



ANNUAL STATEMENT

For the Year Ended December 31, 2014

of the Condition and Affairs of the

MOUNTAIN LAUREL ASSURANCE COMPANY

NAIC Group Code.....155, 155

NAIC Company Code..... 44180

Employer's ID Number..... 23-259971

(Current Period) (Prior Period)

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Incorporated/Organized..... November 28, 1990

Commenced Business..... April 29, 1991

Statutory Home Office

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182

(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US..... 44143-2182 440-461-5000

(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address

P.O. BOX 89490..... CLEVELAND OH US 44101-6490

(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182 440-395-4460

(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address

PROGRESSIVE.COM

Statutory Statement Contact

MARY BETH ANDREANO

440-395-4460

(Name) (Area Code) (Telephone Number) (Extension)

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POLICYHOLDER SERVICES AND CLAIMS REPORTING -- 1-800-PROGRESSIVE (1-800-776-4737)

OFFICERS

Name	Title	Name	Title
SCOTT WESLEY ZIEGLER	PRESIDENT	MICHAEL ROBERT UTH	SECRETARY
DANIEL JOSEPH WITALEC	TREASURER		

OTHER

SCOTT EDWARD COLEMAN	(ASST. TREASURER)	JAMES RUSSELL HAAS	(VICE PRESIDENT)
KAREN ANN KOSUDA	(ASST. SECRETARY)	MARIANN WOJKUN MARSHALL	(VICE PRESIDENT)

DIRECTORS OR TRUSTEES

PATRICK KEVIN CALLAHAN	JAMES RUSSELL HAAS	SANJAY MAHESH VYAS	DANIEL JOSEPH WITALEC
SCOTT WESLEY ZIEGLER			

State of..... OHIO
County of..... CUYAHOGA

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

(Signature)

SCOTT WESLEY ZIEGLER

1. (Printed Name)

PRESIDENT

(Title)

(Signature)

KAREN ANN KOSUDA

2. (Printed Name)

ASSISTANT SECRETARY

(Title)

(Signature)

SCOTT EDWARD COLEMAN

3. (Printed Name)

ASSISTANT TREASURER

(Title)

Subscribed and sworn to before me

This 17TH day of FEBRUARY, 2015

a. Is this an original filing?

Yes [X] No []

b. If no

1. State the amendment number

2. Date filed

3. Number of pages attached

MOUNTAIN LAUREL ASSURANCE COMPANY
ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	75,690,532		75,690,532	83,856,634
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0, Schedule E-Part 1), cash equivalents (\$....10,799,505, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	10,799,505		10,799,505	
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	86,490,037	0	86,490,037	83,856,634
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	860,511		860,511	851,483
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	3,966,337	1,083,911	2,882,426	2,829,159
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	22,660,158		22,660,158	19,915,038
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	(2,291)		(2,291)	(5,089)
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	3,497,070	1,394	3,495,676	3,237,199
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	4,762,445		4,762,445	1,612,386
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	16,874	16,874	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	122,251,141	1,102,179	121,148,962	112,296,810
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	122,251,141	1,102,179	121,148,962	112,296,810

DETAILS OF WRITE-INS				
1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. PREPAID EXPENSES.....	14,750	14,750	0	
2502. MISCELLANEOUS OTHER ASSETS.....	2,124	2,124	0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	16,874	16,874	0	0

MOUNTAIN LAUREL ASSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	26,085,101	26,759,950
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	4,868,490	4,809,504
4. Commissions payable, contingent commissions and other similar charges.....	22,509	13,887
5. Other expenses (excluding taxes, licenses and fees).....	15,086	14,849
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	253,715	410,930
7.1 Current federal and foreign income taxes (including \$.....(15,175) on realized capital gains (losses)).....	1,554,490	1,007,068
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	36,949,202	33,434,349
10. Advance premium.....	495,404	442,487
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	446	(720)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	4,404,311	4,308,951
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....	1,146	
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	256,796	282,348
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	74,906,696	71,483,603
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	74,906,696	71,483,603
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	2,350,000	2,350,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	21,150,000	21,150,000
35. Unassigned funds (surplus).....	22,742,266	17,313,207
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	46,242,266	40,813,207
38. TOTALS (Page 2, Line 28, Col. 3).....	121,148,962	112,296,810

DETAILS OF WRITE-INS		
2501. STATE PLAN LIABILITY.....	217,473	236,499
2502. ESCHEATABLE PROPERTY.....	35,251	35,978
2503. PREMIUM REFUND LIABILITY.....	4,072	9,871
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	256,796	282,348
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

MOUNTAIN LAUREL ASSURANCE COMPANY
STATEMENT OF INCOME

UNDERWRITING INCOME			1	2
			Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....		133,648,799	118,729,438
DEDUCTIONS				
2.	Losses incurred (Part 2, Line 35, Column 7).....		75,077,487	77,489,853
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		11,753,016	11,965,512
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		29,608,689	28,031,740
5.	Aggregate write-ins for underwriting deductions.....		0	0
6.	Total underwriting deductions (Lines 2 through 5).....		116,439,192	117,487,105
7.	Net income of protected cells.....			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....		17,209,607	1,242,333
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....		1,736,719	1,785,689
10.	Net realized capital gains (losses) less capital gains tax of \$.....(39,211) (Exhibit of Capital Gains (Losses)).....		39,211	9,591
11.	Net investment gain (loss) (Lines 9 + 10).....		1,775,930	1,795,280
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....113,449 amount charged off \$.....1,878,126).....		(1,764,677)	(1,554,578)
13.	Finance and service charges not included in premiums.....		2,047,119	1,653,720
14.	Aggregate write-ins for miscellaneous income.....		(730)	4,023
15.	Total other income (Lines 12 through 14).....		281,712	103,165
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....		19,267,249	3,140,778
17.	Dividends to policyholders.....			
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....		19,267,249	3,140,778
19.	Federal and foreign income taxes incurred.....		6,372,256	706,040
20.	Net income (Line 18 minus Line 19) (to Line 22).....		12,894,993	2,434,738
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....		40,813,207	38,286,148
22.	Net income (from Line 20).....		12,894,993	2,434,738
23.	Net transfers (to) from Protected Cell accounts.....			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....			
25.	Change in net unrealized foreign exchange capital gain (loss).....			
26.	Change in net deferred income tax.....		215,975	196,906
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....		(181,909)	(104,585)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....			
29.	Change in surplus notes.....			
30.	Surplus (contributed to) withdrawn from protected cells.....			
31.	Cumulative effect of changes in accounting principles.....			
32.	Capital changes:			
32.1	Paid in.....			
32.2	Transferred from surplus (Stock Dividend).....			
32.3	Transferred to surplus.....			
33.	Surplus adjustments:			
33.1	Paid in.....			
33.2	Transferred to capital (Stock Dividend).....			
33.3.	Transferred from capital.....			
34.	Net remittances from or (to) Home Office.....			
35.	Dividends to stockholders.....		(7,500,000)	
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....			
37.	Aggregate write-ins for gains and losses in surplus.....		0	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....		5,429,059	2,527,059
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....		46,242,266	40,813,207
DETAILS OF WRITE-INS				
0501.	.....		
0502.	.....		
0503.	.....		
0598.	Summary of remaining write-ins for Line 5 from overflow page.....		0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....		0	0
1401.	INTEREST INCOME ON INTERCOMPANY BALANCES.....		2,857	4,410
1402.	MISCELLANEOUS OTHER EXPENSE.....		(3,587)	(387)
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page.....		0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....		(730)	4,023
3701.	.....		
3702.	.....		
3703.	.....		
3798.	Summary of remaining write-ins for Line 37 from overflow page.....		0	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....		0	0

MOUNTAIN LAUREL ASSURANCE COMPANY
CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	134,146,546	119,189,905
2. Net investment income.....	3,278,082	3,143,625
3. Miscellaneous income.....	331,947	196,575
4. Total (Lines 1 through 3).....	137,756,575	122,530,105
5. Benefit and loss related payments.....	75,755,134	76,702,030
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	41,450,969	39,602,809
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....(18,862) tax on capital gains (losses).....	5,785,623	506,653
10. Total (Lines 5 through 9).....	122,991,726	116,811,492
11. Net cash from operations (Line 4 minus Line 10).....	14,764,849	5,718,613
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	21,625,000	17,139,012
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....	1,146	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	21,626,146	17,139,012
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	15,009,393	30,838,111
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	15,009,393	30,838,111
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	6,616,753	(13,699,099)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	7,500,000	
16.6 Other cash provided (applied).....	(3,082,097)	1,880,611
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(10,582,097)	1,880,611
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	10,799,505	(6,099,875)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(0)	6,099,875
19.2 End of year (Line 18 plus Line 19.1).....	10,799,505	(0)

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

20.0001		
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MOUNTAIN LAUREL ASSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
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.....	2,121,752	860,722	928,984	2,053,490
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.....	652,058	285,667	286,362	651,363
17.2	Other liability - claims-made.....				.....0
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.....	83,291,799	19,133,261	21,571,199	80,853,861
19.3, 19.4	Commercial auto liability.....	445,939	270,969	195,377	521,531
21.	Auto physical damage.....	50,652,105	12,883,731	13,967,281	49,568,555
22.	Aircraft (all perils).....				.....0
23.	Fidelity.....				.....0
24.	Surety.....				.....0
26.	Burglary and theft.....				.....0
27.	Boiler and machinery.....				.....0
28.	Credit.....				.....0
29.	International.....				.....0
30.	Warranty.....				.....0
31.	Reinsurance - nonproportional assumed property.....				.....0
32.	Reinsurance - nonproportional assumed liability.....				.....0
33.	Reinsurance - nonproportional assumed financial lines.....				.....0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	137,163,653	33,434,350	36,949,203	133,648,800

DETAILS OF WRITE-INS

3401.	.....				.....0
3402.	.....				.....0
3403.	.....				.....0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0

MOUNTAIN LAUREL ASSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....					0
2.	Allied lines.....					0
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	928,984				928,984
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.....	286,362				286,362
17.2	Other liability - claims-made.....					0
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.....	21,571,199				21,571,199
19.3, 19.4	Commercial auto liability.....	195,377				195,377
21.	Auto physical damage.....	13,967,281				13,967,281
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....					0
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	36,949,203	0	0	0	36,949,203
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					36,949,203

DETAILS OF WRITE-INS					
3401.	.....				0
3402.	.....				0
3403.	.....				0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0

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

MOUNTAIN LAUREL ASSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.....0
2. Allied lines.....						.....0
3. Farmowners multiple peril.....						.....0
4. Homeowners multiple peril.....						.....0
5. Commercial multiple peril.....						.....0
6. Mortgage guaranty.....						.....0
8. Ocean marine.....						.....0
9. Inland marine.....	.....2,121,752					.....2,121,752
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.....	.....652,058					.....652,058
17.2 Other liability - claims-made.....						.....0
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.....	.....83,291,799					.....83,291,799
19.3, 19.4 Commercial auto liability.....	.....445,939					.....445,939
21. Auto physical damage.....	.....50,652,105					.....50,652,105
22. Aircraft (all perils).....						.....0
23. Fidelity.....						.....0
24. Surety.....						.....0
26. Burglary and theft.....						.....0
27. Boiler and machinery.....						.....0
28. Credit.....						.....0
29. International.....						.....0
30. Warranty.....						.....0
31. Reinsurance - nonproportional assumed property.....	.....XXX					.....0
32. Reinsurance - nonproportional assumed liability.....	.....XXX					.....0
33. Reinsurance - nonproportional assumed financial lines.....	.....XXX					.....0
34. Aggregate write-ins for other lines of business.....	.....0	.....0	.....0	.....0	.....0	.....0
35. TOTALS.....	.....137,163,653	.....0	.....0	.....0	.....0	.....137,163,653

DETAILS OF WRITE-INS

3401. ....						.....0
3402. ....						.....0
3403. ....						.....0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.....0	.....0	.....0	.....0	.....0	.....0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]
If yes: 1. The amount of such installment premiums \$.....0.
2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire.....				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.....	771,826			771,826	69,105	112,728	728,203	35.5
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.....	25,253			25,253	61,018	47,374	38,897	6.0
17.2	Other liability - claims-made.....				0			0	0.0
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.....	41,347,341		(9,141)	41,356,482	25,510,644	25,689,260	41,177,866	50.9
19.3, 19.4	Commercial auto liability.....	173,724		(726)	174,450	296,427	394,782	76,095	14.6
21.	Auto physical damage.....	33,415,566		(8,760)	33,424,326	147,907	515,806	33,056,427	66.7
22.	Aircraft (all perils).....				0			0	0.0
23.	Fidelity.....				0			0	0.0
24.	Surety.....				0			0	0.0
26.	Burglary and theft.....				0			0	0.0
27.	Boiler and machinery.....				0			0	0.0
28.	Credit.....				0			0	0.0
29.	International.....				0			0	0.0
30.	Warranty.....				0			0	0.0
31.	Reinsurance - nonproportional assumed property.....	XXX			0			0	0.0
32.	Reinsurance - nonproportional assumed liability.....	XXX			0			0	0.0
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	0.0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35.	TOTALS.....	75,733,710	0	(18,627)	75,752,337	26,085,101	26,759,950	75,077,488	56.2
DETAILS OF WRITE-INS									
3401.	.....				0			0	0.0
3402.	.....				0			0	0.0
3403.	.....				0			0	0.0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 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 Excluding 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.....	11,998			11,998	57,107			69,105	15,161
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.....	4,970			4,970	56,048			61,018	15,816
17.2	Other liability - claims-made.....				.0				.0	
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.....	20,262,983			20,262,983	5,247,661			25,510,644	4,408,499
19.3, 19.4	Commercial auto liability.....	224,828			224,828	71,599			296,427	89,683
21.	Auto physical damage.....	1,723,169			1,723,169	(1,575,262)			147,907	339,332
22.	Aircraft (all perils).....				.0				.0	
23.	Fidelity.....				.0				.0	
24.	Surety.....				.0				.0	
26.	Burglary and theft.....				.0				.0	
27.	Boiler and machinery.....				.0				.0	
28.	Credit.....				.0				.0	
29.	International.....				.0				.0	
30.	Warranty.....				.0				.0	
31.	Reinsurance - nonproportional assumed property.....	.XXX			.0	.XXX			.0	
32.	Reinsurance - nonproportional assumed liability.....	.XXX			.0	.XXX			.0	
33.	Reinsurance - nonproportional assumed financial lines.....	.XXX			.0	.XXX			.0	
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
35.	TOTALS.....	22,227,948	.0	.0	22,227,948	3,857,153	.0	.0	26,085,101	4,868,491
DETAILS OF WRITE-INS										
3401.	.....				.0				.0	
3402.	.....				.0				.0	
3403.	.....				.0				.0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

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

MOUNTAIN LAUREL ASSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	1,041,054			1,041,054
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	1,452			1,452
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,039,603	0	0	1,039,603
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		813,400		813,400
2.2 Reinsurance assumed, excluding contingent.....				0
2.3 Reinsurance ceded, excluding contingent.....				0
2.4 Contingent - direct.....		21,674		21,674
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	835,074	0	835,074
3. Allowances to manager and agents.....				0
4. Advertising.....		12,047,232		12,047,232
5. Boards, bureaus and associations.....	34,218	35,921		70,139
6. Surveys and underwriting reports.....		1,174,889		1,174,889
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	6,985,390	8,253,872	52,872	15,292,134
8.2 Payroll taxes.....	499,940	619,109	1,902	1,120,952
9. Employee relations and welfare.....	1,263,478	1,325,733	2,993	2,592,204
10. Insurance.....	26,348	31,794		58,142
11. Directors' fees.....				0
12. Travel and travel items.....	399,167	196,227	322	595,716
13. Rent and rent items.....	421,658	508,773	1,367	931,797
14. Equipment.....	46,070	217,423		263,493
15. Cost or depreciation of EDP equipment and software.....	424,844	1,233,601	424	1,658,869
16. Printing and stationery.....	35,267	154,094	128	189,489
17. Postage, telephone and telegraph, exchange and express.....	364,513	1,170,272	382	1,535,167
18. Legal and auditing.....	156,525	175,298	8,267	340,090
19. Totals (Lines 3 to 18).....	10,657,417	27,144,237	68,658	37,870,312
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		1,288,217		1,288,217
20.2 Insurance department licenses and fees.....	159	252,434		252,593
20.3 Gross guaranty association assessments.....		(3,730)		(3,730)
20.4 All other (excluding federal and foreign income and real estate).....	8,736	12,686		21,421
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	8,895	1,549,607	0	1,558,502
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	47,101	79,771	9,499	136,371
25. Total expenses incurred.....	11,753,016	29,608,689	78,157	(a).....41,439,862
26. Less unpaid expenses - current year.....	4,868,490	289,926	1,384	5,159,800
27. Add unpaid expenses - prior year.....	4,809,504	438,174	1,490	5,249,168
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	11,694,030	29,756,937	78,263	41,529,230

DETAILS OF WRITE-INS				
2401. MISCELLANEOUS EXPENSES.....	47,101	79,771	9,499	136,371
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	47,101	79,771	9,499	136,371

(a) Includes management fees of \$.....38,127,892 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....12,935	.....17,940
1.1 Bonds exempt from U.S. tax.....	(a).....1,791,901	.....1,795,925
1.2 Other bonds (unaffiliated).....	(a).....	.....
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....1,011	.....1,011
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....1,805,847	.....1,814,876
11. Investment expenses.....		(g).....78,157
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).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....78,157
17. Net investment income (Line 10 minus Line 16).....		.....1,736,719

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 thru 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 thru 1503 plus 1598) (Line 15 above).....		.....0
(a) Includes \$.....721 accrual of discount less \$.....1,551,218 amortization of premium and less \$.....118,194 paid for accrued interest on purchases.		
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.		
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e) Includes \$.....1,011 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.		
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.		
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....			.....0		
1.1 Bonds exempt from U.S. tax.....			.....0		
1.2 Other bonds (unaffiliated).....			.....0		
1.3 Bonds of affiliates.....			.....0		
2.1 Preferred stocks (unaffiliated).....			.....0		
2.11 Preferred stocks of affiliates.....			.....0		
2.2 Common stocks (unaffiliated).....			.....0		
2.21 Common stocks of affiliates.....			.....0		
3. Mortgage loans.....			.....0		
4. Real estate.....			.....0		
5. Contract loans.....			.....0		
6. Cash, cash equivalents and short-term investments.....			.....0		
7. Derivative instruments.....			.....0		
8. Other invested assets.....			.....0		
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....0	.....0	.....0	.....0	.....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 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....			.....0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.....0
6. Contract loans.....			.....0
7. Derivatives (Schedule DB).....			.....0
8. Other invested assets (Schedule BA).....			.....0
9. Receivables for securities.....			.....0
10. Securities lending reinvested collateral assets (Schedule DL).....			.....0
11. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.....0	.....0	.....0
13. Title plants (for Title insurers only).....			.....0
14. Investment income due and accrued.....			.....0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.....1,083,911	.....861,346	.....(222,565)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
15.3 Accrued retrospective premiums.....			.....0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.....0
16.2 Funds held by or deposited with reinsured companies.....			.....0
16.3 Other amounts receivable under reinsurance contracts.....			.....0
17. Amounts receivable relating to uninsured plans.....			.....0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
18.2 Net deferred tax asset.....	.....1,394	.....43,896	.....42,502
19. Guaranty funds receivable or on deposit.....			.....0
20. Electronic data processing equipment and software.....			.....0
21. Furniture and equipment, including health care delivery assets.....			.....0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
23. Receivables from parent, subsidiaries and affiliates.....			.....0
24. Health care and other amounts receivable.....			.....0
25. Aggregate write-ins for other than invested assets.....	.....16,874	.....15,028	.....(1,846)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.....1,102,179	.....920,270	.....(181,909)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
28. TOTALS (Lines 26 and 27).....	.....1,102,179	.....920,270	.....(181,909)

DETAILS OF WRITE-INS

1101. ....			.....0
1102. ....			.....0
1103. ....			.....0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0
2501. PREPAID EXPENSES.....	.....14,750	.....14,031	.....(719)
2502. MISCELLANEOUS OTHER ASSETS.....	.....2,124	.....997	.....(1,127)
2503. ....			.....0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....16,87415,028(1,846)

NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Mountain Laurel Assurance Company (the “Company”) were prepared on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (“DOI”).

The Ohio DOI requires insurance companies domiciled in the state of Ohio to prepare their statutory-basis 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 DOI. No deviations from NAIC statutory accounting practices (“NAIC SAP”) were used in preparing these statutory-basis financial statements as illustrated in the table below:

Description	State of Domicile	2014	2013
Net income			
(1) Net income, state basis	OH	\$ 12,894,993	\$ 2,434,738
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 12,894,993	\$ 2,434,738
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 46,242,266	\$ 40,813,207
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis(5-6-7=8)	OH	\$ 46,242,266	\$ 40,813,207

B. Use of Estimates

The Company is required to make estimates and assumptions when preparing its financial statements and accompanying notes in conformity with NAIC SAP. Actual results may differ from those estimates. Material estimates that are susceptible to significant changes in the near term include the loss and loss adjustment expense (“LAE”) reserves.

C. Accounting Policies

Insurance premiums written are being earned into income on a pro-rata basis over the period of risk based on a daily earnings convention. Unearned premiums are established to cover the unexpired portion of premiums written. The Company offers a variety of payment plans to meet individual customer needs. Generally, insurance premiums are collected in advance of providing risk coverage, minimizing the Company’s exposure to credit risk.

Acquisition costs, such as agents’ commissions, premium taxes, and other policy initiation costs, are charged to operations as incurred. Advertising costs are expensed as incurred.

Certain assets designated as “nonadmitted assets”, in accordance with Statement of Statutory Accounting Principles (“SSAP”) No. 4, Assets and Nonadmitted Assets, are reported on page 13, Exhibit of Nonadmitted Assets. The change in nonadmitted assets is charged directly against surplus as regards policyholders on page 4, Statement of Income, capital and surplus section.

In addition, the Company uses the following accounting policies:

Investments

- Cash and cash equivalents include bank accounts and certificates of deposit as well as short-term investments with original maturities of three months or less that are reported at amortized cost which approximates market value.
- Short-term investments include securities acquired within one year of maturity except for those with original maturities of three months or less (see cash and cash equivalents above) and are reported at amortized cost which approximates market value.
- Investment grade bond valuations are based on NAIC designations or NAIC Credit Rating Provider (“CRP”) designations from the Acceptable Rating Organization (“ARO”) list and are reported at amortized cost using the scientific method which closely approximates the effective interest method. Non-investment grade bond valuations are also based on NAIC designations or NAIC CRP-ARO designations and are reported at the lower of amortized cost or fair market value. Loan-backed and structured securities follow the guidance prescribed by SSAP No. 43R, Loan-backed and Structured Securities (“SSAP No. 43R”), for the determination of the bond valuation and reporting designation. The difference between the original cost and redemption value of these securities is recognized over the lives of the respective issues and included in net investment gain.
- Common stocks, other than investments in stocks of subsidiaries and affiliates, are reported at fair market values based on active market closing quotations from a regulated exchange. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes.
- Non-redeemable preferred stocks are reported at fair market values. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes. Investment grade redeemable preferred stocks are reported at amortized cost, while non-investment grade redeemable preferred stocks are reported at the lower of amortized cost or fair market value. The difference between the original cost and redemption value of the redeemable preferred securities is recognized using the scientific method, which closely approximates the effective interest method, over the lives of the respective issues and included in net investment gain.
- The fair market values reported are derived from independent and observable market input evaluations provided by reputable pricing services, independent broker/dealer bid lists, independent broker/dealer quotations, independent broker/dealer pricing services, or active market closing quotations from a regulated exchange. In very rare cases, if none of the aforementioned primary sources are available, matrix pricing using the reporting entity’s own market based assumptions may be utilized. The approved methods for computation of fair market value are prescribed in Part Five of the Securities Valuation Office Purposes and Procedures Manual.
- The Company has no investments in mortgage loans.
- Loan-backed and structured securities are accounted for as prescribed by SSAP No. 43R. These securities are generally stated at amortized cost as determined by the estimated value of future cash flows. Prepayment assumptions for loan-backed and structured debt securities are obtained from available market data, broker/dealers, and/or internal estimates, and are consistent with current interest rate and economic trends.
- The Company has no investments in joint ventures, partnerships, or limited liability companies.
- The Company has no investments in derivatives.

MOUNTAIN LAUREL ASSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 2014 and December 31, 2013.
- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.
- The Company's management routinely monitors individual securities in its investment portfolio for pricing changes that might indicate potential impairments and performs detailed reviews of securities with unrealized losses based on predetermined guidelines to determine whether a decline in the value of a security is other-than-temporary. A review for other-than-temporary impairment ("OTTI") requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company's ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

Management assesses valuation declines to determine the extent to which such changes are attributable to (i) fundamental factors specific to the issuer, such as financial conditions, business prospects or other factors, or (ii) market-related factors such as interest rates or equity market declines (i.e., negative returns at either a sector index level or the broader market level), or (iii) credit-related losses where the present value of cash flows expected to be collected are lower than the amortized cost basis of the security (includes only those securities covered under SSAP No. 43R). This evaluation reflects management's assessment of current conditions, as well as predictions of uncertain future events that may have a material effect on the financial statements related to security valuation.

When persuasive evidence exists that causes management to conclude that a decline in fair value is other-than-temporary, the book value of such security is written down and recognized as a realized loss. All other unrealized gains or losses are reflected in statutory surplus.

Loss, Loss Adjustment Expense, and Premium Deficiency Reserves

- Loss reserves represent the estimated liability on claims reported to the Company, plus reserves for losses incurred but not yet reported ("IBNR"). These estimates are reported net of amounts recoverable from salvage and subrogation. LAE reserves represent the estimated expenses required to settle reported claims and IBNR losses. Such loss and LAE reserves could be susceptible to significant change in the near term. The Company conducts extensive reviews each month on portions of its business to help ensure that the Company is meeting its objective of always having reserves that are adequate with minimal variation. Results would differ if different assumptions were made (see Note 25).
- The Company does anticipate investment income when evaluating the need for premium deficiency reserves. See Note 30.

Capitalization of Assets

- Prepaid assets above a \$100,000 threshold are capitalized. Under certain circumstances, the Company may decide to establish a prepaid expense for amounts less than the threshold. Prepaid assets are nonadmitted. There have been no changes to the written policy or predefined capitalization threshold from the prior year.

Pharmaceutical Rebate Receivables

- The Company does not write medical insurance or prescription drug coverage.

2. Accounting Changes and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

The Company does not own any loan-backed or structured debt securities.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable (see Note 1.C Investments)

F. Real Estate

Not applicable

G. Low Income Housing Tax Credits

Not applicable

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

1. Restricted assets (including pledged) summarized by restricted asset category are as follows:

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 (1 plus 3)	Total From Prior Year	Increase (Decrease) (5 minus 6)		Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
On deposit with state	\$ 529,873	\$ --	\$ --	\$ --	\$ 529,873	\$ 529,459	\$ 414	\$ 529,873	0.43%	0.44%
Total restricted assets	\$ 529,873	\$ --	\$ --	\$ --	\$ 529,873	\$ 529,459	\$ 414	\$ 529,873	0.43%	0.44%

(a) Subset of column 1

(b) Subset of column 3

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (from above table)

Not applicable

3. Detail of Other Restricted Assets

Not applicable

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if the amounts are greater than 90 days past due.

B. Amounts Nonadmitted

Not applicable

8. Derivative Instruments

Not applicable

9. Income Taxes

A. Components of the net deferred tax asset (liability) ("DTA"/"(DTL)")

1. The components of the net DTA/(DTL) at December 31 are as follows:

Description	December 31, 2014			December 31, 2013			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary Income	Capital Gain (Loss)	(Col 1+2) Total	Ordinary Income	Capital Gain (Loss)	(Col 4+5) Total	(Col 1-4) Ordinary Income	(Col 2-5) Capital Gain (Loss)	(Col 7+8) Total
(a) Gross deferred tax assets	\$ 3,525,562	\$ 116,413	\$ 3,641,975	\$ 3,270,970	\$ 155,633	\$ 3,426,603	\$ 254,592	\$ (39,220)	\$ 215,372
(b) Statutory valuation allowance adjustment	--	--	--	--	--	--	--	--	--
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 3,525,562	\$ 116,413	\$ 3,641,975	\$ 3,270,970	\$ 155,633	\$ 3,426,603	\$ 254,592	\$ (39,220)	\$ 215,372
(d) Deferred tax assets nonadmitted	--	1,394	1,394	3,146	40,750	43,896	(3,146)	(39,356)	(42,502)
(e) Subtotal (net deferred tax asset) (1c-1d)	\$ 3,525,562	\$ 115,019	\$ 3,640,581	\$ 3,267,824	\$ 114,883	\$ 3,382,707	\$ 257,738	\$ 136	\$ 257,874
(f) Deferred tax liabilities	29,886	115,019	144,905	30,625	114,883	145,508	(739)	136	(603)
(g) Net admitted deferred tax assets (net deferred tax liability) (1e-1f)	\$ 3,495,676	\$ --	\$ 3,495,676	\$ 3,237,199	\$ --	\$ 3,237,199	\$ 258,477	\$ --	\$ 258,477

NOTES TO FINANCIAL STATEMENTS

2. The admission calculation components of the DTA in accordance with SSAP No. 101, Income Taxes, are as follows:

Description	December 31, 2014			December 31, 2013			Change		
	(1) Ordinary Income	(2) Capital Gain (Loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital Gain (Loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital Gain (Loss)	(9) (Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 3,466,316	\$ --	\$ 3,466,316	\$ 3,197,626	\$ --	\$ 3,197,626	\$ 268,690	\$ --	\$ 268,690
(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)	32,999	--	32,999	39,573	--	39,573	(6,574)	--	(6,574)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	32,999	--	32,999	39,573	--	39,573	(6,574)	--	(6,574)
2. Adjusted gross deferred tax assets allowed per limitation threshold			6,411,989			5,636,401			775,587
(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	26,247	115,019	141,266	30,625	114,883	145,508	(4,378)	136	(4,242)
(d) Deferred tax assets admitted as result of application of SSAP No. 101.									
Total (2(a)+2(b)+2(c))	\$ 3,525,562	\$ 115,019	\$ 3,640,581	\$ 3,267,824	\$ 114,883	\$ 3,382,707	\$ 257,738	\$ 136	\$ 257,874

3. Recovery period and threshold limitation information is as follows:

Description	2014	2013
(a) Ratio percentage used to determine recovery period and threshold limitation amount	1134%	688%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 42,746,590	\$ 37,576,008

4. The impact of tax planning strategies is as follows:

Description	December 31, 2014		December 31, 2013		Change	
	(1) Ordinary Income	(2) Capital Gain (Loss)	(3) Ordinary Income	(4) Capital Gain (Loss)	(5) (Col 1-3) Ordinary Income	(6) (Col 2-4) Capital Gain (Loss)
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
1. Adjusted gross DTAs	\$ 3,525,562	\$ 116,413	\$ 3,270,970	\$ 155,633	\$ 254,592	\$ (39,220)
2. % of adjusted gross DTAs attributable to the impact of tax planning strategies	0%	1%	0%	26%	0%	-25%
3. Net admitted adjusted gross DTAs	\$ 3,525,562	\$ 115,019	\$ 3,267,824	\$ 114,883	\$ 257,738	\$ 136
4. % of net admitted adjusted gross DTAs admitted due to tax planning strategies	0%	0%	0%	0%	0%	0%
(b) Does the Company's tax planning strategies include the use of reinsurance? Yes ___ No <u>X</u>						

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

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

1. Current Income Tax:

Description	(1) December 31, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
(a) Federal	\$ 6,372,256	\$ 706,040	\$ 5,666,216
(b) Foreign	--	--	--
(c) Subtotal	\$ 6,372,256	\$ 706,040	\$ 5,666,216
(d) Federal income tax on net capital gains	(39,211)	5,180	(44,391)
(e) Utilization of capital loss carry-forwards	--	--	--
(f) Other	--	--	--
(g) Federal and foreign income taxes incurred	\$ 6,333,045	\$ 711,220	\$ 5,621,825

MOUNTAIN LAUREL ASSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets:

Description	(1) December 31, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 347,356	\$ 440,678	\$ (93,322)
(2) Unearned premium reserve	2,607,813	2,359,303	248,510
(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	379,369	301,471	77,898
(11) Net operating loss carry-forward	--	--	--
(12) Tax credit carry-forward	--	--	--
(13) Other Bad debt reserve	178,566	160,983	17,583
(14) Intangible assets	--	--	--
(15) Other - accrued insurance department exam fees	--	--	--
(16) Other (including items <5% of total ordinary tax assets)	12,458	8,535	3,923
(99) Subtotal	\$ 3,525,562	\$ 3,270,970	\$ 254,592
(b) Statutory valuation allowance adjustment	--	--	--
(c) Nonadmitted	--	3,146	(3,146)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 3,525,562	\$ 3,267,824	\$ 257,738
(e) Capital			
(1) Investments	116,413	155,633	(39,220)
(2) Net capital loss carry-forward	--	--	--
(3) Real estate	--	--	--
(4) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 116,413	\$ 155,633	\$ (39,220)
(f) Statutory valuation allowance adjustment	--	--	--
(g) Nonadmitted	1,394	40,750	(39,356)
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 115,019	\$ 114,883	\$ 136
(i) Admitted deferred tax assets (2d+2h)	\$ 3,640,581	\$ 3,382,707	\$ 257,874

3. Deferred Tax Liabilities:

Description	(1) December 31, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
(a) Ordinary			
(1) Investments	\$ --	\$ --	\$ --
(2) Fixed Assets	--	--	--
(3) Deferred and uncollected premium	--	--	--
(4) Policyholder reserves	--	--	--
(5) Other liabilities- prepaid expenses	5,163	4,911	252
(6) Other liabilities - salvage and subrogation	24,724	25,713	(989)
(7) Other (including items <5% of total ordinary tax liabilities)	(1)	1	(2)
(99) Subtotal	\$ 29,886	\$ 30,625	\$ (739)
(b) Capital			
(1) Investments	115,019	114,883	136
(2) Real estate	--	--	--
(3) Other (including items <5% of total capital tax liabilities)	--	--	--
(99) Subtotal	\$ 115,019	\$ 114,883	\$ 136
(c) Deferred tax liabilities (3a99+3b99)	\$ 144,905	\$ 145,508	\$ (603)

4. Net Deferred Tax Asset (Liability) (2i – 3c):

Description	(1) December 31, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
Net deferred tax asset (liability) (2i-3c)	\$ 3,495,676	\$ 3,237,199	\$ 258,477

The change in net deferred income tax is comprised of the following (this analysis excludes nonadmitted assets; the change in nonadmitted assets is reported separately from the change in net deferred income tax in the Statement of Income, Surplus section):

Description	December 31, 2014	December 31, 2013	Change
Total deferred tax assets	\$ 3,641,975	\$ 3,426,603	\$ 215,372
Total deferred tax liabilities	144,905	145,508	(603)
Net deferred tax asset (liability)	\$ 3,497,070	\$ 3,281,095	\$ 215,975
Tax effect of unrealized gains (losses)			--
Change in net deferred income tax			\$ 215,975

MOUNTAIN LAUREL ASSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for Federal income taxes is different than that which would be obtained by applying the statutory Federal income tax rate to pre-tax income. The significant book to tax adjustments causing this difference are as follows:

Description	Tax Effect Amount	Effective Tax Rate
Provision computed at statutory rate	\$ 6,729,812	35%
Exempt interest income	(534,196)	-3%
Impact of nonadmitted assets	(78,544)	0%
Other	(2)	0%
Total	\$ 6,117,070	32%
Federal and foreign income taxes incurred	\$ 6,333,045	
Change in net deferred income tax	(215,975)	
Total statutory income taxes	\$ 6,117,070	

E. Operating Loss and Tax Credit Carryforwards

1. The Company has no operating loss or tax credit carryforwards available.
2. The amount of Federal income taxes incurred and available for recoupment by the Company in the event of future net losses is equal to approximately:

Period	Amount
Current tax year:	\$ 6,346,720
First preceding tax year:	\$ 709,100

The amounts that can be recouped may be subject to the alternative minimum tax rules, and therefore may be limited.

3. Protective Tax Deposits
- Not applicable

F. Consolidated Federal Income Tax Return

1. The Company's Federal income tax return is consolidated with The Progressive Corporation ("TPC"), a publicly traded holding company incorporated in Ohio, and all of its wholly-owned United States subsidiaries (the "Group") as detailed in Schedule Y, Part 1.
2. The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled quarterly.

G. Federal or Foreign 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. Nature of Relationships

The Company is wholly owned by Progressive Direct Holdings, Inc. ("PDH"), a holding company incorporated in Delaware. The structure of the holding company organization is shown on Schedule Y, Part 1.

B. Detail of Transactions Greater than 1/2% of Admitted Assets

All significant 2014 transactions by the Company or any affiliated insurer with any affiliate are summarized in Schedule Y, Part 2.

See Note 13.4

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

The Company reported a \$4,762,445 and \$1,612,386 receivable from parent, subsidiaries, and affiliates at December 31, 2014 and 2013, respectively. These balances are due to the timing of security purchases and cash collections and disbursements under the Group's centralized cash management system and management agreements in which the Company participates. The Company also reported a \$1,554,490 and \$1,007,068 current Federal income tax payable at December 31, 2014 and 2013, respectively. These balances are due to TPC for the Company's Federal income tax liability. The intercompany balances are settled by the end of the following quarter depending on the timing of investment transactions. These transactions are dependent upon market timing, investment needs and overall portfolio strategy as to the timing of such settlement transactions.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company does not have employees or facilities. Management, operations and claims services are provided under a management agreement with Progressive Direct Insurance Company ("Progressive Direct"), an insurance affiliate domiciled in Ohio. Under the terms of the agreement, the Company is provided underwriting and loss adjustment services for business produced in exchange for a management fee based on the Company's use of services.

The Company participates in an investment services agreement with Progressive Capital Management Corp., a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services.

NOTES TO FINANCIAL STATEMENTS

All intercompany agreements are approved by the participating insurance companies' states of domicile when established. Upon redomestication, intercompany agreements are not required to be approved by the new state of domicile.

- G.

Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by PDH.
- H.

Amount Deducted for Investment in Upstream Company

Not applicable
- I.

Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not applicable
- J.

Write-Downs for Impairments of Investments in Affiliates

Not applicable
- K.

Investment in Foreign Insurance Subsidiary

Not applicable
- L.

Investment in Downstream Non-Insurance Holding Company

Not applicable

11.

Debt

Not applicable

12.

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

The Company has no direct payroll (see Note 10.F).

13.

Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1.

Outstanding Shares

The Company has 470,000 shares of \$5 par value common stock authorized and 470,000 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.

2.

Dividend Rate of Preferred Stock

Not applicable

3,4,5,6.

Dividends

The maximum amount of dividends the Company can pay to PDH in 2015 without prior regulatory approval is limited by insurance laws in Ohio. Based on the dividend laws currently in effect, the Company may pay dividends of \$12,894,991 in 2015 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.

Within the limitations described above, there are no additional restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

The Company paid dividends to PDH as follows:

Date Paid	Amount Paid	Dividend Type
December 10, 2014	\$ 4,000,000	Ordinary
December 10, 2014	\$ 3,500,000	Extraordinary

The extraordinary cash dividend was approved by the Ohio DOI.

7.

Mutual Surplus Advances

Not applicable
8.

Company Stock Held for Special Purposes

Not applicable
9.

Changes in Special Surplus Funds

Not applicable
10.

Changes in Unassigned Funds (Surplus)

As of December 31, 2014, the portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus
Unrealized gain (loss)	\$ --
Nonadmitted assets	(1,102,179)
Provision for reinsurance	--
Total	\$ (1,102,179)

11.

Surplus Notes

Not applicable
- 12,13.

Quasi Reorganizations

Not applicable

MOUNTAIN LAUREL ASSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

14.	Liabilities, Contingencies and Assessments
A.	Contingent Commitments
	Not applicable
B.	Assessments
	<p>The Company is subject to state guaranty fund and other assessments by the states in which it writes business. State guaranty fund assessments are accrued at the time of any known insolvencies. Other assessments are accrued either at the time of assessment or at the time the premiums are written. These accruals are based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.</p> <p>As of December 31, 2014 and 2013, the Company's estimated liability for state guaranty fund and other assessments was \$51,078 and \$97,789, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.</p>
C.	Gain Contingencies
	Not applicable
D.	Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits
	Not applicable
E.	Product Warranties
	Not applicable
F.	Joint and Several Liabilities
	Not applicable
G.	All Other Contingencies
	<p>The Company routinely assesses the collectibility of premiums and agents' balances receivable and records a bad debt reserve for amounts exceeding the nonadmitted balance that the Company believes are uncollectible.</p> <p>The Company is named as defendant in various lawsuits arising out of its insurance operations. All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and loss adjustment expense ("LAE") reserves. The Company also has potential exposure relating to lawsuits due to its participation in a management agreement for which it is allocated litigation expenses (see Note 10.F).</p> <p>The Company's exposure to the following case arose from business written by the Company while participating in a 100% pooling reinsurance agreement with seven of its property-casualty affiliates (the "Direct Pool"). Effective November 5, 2005, the Company elected to terminate its participation in the Direct Pool and therefore has no net exposure with regard to this case.</p> <p>As of December 31, 2014, there was a putative class action lawsuit seeking interest on personal injury protection payments that allegedly were late. An agreement to settle on an individual basis was reached in 2014 and as of December 31, 2014, the settlement was still being administered.</p>
15.	Leases
	Not applicable
16.	Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk
	Not applicable
17.	Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities
A.	Transfers of Receivables Reported as Sales
	Not applicable
B.	Transfers and Servicing of Financial Assets
	Not applicable
C.	Wash Sales
	The Company had no wash sales of securities with a NAIC rating of 3 or below during the year.
18.	Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
	Not applicable
19.	Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators
	Not applicable
20.	Fair Value Measurements
A.	Inputs Used for Assets and Liabilities Measured at Fair Value in the Company's Financial Statements
1.	Fair Value Measurements by Levels 1, 2 and 3
	<p>The Company categorizes its financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows:</p> <p>Level 1 - Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., active exchange-traded equity securities).</p> <p>Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.</p>

MOUNTAIN LAUREL ASSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Level 3 - Inputs that are unobservable. Unobservable inputs reflect the Company's subjective evaluation about the assumptions market participants would use in pricing the financial instrument.

See Note 1, Investment Policies section for further information regarding methods used to determine fair market value.

The Company's management evaluated whether the market was distressed or inactive in determining the fair value of the Company's securities and reviewed certain market level inputs to evaluate whether sufficient activity, volume, and new issuances existed to create an active market. Based on this evaluation, management concluded that there was sufficient activity in determining the fair market value of the Company's securities.

As of December 31, 2014, the Company did not measure and report any securities at fair value on the balance sheet. All bonds were carried at amortized cost.

2. Roll forward of Level 3 Items
- Not applicable
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.
4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values
- See Note 20.A.1 above.
5. Derivative Fair Values
- Not applicable
- B. Other Fair Value Disclosures
- Not applicable
- C. Fair Values for all Financial Instruments by Levels 1, 2, and 3

The table below represents the fair value of all financial instruments at December 31, 2014, however, not all financial instruments are reported at fair value in the Company's financial statements.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 77,040,353	\$ 75,690,532	\$ 1,080,103	\$ 75,960,250	\$ --	\$ --
Cash equivalents	10,799,505	10,799,505	10,799,505	--	--	--
Total	\$ 87,839,858	\$ 86,490,037	\$ 11,879,608	\$ 75,960,250	\$ --	\$ --

- D. Financial Instruments for Which it is Not Practicable to Estimate Fair Values
- Not applicable

21. Other Items

- A. Extraordinary Items
- Not applicable
- B. Troubled Debt Restructuring for Debtors
- Not applicable
- C. Other Disclosures
- Not applicable
- D. Business Interruption Insurance Recoveries
- Not applicable
- E. State Transferable and Non-transferable Tax Credits
- Not applicable
- F. Subprime Mortgage Related Risk Exposure
1. Exposure to Subprime Mortgage Related Risk

The following subprime disclosure and the review and procedures described within are completed at a consolidated level for all the Progressive companies. To the extent the Company had any direct subprime exposure, those securities would be listed in Note 21.F.3.

Management's review of the investment portfolio for securities with direct subprime exposure, such as Alt-A residential mortgage loan-backed bonds and home equity loan-backed bonds is performed in conjunction with the OTTI analysis and procedures (see Note 1.C). Additionally, securities that were determined to have an indirect subprime exposure were also reviewed as part of the OTTI process.

The Company's management continues to perform a detailed review of its investment portfolio, paying particular attention to the credit profile of the issuers to identify the extent to which any asset values may have been impacted by direct or indirect exposure to the subprime mortgage loan disruption, as well as broader credit and financial market events.

In 2014, the Company recorded no OTTI write-downs on any securities as a result of direct subprime exposure.

MOUNTAIN LAUREL ASSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

2.

Direct Investment in Subprime Mortgage Loans

Not applicable
3.

Direct Investment in Securities with Underlying Subprime Exposure

Not applicable
4.

Mortgage or Financial Guaranty Subprime Exposure

Not applicable
22.

Events Subsequent

The Company was not impacted by any subsequent events. Subsequent events have been considered through February 13, 2015 for the statutory statement that was available for issuance by March 1, 2015.
23.

Reinsurance

A.

Unsecured Reinsurance Recoverable

Not applicable

B.

Reinsurance Recoverable in Dispute

Not applicable

C.

Reinsurance Assumed and Ceded (all amounts in 000's)

1.

At December 31, 2014, the Company had no ceded or assumed unearned premiums or related commission equity. The Company had a direct unearned premium reserve of \$36,949.

2.

The Company has no return commission or profit sharing arrangements.

D.

Uncollectible Reinsurance

Not applicable

E.

Commutation of Ceded Reinsurance

Not applicable

F.

Retroactive Reinsurance

Not applicable

G.

Reinsurance Accounted for as a Deposit

Not applicable

H.

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

Not applicable

I.

Certified Reinsurer Downgraded or Status Subject to Revocation

Not applicable

24.

Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

25.

Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior accident years decreased by \$1,645,422 in 2014, which is 5.2% of the total prior year net unpaid losses and LAE of \$31,569,454. The favorable development is primarily due to private passenger auto liability originally anticipated severity decreasing for accident years 2012 and 2011 and prior by 3.0% and 0.2%, respectively, while accident year 2013 increased by 0.6%. LAE reserves developed favorably with private passenger auto liability defense and cost containment reserves and adjusting and other expense reserves developing favorably.

26.

Intercompany Pooling Arrangements

Effective November 5, 2005, the Company elected to terminate its future participation in a pooling reinsurance agreement with the property-casualty affiliates listed below (the "Direct Pool") under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to Progressive Direct, the Direct Pool manager and a Direct Pool participant. The combined premiums, losses, and expenses are then retroceded to each Direct Pool member based on pre-determined pooling percentages. The Company has a zero percent retrocession participation in the Direct Pool for all policies written prior to November 5, 2005.

The pooling percentages for each Direct Pool member as of December 31, 2014 and 2013 were as follows:

Company	NAIC Code	2014 Pool %	2013 Pool %
Progressive Direct Insurance Company (Lead)	16322	77.5%	77.5%
Progressive Marathon Insurance Company	37605	6.0	6.0
Progressive Max Insurance Company	24279	6.0	6.0
Progressive Advanced Insurance Company	11851	4.0	4.0
Progressive Universal Insurance Company	21727	4.0	4.0
Progressive Premier Insurance Company of Illinois	21735	2.0	2.0
Progressive Paloverde Insurance Company	44695	0.5	0.5
Mountain Laurel Assurance Company	44180	--	--
		100.0%	100.0%

NOTES TO FINANCIAL STATEMENTS

All business written by each Direct Pool member is subject to pooling with the exception of loss reserves from asbestos and environmental claims for which the Company has no exposure. Business ceded by Direct Pool members to non-affiliated reinsurers prior to pooling, is primarily due to state-provided reinsurance programs. The Direct Pool does not participate in any intercompany sharing of the provision for reinsurance and the write-offs of uncollectible reinsurance.

At December 31, 2014, amounts recoverable from and payable to Progressive Direct and all affiliates participating in the Direct Pool are as follows:

Company	Amounts Recoverable	Amounts Payable
Progressive Direct Insurance Company (Lead)	\$ 23,650,578	\$ 18,337,626
Progressive Marathon Insurance Company	1,960,196	1,979,830
Progressive Max Insurance Company	8,980,036	1,979,830
Progressive Advanced Insurance Company	6,288,336	8,227,723
Progressive Universal Insurance Company	--	4,345,753
Progressive Premier Insurance Company of Illinois	1,109,058	4,313,219
Progressive Paloverde Insurance Company	--	2,801,486
Mountain Laurel Assurance Company	--	2,737
Total	\$ 41,988,204	\$ 41,988,204

27.

Structured Settlements

Not applicable
28.

Health Care Receivables

Not applicable
29.

Participating Accident and Health Policies

Not applicable
30.

Premium Deficiency Reserves

1.

Liability carried for premium deficiency reserves

\$0

2.

Date of most recent evaluation of this liability

December 31, 2014

3.

Was anticipated investment income utilized in the calculation?

Yes [X] No []
31.

High Deductibles

Not applicable
32.

Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Not applicable
33.

Asbestos and Environmental Reserves

Not applicable
34.

Subscriber Savings Accounts

Not applicable
35.

Multiple Peril Crop Insurance

Not applicable
36.

Financial Guaranty Insurance

Not applicable

MOUNTAIN LAUREL ASSURANCE COMPANY
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?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X] No []

1.2

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

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

1.3

State regulating? 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 [X]

2.2

If yes, date of change:

3.1

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

12/31/2012

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.

12/31/2012

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).

08/06/2013

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 [X]

3.6

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

Yes [X] 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 [X]

4.12

renewals?

Yes [] No [X]

4.2

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

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

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

Yes [] No [X]

5.2

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

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

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

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

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

.....%

7.22

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

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2

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

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

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

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSECOOPERS, LLP 200 PUBLIC SQUARE, 18TH FLOOR CLEVELAND, OH 44114-2301

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:

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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 [☒]

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

.....

22.22

Amount paid as expenses

.....

22.23

Other amounts paid

.....

23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [☒] No [☐]

23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount.

\$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01

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

Yes [☒] No [☐]

24.02

If no, give full and complete information relating thereto.

.....

24.03

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

N/A

24.04

Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [☐] No [☐] N/A [☒]

24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

.....

24.06

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

.....

24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes [☐] No [☐] N/A [☒]

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes [☐] No [☐] N/A [☒]

24.09

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes [☐] No [☐] N/A [☒]

24.10

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

24.101

Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

.....

24.102

Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

.....

24.103

Total payable for securities lending reported on the liability page.

.....

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)

Yes [☒] No [☐]

25.2

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

25.21

Subject to repurchase agreements

\$.....0

25.22

Subject to reverse repurchase agreements

\$.....0

25.23

Subject to dollar repurchase agreements

\$.....0

25.24

Subject to reverse dollar repurchase agreements

\$.....0

25.25

Placed under option agreements

\$.....0

25.26

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

\$.....0

25.27

FHLB Capital Stock

\$.....0

25.28

On deposit with states

\$.....529,873

25.29

On deposit with other regulatory bodies

\$.....0

25.30

Pledged as collateral - excluding collateral pledged to an FHLB

\$.....0

25.31

Pledged as collateral to FHLB - including assets backing funding agreements

\$.....0

25.32

Other

\$.....0

25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [☐] No [☒]

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [☐] No [☐] N/A [☒]

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 [☒]

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 [☒] No [☐]

28.01

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

1 Name of Custodian(s)	2 Custodian's Address
CITIBANK, N.A.	338 GREENWICH STREET, NEW YORK, NY 10013

28.02

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
NONE		

28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [☐] No [☒]

28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
NONE			

28.05

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

1 Central Registration Depository Number(s)	2 Name	3 Address
NONE		

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 [☒]

MOUNTAIN LAUREL ASSURANCE COMPANY

PART 1 - COMMON INTERROGATORIES - INVESTMENT

29.2 If yes, complete the following schedule:

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

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	.....86,490,038	.....87,839,859	.....1,349,821
30.2 Preferred stocks.....	.....	.....	.....0
30.3 Totals.....	.....86,490,038	.....87,839,859	.....1,349,821

30.4 Describe the sources or methods utilized in determining the fair values:
THE FAIR MARKET VALUES REPORTED ARE DERIVED FROM INDEPENDENT AND OBSERVABLE MARKET INPUT EVALUATIONS PROVIDED BY WIDELY UTILIZED REPUTABLE PRICING SERVICES, INDEPENDENT BROKER/DEALER BID LISTS, INDEPENDENT BROKER/DEALER QUOTATIONS, INDEPENDENT BROKER/DEALER PRICING SERVICES, OR ACTIVE MARKET CLOSING QUOTATIONS FROM A REGULATED EXCHANGE. IN VERY RARE CASES, IF NONE OF THE AFOREMENTIONED PRIMARY SOURCES ARE AVAILABLE, MATRIX PRICING USING THE REPORTING ENTITY'S OWN MARKET BASED ASSUMPTIONS MAY BE UTILIZED. THE APPROVED METHODS FOR COMPUTATION OF FAIR MARKET VALUE ARE PRESCRIBED IN PART FIVE OF THE SECURITIES VALUATION OFFICE PURPOSES AND PROCEDURES MANUAL.

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

Yes [☐]No [☒]

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

Yes [☐]No [☐]

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

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

Yes [☒]No [☐]

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$.....9,480

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	2
Name	Amount Paid
INDEPENDENT STATISTICAL SVCS	9,480

34.1 Amount of payments for legal expenses, if any?

\$.....0

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	2
Name	Amount Paid
	0

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

\$.....0

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	2
Name	Amount Paid
	0

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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

.....

1.62

Total incurred claims

.....

1.63

Number of covered lives

.....

All years prior to most current three years:

1.64

Total premium earned

.....

1.65

Total incurred claims

.....

1.66

Number of covered lives

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned

.....

1.72

Total incurred claims

.....

1.73

Number of covered lives

.....

All years prior to most current three years:

1.74

Total premium earned

.....

1.75

Total incurred claims

.....

1.76

Number of covered lives

.....

2.

Health test:

	1	2
	Current Year	Prior Year
2.1	Premium Numerator.....	.....
2.2	Premium Denominator.....	\$.....133,648,799.....118,729,438
2.3	Premium Ratio (2.1/2.2).....	.....0.0.....0.0
2.4	Reserve Numerator.....	.....
2.5	Reserve Denominator.....	\$.....67,902,794.....65,003,804
2.6	Reserve Ratio (2.4/2.5).....	.....0.0.....0.0

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 []

5.22

As a direct expense of the exchange

Yes []

No []

N/A []

5.3

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

.....

5.4

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

Yes []

No []

5.5

If yes, give full information:

.....

6.1

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

THE COMPANY DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE PML ESTIMATE WAS COMPLETED EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. OVER A THIRD OF THE COMPANY'S TOTAL EXPOSURES ARE IN THE STATE OF MISSISSIPPI. THE ESTIMATE OF THE PML IS 23% OF THE TOTAL SURPLUS. THE PRIMARY PROPERTY COVERAGE SOLD BY THE COMPANY IS COMPREHENSIVE AUTO.

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

THE CATASTROPHE EXPOSURE IS 23% OF THE SURPLUS. THE COMPANY DOES NOT CARRY ANY EXTERNAL CATASTROPHE REINSURANCE TO COVER THEIR CATASTROPHE EXPOSURE.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes []

No [X]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:

NONE

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

7.2

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

7.3

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

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

8.2

If yes, give full information:

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

10.

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

11.1

Has this reporting entity guaranteed policies issued by any other reporting entity and now in force?

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 assets 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?

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?

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

16.1

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1

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

\$.....1,000,000

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [☐] No [☒]

13.3

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

.....0

14.1

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

Yes [☐] No [☐]

14.2

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

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 [☐]

15.2

If yes, give full information:

16.1

Does the reporting entity write any warranty business?

Yes [☐] No [☐]

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

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 [☐]

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 account?

Yes [☐] No [☒]

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 [☐]

18.4

If yes, please provide the balance of the funds administered as of the reporting date.

.....

FIVE-YEAR HISTORICAL DATA

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

	1 2014	2 2013	3 2012	4 2011	5 2010
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	84,389,796	73,996,274	68,204,262	64,178,683	61,093,718
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	52,773,857	47,803,956	42,702,695	39,319,961	36,928,833
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	137,163,653	121,800,230	110,906,957	103,498,644	98,022,551
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	84,389,796	73,996,274	68,204,262	64,178,496	61,093,718
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	52,773,857	47,803,956	42,702,695	39,319,961	36,929,008
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	137,163,653	121,800,230	110,906,957	103,498,457	98,022,726
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	17,209,607	1,242,333	6,289,902	6,714,268	8,899,407
14. Net investment gain (loss) (Line 11).....	1,775,930	1,795,280	2,221,227	2,391,214	2,247,096
15. Total other income (Line 15).....	281,712	103,165	236,582	271,094	249,905
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	6,372,256	706,040	2,477,425	2,630,291	3,454,298
18. Net income (Line 20).....	12,894,993	2,434,738	6,270,286	6,746,285	7,942,110
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	121,148,962	112,296,810	105,016,358	99,196,946	96,939,665
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	2,882,426	2,829,159	2,540,820	2,455,781	2,038,159
20.2 Deferred and not yet due (Line 15.2).....	22,660,158	19,915,038	17,785,688	16,468,044	15,415,692
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	74,906,696	71,483,603	66,730,210	62,574,956	62,152,152
22. Losses (Page 3, Line 1).....	26,085,101	26,759,950	25,975,911	22,946,853	24,361,880
23. Loss adjustment expenses (Page 3, Line 3).....	4,868,490	4,809,504	4,565,407	4,627,143	4,682,159
24. Unearned premiums (Page 3, Line 9).....	36,949,202	33,434,349	30,363,557	28,517,500	26,626,416
25. Capital paid up (Page 3, Lines 30 & 31).....	2,350,000	2,350,000	2,350,000	2,350,000	2,350,000
26. Surplus as regards policyholders (Page 3, Line 37).....	46,242,266	40,813,207	38,286,148	36,621,990	34,787,513
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	14,764,849	5,718,613	10,544,977	5,865,120	9,846,253
Risk-Based Capital Analysis					
28. Total adjusted capital.....	46,242,266	40,813,207	38,286,148	36,621,990	34,787,513
29. Authorized control level risk-based capital.....	3,769,837	5,458,943	5,179,871	5,092,423	4,189,201
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	87.5	100.0	92.1	96.4	100.0
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	12.5		7.9	3.6	
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

MOUNTAIN LAUREL ASSURANCE COMPANY
FIVE-YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2014	2013	2012	2011	2010
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....					
52. Dividends to stockholders (Line 35).....	(7,500,000)		(4,900,000)	(4,940,000)	(7,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	5,429,059	2,527,059	1,664,158	1,834,477	986,516
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	41,546,318	40,249,204	34,622,886	31,140,820	34,943,428
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	34,187,392	36,529,880	29,199,173	30,432,558	23,148,487
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	75,733,710	76,779,084	63,822,059	61,573,378	58,091,915
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	41,556,185	40,162,916	34,568,910	31,122,935	32,845,125
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	34,196,152	36,542,897	29,213,605	30,457,191	23,194,912
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	75,752,337	76,705,813	63,782,515	61,580,126	56,040,037
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	56.2	65.3	61.3	59.2	58.8
68. Loss expenses incurred (Line 3).....	8.8	10.1	9.2	9.8	9.6
69. Other underwriting expenses incurred (Line 4).....	22.2	23.6	23.7	24.4	22.5
70. Net underwriting gain (loss) (Line 8).....	12.9	1.0	5.8	6.6	9.2
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	21.4	22.9	23.1	23.7	21.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	65.0	75.3	70.5	69.0	68.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	296.6	298.4	289.7	282.6	281.8
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(1,536)	(1,705)	487	(3,377)	469
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).....	(3.8)	(4.5)	1.3	(9.7)	1.4
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(3,245)	(2,128)	(4,779)	(1,596)	1,285
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).....	(8.5)	(5.8)	(13.7)	(4.7)	4.1

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

Yes[☐] No[☐]

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
2. 2005.....	.....1,625.....	.....	.....1,625.....	.....908.....	.....	.....30.....	.....	.....217.....	.....	.....11.....	.....1,155.....	.....XXX.....
3. 2006.....	.....100,243.....	.....	.....100,243.....	.....57,933.....	.....	.....1,195.....	.....	.....11,434.....	.....	.....2,303.....	.....70,562.....	.....XXX.....
4. 2007.....	.....112,619.....	.....	.....112,619.....	.....61,199.....	.....	.....1,062.....	.....	.....11,796.....	.....	.....6,271.....	.....74,057.....	.....XXX.....
5. 2008.....	.....95,661.....	.....	.....95,661.....	.....56,291.....	.....	.....922.....	.....	.....9,213.....	.....	.....5,022.....	.....66,427.....	.....XXX.....
6. 2009.....	.....93,140.....	.....	.....93,140.....	.....46,955.....	.....	.....726.....	.....	.....8,182.....	.....	.....4,600.....	.....55,863.....	.....XXX.....
7. 2010.....	.....96,818.....	.....	.....96,818.....	.....53,323.....	.....	.....839.....	.....	.....8,593.....	.....	.....5,718.....	.....62,756.....	.....XXX.....
8. 2011.....	.....101,606.....	.....	.....101,606.....	.....63,083.....	.....	.....609.....	.....	.....9,290.....	.....	.....6,495.....	.....72,982.....	.....XXX.....
9. 2012.....	.....109,060.....	.....	.....109,060.....	.....64,194.....	.....	.....558.....	.....	.....9,279.....	.....	.....6,624.....	.....74,031.....	.....XXX.....
10. 2013.....	.....118,729.....	.....	.....118,729.....	.....73,975.....	.....	.....352.....	.....	.....10,589.....	.....	.....7,533.....	.....84,915.....	.....XXX.....
11. 2014.....	.....133,649.....	.....	.....133,649.....	.....58,198.....	.....	.....61.....	.....	.....9,254.....	.....	.....5,512.....	.....67,512.....	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....536,060.....	.....0.....	.....6,353.....	.....0.....	.....87,847.....	.....0.....	.....50,088.....	.....630,259.....	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding- Direct and Assumed
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
2. 2005.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
3. 2006.....	.....8.....	.....	.....8.....	.....	.....8.....	.....	.....	.....	.....1.....	.....	.....	.....26	.....XXX.....
4. 2007.....	.....116.....	.....	.....4.....	.....	.....22.....	.....	.....	.....	.....5.....	.....	.....	.....147	.....XXX.....
5. 2008.....	.....55.....	.....	.....3.....	.....	.....7.....	.....	.....	.....	.....6.....	.....	.....	.....71	.....XXX.....
6. 2009.....	.....27.....	.....	.....	.....	.....23.....	.....	.....	.....	.....5.....	.....	.....	.....55	.....XXX.....
7. 2010.....	.....260.....	.....	.....	.....	.....68.....	.....	.....	.....	.....19.....	.....	.....	.....347	.....XXX.....
8. 2011.....	.....738.....	.....	.....82.....	.....	.....124.....	.....	.....53.....	.....	.....40.....	.....	.....139	.....1,037	.....XXX.....
9. 2012.....	.....1,456.....	.....	.....152.....	.....	.....306.....	.....	.....72.....	.....	.....151.....	.....	.....138	.....2,138	.....XXX.....
10. 2013.....	.....4,367.....	.....	.....685.....	.....	.....608.....	.....	.....118.....	.....	.....392.....	.....	.....336	.....6,169	.....XXX.....
11. 2014.....	.....15,201.....	.....	.....2,922.....	.....	.....868.....	.....	.....251.....	.....	.....1,721.....	.....	.....2,772	.....20,964	.....XXX.....
12. Totals...	.....22,228.....	.....0.....	.....3,857.....	.....0.....	.....2,035.....	.....0.....	.....494.....	.....0.....	.....2,340.....	.....0.....	.....3,385.....	.....30,954.....	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....0	.....0
2. 2005.	.....1,155.....	.....0.....	.....1,155.....	.....71.1.....	.....0.0.....	.....71.1.....	.....	.....	.....	.....0	.....0
3. 2006.	.....70,588.....	.....0.....	.....70,588.....	.....70.4.....	.....0.0.....	.....70.4.....	.....	.....	.....	.....16	.....9
4. 2007.	.....74,204.....	.....0.....	.....74,204.....	.....65.9.....	.....0.0.....	.....65.9.....	.....	.....	.....	.....120	.....26
5. 2008.	.....66,498.....	.....0.....	.....66,498.....	.....69.5.....	.....0.0.....	.....69.5.....	.....	.....	.....	.....57	.....14
6. 2009.	.....55,918.....	.....0.....	.....55,918.....	.....60.0.....	.....0.0.....	.....60.0.....	.....	.....	.....	.....27	.....28
7. 2010.	.....63,103.....	.....0.....	.....63,103.....	.....65.2.....	.....0.0.....	.....65.2.....	.....	.....	.....	.....260	.....87
8. 2011.	.....74,018.....	.....0.....	.....74,018.....	.....72.8.....	.....0.0.....	.....72.8.....	.....	.....	.....	.....820	.....217
9. 2012.	.....76,168.....	.....0.....	.....76,168.....	.....69.8.....	.....0.0.....	.....69.8.....	.....	.....	.....	.....1,609	.....529
10. 2013.	.....91,085.....	.....0.....	.....91,085.....	.....76.7.....	.....0.0.....	.....76.7.....	.....	.....	.....	.....5,052	.....1,117
11. 2014.	.....88,476.....	.....0.....	.....88,476.....	.....66.2.....	.....0.0.....	.....66.2.....	.....	.....	.....	.....18,124	.....2,841
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0.....	.....0.....	.....XXX.....	.....26,085.....	.....4,868.....

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior.....											.....0	.....0
2. 2005.....	.....858	.....1,278	.....1,248	.....1,158	.....939	.....939	.....938	.....938	.....934	.....938	.....4	.....(0)
3. 2006.....	....XXX.....	.....59,393	.....59,751	.....59,019	.....59,336	.....59,060	.....59,098	.....59,035	.....59,009	.....59,153	.....143	.....117
4. 2007.....	....XXX.....	....XXX.....	.....63,480	.....64,889	.....64,159	.....63,187	.....62,546	.....62,314	.....62,190	.....62,403	.....214	.....89
5. 2008.....	....XXX.....	....XXX.....	....XXX.....	.....54,730	.....54,765	.....57,895	.....57,745	.....57,391	.....57,330	.....57,278	.....(51)	.....(113)
6. 2009.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....51,273	.....49,860	.....48,548	.....48,085	.....47,763	.....47,731	.....(32)	.....(353)
7. 2010.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....57,332	.....56,020	.....55,730	.....54,767	.....54,491	.....(276)	.....(1,239)
8. 2011.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....64,159	.....66,048	.....64,933	.....64,688	.....(244)	.....(1,360)
9. 2012.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....67,125	.....68,035	.....66,738	.....(1,297)	.....(387)
10. 2013.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....80,100	.....80,104	.....5	....XXX.....
11. 2014.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....77,502	....XXX.....	....XXX.....
12. Totals.....											.....(1,536)	.....(3,245)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior.....	.....000.....										....XXX.....	....XXX.....
2. 2005.....	.....356	.....798	.....909	.....940	.....939	.....939	.....938	.....938	.....938	.....938	....XXX.....	....XXX.....
3. 2006.....	....XXX.....	.....41,257	.....52,459	.....55,693	.....58,003	.....58,574	.....58,765	.....58,929	.....58,952	.....59,128	....XXX.....	....XXX.....
4. 2007.....	....XXX.....	....XXX.....	.....46,668	.....57,143	.....60,090	.....61,550	.....62,053	.....62,146	.....62,166	.....62,261	....XXX.....	....XXX.....
5. 2008.....	....XXX.....	....XXX.....	....XXX.....	.....39,953	.....49,519	.....55,717	.....56,676	.....57,056	.....57,243	.....57,214	....XXX.....	....XXX.....
6. 2009.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....35,700	.....44,202	.....46,393	.....47,232	.....47,665	.....47,681	....XXX.....	....XXX.....
7. 2010.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....40,241	.....49,711	.....52,725	.....53,766	.....54,163	....XXX.....	....XXX.....
8. 2011.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....49,067	.....60,189	.....62,578	.....63,692	....XXX.....	....XXX.....
9. 2012.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....49,051	.....62,471	.....64,751	....XXX.....	....XXX.....
10. 2013.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....60,063	.....74,327	....XXX.....	....XXX.....
11. 2014.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....58,258	....XXX.....	....XXX.....

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior.....										
2. 2005.....	.....133	.....42	.....10	.....2					.....(4)	
3. 2006.....	....XXX.....	.....4,711	.....1,473	.....690	.....165				.....(4)	.....8
4. 2007.....	....XXX.....	....XXX.....	.....4,519	.....1,551	.....654	.....266			.....(4)	.....4
5. 2008.....	....XXX.....	....XXX.....	....XXX.....	.....3,792	.....1,188	.....517	.....177		.....(4)	.....3
6. 2009.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....3,199	.....1,224	.....449	.....165	.....9	
7. 2010.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....3,310	.....954	.....476	.....110	
8. 2011.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....2,967	.....1,056	.....318	.....135
9. 2012.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....3,461	.....832	.....224
10. 2013.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....3,690	.....803
11. 2014.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....3,174

MOUNTAIN LAUREL ASSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		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						
States, Etc.		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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1.	Alabama.....AL	...N....								
2.	Alaska.....AK	...N....								
3.	Arizona.....AZ	...N....								
4.	Arkansas.....AR	...N....								
5.	California.....CA	...N....								
6.	Colorado.....CO	...N....								
7.	Connecticut.....CT	...N....								
8.	Delaware.....DE	...N....								
9.	District of Columbia.....DC	...N....								
10.	Florida.....FL	...N....								
11.	Georgia.....GA	...N....								
12.	Hawaii.....HI	...N....								
13.	Idaho.....ID	...N....								
14.	Illinois.....IL	...N....								
15.	Indiana.....IN	...N....								
16.	Iowa.....IA	...N....								
17.	Kansas.....KS	...N....								
18.	Kentucky.....KY	...N....								
19.	Louisiana.....LA	...N....								
20.	Maine.....ME	...N....								
21.	Maryland.....MD	...N....								
22.	Massachusetts.....MA	...N....								
23.	Michigan.....MI	...N....								
24.	Minnesota.....MN	...N....								
25.	Mississippi.....MS	...L....	.....44,156,030	.....43,837,075		.....26,961,085	.....26,755,738	.....9,617,179	.....518,616	
26.	Missouri.....MO	...N....								
27.	Montana.....MT	...N....								
28.	Nebraska.....NE	...N....								
29.	Nevada.....NV	...N....								
30.	New Hampshire.....NH	...N....								
31.	New Jersey.....NJ	...N....								
32.	New Mexico.....NM	...N....								
33.	New York.....NY	...N....								
34.	North Carolina.....NC	...N....								
35.	North Dakota.....ND	...N....								
36.	Ohio.....OH	...L....								
37.	Oklahoma.....OK	...N....								
38.	Oregon.....OR	...N....								
39.	Pennsylvania.....PA	...L....	.....2,509,290	.....2,727,064		.....1,325,290	.....1,225,210	.....968,857	.....58,643	
40.	Rhode Island.....RI	...N....								
41.	South Carolina.....SC	...N....								
42.	South Dakota.....SD	...N....								
43.	Tennessee.....TN	...L....	.....90,498,333	.....87,084,661		.....47,447,332	.....47,077,908	.....15,499,064	.....1,469,860	
44.	Texas.....TX	...N....								
45.	Utah.....UT	...N....								
46.	Vermont.....VT	...N....								
47.	Virginia.....VA	...N....								
48.	Washington.....WA	...N....								
49.	West Virginia.....WV	...N....								
50.	Wisconsin.....WI	...N....								
51.	Wyoming.....WY	...N....								
52.	American Samoa.....AS	...N....								
53.	Guam.....GU	...N....								
54.	Puerto Rico.....PR	...N....								
55.	US Virgin Islands.....VI	...N....								
56.	Northern Mariana Islands...MP	...N....								
57.	Canada.....CAN	...N....								
58.	Aggregate Other Alien.....OT	XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Totals.....	(a)....4	.....137,163,653	.....133,648,800	.....0	.....75,733,707	.....75,058,856	.....26,085,100	.....2,047,119	.....0

DETAILS OF WRITE-INS

58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

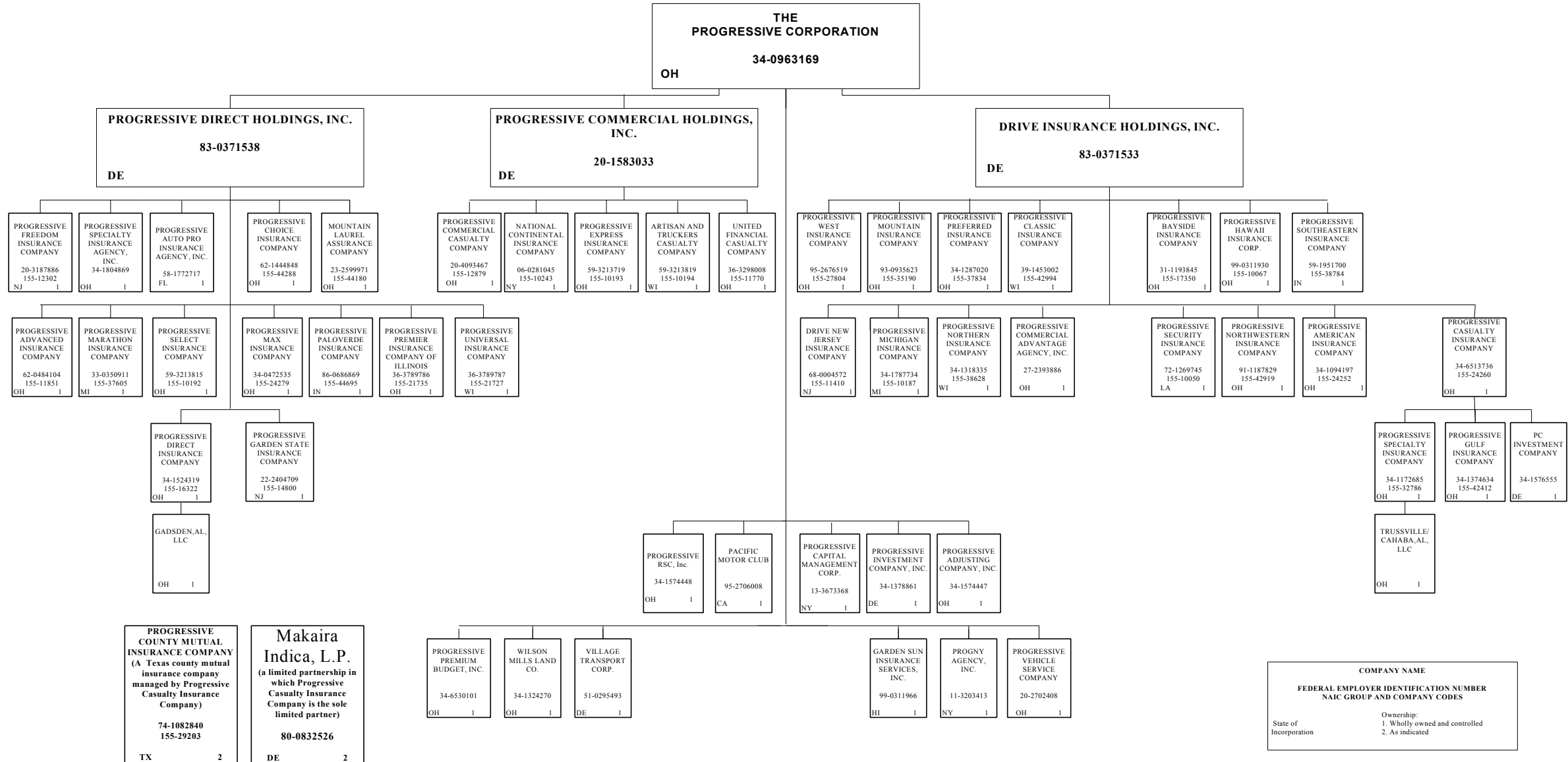
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of Basis of Allocation of Premiums by States, etc.

Allocation on the basis of the location where the vehicle is principally garaged and used.

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

PART 1 – ORGANIZATIONAL CHART



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