   | 2,680,587         | 3,571,568       |
| 4. Commissions payable, contingent commissions and other similar charges .....   | 0                 | 0               |
| 5. Other expenses (excluding taxes, licenses and fees) .....   | 156,127           | 143,999         |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....   | 97,762            | 100,000         |
| 7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....   | 0                 | 0               |
| 7.2 Net deferred tax liability .....   | 0                 | 0               |
| 8. Borrowed money \$ .....3,770,500 and interest thereon \$ .....817 .....   | 3,771,317         | 3,860,678       |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) ..... | 627,828           | 802,816         |
| 10. Advance premium .....  | 0                 | 0               |
| 11. Dividends declared and unpaid:   |                   |                 |
| 11.1 Stockholders .....  | 0                 | 0               |
| 11.2 Policyholders .....   | 0                 | 0               |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) .....   | 0                 | 0               |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....   | 0                 | 0               |
| 14. Amounts withheld or retained by company for account of others .....  | 0                 | 0               |
| 15. Remittances and items not allocated .....  | 28,008            | 92,720          |
| 16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 8) .....  | 0                 | 0               |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates .....  | 0                 | 0               |
| 18. Drafts outstanding .....   | 0                 | 0               |
| 19. Payable to parent, subsidiaries and affiliates .....   | 304,211           | 326,207         |
| 20. Derivatives .....  | 0                 | 0               |
| 21. Payable for securities .....   | 0                 | 0               |
| 22. Payable for securities lending .....   | 0                 | 0               |
| 23. Liability for amounts held under uninsured plans .....   | 0                 | 0               |
| 24. Capital notes \$ ..... and interest thereon \$ ..... .....   | 0                 | 0               |
| 25. Aggregate write-ins for liabilities .....  | 3,319,248         | 4,563,038       |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....  | 42,499,519        | 42,433,745      |
| 27. Protected cell liabilities .....   |                   | 0               |
| 28. Total liabilities (Lines 26 and 27) .....  | 42,499,519        | 42,433,745      |
| 29. Aggregate write-ins for special surplus funds .....  | 0                 | 0               |
| 30. Common capital stock .....   | 2,942,436         | 2,942,436       |
| 31. Preferred capital stock .....  | 0                 | 0               |
| 32. Aggregate write-ins for other than special surplus funds .....   | 0                 | 0               |
| 33. Surplus notes .....  | 0                 | 0               |
| 34. Gross paid in and contributed surplus .....  | 23,180,772        | 23,180,772      |
| 35. Unassigned funds (surplus) .....   | 11,467,475        | 13,774,678      |
| 36. Less treasury stock, at cost:  |                   |                 |
| 36.1 ..... shares common (value included in Line 30 \$ ..... ) .....   | 0                 | 0               |
| 36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....  | 0                 | 0               |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....   | 37,590,683        | 39,897,886      |
| 38. Totals (Page 2, Line 28, Col. 3)   | 80,090,202        | 82,331,631      |
| DETAILS OF WRITE-INS   |                   |                 |
| 2501. Continuity Credit Assumed Liability.....   | 2,229,248         | 2,702,428       |
| 2502. Assumed Reinsurance Liability.....   | 1,000,000         | 1,612,740       |
| 2503. Premium Deficiency Reserve.....  | 90,000            | 192,000         |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  | 0                 | 55,870          |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)   | 3,319,248         | 4,563,038       |
| 2901. ....   | 0                 | 0               |
| 2902. ....   | 0                 | 0               |
| 2903. ....   | 0                 | 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                 | 0               |
| 3202. ....   | 0                 | 0               |
| 3203. ....   | 0                 | 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<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| UNDERWRITING INCOME   |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4) .....  | 2,670,480         | 2,313,773       |
| DEDUCTIONS:   |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7) .....  | 3,487,077         | 11,259,507      |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....  | 1,579,825         | 1,604,766       |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....   | 2,899,971         | 2,972,686       |
| 5. Aggregate write-ins for underwriting deductions .....  | (102,000)         | 192,000         |
| 6. Total underwriting deductions (Lines 2 through 5) .....  | 7,864,873         | 16,028,959      |
| 7. Net income of protected cells .....  | 0                 | 0               |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....   | (5,194,393)       | (13,715,186)    |
| INVESTMENT INCOME   |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....   | 2,513,292         | 2,647,262       |
| 10. Net realized capital gains (losses) less capital gains tax of \$ .....77,541 (Exhibit of Capital Gains (Losses)).....                                     | 130,702           | 438,467         |
| 11. Net investment gain (loss) (Lines 9 + 10) .....   | 2,643,994         | 3,085,729       |
| OTHER INCOME  |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... ) .....                               | 0                 | 0               |
| 13. Finance and service charges not included in premiums.....   | 0                 | 0               |
| 14. Aggregate write-ins for miscellaneous income .....  | (75,573)          | (748,722)       |
| 15. Total other income (Lines 12 through 14) .....  | (75,573)          | (748,722)       |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....     | (2,625,972)       | (11,378,179)    |
| 17. Dividends to policyholders .....  | 0                 | 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) ..... | (2,625,972)       | (11,378,179)    |
| 19. Federal and foreign income taxes incurred .....   | (63,713)          | (116,959)       |
| 20. Net income (Line 18 minus Line 19) (to Line 22) .....   | (2,562,259)       | (11,261,220)    |
| CAPITAL AND SURPLUS ACCOUNT   |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....  | 39,897,886        | 51,283,520      |
| 22. Net income (from Line 20) .....   | (2,562,259)       | (11,261,220)    |
| 23. Net transfers (to) from Protected Cell accounts .....   | 0                 | 0               |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....86,719 .....   | 168,337           | 735,962         |
| 25. Change in net unrealized foreign exchange capital gain (loss) .....   | 0                 | 0               |
| 26. Change in net deferred income tax .....   | (5,447,514)       | 3,871,247       |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....   | 5,534,233         | (4,731,623)     |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....  | 0                 | 0               |
| 29. Change in surplus notes .....   | 0                 | 0               |
| 30. Surplus (contributed to) withdrawn from protected cells .....   | 0                 | 0               |
| 31. Cumulative effect of changes in accounting principles .....   | 0                 | 0               |
| 32. Capital changes:  |                   |                 |
| 32.1 Paid in .....  | 0                 | 0               |
| 32.2 Transferred from surplus (Stock Dividend) .....  | 0                 | 0               |
| 32.3 Transferred to surplus .....   | 0                 | 0               |
| 33. Surplus adjustments:  |                   |                 |
| 33.1 Paid in .....  | 0                 | 0               |
| 33.2 Transferred to capital (Stock Dividend) .....  | 0                 | 0               |
| 33.3 Transferred from capital .....   | 0                 | 0               |
| 34. Net remittances from or (to) Home Office .....  | 0                 | 0               |
| 35. Dividends to stockholders .....   | 0                 | 0               |
| 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) .....   | (2,307,203)       | (11,385,634)    |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....   | 37,590,683        | 39,897,886      |
| DETAILS OF WRITE-INS  |                   |                 |
| 0501. Premium Deficiency Reserve.....   | (102,000)         | 192,000         |
| 0502. ....  | 0                 | 0               |
| 0503. ....  | 0                 | 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) .....   | (102,000)         | 192,000         |
| 1401. Continuity Credit Assumed.....  | (134,928)         | (776,707)       |
| 1402. Retroactive Reinsurance Gain Assumed.....   | 55,870            | 24,622          |
| 1403. Miscellaneous Income.....   | 3,485             | 3,363           |
| 1498. Summary of remaining write-ins for Line 14 from overflow page .....   | 0                 | 0               |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....  | (75,573)          | (748,722)       |
| 3701. ....  | 0                 | 0               |
| 3702. ....  | 0                 | 0               |
| 3703. ....  | 0                 | 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<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>Cash from Operations</b>   |                   |                 |
| 1. Premiums collected net of reinsurance .....  | 2,504,320         | 2,495,564       |
| 2. Net investment income .....  | 2,667,010         | 2,919,751       |
| 3. Miscellaneous income .....   | (548,753)         | (900,417)       |
| 4. Total (Lines 1 through 3) .....  | 4,622,577         | 4,514,898       |
| 5. Benefit and loss related payments .....  | 977,831           | 1,204,522       |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                    | 0                 | 0               |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....                                      | 5,222,167         | 5,312,313       |
| 8. Dividends paid to policyholders .....  | 0                 | 0               |
| 9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....        | (692,947)         | (701,028)       |
| 10. Total (Lines 5 through 9) .....   | 5,507,051         | 5,815,807       |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | (884,474)         | (1,300,909)     |
| <b>Cash from Investments</b>  |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:  |                   |                 |
| 12.1 Bonds .....  | 11,267,514        | 21,673,181      |
| 12.2 Stocks .....   | 95,234            | 104,705         |
| 12.3 Mortgage loans .....   | 0                 | 0               |
| 12.4 Real estate .....  | 0                 | 0               |
| 12.5 Other invested assets .....  | 0                 | 2,000,000       |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....                           | (10)              | 0               |
| 12.7 Miscellaneous proceeds .....   | 2                 | 0               |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) .....   | 11,362,740        | 23,777,886      |
| 13. Cost of investments acquired (long-term only):  |                   |                 |
| 13.1 Bonds .....  | 11,279,829        | 16,489,923      |
| 13.2 Stocks .....   | 127,949           | 1,824,990       |
| 13.3 Mortgage loans .....   | 0                 | 0               |
| 13.4 Real estate .....  | 0                 | 0               |
| 13.5 Other invested assets .....  | 2,000,000         | 550,000         |
| 13.6 Miscellaneous applications .....   | 1                 | 0               |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) .....  | 13,407,779        | 18,864,913      |
| 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) .....                                   | (2,045,039)       | 4,912,973       |
| <b>Cash from Financing and Miscellaneous Sources</b>  |                   |                 |
| 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 .....   | (89,361)          | (390,302)       |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....                               | 0                 | 0               |
| 16.5 Dividends to stockholders .....  | 0                 | 0               |
| 16.6 Other cash provided (applied) .....  | (857,312)         | (1,088,381)     |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) ..... | (946,673)         | (1,478,683)     |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                      |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....       | (3,876,186)       | 2,133,381       |
| 19. Cash, cash equivalents and short-term investments:  |                   |                 |
| 19.1 Beginning of year .....  | 5,567,443         | 3,434,062       |
| 19.2 End of year (Line 18 plus Line 19.1) .....   | 1,691,257         | 5,567,443       |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

| Line of Business     |  | 1<br>Net Premiums<br>Written per<br>Column 6, Part 1B | 2<br>Unearned Premiums<br>Dec. 31 Prior Year -<br>per Col. 3, Last Year's<br>Part 1 | 3<br>Unearned Premiums<br>Dec. 31 Current<br>Year - per Col. 5<br>Part 1A | 4<br>Premiums Earned<br>During Year<br>(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 .....  | 0   | 0   | 0   | 0  |
| 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 .....                                  | 0   | 0   | 0   | 0  |
| 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 .....                                | 2,478,774   | 798,187   | 623,102   | 2,653,859  |
| 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 .....   | 16,718  | 4,629   | 4,726   | 16,621   |
| 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   | 2,495,492   | 802,816   | 627,828   | 2,670,480  |
| 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<br>Amount Unearned<br>(Running One Year or<br>Less from Date of<br>Policy)<br>(a) | 2<br>Amount Unearned<br>(Running More Than<br>One Year from Date<br>of Policy)<br>(a) | 3<br><br>Earned<br>but<br>Unbilled Premium | 4<br>Reserve for Rate<br>Credits and<br>Retrospective<br>Adjustments Based<br>on Experience | 5<br><br>Total Reserve<br>for<br>Unearned Premiums<br>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 .....   |   |   |  |   | .0  |
| 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 .....                                     |   |   |  |   | .0  |
| 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 .....                                   | 498,099   | 125,003   |  |   | 623,102   |
| 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 .....  | 4,726   |   |  |   | 4,726   |
| 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<br>lines .....        |   |   |  |   | .0  |
| 34.                  | Aggregate write-ins for other lines of business .....               | 0   | 0   | 0  | 0   | 0   |
| 35.                  | TOTALS  | 502,825   | 125,003   | 0  | 0   | 627,828   |
| 36.                  | Accrued retrospective premiums based on experience .....            |   |   |  |   |   |
| 37.                  | Earned but unbilled premiums .....                                  |   |   |  |   |   |
| 38.                  | Balance (Sum of Lines 35 through 37)                                |   |   |  |   | 627,828   |
| DETAILS OF WRITE-INS |   |   |   |  |   |   |
| 3401.                | .....   |   |   |  |   | .0  |
| 3402.                | .....   |   |   |  |   | .0  |
| 3403.                | .....   |   |   |  |   | .0  |
| 3498.                | Sum. of remaining write-ins for Line 34 from<br>overflow page ..... | 0   | .0  | .0   | .0  | .0  |
| 3499.                | Totals (Lines 3401 through 3403 plus 3498) (Line<br>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<br>Direct<br>Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written Cols.<br>1 + 2 + 3 - 4 - 5 |
|---|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|---|
|   |                                | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>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 .....  |                                |                         |                             |                       |                           | 0   |
| 10. Financial guaranty .....  |                                |                         |                             |                       |                           | 0   |
| 11.1 Medical professional<br>liability-occurrence .....                       |                                |                         |                             |                       |                           | 0   |
| 11.2 Medical professional<br>liability-claims-made .....                      |                                |                         |                             |                       |                           | 0   |
| 12. Earthquake .....  |                                |                         |                             |                       |                           | 0   |
| 13. Group accident and health .....   |                                |                         |                             |                       |                           | 0   |
| 14. Credit accident and health<br>(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.....   |                                | 2,478,774               |                             |                       |                           | 2,478,774   |
| 17.3 Excess workers'<br>compensation.....                                     |                                |                         |                             |                       |                           | 0   |
| 18.1 Products liability-occurrence .....                                      |                                |                         |                             |                       |                           | 0   |
| 18.2 Products liability-claims-<br>made .....                                 |                                |                         |                             |                       |                           | 0   |
| 19.1,19.2 Private passenger auto<br>liability .....                           |                                |                         |                             |                       |                           | 0   |
| 19.3,19.4 Commercial auto liability .....                                     |                                |                         |                             |                       |                           | 0   |
| 21. Auto physical damage .....  |                                |                         |                             |                       |                           | 0   |
| 22. Aircraft (all perils) .....   |                                |                         |                             |                       |                           | 0   |
| 23. Fidelity .....  |                                | 16,718                  |                             |                       |                           | 16,718  |
| 24. Surety .....  |                                |                         |                             |                       |                           | 0   |
| 26. Burglary and theft .....  |                                |                         |                             |                       |                           | 0   |
| 27. Boiler and machinery .....  |                                |                         |                             |                       |                           | 0   |
| 28. Credit .....  |                                |                         |                             |                       |                           | 0   |
| 29. International .....   |                                |                         |                             |                       |                           | 0   |
| 30. Warranty .....  |                                |                         |                             |                       |                           | 0   |
| 31. Reinsurance-<br>nonproportional assumed<br>property .....                 | XXX                            |                         |                             |                       |                           | 0   |
| 32. Reinsurance-<br>nonproportional assumed<br>liability .....                | XXX                            |                         |                             |                       |                           | 0   |
| 33. Reinsurance-<br>nonproportional assumed<br>financial lines .....          | XXX                            |                         |                             |                       |                           | 0   |
| 34. Aggregate write-ins for other<br>lines of business .....                  | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |
| 35. TOTALS  | 0                              | 2,495,492               | 0                           | 0                     | 0                         | 2,495,492   |
| DETAILS OF WRITE-INS  |                                |                         |                             |                       |                           |   |
| 3401. ....  |                                |                         |                             |                       |                           | 0   |
| 3402. ....  |                                |                         |                             |                       |                           | 0   |
| 3403. ....  |                                |                         |                             |                       |                           | 0   |
| 3498. Sum. of remaining write-<br>ins for Line 34 from<br>overflow page ..... | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |
| 3499. Totals (Lines 3401 through<br>3403<br>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 2014 OF THE Plans' Liability Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

| Line of Business     |  | Losses Paid Less Salvage |                                 |                                   |  | 5<br><br>Net Losses<br>Unpaid<br>Current Year<br>(Part 2A, Col. 8) | 6<br><br>Net Losses<br>Unpaid<br>Prior Year | 7<br><br>Losses Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | 8<br><br>Percentage of Losses<br>Incurred<br>(Col. 7, Part 2)<br>to Premiums Earned<br>(Col. 4, Part 1) |
|----------------------|--|--------------------------|---------------------------------|-----------------------------------|--|--|---|---|---|
|                      |  | 1<br><br>Direct Business | 2<br><br>Reinsurance<br>Assumed | 3<br><br>Reinsurance<br>Recovered | 4<br><br>Net Payments<br>(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 .....  |                          |                                 |                                   | .0   | .0   | 0   | .0  | .0  |
| 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   | .0   | 0   | .0  | .0  |
| 12.                  | Earthquake .....   |                          |                                 |                                   | .0   | .0   | 0   | .0  | .0  |
| 13.                  | Group accident and health .....                                  |                          |                                 |                                   | .0   | .0   | 0   | .0  | .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 .....                                |                          | .747,909                        |                                   | .747,909                                   | 31,231,820   | 28,492,503                                  | 3,487,226   | 131.4   |
| 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 .....   |                          |                                 |                                   | .0   | 33,414   | 33,563                                      | (149)   | (0.9)   |
| 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 .....   | 0                        | 747,909                         | 0                                 | 747,909                                    | 31,265,234   | 28,526,066                                  | 3,487,077   | 130.6   |
| 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   |

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   |                           |                     |                   | .0                                      |                                     |
| 10.                  | Financial guaranty .....   |                 |                     |                                | .0   |                           |                     |                   | .0                                      |                                     |
| 11.1                 | Medical professional liability-occurrence .....                  |                 |                     |                                | .0   |                           |                     |                   | .0                                      |                                     |
| 11.2                 | Medical professional liability-claims-made .....                 |                 |                     |                                | .0   |                           |                     |                   | .0                                      |                                     |
| 12.                  | Earthquake .....   |                 |                     |                                | .0   |                           |                     |                   | .0                                      |                                     |
| 13.                  | Group accident and health .....                                  |                 |                     |                                | .0   |                           |                     |                   | (a) .0                                  |                                     |
| 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 .....                                |                 | 23,324,094          |                                | 23,324,094   |                           | 7,907,726           |                   | 31,231,820                              | 2,672,959                           |
| 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   |                           | 33,414              |                   | 33,414                                  | 7,628                               |
| 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   | 0               | 23,324,094          | 0                              | 23,324,094   | 0                         | 7,941,140           | 0                 | 31,265,234                              | 2,680,587                           |
| 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<br>Expenses | Other Underwriting<br>Expenses | Investment<br>Expenses | Total         |
| 1. Claim adjustment services:  |                             |                                |                        |               |
| 1.1 Direct .....   |                             |                                |                        | 0             |
| 1.2 Reinsurance assumed .....  | 1,467,369                   |                                |                        | 1,467,369     |
| 1.3 Reinsurance ceded .....  |                             |                                |                        | 0             |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....                                  | 1,467,369                   | 0                              | 0                      | 1,467,369     |
| 2. Commission and brokerage:   |                             |                                |                        |               |
| 2.1 Direct, excluding contingent .....   |                             |                                |                        | 0             |
| 2.2 Reinsurance assumed, excluding contingent .....  |                             | 1,700,705                      |                        | 1,700,705     |
| 2.3 Reinsurance ceded, excluding contingent .....  |                             |                                |                        | 0             |
| 2.4 Contingent-direct .....  |                             |                                |                        | 0             |
| 2.5 Contingent-reinsurance assumed .....   |                             |                                |                        | 0             |
| 2.6 Contingent-reinsurance ceded .....   |                             |                                |                        | 0             |
| 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                           | 1,700,705                      | 0                      | 1,700,705     |
| 3. Allowances to manager and agents .....  |                             |                                |                        | 0             |
| 4. Advertising .....   | 460                         | 67,046                         | 790                    | 68,296        |
| 5. Boards, bureaus and associations .....  |                             |                                |                        | 0             |
| 6. Surveys and underwriting reports .....  |                             |                                |                        | 0             |
| 7. Audit of assureds' records .....  |                             |                                |                        | 0             |
| 8. Salary and related items:   |                             |                                |                        |               |
| 8.1 Salaries .....   | 61,060                      | 442,697                        | 103,340                | 607,097       |
| 8.2 Payroll taxes .....  | 3,407                       | 24,361                         | 5,723                  | 33,491        |
| 9. Employee relations and welfare .....  | 26,411                      | 187,994                        | 46,387                 | 260,792       |
| 10. Insurance .....  | 150                         | 1,236                          | 225                    | 1,611         |
| 11. Directors' fees .....  |                             | 22,500                         |                        | 22,500        |
| 12. Travel and travel items .....  | 3,839                       | 81,329                         | 6,542                  | 91,710        |
| 13. Rent and rent items .....  | 8,205                       | 58,955                         | 14,001                 | 81,161        |
| 14. Equipment .....  | 407                         | 3,530                          | 687                    | 4,624         |
| 15. Cost or depreciation of EDP equipment and software .....                               | 4,130                       | 34,572                         | 7,138                  | 45,840        |
| 16. Printing and stationery .....  | 1,046                       | 29,000                         | 1,759                  | 31,805        |
| 17. Postage, telephone and telegraph, exchange and express .....                           | 455                         | 5,875                          | 776                    | 7,106         |
| 18. Legal and auditing .....   | 2,762                       | 140,790                        | 171,419                | 314,971       |
| 19. Totals (Lines 3 to 18) .....   | 112,332                     | 1,099,885                      | 358,787                | 1,571,004     |
| 20. Taxes, licenses and fees:  |                             |                                |                        |               |
| 20.1 State and local insurance taxes deducting guaranty association<br>credits of \$ ..... |                             | 8,165                          |                        | 8,165         |
| 20.2 Insurance department licenses and fees .....  |                             | 88,292                         |                        | 88,292        |
| 20.3 Gross guaranty association assessments .....  |                             | 550                            |                        | 550           |
| 20.4 All other (excluding federal and foreign income and real estate) .....                |                             | 1,176                          |                        | 1,176         |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....                      | 0                           | 98,183                         | 0                      | 98,183        |
| 21. Real estate expenses .....   |                             |                                |                        | 0             |
| 22. Real estate taxes .....  |                             |                                |                        | 0             |
| 23. Reimbursements by uninsured plans .....  |                             |                                |                        | 0             |
| 24. Aggregate write-ins for miscellaneous expenses .....                                   | 124                         | 1,198                          | 190                    | 1,512         |
| 25. Total expenses incurred .....  | 1,579,825                   | 2,899,971                      | 358,977                | (a) 4,838,773 |
| 26. Less unpaid expenses-current year .....  | 2,680,587                   | 229,683                        | 24,205                 | 2,934,475     |
| 27. Add unpaid expenses-prior year .....   | 3,571,568                   | 215,540                        | 28,459                 | 3,815,567     |
| 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)                                     | 2,470,806                   | 2,885,828                      | 363,231                | 5,719,865     |
| DETAILS OF WRITE-INS   |                             |                                |                        |               |
| 2401. Donations.....   | 124                         | 1,198                          | 190                    | 1,512         |
| 2402. ....   |                             |                                |                        | 0             |
| 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)                           | 124                         | 1,198                          | 190                    | 1,512         |

(a) Includes management fees of \$ 1,112,036 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

|                      |   | 1                        | 2                     |
|----------------------|---|--------------------------|-----------------------|
|                      |   | Collected<br>During Year | Earned<br>During Year |
| 1.                   | U.S. Government bonds .....   | (a).....226,720          | .....223,444          |
| 1.1                  | Bonds exempt from U.S. tax .....  | (a).....101,324          | .....95,747           |
| 1.2                  | Other bonds (unaffiliated) .....  | (a).....2,280,356        | .....2,293,968        |
| 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) .....  | .....110,893             | .....110,893          |
| 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).....104              | .....104              |
| 7.                   | Derivative instruments .....  | (f).....                 | .....                 |
| 8.                   | Other invested assets .....   | .....148,091             | .....148,114          |
| 9.                   | Aggregate write-ins for investment income .....                           | .....0                   | .....0                |
| 10.                  | Total gross investment income .....                                       | 2,867,488                | 2,872,270             |
| 11.                  | Investment expenses .....   |                          | (g).....358,978       |
| 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) .....                              |                          | .....358,978          |
| 17.                  | Net investment income (Line 10 minus Line 16) .....                       |                          | 2,513,292             |
| 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 \$ .....117,917 accrual of discount less \$ .....280,671 amortization of premium and less \$ .....23,202 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 \$ .....5 accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(f) Includes \$ .....0 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<br>Gain (Loss)<br>On Sales or<br>Maturity | Other<br>Realized<br>Adjustments | Total Realized Capital<br>Gain (Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized Capital<br>Gain (Loss) | Change in<br>Unrealized Foreign<br>Exchange Capital<br>Gain (Loss) |
| 1.                   | U.S. Government bonds .....  | (56,068)   |                                  | (56,068)   |  |  |
| 1.1                  | Bonds exempt from U.S. tax .....                                   | 8,444  |                                  | 8,444  |  |  |
| 1.2                  | Other bonds (unaffiliated) .....                                   | 160,644  |                                  | 160,644  | 134,098  |  |
| 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) .....                                 | 95,234   | 0                                | 95,234   | 243,914  | 0  |
| 2.21                 | Common stocks of affiliates .....                                  | 0  | 0                                | 0  | 0  | 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 .....            | (10)   |                                  | (10)   | 0  | 0  |
| 7.                   | Derivative instruments .....                                       |  |                                  | 0  |  |  |
| 8.                   | Other invested assets .....  | 0  | 0                                | 0  | (122,957)                                      | 0  |
| 9.                   | Aggregate write-ins for capital gains (losses) .....               | 0  | 0                                | 0  | 0  | 0  |
| 10.                  | Total capital gains (losses) .....                                 | 208,244  | 0                                | 208,244  | 255,055  | 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<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(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 .....  | 361,616                                  | 361,616                                | 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<br>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) .....  | 361,616                                  | 361,616                                | 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<br>collection.....                                     | 0  | 0                                      | 0  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>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.....   | 0  | 5,534,233                              | 5,534,233  |
| 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<br>Protected Cell Accounts (Lines 12 to 25)..... | 361,616                                  | 5,895,849                              | 5,534,233  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                       | 0  | 0                                      | 0  |
| 28. Total (Lines 26 and 27)  | 361,616                                  | 5,895,849                              | 5,534,233  |
| 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. ....   |  |  |  |
| 2503. ....   |  |  |  |
| 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<br>Domicile |    | 2014               | 2013                |
|--|----------------------|----|--------------------|---------------------|
| <b>Net Income</b>  |                      |    |                    |                     |
| (1) Plans' Liability Insurance Company State Basis (page 4 line 20, columns 1 & 2)                           | Ohio                 | \$ | (2,562,259)        | \$ (11,261,220)     |
| (2) State Prescribed practices that increase/(decrease) NAIC SAP:<br>e.g., Depreciation of fixed assets      |                      |    | -                  | -                   |
| (3) State Permitted practices that increase/(decrease) NAIC SAP:<br>e.g., Depreciation, home office property |                      |    | -                  | -                   |
| (4) NAIC SAP (1-2-3=4)   |                      | \$ | <u>(2,562,259)</u> | <u>(11,261,220)</u> |
| <b>Surplus</b>   |                      |    |                    |                     |
| (5) Plans' Liability Insurance Company State Basis (page 3 line 37, columns 1 & 2)                           | Ohio                 | \$ | 37,590,683         | \$ 39,897,886       |
| (6) State Prescribed practices that increase/(decrease) NAIC SAP:<br>Investments                             |                      |    | (361,616)          | (361,616)           |
| (7) State Permitted practices that increase/(decrease) NAIC SAP:<br>e.g., Depreciation, home office property |                      |    | -                  | -                   |
| (8) NAIC SAP (5-6-7=8)   |                      | \$ | <u>37,952,299</u>  | <u>40,259,502</u>   |

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. 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 assumed from BCS Insurance Company (BCSIC) and 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 earned consists primarily of interest. 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. Non-investment grade securities with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. 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 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 - Not applicable
- Joint ventures, Partnerships and Limited Liability Companies are stated at fair value.
- Derivatives - Not applicable
- Anticipated investment income is a factor for premium deficiency reserves.
- 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
- None
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

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\$21,231

2. 12 Months or Longer\$67,274

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

1. Less than 12 months\$3,539,443

2. 12 Months or Longer\$3,484,585

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

14.1

NOTES TO FINANCIAL STATEMENTS

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.

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)  
None



NOTES TO FINANCIAL STATEMENTS

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 Supporting Protected Cell Account Activity (a) | Total Protected Cell Account Restricted Assets | Protected Cell Account Assets Supporting 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 - excluding FHLB capital stock | -                           | -  | -  | -   | -               | -            | -            | -            | -          | -    |
| i. FHLB capital stock  | 217,600                     | -  | -  | -   | 217,600         | 217,600      | -            | 217,600      | 0.3%       | 0.3% |
| j. On deposit with states  | 4,710,433                   | -  | -  | -   | 4,710,433       | 4,717,466    | (7,033)      | 4,710,433    | 5.9%       | 5.9% |
| k. On deposit with other regulatory bodies   | -                           | -  | -  | -   | -               | -            | -            | -            | -          | -    |
| l. Pledged as collateral to FHLB (including assets backing funding agreements)     | 3,823,665                   | -  | -  | -   | 3,823,665       | 4,514,393    | (690,728)    | 3,823,665    | 4.8%       | 4.8% |
| m. Pledged as collateral not captured in other categories                          | -                           | -  | -  | -   | -               | -            | -            | -            | -          | -    |
| n. Other restricted assets   | -                           | -  | -  | -   | -               | -            | -            | -            | -          | -    |
| o. Total restricted assets   | \$ 8,751,698                | \$ -   | \$ -   | \$ -  | \$ 8,751,698    | \$ 9,449,459 | \$ (697,761) | \$ 8,751,698 | 110%       | 110% |

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

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

None

3. Detail of Other Restricted Assets

None

I. Working Capital Finance Investments

1. Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC designation:

None

2. Aggregate Maturity Distribution the Underlying Working Capital Finance Programs:

None

3. Events of Default of Working Capital Finance Investments During the Reporting Period

None

J. Offsetting and Netting of Assets and Liabilities

None

K. Structured Notes

None

6. Joint Ventures, Partnerships and Limited Liability Companies

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

Not Applicable

B. Write-downs for Impairments

Not Applicable

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

A. Due and Accrued Investment 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/(liability) are as follows:

1. The change between years by tax character (ordinary and capital) for the year 2014 and 2013:

| 12/31/2014   |              |                    |              |
|--|--------------|--------------------|--------------|
| (1)  | (2)          | (3)                |              |
| Ordinary   | Capital      | (Col 1+2)<br>Total |              |
| (a) Gross Deferred Tax Assets  | \$ 6,649,660 | \$ 111,889         | \$ 6,761,549 |
| (b) Statutory Valuation Allowance Adjustments                            | 6,358,633    | -                  | 6,358,633    |
| (c) Adjusted Gross Deferred Tax Assets (1a-1b)                           | 291,027      | 111,889            | 402,916      |
| (d) Deferred Tax Assets Nonadmitted                                      | -            | -                  | -            |
| (e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)                     | 291,027      | 111,889            | 402,916      |
| (f) Deferred Tax Liabilities   | 2,290        | 400,626            | 402,916      |
| (g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f) | \$ 288,737   | \$ (288,737)       | \$ -         |

| 12/31/2013   |              |                    |              |
|--|--------------|--------------------|--------------|
| (4)  | (5)          | (6)                |              |
| Ordinary   | Capital      | (Col 4+5)<br>Total |              |
| (a) Gross Deferred Tax Assets  | \$ 5,787,339 | \$ 57,194          | \$ 5,844,533 |
| (b) Statutory Valuation Allowance Adjustments                            | -            | -                  | -            |
| (c) Adjusted Gross Deferred Tax Assets (1a-1b)                           | 5,787,339    | 57,194             | 5,844,533    |
| (d) Deferred Tax Assets Nonadmitted                                      | 5,534,233    | -                  | 5,534,233    |
| (e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)                     | 253,106      | 57,194             | 310,300      |
| (f) Deferred Tax Liabilities   | 22,268       | 288,032            | 310,300      |
| (g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f) | \$ 230,838   | \$ (230,838)       | \$ -         |

| Change   |                      |                    |             |
|--|----------------------|--------------------|-------------|
| (7)  | (8)                  | (9)                |             |
| (Col 1-4)<br>Ordinary  | (Col 2-5)<br>Capital | (Col 7+8)<br>Total |             |
| (a) Gross Deferred Tax Assets  | \$ 862,321           | \$ 54,695          | \$ 917,016  |
| (b) Statutory Valuation Allowance Adjustments                            | 6,358,633            | -                  | 6,358,633   |
| (c) Adjusted Gross Deferred Tax Assets (1a-1b)                           | (5,496,312)          | 54,695             | (5,441,617) |
| (d) Deferred Tax Assets Nonadmitted                                      | (5,534,233)          | -                  | (5,534,233) |
| (e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)                     | 37,921               | 54,695             | 92,616      |
| (f) Deferred Tax Liabilities   | (19,978)             | 112,594            | 92,616      |
| (g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f) | \$ 57,899            | \$ (57,899)        | \$ -        |

NOTES TO FINANCIAL STATEMENTS

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

| 12/31/2014   |           |            |            |
|--|-----------|------------|------------|
| (1)  | (2)       | (3)        |            |
| Ordinary   | Capital   | (Col 1+2)  | Total      |
| Admission Calculation Components SSAP No. 101  |           |            |            |
| (a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks   | \$ -      | \$ -       | \$ -       |
| (b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below) | -         | -          | -          |
| 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        | 5,638,602  |
| (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   | 291,027   | 111,889    | 402,916    |
| (d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))   | \$291,027 | \$ 111,889 | \$ 402,916 |

| 12/31/2013   |           |           |            |
|--|-----------|-----------|------------|
| (4)  | (5)       | (6)       |            |
| Ordinary   | Capital   | (Col 4+5) | Total      |
| (a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks   | \$ -      | \$ -      | \$ -       |
| (b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below) | -         | -         | -          |
| 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       | 5,984,683  |
| (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   | 253,106   | 57,194    | 310,300    |
| (d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))   | \$253,106 | \$ 57,194 | \$ 310,300 |

| Change   |           |           |           |
|--|-----------|-----------|-----------|
| (7)  | (8)       | (9)       |           |
| (Col 1-4)  | (Col 2-5) | (Col 7+8) | Total     |
| Ordinary   | Capital   |           |           |
| (a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks   | \$ -      | \$ -      | \$ -      |
| (b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below) | -         | -         | -         |
| 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       | (346,081) |
| (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   | 37,921    | 54,695    | 92,616    |
| (d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))   | \$ 37,921 | \$ 54,695 | \$ 92,616 |

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

|  | 2014          | 2013          |
|--|---------------|---------------|
| (a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount                               | 580%          | 755%          |
| (b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above | \$ 37,590,683 | \$ 39,897,885 |

NOTES TO FINANCIAL STATEMENTS

4. Disclose the impact of tax-planning strategies:

| 12/31/2014   |                            |                           |
|--|----------------------------|---------------------------|
|  | (1)<br>Ordinary<br>Percent | (2)<br>Capital<br>Percent |
| (a) Determination Of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage.            |                            |                           |
| 1. Adjusted Gross DTAs Amount from Note 9A1(c)   | 291,027                    | 111,889                   |
| 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)  | 291,027                    | 111,889                   |
| 4. Percentage of Net Admitted Percentage of Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies | 0%                         | 0%                        |

| 12/31/2013   |                            |                           |
|--|----------------------------|---------------------------|
|  | (4)<br>Ordinary<br>Percent | (5)<br>Capital<br>Percent |
| (a) Determination Of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage.            |                            |                           |
| 1. Adjusted Gross DTAs Amount from Note 9A1(c)   | 5,787,339                  | 57,194                    |
| 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)  | 253,106                    | 57,194                    |
| 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)<br>(Col 1-4)<br>Ordinary<br>Percent | (8)<br>(Col 2-5)<br>Capital<br>Percent |
| (a) Determination Of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage.            |   |  |
| 1. Adjusted Gross DTAs Amount from Note 9A1(c)   | (5,496,312)                             | 54,695                                 |
| 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)  | 37,921                                  | 54,695                                 |
| 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\_\_\_ No\_X\_

B. Unrecognized Deferred Tax Liabilities

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

|   | (1)<br>12/31/2014 | (2)<br>12/31/2013 | (3)<br>(Col 1-2)<br>Change |
|---|-------------------|-------------------|----------------------------|
| 1. Current Income Tax   |                   |                   |                            |
| (a) Federal   | \$ (63,713)       | \$ (116,959)      | \$ 53,246                  |
| (b) Foreign   | -                 | -                 | -                          |
| (c) Subtotal  | (63,713)          | (116,959)         | 53,246                     |
| (d) Federal income tax on net capital gains                       | 77,541            | (42,143)          | 119,684                    |
| (e) Utilization of capital loss carry-forwards                    | -                 | -                 | -                          |
| (f) Other   | -                 | -                 | -                          |
| (g) Federal and foreign income taxes incurred                     | \$ 13,828         | \$ (159,102)      | \$ 172,930                 |
| 2. Deferred Tax Assets:   |                   |                   |                            |
| (a) Ordinary  |                   |                   |                            |
| (1) Discounting of unpaid losses                                  | \$ 885,503        | \$ 899,612        | \$ (14,109)                |
| (2) Unearned premium reserve                                      | 42,692            | 54,591            | (11,899)                   |
| (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                                    | 122,949           | 122,949           | -                          |
| (11) Net operating loss carry-forward                             | 4,785,157         | 3,688,669         | 1,096,488                  |
| (12) Tax credit carry-forward                                     | -                 | -                 | -                          |
| (13) Other (including items <5% of total ordinary tax assets)     | 813,359           | 1,021,518         | (208,159)                  |
| (99) Subtotal   | 6,649,660         | 5,787,339         | 862,321                    |
| (b) Statutory valuation allowance adjustment                      | 6,358,633         | -                 | 6,358,633                  |
| (c) Nonadmitted   | -                 | 5,534,233         | (5,534,233)                |
| (d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)        | 291,027           | 253,106           | 37,921                     |
| (e) Capital:  |                   |                   |                            |
| (1) Investments   | 111,889           | 57,194            | 54,695                     |
| (2) Net capital loss carry-forward                                | -                 | -                 | -                          |
| (3) Real estate   | -                 | -                 | -                          |
| (4) Other (including items <5% of total capital tax assets)       | -                 | -                 | -                          |
| (99) Subtotal   | 111,889           | 57,194            | 54,695                     |
| (f) Statutory valuation allowance adjustment                      | -                 | -                 | -                          |
| (g) Nonadmitted   | -                 | -                 | -                          |
| (h) Admitted capital deferred tax assets (2e99 -2f -2g)           | 111,889           | 57,194            | 54,695                     |
| (i) Admitted deferred tax assets (2d + 2h)                        | 402,916           | 310,300           | 92,616                     |
| 3. Deferred Tax Liabilities:                                      |                   |                   |                            |
| (a) Ordinary  |                   |                   |                            |
| (1) Investments   | 2,290             | 22,268            | (19,978)                   |
| (2) Fixed assets  | -                 | -                 | -                          |
| (3) Deferred and uncollected premium                              | -                 | -                 | -                          |
| (4) Policyholder reserves   | -                 | -                 | -                          |
| (5) Other (including items <5% of total ordinary tax liabilities) | -                 | -                 | -                          |
| (99) Subtotal   | 2,290             | 22,268            | (19,978)                   |
| (b) Capital   |                   |                   |                            |
| (1) Investments   | 400,626           | 288,032           | 112,594                    |
| (2) Real estate   | -                 | -                 | -                          |
| (3) Other (including items <5% of total ordinary tax liabilities) | -                 | -                 | -                          |
| (99) Subtotal   | 400,626           | 288,032           | 112,594                    |
| (c) Deferred tax liabilities (3a99 + 3b99)                        | 402,916           | 310,300           | 92,616                     |
| 4. Net deferred tax assets/liabilities (2i - 3c)                  | \$ -              | \$ -              | \$ -                       |

NOTES TO FINANCIAL STATEMENTS

Deferred Tax Assets - Ordinary  
09C2(a)(13)

|   | (1)<br>12/31/2014 | (2)<br>12/31/2013 | (3)<br>(Col 1-2)<br>Change |
|---|-------------------|-------------------|----------------------------|
| Other items <5% of total ordinary tax assets                |                   |                   |                            |
| (14) Premium deficiency reserve                             | \$ 30,600         | \$ 65,280         | \$ (34,680)                |
| (15) AMT  | 24,815            | 5,888             | 18,926                     |
| (16) Subtotal other items <5% of total ordinary tax assets  | 55,415            | 71,168            | (15,754)                   |
| Other items >=5% of total ordinary tax assets               |                   |                   |                            |
| (17) Continuity Credit                                      | 757,944           | 950,350           | (192,406)                  |
| (98) Subtotal other items >=5% of total ordinary tax assets | 757,944           | 950,350           | (192,406)                  |
| (99) Total Other  | \$ 813,359        | \$ 1,021,518      | \$ (208,160)               |

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

|  | December 31, 2014 | Effective Tax<br>Rate |
|--|-------------------|-----------------------|
| Provision computed at statutory rate   | \$ (866,466)      | 34%                   |
| Nondeductible expense for meals, entertainment,<br>spouse travel, nonemployee gifts, and penalties | 2,063             | 0%                    |
| Tax exempt interest  | (27,671)          | 1%                    |
| Provision to actual adjustment   | (120)             | 0%                    |
| Valuation allowance  | 6,358,633         | -249%                 |
| Tax rate differential  | (5,097)           | 0%                    |
| Total income tax reported  | \$ 5,461,342      | -214%                 |
| Federal and foreign income taxes incurred  | \$ (63,713)       | 3%                    |
| Realized capital gains (losses) tax  | 77,541            | -3%                   |
| Change in net deferred income taxes  | 5,447,514         | -214%                 |
| Total income tax   | \$ 5,461,342      | -214%                 |

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

- As of December 31, 2014, the Company has net operating loss carry-forwards which expire as follows: 2033-2034, \$4,785,157. As of December 31, 2013, the Company has a net operating loss carryforward which expires as follows: 2033, \$3,678,253.
- As of December 31, 2014 and December 31, 2013, income tax expense available for recoupment in the event of future net losses was \$0 and \$0, respectively.
- 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 not consolidated.

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

Outstanding stock of PLIC is distributed among forty nine corporate shareholders, with no shareholder owning greater than 6.64%. PLIC reinsures directors' and officers' professional liability insurance and fidelity insurance on a claims-made basis for certain Blue Cross Blue Shield Plans (Plans) and their affiliates written through BCSIC. The Plans purchasing liability insurance through BCSIC are required to purchase a proportionate share of PLIC's common stock. PLIC is under common management with BCSIC and BCSIC's parent, BCS Financial Corporation (BCSF).

The Company did not pay cash dividends in 2013 or 2014.

D. Amounts Due to or from Related Parties

At December 31, 2014, the Company reported \$304,211 payable to BCSF.

E. Guarantees or Contingencies for Related Parties

None

NOTES TO FINANCIAL STATEMENTS

F. Management or Service Contracts and Cost Sharing Arrangements

The Company has a management agreement with BCSIC whereby BCSIC provides all insurance management, administrative and advisory services as well as investment management and general office administrative services.

G. Nature of Control Relationship

Not Applicable

H. Amount Deducted for Investment in Upstream Company

Not Applicable

I. Investments in SCA Entities Disclosures

Not Applicable

J. Investments in Impaired SCA Entities Disclosures

Not Applicable

K. Foreign Insurance Subsidiary

Not Applicable

L. Downstream Noninsurance Holding 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 Federal Home Loan Bank (FHLB) of Cincinnati. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds for general operations. The Company has determined the actual/estimated maximum borrowing capacity as \$3,771,432. The Company calculated this amount in accordance with its investment in FHLB capital stock and pledged collateral.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

|  | 1<br>Total<br>2+3 | 2<br>General<br>Account | 3<br>Separate<br>Account |
|--|-------------------|-------------------------|--------------------------|
| (a) Membership Stock - Class A   | -                 | -                       | -                        |
| (b) Membership Stock - Class B   | 123,497           | 123,497                 | -                        |
| (c) Activity Stock   | 94,103            | 94,103                  | -                        |
| (d) Excess Stock   | -                 | -                       | -                        |
| (e) Aggregate Total  | 217,600           | 217,600                 | -                        |
| (f) Actual or estimated Borrowing Capacity<br>as Determined by the Insurer | 3,771,432         | XXX                     | XXX                      |

2. Prior Year-end

|  | 1<br>Total<br>2+3 | 2<br>General<br>Account | 3<br>Separate<br>Account |
|--|-------------------|-------------------------|--------------------------|
| (a) Membership Stock - Class A   | -                 | -                       | -                        |
| (b) Membership Stock - Class B   | 128,409           | 128,409                 | -                        |
| (c) Activity Stock   | 89,191            | 89,191                  | -                        |
| (d) Excess Stock   | -                 | -                       | -                        |
| (e) Aggregate Total  | 217,600           | 217,600                 | -                        |
| (f) Actual or estimated Borrowing Capacity<br>as Determined by the Insurer | 4,459,550         | XXX                     | XXX                      |

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

| Membership<br>Stock | Current<br>Year Total | Not Eligible<br>for<br>Redemption | Less than<br>6 Months | 6 Months to<br>Less than 1<br>Year | 1 to Less<br>than 3<br>Years | 3 to 5<br>Years |
|---------------------|-----------------------|-----------------------------------|-----------------------|------------------------------------|------------------------------|-----------------|
| 1. Class A          | -                     | -                                 | -                     | -                                  | -                            | -               |
| 2. Class B          | 123,497               | 123,497                           | -                     | -                                  | -                            | -               |

NOTES TO FINANCIAL STATEMENTS

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Separate Accounts

|                          | Fair Value | Carrying Value | Aggregate Total<br>Borrowing |
|--------------------------|------------|----------------|------------------------------|
| Total Collateral Pledged | 3,959,033  | 3,823,665      | 3,770,500                    |

2. Current Year General Account

|                          | Fair Value | Carrying Value | Aggregate Total<br>Borrowing |
|--------------------------|------------|----------------|------------------------------|
| Total Collateral Pledged | 3,959,033  | 3,823,665      | 3,770,500                    |

3. Current Year Separate Accounts

|                          | Fair Value | Carrying Value | Aggregate Total<br>Borrowing |
|--------------------------|------------|----------------|------------------------------|
| Total Collateral Pledged | -          | -              | -                            |

4. Prior Year-end Total General and Separate Accounts

|                          | Fair Value | Carrying Value | Aggregate Total<br>Borrowing |
|--------------------------|------------|----------------|------------------------------|
| Total Collateral Pledged | 4,502,173  | 4,514,393      | 3,860,000                    |

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Separate Accounts

|                            | Fair Value | Carrying Value | Amount Borrowed at<br>Time of Maximum<br>Collateral |
|----------------------------|------------|----------------|---|
| Maximum Collateral Pledged | 4,522,275  | 4,473,069      | 3,860,000   |

2. Current Year General Account

|                            | Fair Value | Carrying Value | Amount Borrowed at<br>Time of Maximum<br>Collateral |
|----------------------------|------------|----------------|---|
| Maximum Collateral Pledged | 4,522,275  | 4,473,069      | 3,860,000   |

3. Current Year Separate Accounts

|                            | Fair Value | Carrying Value | Amount Borrowed at<br>Time of Maximum<br>Collateral |
|----------------------------|------------|----------------|---|
| Maximum Collateral Pledged | -          | -              | -   |

4. Prior Year-end Total General and Separate Accounts

|                            | Fair Value | Carrying Value | Amount Borrowed at<br>Time of Maximum<br>Collateral |
|----------------------------|------------|----------------|---|
| Maximum Collateral Pledged | 4,683,220  | 4,554,625      | 4,250,000   |



NOTES TO FINANCIAL STATEMENTS

4. Borrowing from FHLB

a. Amounts as of the Reporting Date

1. Current Year

|                     | 1<br>Total<br>2+3 | 2<br>General<br>Account | 3<br>Separate<br>Account | 4<br>Funding<br>Agreements<br>Reserves<br>Established |
|---------------------|-------------------|-------------------------|--------------------------|---|
| (a) Debt            | -                 | -                       | -                        | XXX   |
| (b) Funding         | -                 | -                       | -                        | -   |
| (c) Other           | 3,770,500         | 3,770,500               | -                        | -   |
| (d) Aggregate Total | 3,770,500         | 3,770,500               | -                        | XXX   |

2. Prior Year-end

|                     | 1<br>Total<br>2+3 | 2<br>General<br>Account | 3<br>Separate<br>Account | 4<br>Funding<br>Agreements<br>Reserves<br>Established |
|---------------------|-------------------|-------------------------|--------------------------|---|
| (a) Debt            | -                 | -                       | -                        | XXX   |
| (b) Funding         | -                 | -                       | -                        | -   |
| (c) Other           | 3,860,000         | 3,860,000               | -                        | -   |
| (d) Aggregate Total | 3,860,000         | 3,860,000               | -                        | XXX   |

b. Maximum Amount during Reporting Period (Current Year)

|                    | 1<br>Total<br>2+3 | 2<br>General<br>Account | 3<br>Separate<br>Account |
|--------------------|-------------------|-------------------------|--------------------------|
| 1. Debt            | -                 | -                       | -                        |
| 2. Funding         | -                 | -                       | -                        |
| 3. Other           | 3,860,000         | 3,860,000               | -                        |
| 4. Aggregate Total | 3,860,000         | 3,860,000               | -                        |

c. FHLB – Prepayments Obligations

None

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. The Company incurred expenses of \$201,886 in 2014, 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 1,000 shares of \$6,000 par value common stock authorized and 490.4 shares 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 the prior year end surplus or the prior year's net income. The amount of dividends that could be paid during 2014 without prior approval was \$3,989,789. The Company did not pay dividends to its stockholders during 2014.

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 net unrealized gains is \$684,593 at December 31, 2014.

11. Surplus Notes

None

12. & 13. Quasi Reorganizations

None

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

None

B. Assessments

None

C. Gain Contingencies

None

NOTES TO FINANCIAL STATEMENTS

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. Joint and Several Liabilities

None

G. 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, 2014 are reacquired within 30 days of the sale date are:

None

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

None

## NOTES TO FINANCIAL STATEMENTS

### 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).

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.

NOTES TO FINANCIAL STATEMENTS

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, 2014. 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              | -            | -            | -            | -             |
| Corporate securities                           | -            | -            | -            | -             |
| Structured securities                          |              |              |              |               |
| U.S. government agency                         | -            | -            | -            | -             |
| States and political subdivisions              | -            | -            | -            | -             |
| Residential-prime                              | -            | 283,952      | -            | 283,952       |
| Residential-Alt-A                              | -            | -            | -            | -             |
| Residential subprime                           | -            | 478,037      | -            | 478,037       |
| Commercial                                     | -            | -            | -            | -             |
| Asset-backed                                   | -            | 139,416      | -            | 139,416       |
| Corporate securities                           | -            | 178,500      | -            | 178,500       |
| Total structured securities                    | -            | 1,079,905    | -            | 1,079,905     |
| Total bonds                                    | -            | 1,079,905    | -            | 1,079,905     |
| Common stock                                   |              |              |              |               |
| Vanguard                                       | 3,691,318    | -            | -            | 3,691,318     |
| Artisan  | 1,928,377    | -            | -            | 1,928,377     |
| Federal Home Loan Bank                         | -            | 217,600      | -            | 217,600       |
| Total common stock                             | 5,619,695    | 217,600      | -            | 5,837,295     |
| Other invested assets                          |              |              |              |               |
| Babson   | -            | -            | 2,021,722    | 2,021,722     |
| Eaton Vance                                    | -            | -            | 1,952,174    | 1,952,174     |
| Total other invested assets                    | -            | -            | 3,973,896    | 3,973,896     |
| Total bonds, stocks, and other invested assets | \$ 5,619,695 | \$ 1,297,505 | \$ 3,973,896 | \$ 10,891,096 |

Bonds measured at fair value are those bonds that were determined to be other-than-temporarily impaired at December 31, 2014 and bonds valued at the lower of cost or fair value at December 31, 2014. 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, 2014.

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

| Description                       | Beginning Balance at 1/1/2014 | 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 12/31/2014 |
|-----------------------------------|-------------------------------|------------------------|--------------------------|---|--|--------------|-----------|-------|--------------|------------------------------|
| U.S. Treasury                     | \$ -                          | \$ -                   | \$ -                     | \$ -  | \$ -   | \$ -         | \$ -      | \$ -  | \$ -         | \$ -                         |
| Government agencies               | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| States political subdivision      | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Corporate securities              | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Structured securities             |                               |                        |                          |   |  |              |           |       |              |                              |
| U.S. government agency            | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| States and political subdivisions | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Residential - prime               | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Residential - Alt-A               | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Residential - subprime            | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Commercial                        | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Asset-backed                      | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Corporate securities              | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Total structured                  | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Total bonds                       | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Common stock                      |                               |                        |                          |   |  |              |           |       |              |                              |
| Vanguard                          | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Artisan                           | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Federal Home Loan Bank            | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Total common stock                | -                             | -                      | -                        | -   | -  | -            | -         | -     | -            | -                            |
| Other invested assets             |                               |                        |                          |   |  |              |           |       |              |                              |
| Babson                            | 2,096,853                     | -                      | -                        | -   | (75,131)                                     | -            | -         | -     | -            | 2,021,722                    |
| Eaton Vance                       | -                             | -                      | -                        | -   | (47,826)                                     | 2,000,000    | -         | -     | -            | 1,952,174                    |
| Total other invested assets       | 2,096,853                     | -                      | -                        | -   | (122,957)                                    | 2,000,000    | -         | -     | -            | 3,973,896                    |
| Total assets                      | \$ 2,096,853                  | \$ -                   | \$ -                     | \$ -  | \$ (122,957)                                 | \$ 2,000,000 | \$ -      | \$ -  | \$ -         | \$ 3,973,896                 |

NOTES TO FINANCIAL STATEMENTS

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.

Investments categorized as Level 3 had key unobservable inputs. Also, the investments are 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

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                     | \$ 8,757,669         | \$ 8,431,323         | \$ -                | \$ 8,431,323         | \$ -                | \$ -                             |
| Government agencies               | 670,740              | 604,426              | -                   | 604,426              | -                   | -                                |
| States and political subdivisions | 8,411,949            | 7,486,113            | -                   | 7,486,113            | -                   | -                                |
| Corporate securities              | 21,452,013           | 20,295,389           | -                   | 20,295,389           | -                   | -                                |
| Structured securities             |                      |                      |                     |                      |                     |                                  |
| U.S. government agency            | 15,969,053           | 15,404,627           | -                   | 15,404,627           | -                   | -                                |
| States and political subdivisions | 408,938              | 396,177              | -                   | 396,177              | -                   | -                                |
| Residential - prime               | 1,518,218            | 1,463,130            | -                   | 1,463,130            | -                   | -                                |
| Residential - Alt - A             | 189,531              | 175,216              | -                   | 175,216              | -                   | -                                |
| Residential - subprime            | 945,420              | 896,746              | -                   | 896,746              | -                   | -                                |
| Commercial                        | 9,159,321            | 8,891,321            | -                   | 8,891,321            | -                   | -                                |
| Asset-backed                      | 3,724,367            | 3,685,747            | -                   | 3,685,747            | -                   | -                                |
| Corporate securities              | 637,547              | 545,508              | -                   | 545,508              | -                   | -                                |
| Total structured securities       | 32,552,395           | 31,458,472           | -                   | 31,458,472           | -                   | -                                |
| Total bonds                       | 71,844,766           | 68,275,723           | -                   | 68,275,723           | -                   | -                                |
| Common stock                      |                      |                      |                     |                      |                     |                                  |
| Vanguard                          | 3,691,318            | 3,691,318            | 3,691,318           | -                    | -                   | -                                |
| Artisan                           | 1,928,377            | 1,928,377            | 1,928,377           | -                    | -                   | -                                |
| Federal Home Loan Bank            | 217,600              | 217,600              | -                   | 217,600              | -                   | -                                |
| Total common stock                | 5,837,295            | 5,837,295            | 5,619,695           | 217,600              | -                   | -                                |
| Other invested assets             |                      |                      |                     |                      |                     |                                  |
| Babson                            | 2,021,722            | 2,021,722            | -                   | -                    | 2,021,722           | -                                |
| Eaton Vance                       | 1,952,174            | 1,952,174            | -                   | -                    | 1,952,174           | -                                |
| Total other invested assets       | 3,973,896            | 3,973,896            | -                   | -                    | 3,973,896           | -                                |
| Cash and short-term investments   | 1,691,257            | 1,691,257            | 1,691,257           | -                    | -                   | -                                |
| Total assets                      | <u>\$ 83,347,214</u> | <u>\$ 79,778,171</u> | <u>\$ 7,310,952</u> | <u>\$ 68,493,323</u> | <u>\$ 3,973,896</u> | <u>\$ -</u>                      |

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

NOTES TO FINANCIAL STATEMENTS

C. Other Disclosures

In 2012 PLIC and BCSIC, the direct insurer, implemented a continuity credit program for the professional liability policyholders. The continuity credit program is a mechanism to reward the policyholders for their continued participation in the program. BCSIC issued a rider to the 2012 professional liability policies, which granted a continuity credit of 40% of 2012 premium on primary coverage and 20% of 2012 premium on excess coverage. In 2013, upon the 2012 participating policy renewals a new rider was issued, granting an additional continuity credit. The amount of the continuity credit that could be paid to the policyholder in 2013 is equal to the total continuity credit balance earned in 2013. The remaining amount is carried forward into future years, and is forfeited if the policyholder decides not to renew. Pursuant to a reinsurance treaty between PLIC and BCSIC, PLIC is reinsuring BCSIC for the continuity credit. Per the reinsurance treaty, PLIC reimburses BCSIC only when BCSIC actually pays the continuity credit to the policyholder. As of December 31, 2014, PLIC has a continuity credit liability of \$2,229,248, which is reflected in aggregate write-ins for liabilities on page 3 of this Statement.

D. Business Interruption Insurance Recoveries

None

E. State Transferable and Non-transferrable 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 investment in subprime mortgage loans

None

3. The following summarizes the Company's investments in securities with underlying subprime exposure at December 31, 2014:

| Investment Type                           | Actual Cost | Book Adjusted Carrying Value (excluding interest) | Fair Value | Other-than-Temporary Impairment Losses Recognized |
|---|-------------|---|------------|---|
| a. Residential mortgage backed securities | \$ 940,562  | \$ 896,746  | \$ 945,420 | \$ 303,440  |
| b. Commercial mortgage backed securities  | -           | -   | -          | -   |
| c. Collateralized debt obligations        | -           | -   | -          | -   |
| d. Structured securities                  | -           | -   | -          | -   |
| e. Equity investments in SCAs             | -           | -   | -          | -   |
| f. Other assets                           | -           | -   | -          | -   |
| g. Total                                  | \$ 940,562  | \$ 896,746  | \$ 945,420 | \$ 303,440  |

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

None

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 11, 2015 for the statutory statement issued on March 1, 2015.

The Company does not have any subsequent events to report.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through February 11, 2015 for the statutory statement issued on March 1, 2015.

Not Applicable

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

A. Unsecured Reinsurance Recoverable

None

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, 2014:

|                                    | Assumed Reinsurance |                   | Ceded Reinsurance |                   | Net             |                   |
|------------------------------------|---------------------|-------------------|-------------------|-------------------|-----------------|-------------------|
|                                    | Premium Reserve     | Commission Equity | Premium Reserve   | Commission Equity | Premium Reserve | Commission Equity |
| a. Affiliates                      | \$ 627,828          | \$ 78,479         | \$ -              | \$ -              | \$ 627,828      | \$ 78,479         |
| b. All Other                       | -                   | -                 | -                 | -                 | -               | -                 |
| c. Totals                          | \$ 627,828          | \$ 78,479         | \$ -              | \$ -              | \$ 627,828      | \$ 78,479         |
| d. Direct Unearned Premium Reserve |                     |                   | \$ -              |                   |                 |                   |

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 Ceded Reinsurance

None



NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

1. Reported Company

As: December 31, 2014

|  | <u>Assumed</u>     | <u>Ceded</u> |
|--|--------------------|--------------|
| a. Reserves Transferred:                               |                    |              |
| 1. Initial Reserves                                    | \$ (2,488,504)     | \$ -         |
| 2. Adjustments - Prior Year(s)                         | 2,432,634          | -            |
| 3. Adjustments - Current Year                          | 55,870             | -            |
| 4. Current Total                                       | <u>-</u>           | <u>-</u>     |
| b. Consideration (Paid) or Received:                   |                    |              |
| 1. Initial Consideration                               | 2,488,504          | -            |
| 2. Adjustments - Prior Year(s)                         | -                  | -            |
| 3. Adjustments - Current Year                          | -                  | -            |
| 4. Current Total                                       | <u>2,488,504</u>   | <u>-</u>     |
| c. Paid Losses (Reimbursed) or Recovered:              |                    |              |
| 1. Prior Year(s)                                       | (1,941,184)        | -            |
| 2. Current Year  | -                  | -            |
| 3. Current Total                                       | <u>(1,941,184)</u> | <u>-</u>     |
| d. Special Surplus from Retroactive Reinsurance:       |                    |              |
| 1. Initial Surplus Gain or Loss                        | -                  | -            |
| 2. Adjustments - Prior Year(s)                         | 2,432,634          | -            |
| 3. Adjustments - Current Year                          | 55,870             | -            |
| 4. Current Year Restricted Surplus                     | <u>2,488,504</u>   | <u>-</u>     |
| 5. Cumulative Total Transferred to<br>Unassigned Funds | <u>\$ 547,320</u>  | <u>\$ -</u>  |

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

Not Applicable

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:

Not Applicable

2. Unauthorized Reinsurers:

Not Applicable

3. Certified Reinsurers:

Not Applicable

G. Reinsurance Accounted for as a Deposit

Not Applicable

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

Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Methods Used to Estimate

None

B. Method Used to Record

None

C. Amount and Percent of Net Retrospective Premiums

None

NOTES TO FINANCIAL STATEMENTS

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

None

E. Calculation of Non-admitted Accrued Retrospective Premiums

None

F. Risk-Sharing Provisions of the Affordable Care Act

1. Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)?

NO

2. Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

Not Applicable

3. Roll forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

Not Applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost on the loss and loss adjustment expenses attributable to insured events of prior years' increased by \$1,948,000 during 2014. The increase is due to unfavorable development on the Other Liability-Claims Made line of business of \$1,970,000 and \$22,000 of favorable development on the Fidelity line of business. Increases or decreases of this nature occur as the result of claim settlements during the current year and as information is received regarding individual claims, causing changes from the original estimates of the cost of these claims.

26. Intercompany Pooling Arrangements

Not Applicable

27. Structured Settlements

A. Reserves Released Due to Purchase of Annuities

Not Applicable

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

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 of \$90,000 was necessary. This evaluation was completed on February 5, 2015. The Company does anticipate investment income when evaluating the need for a premium deficiency reserve.

|   |          |                           |
|---|----------|---------------------------|
|   | (1)      |                           |
| 1. Liability carried for premium deficiency reserves              | \$       | 90,000                    |
| 2. Date of the most recent evaluation of this liability           | 2/5/2015 |                           |
| 3. Was anticipated investment income utilized in the calculation? | Yes      | <u>X</u> No <u>      </u> |

31. High Deductibles

Not Applicable

NOTES TO FINANCIAL STATEMENTS

- 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 Discount Assumptions
    - Not Applicable
- 33. Asbestos/ Environmental Reserves
  - Not Applicable
- 34. Subscriber Savings Accounts
  - Not Applicable
- 35. Multiple Peril Crop Insurance
  - Not Applicable
- 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:

.....09/17/2014
- 3.1

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

.....12/31/2013
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2013
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....10/31/2014
- 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>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 On November 30, 2014 Virginia revoked the certificate of authority for the reporting entity for failure to pay a \$110 required fee. The fee was subsequently paid and an order of reentry was entered on December 23, 2014. ....
- 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<br>Nationality | 2<br>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<br>(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 [ ] No [ X ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [ ] 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 a 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 Placed under option agreements

25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

25.27 FHLB Capital Stock

25.28 On deposit with states

25.29 On deposit with other regulatory bodies

25.30 Pledged as collateral – excluding collateral pledged to an FHLB

25.31 Pledged as collateral to FHLB – including assets backing funding agreements

25.32 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

217,600

4,710,434

0

0

3,823,664

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description                    | 3<br>Amount |
|----------------------------|-------------------------------------|-------------|
| FHLB Capital Stock.....    | FHLB Capital Stock requirement..... | 217,600     |
| .....                      | .....                               | .....       |
| .....                      | .....                               | .....       |
| .....                      | .....                               | .....       |
| .....                      | .....                               | .....       |

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<br>Name of Custodian(s)                     | 2<br>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<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |

GENERAL INTERROGATORIES

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<br>Central Registration Depository Number(s) | 2<br>Name                                       | 3<br>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.....           |

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [   ] No [ X ]

29.2 If yes, complete the following schedule:

| 1<br>CUSIP #  | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| .....         | .....                    | .....                             |
| .....         | .....                    | .....                             |
| .....         | .....                    | .....                             |
| 29.2999 TOTAL |                          | 0                                 |

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

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual Fund's<br>Book/Adjusted Carrying Value<br>Attributable to the Holding | 4<br>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<br>Statement (Admitted)<br>Value | 2<br>Fair Value | 3<br>Excess of Statement<br>over Fair Value (-),<br>or Fair Value<br>over Statement (+) |
|----------------------------|------------------------------------|-----------------|---|
| 30.1 Bonds.....            | 68,537,267                         | 72,106,296      | 3,569,029   |
| 30.2 Preferred Stocks..... | 0                                  |                 | 0   |
| 30.3 Totals                | 68,537,267                         | 72,106,296      | 3,569,029   |

30.4 Describe the sources or methods utilized in determining the fair values:

See Attached.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [ X ] No [   ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [ X ] No [   ]

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

32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [ X ] No [   ]

32.2 If no, list exceptions:



GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ .....
- 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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     | \$.....          |
| .....     | \$.....          |
| .....     | \$.....          |

- 34.1 Amount of payments for legal expenses, if any? \$ .....
- 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<br>Name | 2<br>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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     | \$.....          |
| .....     | \$.....          |
| .....     | \$.....          |

GENINTPT1 - Attachment

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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 [ ] No [ X ]

1.2

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

\$.....0

1.3

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

\$.....

1.31

Reason for excluding

.....

1.4

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

\$.....

1.5

Indicate total incurred claims on all Medicare Supplement insurance. ....

\$.....0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned .....

\$.....0

1.62

Total incurred claims .....

\$.....0

1.63

Number of covered lives .....

.....0

All years prior to most current three years:

1.64

Total premium earned .....

\$.....0

1.65

Total incurred claims .....

\$.....0

1.66

Number of covered lives .....

.....0

1.7

Group policies:

Most current three years:

1.71

Total premium earned .....

\$.....0

1.72

Total incurred claims .....

\$.....0

1.73

Number of covered lives .....

.....0

All years prior to most current three years:

1.74

Total premium earned .....

\$.....0

1.75

Total incurred claims .....

\$.....0

1.76

Number of covered lives .....

.....0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

.....0

\$

.....0

2.2

Premium Denominator

\$

.....2,670,480

\$

.....2,313,773

2.3

Premium Ratio (2.1/2.2)

.....0.000

.....0.000

2.4

Reserve Numerator

\$

.....0

\$

.....0

2.5

Reserve Denominator

\$

.....34,822,846

\$

.....33,347,103

2.6

Reserve Ratio (2.4/2.5)

.....0.000

.....0.000

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 [ X ]

5.5

If yes, give full information

.....

16

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- ## 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):

\$3,300,000

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.

2

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 2014 OF THE Plans' Liability 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<br>2014   | 2<br>2013    | 3<br>2012   | 4<br>2011   | 5<br>2010   |
|---|-------------|--------------|-------------|-------------|-------------|
| <b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)   |             |              |             |             |             |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....  | 2,478,774   | 2,528,537    | 2,126,316   | 2,839,683   | 5,063,604   |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 0           | 0            | 0           | 0           | 0           |
| 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) .....   | 16,718      | 16,367       | 29,416      | 80,208      | 74,632      |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  | 0           | 0            | 0           | 0           | 0           |
| 6. Total (Line 35) .....  | 2,495,492   | 2,544,904    | 2,155,732   | 2,919,891   | 5,138,236   |
| <b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)   |             |              |             |             |             |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....  | 2,478,774   | 2,528,537    | 2,126,316   | 2,839,683   | 5,063,604   |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 0           | 0            | 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) .....  | 16,718      | 16,367       | 29,416      | 80,208      | 74,632      |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....   | 0           | 0            | 0           | 0           | 0           |
| 12. Total (Line 35) .....   | 2,495,492   | 2,544,904    | 2,155,732   | 2,919,891   | 5,138,236   |
| <b>Statement of Income</b> (Page 4)   |             |              |             |             |             |
| 13. Net underwriting gain (loss) (Line 8) .....   | (5,194,393) | (13,715,186) | (4,012,030) | (3,040,630) | (1,325,800) |
| 14. Net investment gain (loss) (Line 11) .....  | 2,643,994   | 3,085,729    | 3,451,090   | 3,735,791   | 3,561,836   |
| 15. Total other income (Line 15) .....  | (75,573)    | (748,722)    | (3,746,274) | 78,184      | 127,415     |
| 16. Dividends to policyholders (Line 17) .....  | 0           | 0            | 0           | 0           | 0           |
| 17. Federal and foreign income taxes incurred (Line 19) .....   | (63,713)    | (116,959)    | (752,519)   | (55,912)    | 603,506     |
| 18. Net income (Line 20) .....  | (2,562,259) | (11,261,220) | (3,554,695) | 829,257     | 1,759,945   |
| <b>Balance Sheet Lines</b> (Pages 2 and 3)  |             |              |             |             |             |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....   | 80,090,202  | 82,331,631   | 85,606,236  | 84,320,037  | 84,047,718  |
| 20. Premiums and considerations (Page 2, Col. 3)  |             |              |             |             |             |
| 20.1 In course of collection (Line 15.1) .....  | 144,311     | 153,139      | 103,799     | 168,374     | 63,456      |
| 20.2 Deferred and not yet due (Line 15.2) .....   | 0           | 0            | 0           | 0           | 0           |
| 20.3 Accrued retrospective premiums (Line 15.3) .....   | 0           | 0            | 0           | 0           | 0           |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) .....   | 42,499,519  | 42,433,745   | 34,322,716  | 30,590,502  | 31,087,474  |
| 22. Losses (Page 3, Line 1) .....   | 31,265,234  | 28,526,066   | 18,772,211  | 19,184,869  | 21,517,475  |
| 23. Loss adjustment expenses (Page 3, Line 3) .....   | 2,680,587   | 3,571,568    | 4,298,613   | 5,085,210   | 6,027,948   |
| 24. Unearned premiums (Page 3, Line 9) .....  | 627,828     | 802,816      | 571,685     | 460,618     | 544,953     |
| 25. Capital paid up (Page 3, Lines 30 & 31) .....   | 2,942,436   | 2,942,436    | 2,942,436   | 2,942,436   | 2,942,436   |
| 26. Surplus as regards policyholders (Page 3, Line 37) .....  | 37,590,683  | 39,897,886   | 51,283,520  | 53,729,535  | 52,960,244  |
| <b>Cash Flow</b> (Page 5)   |             |              |             |             |             |
| 27. Net cash from operations (Line 11) .....  | (884,474)   | (1,300,909)  | (4,052,011) | (2,049,952) | 1,406,116   |
| <b>Risk-Based Capital Analysis</b>  |             |              |             |             |             |
| 28. Total adjusted capital .....  | 37,590,683  | 39,897,886   | 51,283,520  | 53,729,535  | 52,960,244  |
| 29. Authorized control level risk-based capital .....   | 6,478,250   | 5,281,067    | 3,883,775   | 3,824,058   | 4,344,463   |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b>  |             |              |             |             |             |
| (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0   |             |              |             |             |             |
| 30. Bonds (Line 1) .....  | 86.0        | 84.2         | 88.3        | 97.1        | 96.1        |
| 31. Stocks (Lines 2.1 & 2.2) .....  | 6.9         | 6.3          | 7.5         | 0.2         | 0.2         |
| 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) .....  | 2.1         | 6.9          | 4.1         | 2.6         | 3.7         |
| 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         | 0.0         |
| 37. Other invested assets (Line 8) .....  | 5.0         | 2.6          | 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         | 0.0         |
| 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       |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |             |              |             |             |             |
| 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) .....   | 0           | 0            | 0           | 0           | 0           |
| 45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10) .....   | 0           | 6,660        | 6,643       | 6,643       | 6,643       |
| 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 .....   | 0           | 6,660        | 6,643       | 6,643       | 6,643       |
| 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) ..... | 0.0         | 0.0          | 0.0         | 0.0         | 0.0         |

FIVE-YEAR HISTORICAL DATA

| (Continued)  |             |              |             |           |           |
|--|-------------|--------------|-------------|-----------|-----------|
|  | 1<br>2014   | 2<br>2013    | 3<br>2012   | 4<br>2011 | 5<br>2010 |
| <b>Capital and Surplus Accounts</b> (Page 4)   |             |              |             |           |           |
| 51. Net unrealized capital gains (losses) (Line 24) .....  | 168,337     | 735,962      | 279,986     | 20,016    | 204,219   |
| 52. Dividends to stockholders (Line 35) .....  | 0           | 0            | 0           | 0         | 0         |
| 53. Change in surplus as regards policyholders for the year (Line 38) .....  | (2,307,203) | (11,385,634) | (2,446,015) | 769,291   | 2,125,181 |
| <b>Gross Losses Paid</b> (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) .....  | 747,909     | 1,505,652    | 1,999,493   | 3,661,341 | 1,015,644 |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 0           | 0            | 0           | 0         | 0         |
| 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) .....   | 0           | 0            | 0           | 0         | 0         |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  | 0           | 0            | 0           | 0         | 0         |
| 59. Total (Line 35) .....  | 747,909     | 1,505,652    | 1,999,493   | 3,661,341 | 1,015,644 |
| <b>Net Losses Paid</b> (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) .....  | 747,909     | 1,505,652    | 1,999,493   | 3,661,341 | 1,015,644 |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 0           | 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) .....   | 0           | 0            | 0           | 0         | 0         |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  | 0           | 0            | 0           | 0         | 0         |
| 65. Total (Line 35) .....  | 747,909     | 1,505,652    | 1,999,493   | 3,661,341 | 1,015,644 |
| <b>Operating Percentages</b> (Page 4)<br>(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) .....   | 130.6       | 486.6        | 77.6        | 44.2      | (9.7)     |
| 68. Loss expenses incurred (Line 3) .....  | 59.2        | 69.4         | 40.5        | 34.9      | 48.3      |
| 69. Other underwriting expenses incurred (Line 4) .....  | 108.6       | 128.5        | 178.2       | 122.0     | 88.5      |
| 70. Net underwriting gain (loss) (Line 8) .....  | (194.5)     | (592.8)      | (196.2)     | (101.2)   | (27.0)    |
| <b>Other Percentages</b>   |             |              |             |           |           |
| 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) .....   | 115.1       | 153.8        | 342.8       | 122.9     | 82.0      |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....   | 189.7       | 556.0        | 118.1       | 79.2      | 38.5      |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) .....   | 6.6         | 6.4          | 4.2         | 5.4       | 9.7       |
| <b>One Year Loss Development (000 omitted)</b>   |             |              |             |           |           |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) .....  | 1,948       | 8,078        | (3,283)     | (1,029)   | (1,926)   |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0) .....                 | 4.9         | 15.8         | (6.1)       | (1.9)     | (3.8)     |
| <b>Two Year Loss Development (000 omitted)</b>   |             |              |             |           |           |
| 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) .....                         | 9,981       | (3,840)      | (4,161)     | (3,307)   | (465)     |
| 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) ..... | 19.5        | (7.1)        | (7.9)       | (6.5)     | (0.9)     |

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<br>Premiums<br>Were Earned<br>and Losses<br>Were Incurred | Premiums Earned                |                |                               | Loss and Loss Expense Payments |                |  |                |                                 |                |   |   | 12   |
|--|--------------------------------|----------------|-------------------------------|--------------------------------|----------------|--|----------------|---------------------------------|----------------|---|---|--|
|  | 1<br><br>Direct and<br>Assumed | 2<br><br>Ceded | 3<br><br>Net<br>(Cols. 1 - 2) | Loss Payments                  |                | Defense and Cost<br>Containment Payments |                | Adjusting and Other<br>Payments |                | 10<br><br>Salvage<br>and<br>Subrogation<br>Received | 11<br><br>Total Net<br>Paid (Cols.<br>4 - 5 + 6 -<br>7 + 8 - 9) | Number of<br>Claims<br>Reported<br>Direct and<br>Assumed |
|  |                                |                |                               | 4<br><br>Direct and<br>Assumed | 5<br><br>Ceded | 6<br><br>Direct and<br>Assumed           | 7<br><br>Ceded | 8<br><br>Direct and<br>Assumed  | 9<br><br>Ceded |   |   |  |
|  |                                |                |                               |                                |                |  |                |                                 |                |   |   |  |
| 1. Prior   | XXX                            | XXX            | XXX                           | 25                             | 0              | 905                                      | 0              | 0                               | 0              | 0   | 930   | XXX  |
| 2. 2005  | 11,408                         | 0              | 11,408                        | 2,207                          | 0              | 621                                      | 0              | 748                             | 0              | 0   | 3,576   | XXX  |
| 3. 2006  | 16,011                         | 0              | 16,011                        | 5,812                          | 0              | 1,457                                    | 0              | 780                             | 0              | 0   | 8,049   | XXX  |
| 4. 2007  | 11,192                         | 0              | 11,192                        | 1,400                          | 0              | 838                                      | 0              | 852                             | 0              | 0   | 3,090   | XXX  |
| 5. 2008  | 5,523                          | 0              | 5,523                         | 1,274                          | 0              | 609                                      | 0              | 536                             | 0              | 0   | 2,419   | XXX  |
| 6. 2009  | 4,959                          | 0              | 4,959                         | 900                            | 0              | 199                                      | 0              | 637                             | 0              | 0   | 1,736   | XXX  |
| 7. 2010  | 4,905                          | 0              | 4,905                         | 971                            | 0              | 241                                      | 0              | 910                             | 0              | 0   | 2,122   | XXX  |
| 8. 2011  | 3,004                          | 0              | 3,004                         | 0                              | 0              | 52                                       | 0              | 757                             | 0              | 0   | 809   | XXX  |
| 9. 2012  | 2,045                          | 0              | 2,045                         | 707                            | 0              | 879                                      | 0              | 737                             | 0              | 0   | 2,323   | XXX  |
| 10. 2013   | 2,314                          | 0              | 2,314                         | 0                              | 0              | 13                                       | 0              | 752                             | 0              | 0   | 765   | XXX  |
| 11. 2014   | 2,670                          | 0              | 2,670                         | 0                              | 0              | 0  | 0              | 527                             | 0              | 0   | 527   | XXX  |
| 12. Totals   | XXX                            | XXX            | XXX                           | 13,296                         | 0              | 5,814                                    | 0              | 7,236                           | 0              | 0   | 26,346  | XXX  |

|          | Losses Unpaid                |                 |                              |                 | Defense and Cost Containment Unpaid |                 |                              |                 | Adjusting and Other Unpaid |    | 23<br><br>Salvage and Subrogation Anticipated | 24<br><br>Total Net Losses and Expenses Unpaid | 25<br><br>Number of Claims Outstanding Direct and Assumed |
|----------|------------------------------|-----------------|------------------------------|-----------------|-------------------------------------|-----------------|------------------------------|-----------------|----------------------------|----|---|--|---|
|          | Case Basis                   |                 | Bulk + IBNR                  |                 | Case Basis                          |                 | Bulk + IBNR                  |                 | 21                         | 22 |   |  |   |
|          | 13<br><br>Direct and Assumed | 14<br><br>Ceded | 15<br><br>Direct and Assumed | 16<br><br>Ceded | 17<br><br>Direct and Assumed        | 18<br><br>Ceded | 19<br><br>Direct and Assumed | 20<br><br>Ceded |                            |    |   |  |   |
| 1. ....  | 2,079                        | 0               | 0                            | 0               | 552                                 | 0               | 0                            | 0               | 0                          | 0  | 0   | 2,631  | XXX   |
| 2. ....  | 425                          | 0               | 0                            | 0               | 28                                  | 0               | 0                            | 0               | 0                          | 0  | 0   | 453  | XXX   |
| 3. ....  | 200                          | 0               | 0                            | 0               | 18                                  | 0               | 0                            | 0               | 0                          | 0  | 0   | 218  | XXX   |
| 4. ....  | 1,004                        | 0               | 280                          | 0               | 86                                  | 0               | 0                            | 0               | 0                          | 0  | 0   | 1,370  | XXX   |
| 5. ....  | 1,085                        | 0               | 1,572                        | 0               | 130                                 | 0               | 0                            | 0               | 0                          | 0  | 0   | 2,787  | XXX   |
| 6. ....  | 569                          | 0               | 1,167                        | 0               | 41                                  | 0               | 0                            | 0               | 0                          | 0  | 0   | 1,777  | XXX   |
| 7. ....  | 580                          | 0               | 1,025                        | 0               | 0                                   | 0               | 0                            | 0               | 103                        | 0  | 0   | 1,708  | XXX   |
| 8. ....  | 880                          | 0               | 1,653                        | 0               | 9                                   | 0               | 50                           | 0               | 188                        | 0  | 0   | 2,780  | XXX   |
| 9. ....  | 11,414                       | 0               | 1,532                        | 0               | 230                                 | 0               | 15                           | 0               | 129                        | 0  | 0   | 13,320   | XXX   |
| 10. .... | 3,232                        | 0               | 521                          | 0               | 12                                  | 0               | 101                          | 0               | 256                        | 0  | 0   | 4,122  | XXX   |
| 11. .... | 1,856                        | 0               | 192                          | 0               | 0                                   | 0               | 209                          | 0               | 524                        | 0  | 0   | 2,781  | XXX   |
| 12. .... | 23,324                       | 0               | 7,942                        | 0               | 1,106                               | 0               | 375                          | 0               | 1,200                      | 0  | 0   | 33,947   | XXX   |

|          | Total Losses and Loss Expenses Incurred |       |        | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |       |        | Nontabular Discount |              | 34<br>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  | 2,079                                     | .552                 |
| 2. ....  | 4,029                                   | 0     | 4,029  | .35.3   | 0.0   | .35.3  | 0                   | 0            |  | 425                                       | .28                  |
| 3. ....  | 8,267                                   | 0     | 8,267  | .51.6   | 0.0   | .51.6  | 0                   | 0            |  | 200                                       | .18                  |
| 4. ....  | 4,460                                   | 0     | 4,460  | .39.8   | 0.0   | .39.8  | 0                   | 0            |  | 1,284                                     | .86                  |
| 5. ....  | 5,206                                   | 0     | 5,206  | .94.3   | 0.0   | .94.3  | 0                   | 0            |  | 2,657                                     | .130                 |
| 6. ....  | 3,513                                   | 0     | 3,513  | .70.8   | 0.0   | .70.8  | 0                   | 0            |  | 1,736                                     | .41                  |
| 7. ....  | 3,830                                   | 0     | 3,830  | .78.1   | 0.0   | .78.1  | 0                   | 0            |  | 1,605                                     | .103                 |
| 8. ....  | 3,589                                   | 0     | 3,589  | .119.5  | 0.0   | .119.5 | 0                   | 0            |  | 2,533                                     | .247                 |
| 9. ....  | 15,643                                  | 0     | 15,643 | .764.9  | 0.0   | .764.9 | 0                   | 0            |  | 12,946                                    | .374                 |
| 10. .... | 4,887                                   | 0     | 4,887  | .211.2  | 0.0   | .211.2 | 0                   | 0            |  | 3,753                                     | .369                 |
| 11. .... | 3,308                                   | 0     | 3,308  | 123.9   | 0.0   | 123.9  | 0                   | 0            |  | 2,048                                     | .733                 |
| 12. .... | XXX                                     | XXX   | XXX    | XXX   | XXX   | XXX    | 0                   | 0            | XXX  | 31,266                                    | 2,681                |

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<br>Losses Were<br>Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END<br>(\$000 OMITTED) |        |        |        |        |        |        |        |        |        | DEVELOPMENT |          |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|----------|
|   | 1   | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     | 11          | 12       |
|   | 2005  | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | One Year    | Two Year |
| 1. Prior                                  | 23,617  | 20,929 | 23,371 | 23,084 | 25,186 | 25,583 | 23,180 | 22,318 | 21,198 | 21,934 | 736         | (384)    |
| 2. 2005                                   | 5,905   | 8,814  | 7,906  | 5,981  | 5,409  | 5,182  | 3,414  | 3,259  | 3,494  | 3,281  | (213)       | 22       |
| 3. 2006                                   | XXX   | 8,084  | 9,955  | 8,498  | 8,782  | 8,340  | 9,842  | 7,745  | 7,487  | 7,487  | 0           | (258)    |
| 4. 2007                                   | XXX   | XXX    | 4,987  | 4,766  | 3,476  | 2,681  | 2,853  | 2,853  | 3,415  | 3,608  | 193         | 755      |
| 5. 2008                                   | XXX   | XXX    | XXX    | 3,609  | 4,361  | 3,687  | 4,575  | 4,695  | 4,728  | 4,670  | (58)        | (25)     |
| 6. 2009                                   | XXX   | XXX    | XXX    | XXX    | 2,983  | 2,798  | 3,026  | 2,914  | 2,876  | 2,876  | 0           | (38)     |
| 7. 2010                                   | XXX   | XXX    | XXX    | XXX    | XXX    | 2,841  | 3,193  | 3,167  | 2,891  | 2,817  | (74)        | (350)    |
| 8. 2011                                   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 2,513  | 2,362  | 2,667  | 2,644  | (23)        | 282      |
| 9. 2012                                   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 4,800  | 13,435 | 14,777 | 1,342       | 9,977    |
| 10. 2013                                  | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 3,834  | 3,879  | 45          | XXX      |
| 11. 2014                                  | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 2,257  | XXX         | XXX      |
| 12. Totals                                |   |        |        |        |        |        |        |        |        |        | 1,948       | 9,981    |

SCHEDULE P - PART 3 - SUMMARY

| Years in Which<br>Losses Were<br>Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000<br>OMITTED) |       |       |       |        |        |        |        |        |        | 11  | 12  |
|---|--|-------|-------|-------|--------|--------|--------|--------|--------|--------|---|---|
|   | 1  | 2     | 3     | 4     | 5      | 6      | 7      | 8      | 9      | 10     | Number of<br>Claims<br>Closed With<br>Loss<br>Payment | Number of<br>Claims<br>Closed<br>Without<br>Loss<br>Payment |
|   | 2005   | 2006  | 2007  | 2008  | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   |   |   |
| 1. Prior                                  | 000  | 2,759 | 7,985 | 9,198 | 14,818 | 15,925 | 16,750 | 17,413 | 18,373 | 19,303 | XXX   | XXX   |
| 2. 2005                                   | 1  | 1,273 | 1,547 | 2,164 | 2,707  | 2,786  | 2,797  | 2,801  | 2,801  | 2,828  | XXX   | XXX   |
| 3. 2006                                   | XXX  | 11    | 142   | 647   | 3,389  | 3,633  | 7,236  | 7,260  | 7,262  | 7,269  | XXX   | XXX   |
| 4. 2007                                   | XXX  | XXX   | 103   | 488   | 1,587  | 1,946  | 1,994  | 2,002  | 2,055  | 2,238  | XXX   | XXX   |
| 5. 2008                                   | XXX  | XXX   | XXX   | 7     | 149    | 329    | 462    | 1,281  | 1,849  | 1,883  | XXX   | XXX   |
| 6. 2009                                   | XXX  | XXX   | XXX   | XXX   | 0      | 148    | 167    | 1,096  | 1,098  | 1,099  | XXX   | XXX   |
| 7. 2010                                   | XXX  | XXX   | XXX   | XXX   | XXX    | 0      | 115    | 241    | 1,212  | 1,212  | XXX   | XXX   |
| 8. 2011                                   | XXX  | XXX   | XXX   | XXX   | XXX    | XXX    | 4      | 33     | 52     | 52     | XXX   | XXX   |
| 9. 2012                                   | XXX  | XXX   | XXX   | XXX   | XXX    | XXX    | XXX    | 115    | 425    | 1,586  | XXX   | XXX   |
| 10. 2013                                  | XXX  | XXX   | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | 0      | 13     | XXX   | XXX   |
| 11. 2014                                  | XXX  | XXX   | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 0      | XXX   | XXX   |

SCHEDULE P - PART 4 - SUMMARY

| Years in Which<br>Losses Were<br>Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |           |           |           |           |           |           |           |           |            |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
|   | 1<br>2005   | 2<br>2006 | 3<br>2007 | 4<br>2008 | 5<br>2009 | 6<br>2010 | 7<br>2011 | 8<br>2012 | 9<br>2013 | 10<br>2014 |
| 1. Prior                                  | 4,053   | 300       | 450       | 110       | 0         | 0         | 0         | 0         | 0         | 0          |
| 2. 2005                                   | 3,544   | 3,335     | 1,661     | 300       | 0         | 0         | 0         | 0         | 0         | 0          |
| 3. 2006                                   | XXX   | 2,853     | 960       | 628       | 442       | 45        | 0         | 0         | 0         | 0          |
| 4. 2007                                   | XXX   | XXX       | 2,416     | 879       | 505       | 45        | 0         | 0         | 0         | 280        |
| 5. 2008                                   | XXX   | XXX       | XXX       | 938       | 196       | 590       | 1,300     | 1,400     | 1,525     | 1,572      |
| 6. 2009                                   | XXX   | XXX       | XXX       | XXX       | 1,794     | 1,045     | 1,400     | 950       | 1,071     | 1,167      |
| 7. 2010                                   | XXX   | XXX       | XXX       | XXX       | XXX       | 1,883     | 1,039     | 1,147     | 947       | 1,025      |
| 8. 2011                                   | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | 1,627     | 1,240     | 1,589     | 1,703      |
| 9. 2012                                   | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 897       | 1,161     | 1,547      |
| 10. 2013                                  | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 854       | 622        |
| 11. 2014                                  | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 401        |

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

| Allocated By States And Territories                               |               |  |                        |  |  |                        |                      |  |   |
|---|---------------|--|------------------------|--|--|------------------------|----------------------|--|---|
| States, etc.  | 1             | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken |                        | 4  | 5                                      | 6                      | 7                    | 8  | 9   |
|   |               | 2  | 3                      |  |  |                        |                      |  |   |
|   | Active Status | Direct Premiums Written  | Direct Premiums Earned | Dividends Paid or Credited to Policyholders on Direct Business | Direct Losses Paid (Deducting Salvage) | Direct Losses Incurred | Direct Losses Unpaid | Finance and Service Charges Not Included in Premiums | Direct Premium Written for Federal Purchasing Groups (Included in Col. 2) |
| 1. Alabama  | AL L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 2. Alaska   | AK L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 3. Arizona  | AZ L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 4. Arkansas   | AR L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 5. California   | CA N          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 6. Colorado   | CO L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 7. Connecticut  | CT L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 8. Delaware   | DE L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 9. Dist. Columbia   | DC L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 10. Florida   | FL L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 11. Georgia   | GA L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 12. Hawaii  | HI N          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 13. Idaho   | ID L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 14. Illinois  | IL L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 15. Indiana   | IN L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 16. Iowa  | IA L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 17. Kansas  | KS L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 18. Kentucky  | KY L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 19. Louisiana   | LA L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 20. Maine   | ME L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 21. Maryland  | MD L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 22. Massachusetts   | MA L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 23. Michigan  | MI L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 24. Minnesota   | MN L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 25. Mississippi   | MS L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 26. Missouri  | MO L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 27. Montana   | MT L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 28. Nebraska  | NE L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 29. Nevada  | NV L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 30. New Hampshire   | NH L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 31. New Jersey  | NJ L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 32. New Mexico  | NM L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 33. New York  | NY L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 34. No. Carolina  | NC L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 35. No. Dakota  | ND L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 36. Ohio  | OH L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 37. Oklahoma  | OK L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 38. Oregon  | OR L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 39. Pennsylvania  | PA L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 40. Rhode Island  | RI L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 41. So. Carolina  | SC L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 42. So. Dakota  | SD L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 43. Tennessee   | TN L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 44. Texas   | TX L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 45. Utah  | UT L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 46. Vermont   | VT L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 47. Virginia  | VA L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 48. Washington  | WA L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 49. West Virginia   | WV L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 50. Wisconsin   | WI L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 51. Wyoming   | WY L          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 52. American Samoa  | AS N          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 53. Guam  | GU N          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 54. Puerto Rico   | PR N          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 55. U.S. Virgin Islands   | VI N          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 56. Northern Mariana Islands                                      | MP N          | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 57. Canada  | CAN N         | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 58. Aggregate other alien   | OT XXX        | .0   | .0                     | .0   | .0                                     | .0                     | .0                   | .0   | .0  |
| 59. Totals  | (a) 49        | 0  | 0                      | 0  | 0                                      | 0                      | 0                    | 0  | 0   |
| DETAILS OF WRITE-INS  |               |  |                        |  |  |                        |                      |  |   |
| 58001.  | XXX           |  |                        |  |  |                        |                      |  | .0  |
| 58002.  | XXX           |  |                        |  |  |                        |                      |  | .0  |
| 58003.  | XXX           |  |                        |  |  |                        |                      |  | .0  |
| 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   |

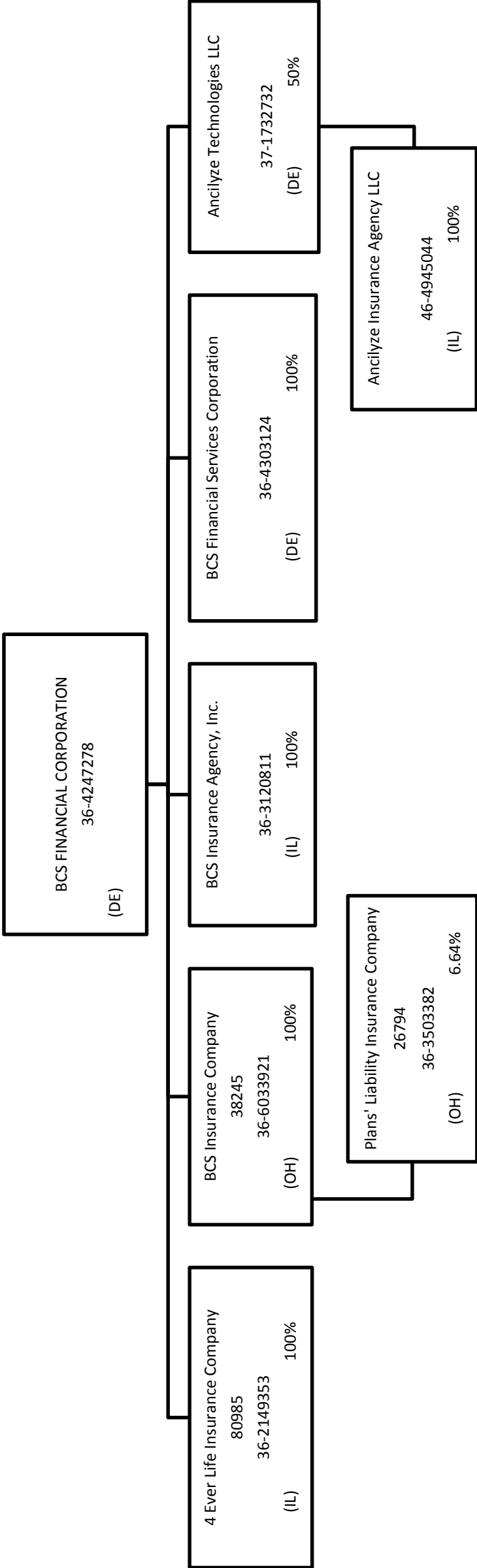
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business 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

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

PART 1 – ORGANIZATIONAL CHART



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