



# ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

## Safe Auto Insurance Company

NAIC Group Code..... 0, 0

(Current Period) (Prior Period)

Organized under the Laws of OHIO

NAIC Company Code..... 25405

Employer's ID Number..... 31-1379882

Incorporated/Organized..... May 28, 1993

State of Domicile or Port of Entry OHIO

Country of Domicile US

Statutory Home Office

4 Easton Oval..... Columbus .... OH ..... 43219  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office

4 Easton Oval..... Columbus .... OH .....  
(Street and Number) (City or Town, State, Country and Zip Code)

614-231-0200

(Area Code) (Telephone Number)

Mail Address

4 Easton Oval..... Columbus .... OH .....  
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records

4 Easton Oval..... Columbus .... OH .....  
(Street and Number) (City or Town, State, Country and Zip Code)

614-231-0200

(Area Code) (Telephone Number)

Internet Web Site Address

www.safeauto.com

614-944-7680

Statutory Statement Contact

Thomas J Happensack

614-559-5357

(Name)  
thomas.happensack@safeauto.com  
(E-Mail Address)

(Area Code) (Telephone Number) (Extension)

(Fax Number)

### OFFICERS

**Name**

1. Ronald H Davies  
3. Greg A Sutton

**Title**

CEO & President  
Chief Financial Officer & Treasurer

**Name**

2. Mark D LeMaster  
4. Thomas J Happensack

**Title**

General Counsel & Secretary  
Controller

John Kish

Sr. Vice President

Evan McKee

Sr. Vice President

### OTHER

### DIRECTORS OR TRUSTEES

Charles Bryan  
William H Graves

Ari Deshe  
Ronald Davies

Jon Diamond  
Ryan Conlon #

Oded Gur-Arie

State of..... Ohio  
County of.... Franklin

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)  
Ronald H Davies  
1. (Printed Name)  
CEO & President  
(Title)

(Signature)  
Mark D LeMaster  
2. (Printed Name)  
General Counsel & Secretary  
(Title)

(Signature)  
Greg A Sutton  
3. (Printed Name)  
Chief Financial Officer & Treasurer  
(Title)

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_

2016

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

Yes [ X ] No [ ]

\_\_\_\_\_  
\_\_\_\_\_

Annual Statement for the year 2015 of the **Safe Auto Insurance Company**  
**ASSETS**

|   | Current Year |                            |  | Prior Year                  |
|---|--------------|----------------------------|--|-----------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....  | 207,513,159  |                            | 207,513,159                                  | 205,746,285                 |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks.....   | 655,460      |                            | 655,460                                      | 564,720                     |
| 2.2 Common stocks.....  | 45,014,358   |                            | 45,014,358                                   | 48,457,056                  |
| 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<br>encumbrances).....   | 28,660,350   | 17,202                     | 28,643,148                                   | 29,428,436                  |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....   |              |                            | 0  |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  | 900,000      |                            | 900,000                                      | 900,000                     |
| 5. Cash (\$....4,796,557, Schedule E-Part 1), cash equivalents (\$....1,999,895,<br>Schedule E-Part 2) and short-term investments (\$....6,242,057, Schedule DA)..... | 13,038,509   |                            | 13,038,509                                   | 13,491,746                  |
| 6. Contract loans (including \$.....0 premium notes).....   |              |                            | 0  |                             |
| 7. Derivatives (Schedule DB).....   |              |                            | 0  |                             |
| 8. Other invested assets (Schedule BA).....   | 7,524,913    | 126,094                    | 7,398,819                                    | 5,914,800                   |
| 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).....  | 303,306,749  | 143,296                    | 303,163,453                                  | 304,503,043                 |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |              |                            | 0  |                             |
| 14. Investment income due and accrued.....  | 1,733,608    |                            | 1,733,608                                    | 1,591,851                   |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   | 15,155,446   |                            | 15,155,446                                   | 14,053,580                  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....0 earned but unbilled premiums).....               | 43,070,712   |                            | 43,070,712                                   | 46,033,458                  |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to<br>redetermination (\$.....0).....  |              |                            | 0  |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers.....   |              |                            | 0  | 825,000                     |
| 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.....  | 9,117,503    |                            | 9,117,503                                    | 4,831,986                   |
| 19. Guaranty funds receivable or on deposit.....  |              |                            | 0  |                             |
| 20. Electronic data processing equipment and software.....  | 10,654,267   | 8,070,810                  | 2,583,457                                    | 2,429,064                   |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  | 823,162      | 823,162                    | 0  |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |              |                            | 0  |                             |
| 23. Receivables from parent, subsidiaries and affiliates.....   | 647,622      |                            | 647,622                                      |                             |
| 24. Health care (\$.....0) and other amounts receivable.....  |              |                            | 0  |                             |
| 25. Aggregate write-ins for other than invested assets.....   | 12,947,105   | 796,163                    | 12,150,942                                   | 12,670,057                  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 to 25).....  | 397,456,174  | 9,833,431                  | 387,622,743                                  | 386,938,039                 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |              |                            | 0  |                             |
| 28. TOTALS (Lines 26 and 27).....   | 397,456,174  | 9,833,431                  | 387,622,743                                  | 386,938,039                 |

**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. Corporate owned life insurance.....                                | 6,351,050  |         | 6,351,050  | 6,437,315  |
| 2502. Deferred compensation life insurance.....                          | 5,016,065  |         | 5,016,065  | 5,118,363  |
| 2503. Prepaid expenses.....  | 685,980    | 685,980 | 0          |            |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 894,010    | 110,183 | 783,827    | 1,114,379  |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 12,947,105 | 796,163 | 12,150,942 | 12,670,057 |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8).....   | 106,252,479       | 102,120,944     |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....  | 602,491           | .....           |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....   | 25,103,193        | 28,786,939      |
| 4. Commissions payable, contingent commissions and other similar charges.....   | 1,030,953         | 1,001,525       |
| 5. Other expenses (excluding taxes, licenses and fees).....   | 11,086,572        | 15,926,850      |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....   | 4,234,318         | 4,689,327       |
| 7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....   | .....             | .....           |
| 7.2 Net deferred tax liability.....   | .....             | .....           |
| 8. Borrowed money \$....150,000 and interest thereon \$.....0.....  | 150,000           | 150,000         |
| 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)..... | 74,831,551        | 75,290,212      |
| 10. Advance premium.....  | 131,826           | 158,215         |
| 11. Dividends declared and unpaid:  |                   |                 |
| 11.1 Stockholders.....  | .....             | .....           |
| 11.2 Policyholders.....   | .....             | .....           |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....   | .....             | .....           |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....   | .....             | .....           |
| 14. Amounts withheld or retained by company for account of others.....  | .....             | .....           |
| 15. Remittances and items not allocated.....  | 6,486             | 5,430           |
| 16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....  | .....             | .....           |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....  | .....             | .....           |
| 18. Drafts outstanding.....   | .....             | .....           |
| 19. Payable to parent, subsidiaries and affiliates.....   | 6,299,517         | 4,938,894       |
| 20. Derivatives.....  | .....             | .....           |
| 21. Payable for securities.....   | 248,750           | 853,785         |
| 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.....  | 759,322           | 1,251,659       |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....  | 230,737,458       | 235,173,780     |
| 27. Protected cell liabilities.....   | .....             | .....           |
| 28. Total liabilities (Lines 26 and 27).....  | 230,737,458       | 235,173,780     |
| 29. Aggregate write-ins for special surplus funds.....  | 0                 | 0               |
| 30. Common capital stock.....   | 2,500,000         | 2,500,000       |
| 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.....  | 55,400,000        | 55,400,000      |
| 35. Unassigned funds (surplus).....   | 98,985,285        | 93,864,259      |
| 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).....   | 156,885,285       | 151,764,259     |
| 38. TOTALS (Page 2, Line 28, Col. 3).....   | 387,622,743       | 386,938,039     |

**DETAILS OF WRITE-INS**

|  |         |           |
|--|---------|-----------|
| 2501. Funds set aside for escheatment.....                               | 759,322 | 1,251,659 |
| 2502. Corporate reserve.....   | .....   | .....     |
| 2503. .....  | .....   | .....     |
| 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).....       | 759,322 | 1,251,659 |
| 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         |

**STATEMENT OF INCOME**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>UNDERWRITING INCOME</b>  |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4).....   | 316,296,338       | 305,424,695     |
| DEDUCTIONS  |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7).....   | 204,008,349       | 179,017,724     |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....   | 31,666,752        | 31,970,762      |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....  | 103,610,529       | 111,357,148     |
| 5. Aggregate write-ins for underwriting deductions.....   | 0                 | 0               |
| 6. Total underwriting deductions (Lines 2 through 5).....   | 339,285,630       | 322,345,634     |
| 7. Net income of protected cells.....   |                   |                 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....  | (22,989,292)      | (16,920,939)    |
| <b>INVESTMENT INCOME</b>  |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....  | 7,573,639         | 9,919,438       |
| 10. Net realized capital gains (losses) less capital gains tax of \$....(83,240) (Exhibit of Capital Gains (Losses)).....                                       | (1,843,592)       | 893,448         |
| 11. Net investment gain (loss) (Lines 9 + 10).....  | 5,730,047         | 10,812,886      |
| <b>OTHER INCOME</b>   |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0<br>amount charged off \$....4,206,772).....                         | (4,206,772)       | (3,782,476)     |
| 13. Finance and service charges not included in premiums.....   | 28,921,856        | 29,061,545      |
| 14. Aggregate write-ins for miscellaneous income.....   | 4,546,341         | 3,632,636       |
| 15. Total other income (Lines 12 through 14).....   | 29,261,425        | 28,911,705      |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign<br>income taxes (Lines 8 + 11 + 15).....     | 12,002,180        | 22,803,652      |
| 17. Dividends to policyholders.....   |                   |                 |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign<br>income taxes (Line 16 minus Line 17)..... | 12,002,180        | 22,803,652      |
| 19. Federal and foreign income taxes incurred.....  | 3,649,683         | 2,233,868       |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....  | 8,352,497         | 20,569,784      |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....   | 151,764,259       | 129,396,983     |
| 22. Net income (from Line 20).....  | 8,352,497         | 20,569,784      |
| 23. Net transfers (to) from Protected Cell accounts.....  |                   |                 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(373,774).....   | (694,152)         | 1,408,372       |
| 25. Change in net unrealized foreign exchange capital gain (loss).....  |                   |                 |
| 26. Change in net deferred income tax.....  | 3,911,740         | 1,876,848       |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....  | 3,800,938         | 512,272         |
| 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.....  | (10,250,000)      | (2,000,000)     |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....  |                   |                 |
| 37. Aggregate write-ins for gains and losses in surplus.....  | 0                 | 0               |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....  | 5,121,023         | 22,367,276      |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....  | 156,885,282       | 151,764,259     |

**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. Miscellaneous income.....  | 4,546,341 | 3,632,636 |
| 1402.....  |           |           |
| 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).....       | 4,546,341 | 3,632,636 |
| 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         |

Annual Statement for the year 2015 of the **Safe Auto Insurance Company**  
**CASH FLOW**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>  |                   |                 |
| 1. Premiums collected net of reinsurance.....  | 317,672,168       | 305,380,022     |
| 2. Net investment income.....  | 9,857,401         | 13,203,910      |
| 3. Miscellaneous income.....   | 29,261,425        | 28,911,705      |
| 4. Total (Lines 1 through 3).....  | 356,790,994       | 347,495,637     |
| 5. Benefit and loss related payments.....  | 198,449,320       | 190,999,772     |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    | 144,226,886       | 140,471,546     |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | .....             | .....           |
| 8. Dividends paid to policyholders.....  | .....             | .....           |
| 9. Federal and foreign income taxes paid (recovered) net of \$....(83,240) tax on capital gains (losses).....  | 3,483,023         | 1,774,041       |
| 10. Total (Lines 5 through 9).....   | 346,159,229       | 333,245,359     |
| 11. Net cash from operations (Line 4 minus Line 10).....   | 10,631,765        | 14,250,279      |
| <b>CASH FROM INVESTMENTS</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   | .....             | .....           |
| 12.1 Bonds.....  | 74,193,139        | 41,763,490      |
| 12.2 Stocks.....   | 17,043,733        | 14,201,881      |
| 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.....                           | 709               | 962             |
| 12.7 Miscellaneous proceeds.....   | .....             | 853,785         |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 91,237,581        | 56,820,118      |
| 13. Cost of investments acquired (long-term only):   | .....             | .....           |
| 13.1 Bonds.....  | 77,152,100        | 36,554,815      |
| 13.2 Stocks.....   | 17,344,892        | 36,831,671      |
| 13.3 Mortgage loans.....   | .....             | .....           |
| 13.4 Real estate.....  | 17,202            | .....           |
| 13.5 Other invested assets.....  | 1,484,018         | 5,914,800       |
| 13.6 Miscellaneous applications.....   | 605,035           | .....           |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 96,603,247        | 79,301,286      |
| 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).....                                  | (5,365,666)       | (22,481,168)    |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>   |                   |                 |
| 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.....  | 10,250,000        | 2,000,000       |
| 16.6 Other cash provided (applied).....  | 4,530,658         | (379,866)       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (5,719,342)       | (2,379,866)     |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                     |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....   | (453,243)         | (10,610,755)    |
| 19. Cash, cash equivalents and short-term investments:   | .....             | .....           |
| 19.1 Beginning of year.....  | 13,491,752        | 24,102,507      |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 13,038,509        | 13,491,752      |

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

|               |       |
|---------------|-------|
| 20.0001 ..... | ..... |
|---------------|-------|

**Safe Auto Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

| Line of Business   | 1<br>Net<br>Premiums<br>Written per<br>Column 6, Part 1B | 2<br>Unearned Premiums<br>December 31<br>Prior Year-<br>per Col. 3,<br>Last Year's Part 1 | 3<br>Unearned Premiums<br>December 31<br>Current Year-<br>per Col. 5,<br>Part 1A | 4<br>Premiums<br>Earned<br>During Year<br>(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.....  |  |   |  | 0   |
| 10. Financial guaranty.....                                    |  |   |  | 0   |
| 11.1 Medical professional liability - occurrence.....          |  |   |  | 0   |
| 11.2 Medical professional liability - claims-made.....         |  |   |  | 0   |
| 12. Earthquake.....  |  |   |  | 0   |
| 13. Group accident and health.....                             |  |   |  | 0   |
| 14. Credit accident and health (group and individual).....     |  |   |  | 0   |
| 15. Other accident and health.....                             |  |   |  | 0   |
| 16. Workers' compensation.....                                 |  |   |  | 0   |
| 17.1 Other liability - occurrence.....                         |  |   |  | 0   |
| 17.2 Other liability - claims-made.....                        |  |   |  | 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.....               | 222,817,235  | 53,535,396  | 53,096,267   | 223,256,364   |
| 19.3, 19.4 Commercial auto liability.....                      |  |   |  | 0   |
| 21. Auto physical damage.....                                  | 93,020,442   | 21,754,816  | 21,735,284   | 93,039,974  |
| 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.....  | 315,837,677  | 75,290,212  | 74,831,551   | 316,296,338   |

**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 |

**Safe Auto Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

| Line of Business   | 1<br>Amount Unearned<br>(Running One Year<br>or Less from Date<br>of Policy) (a) | 2<br>Amount Unearned<br>(Running More Than<br>One Year from<br>Date of Policy) (a) | 3<br>Earned But<br>Unbilled Premium | 4<br>Reserve for<br>Rate Credits<br>and Retrospective<br>Adjustments Based<br>on Experience | 5<br>Total Reserve<br>for Unearned<br>Premiums<br>Cols. 1 + 2 + 3 + 4 |
|--|--|--|-------------------------------------|---|---|
| 1. Fire.....   |  |  |                                     |   | 0   |
| 2. Allied lines.....   |  |  |                                     |   | 0   |
| 3. Farmowners multiple peril.....                              |  |  |                                     |   | 0   |
| 4. Homeowners multiple peril.....                              |  |  |                                     |   | 0   |
| 5. Commercial multiple peril.....                              |  |  |                                     |   | 0   |
| 6. Mortgage guaranty.....                                      |  |  |                                     |   | 0   |
| 8. Ocean marine.....   |  |  |                                     |   | 0   |
| 9. Inland marine.....  |  |  |                                     |   | 0   |
| 10. Financial guaranty.....                                    |  |  |                                     |   | 0   |
| 11.1 Medical professional liability - occurrence.....          |  |  |                                     |   | 0   |
| 11.2 Medical professional liability - claims-made.....         |  |  |                                     |   | 0   |
| 12. Earthquake.....  |  |  |                                     |   | 0   |
| 13. Group accident and health.....                             |  |  |                                     |   | 0   |
| 14. Credit accident and health (group and individual).....     |  |  |                                     |   | 0   |
| 15. Other accident and health.....                             |  |  |                                     |   | 0   |
| 16. Workers' compensation.....                                 |  |  |                                     |   | 0   |
| 17.1 Other liability - occurrence.....                         |  |  |                                     |   | 0   |
| 17.2 Other liability - claims-made.....                        |  |  |                                     |   | 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.....               | .53,096,267  |  |                                     |   | .53,096,267   |
| 19.3, 19.4 Commercial auto liability.....                      |  |  |                                     |   | 0   |
| 21. Auto physical damage.....                                  | .21,735,284  |  |                                     |   | .21,735,284   |
| 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.....  | .74,831,551  | 0  | 0                                   | 0   | .74,831,551   |
| 36. Accrued retrospective premiums based on experience.....    |  |  |                                     |   |   |
| 37. Earned but unbilled premiums.....                          |  |  |                                     |   | 0   |
| 38. Balance (sum of Lines 35 through 37).....                  |  |  |                                     |   | .74,831,551   |

**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 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)       | 0 | 0 | 0 | 0 | 0 |

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

Annual Statement for the year 2015 of the **Safe Auto Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

| Line of Business   | 1<br>Direct<br>Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written<br>(Cols. 1 + 2 + 3<br>- 4 - 5) |
|--|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--|
|  |                                | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |  |
| 1. Fire.....   |                                |                         |                             |                       |                           | .0   |
| 2. Allied lines.....   |                                |                         |                             |                       |                           | .0   |
| 3. Farmowners multiple peril.....                              |                                |                         |                             |                       |                           | .0   |
| 4. Homeowners multiple peril.....                              |                                |                         |                             |                       |                           | .0   |
| 5. Commercial multiple peril.....                              |                                |                         |                             |                       |                           | .0   |
| 6. Mortgage guaranty.....                                      |                                |                         |                             |                       |                           | .0   |
| 8. Ocean marine.....   |                                |                         |                             |                       |                           | .0   |
| 9. Inland marine.....  |                                |                         |                             |                       |                           | .0   |
| 10. Financial guaranty.....                                    |                                |                         |                             |                       |                           | .0   |
| 11.1 Medical professional liability - occurrence.....          |                                |                         |                             |                       |                           | .0   |
| 11.2 Medical professional liability - claims-made.....         |                                |                         |                             |                       |                           | .0   |
| 12. Earthquake.....  |                                |                         |                             |                       |                           | .0   |
| 13. Group accident and health.....                             |                                |                         |                             |                       |                           | .0   |
| 14. Credit accident and health (group and individual).....     |                                |                         |                             |                       |                           | .0   |
| 15. Other accident and health.....                             |                                |                         |                             |                       |                           | .0   |
| 16. Workers' compensation.....                                 |                                |                         |                             |                       |                           | .0   |
| 17.1 Other liability - occurrence.....                         |                                |                         |                             |                       |                           | .0   |
| 17.2 Other liability - claims-made.....                        |                                |                         |                             |                       |                           | .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.....               | 217,973,494                    |                         | 4,843,741                   |                       |                           | 222,817,235  |
| 19.3, 19.4 Commercial auto liability.....                      |                                |                         |                             |                       |                           | .0   |
| 21. Auto physical damage.....                                  | 92,439,361                     |                         | 660,039                     |                       | 78,958                    | 93,020,442   |
| 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.....  | 310,412,855                    | 0                       | 5,503,780                   | 0                     | 78,958                    | 315,837,677  |

**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**

| Line of Business   | Losses Paid Less Salvage |                             |                               |  | 5<br>Net Losses<br>Unpaid<br>Current Year<br>(Part 2A, Col. 8) | 6<br>Net Losses<br>Unpaid<br>Prior Year | 7<br>Losses<br>Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | 8<br>Percentage of<br>Losses Incurred<br>(Col. 7, Part 2)<br>to Premiums Earned<br>(Col. 4, Part 1) |
|--|--------------------------|-----------------------------|-------------------------------|--|--|---|--|---|
|  | 1<br>Direct<br>Business  | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Recovered | 4<br>Net Payments<br>(Cols. 1 + 2 - 3) |  |   |  |   |
| 1. Fire.....   |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 2. Allied lines.....   |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 3. Farmowners multiple peril.....                              |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 4. Homeowners multiple peril.....                              |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 5. Commercial multiple peril.....                              |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 6. Mortgage guaranty.....                                      |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 8. Ocean marine.....   |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 9. Inland marine.....  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 10. Financial guaranty.....                                    |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 11.1 Medical professional liability - occurrence.....          |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 11.2 Medical professional liability - claims-made.....         |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 12. Earthquake.....  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 13. Group accident and health.....                             |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 14. Credit accident and health (group and individual).....     |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 15. Other accident and health.....                             |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 16. Workers' compensation.....                                 |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 17.1 Other liability - occurrence.....                         |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 17.2 Other liability - claims-made.....                        |                          |                             |                               | 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.....               | 133,043,496              | 694,928                     | (25,000)                      | 133,763,424                            | 99,432,996   | 96,819,527                              | 136,376,893  | 61.1  |
| 19.3, 19.4 Commercial auto liability.....                      | 65,826,574               | 286,816                     |                               | 66,113,390                             | 6,819,483  | 5,301,417                               | 67,631,456   | 72.7  |
| 21. Auto physical damage.....                                  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 22. Aircraft (all perils).....                                 |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 23. Fidelity.....  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 24. Surety.....  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 26. Burglary and theft.....                                    |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 27. Boiler and machinery.....                                  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 28. Credit.....  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 29. International.....   |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 30. Warranty.....  |                          |                             |                               | 0                                      |  |   | 0  | 0.0   |
| 31. Reinsurance - nonproportional assumed property.....        | 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.....  | 198,870,070              | 981,744                     | (25,000)                      | 199,876,814                            | 106,252,479  | 102,120,944                             | 204,008,349  | 64.5  |

**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**

| Line of Business   | Reported Losses |                             |  |  | Incurred But Not Reported |                             |                           | 8           | 9          |
|--|-----------------|-----------------------------|--|--|---------------------------|-----------------------------|---------------------------|-------------|------------|
|  | 1<br>Direct     | 2<br>Reinsurance<br>Assumed | 3<br>Deduct Reinsurance<br>Recoverable | 4<br>Net Losses Excluding<br>Incurred but<br>not Reported<br>(Cols. 1 + 2 - 3) | 5<br>Direct               | 6<br>Reinsurance<br>Assumed | 7<br>Reinsurance<br>Ceded |             |            |
| 1. Fire.....   |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 2. Allied lines.....   |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 3. Farmowners multiple peril.....                              |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 4. Homeowners multiple peril.....                              |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 5. Commercial multiple peril.....                              |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 6. Mortgage guaranty.....                                      |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 8. Ocean marine.....   |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 9. Inland marine.....  |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 10. Financial guaranty.....                                    |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 11.1 Medical professional liability - occurrence.....          |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 11.2 Medical professional liability - claims-made.....         |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 12. Earthquake.....  |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 13. Group accident and health.....                             |                 |                             |  | 0  |                           |                             |                           | (a) .....   | 0          |
| 14. Credit accident and health (group and individual).....     |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 15. Other accident and health.....                             |                 |                             |  | 0  |                           |                             |                           | (a) .....   | 0          |
| 16. Workers' compensation.....                                 |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 17.1 Other liability - occurrence.....                         |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 17.2 Other liability - claims-made.....                        |                 |                             |  | 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.....               | 83,371,731      | 2,057,479                   |  | 85,429,210   | 14,003,786                |                             |                           | 99,432,996  | 23,992,802 |
| 19.3, 19.4 Commercial auto liability.....                      |                 |                             |  | 0  |                           |                             |                           |             | 0          |
| 21. Auto physical damage.....                                  | 3,856,377       | 162,102                     |  | 4,018,479  | 2,801,004                 |                             |                           | 6,819,483   | 1,110,391  |
| 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.....  | 87,228,108      | 2,219,581                   | 0                                      | 89,447,689   | 16,804,790                | 0                           | 0                         | 106,252,479 | 25,103,193 |

**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.

**Safe Auto Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

|  | 1<br>Loss Adjustment<br>Expenses | 2<br>Other<br>Underwriting<br>Expenses | 3<br>Investment<br>Expenses | 4<br>Total      |
|--|----------------------------------|--|-----------------------------|-----------------|
| 1. Claim adjustment services:  |                                  |  |                             |                 |
| 1.1 Direct.....  | 11,848,587                       |  |                             | 11,848,587      |
| 1.2 Reinsurance assumed.....   |                                  |  |                             | 0               |
| 1.3 Reinsurance ceded.....   |                                  |  |                             | 0               |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....                                     | 11,848,587                       | 0                                      | 0                           | 11,848,587      |
| 2. Commission and brokerage:   |                                  |  |                             |                 |
| 2.1 Direct, excluding contingent.....  |                                  | 27,670,390                             |                             | 27,670,390      |
| 2.2 Reinsurance assumed, excluding contingent.....   |                                  | 1,379,289                              |                             | 1,379,289       |
| 2.3 Reinsurance ceded, excluding contingent.....   |                                  |  |                             | 0               |
| 2.4 Contingent - direct.....   |                                  |  |                             | 0               |
| 2.5 Contingent - reinsurance assumed.....  |                                  |  |                             | 0               |
| 2.6 Contingent - reinsurance ceded.....  |                                  |  |                             | 0               |
| 2.7 Policy and membership fees.....  |                                  |  |                             | 0               |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....              | 0                                | 29,049,679                             | 0                           | 29,049,679      |
| 3. Allowances to manager and agents.....   |                                  |  |                             | 0               |
| 4. Advertising.....  |                                  | 10,513,973                             |                             | 10,513,973      |
| 5. Boards, bureaus and associations.....   | 238,975                          | 223,111                                |                             | 462,086         |
| 6. Surveys and underwriting reports.....   | 42                               | 4,752,723                              |                             | 4,752,765       |
| 7. Audit of assureds' records.....   |                                  | 3,228                                  |                             | 3,228           |
| 8. Salary and related items:   |                                  |  |                             |                 |
| 8.1 Salaries.....  | 12,200,137                       | 23,619,193                             |                             | 35,819,330      |
| 8.2 Payroll taxes.....   | 878,784                          | 2,034,811                              |                             | 2,913,595       |
| 9. Employee relations and welfare.....   | 1,743,366                        | 3,681,074                              |                             | 5,424,440       |
| 10. Insurance.....   | 32,400                           | 272,009                                |                             | 304,409         |
| 11. Directors' fees.....   |                                  | 104,567                                |                             | 104,567         |
| 12. Travel and travel items.....   | 239,399                          | 226,378                                |                             | 465,777         |
| 13. Rent and rent items.....   | 371,992                          | 1,929,660                              |                             | 2,301,652       |
| 14. Equipment.....   | 17,127                           | 187,241                                |                             | 204,368         |
| 15. Cost or depreciation of EDP equipment and software.....                                  | 1,726,905                        | 3,074,788                              |                             | 4,801,693       |
| 16. Printing and stationery.....   | 62,995                           | 527,773                                |                             | 590,768         |
| 17. Postage, telephone and telegraph, exchange and express.....                              | 340,486                          | 4,594,095                              |                             | 4,934,581       |
| 18. Legal and auditing.....  | 614,599                          | 751,608                                | 489,270                     | 1,855,477       |
| 19. Totals (Lines 3 to 18).....  | 18,467,207                       | 56,496,232                             | 489,270                     | 75,452,709      |
| 20. Taxes, licenses and fees:  |                                  |  |                             |                 |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$.....0..... | 317                              | 7,277,517                              |                             | 7,277,834       |
| 20.2 Insurance department licenses and fees.....   | 51,195                           | 369,183                                |                             | 420,378         |
| 20.3 Gross guaranty association assessments.....   |                                  | 203,968                                |                             | 203,968         |
| 20.4 All other (excluding federal and foreign income and real estate).....                   |                                  | (117,019)                              |                             | (117,019)       |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....                         | 51,512                           | 7,733,649                              | 0                           | 7,785,161       |
| 21. Real estate expenses.....  |                                  |  |                             | 0               |
| 22. Real estate taxes.....   |                                  |  | 149,032                     | 149,032         |
| 23. Reimbursements by uninsured plans.....   |                                  |  |                             | 0               |
| 24. Aggregate write-ins for miscellaneous expenses.....                                      | 1,299,446                        | 10,330,969                             | 0                           | 11,630,415      |
| 25. Total expenses incurred.....   | 31,666,752                       | 103,610,529                            | 638,302                     | (a) 135,915,583 |
| 26. Less unpaid expenses - current year.....   |                                  |  |                             | 0               |
| 27. Add unpaid expenses - prior year.....  |                                  |  |                             | 0               |
| 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).....                                  | 31,666,752                       | 103,610,529                            | 638,302                     | 135,915,583     |

**DETAILS OF WRITE-INS**

|  |           |            |   |            |
|--|-----------|------------|---|------------|
| 2401. Consulting fees.....   | 1,704     | 1,650,043  |   | 1,651,747  |
| 2402. Hardware & software maintenance.....                               | 176,399   | 2,414,043  |   | 2,590,442  |
| 2403. Software licenses.....   | 474,340   | 1,310,614  |   | 1,784,954  |
| 2498. Summary of remaining write-ins for Line 24 from overflow page..... | 647,003   | 4,956,269  | 0 | 5,603,272  |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....       | 1,299,446 | 10,330,969 | 0 | 11,630,415 |

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

# Safe Auto Insurance Company

## EXHIBIT OF NET INVESTMENT INCOME

|  | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds.....  | (a).....202,725               | 193,044                    |
| 1.1 Bonds exempt from U.S. tax.....  | (a).....1,964,546             | 2,303,091                  |
| 1.2 Other bonds (unaffiliated).....  | (a).....3,427,112             | 3,232,706                  |
| 1.3 Bonds of affiliates.....   | (a).....                      | .....                      |
| 2.1 Preferred stocks (unaffiliated).....                                     | (b).....36,199                | 36,199                     |
| 2.11 Preferred stocks of affiliates.....                                     | (b).....                      | .....                      |
| 2.2 Common stocks (unaffiliated).....  | .....1,377,982                | 1,383,726                  |
| 2.21 Common stocks of affiliates.....  | .....                         | .....                      |
| 3. Mortgage loans.....   | (c).....                      | .....                      |
| 4. Real estate.....  | (d).....1,772,341             | 1,772,341                  |
| 5. Contract loans.....   | (e).....                      | .....                      |
| 6. Cash, cash equivalents and short-term investments.....                    | (e).....13,029                | 14,584                     |
| 7. Derivative instruments.....   | (f).....                      | .....                      |
| 8. Other invested assets.....  | .....61,538                   | 61,538                     |
| 9. Aggregate write-ins for investment income.....                            | .....0                        | 0                          |
| 10. Total gross investment income.....                                       | .....8,855,472                | 8,997,229                  |
| 11. Investment expenses.....   | (g).....638,302               |                            |
| 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).....785,288               |                            |
| 15. Aggregate write-ins for deductions from investment income.....           | .....0                        |                            |
| 16. Total deductions (Lines 11 through 15).....                              | .....1,423,590                |                            |
| 17. Net investment income (Line 10 minus Line 16).....                       | .....7,573,639                |                            |

### 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 | 0 |
| 1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....       | 0 | 0 |

- (a) Includes \$....41,540 accrual of discount less \$....1,765,191 amortization of premium and less \$....174,421 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 \$....1,772,341 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$....11,248 accrual of discount less \$....1,527 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 \$....785,288 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

|   | 1<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds.....                             | .....0  |                                       | .....0  |   |   |
| 1.1 Bonds exempt from U.S. tax.....                       | 145,352   |                                       | 145,352   |   |   |
| 1.2 Other bonds (unaffiliated).....                       | 737,563   | (141,468)                             | 596,095   | (209,891)   |   |
| 1.3 Bonds of affiliates.....                              | .....   |                                       | 0   |   |   |
| 2.1 Preferred stocks (unaffiliated).....                  | .....   |                                       | 0   | 12,835  |   |
| 2.11 Preferred stocks of affiliates.....                  | .....   |                                       | 0   |   |   |
| 2.2 Common stocks (unaffiliated).....                     | 803,340   | (3,472,325)                           | (2,668,985)   | (996,964)   |   |
| 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..... | 709   |                                       | 709   |   |   |
| 7. Derivative instruments.....                            | .....   |                                       | 0   |   |   |
| 8. Other invested assets.....                             | .....   |                                       | 0   | 126,094   |   |
| 9. Aggregate write-ins for capital gains (losses).....    | 0   | 0                                     | 0   | 0   | 0   |
| 10. Total capital gains (losses).....                     | 1,686,964   | (3,613,793)                           | (1,926,829)   | (1,067,926)   | 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<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(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.....  | 17,202   |  | (17,202)  |
| 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).....  | 126,094  |  | (126,094)   |
| 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).....   | 143,296  | 0  | (143,296)   |
| 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.....  |  |  | 0   |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....                       |  |  | 0   |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination.....  |  |  | 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.....   |  |  | 0   |
| 19. Guaranty funds receivable or on deposit.....   |  |  | 0   |
| 20. Electronic data processing equipment and software.....   | 8,070,810  | 11,769,360                                     | 3,698,550   |
| 21. Furniture and equipment, including health care delivery assets.....  | 823,162  | 773,248  | (49,914)  |
| 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.....  | 796,163  | 1,091,761                                      | 295,598   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | 9,833,431  | 13,634,369                                     | 3,800,938   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   |  |  | 0   |
| 28. TOTALS (Lines 26 and 27).....  | 9,833,431  | 13,634,369                                     | 3,800,938   |

**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.....  | 685,980 | 993,641   | 307,661  |
| 2502. Postage meter receivable.....                                      | 110,183 | 98,120    | (12,063) |
| 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).....       | 796,163 | 1,091,761 | 295,598  |

**NOTES TO FINANCIAL STATEMENTS****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Accounting Practices**

1. The accompanying financial statements of Safe Auto Insurance Company ("the Company") have been prepared on the basis of accounting practices prescribed or permitted by the Insurance Department of the State of Ohio. The Insurance Department of the State of Ohio recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

|                              | 2015                  | 2014                  |
|------------------------------|-----------------------|-----------------------|
| Net income Ohio basis        | 8,352,500             | 20,569,784            |
| State prescribed practices   | 0                     | 0                     |
| State permitted practices    | 0                     | 0                     |
| Net income, NAIC SAP         | <u>\$ 8,352,500</u>   | <u>\$ 20,569,784</u>  |
| Statutory surplus Ohio basis | 156,885,285           | 151,764,259           |
| State prescribed practices   | 0                     | 0                     |
| State permitted practices    | 0                     | 0                     |
| Statutory surplus, NAIC SAP  | <u>\$ 156,885,285</u> | <u>\$ 151,764,259</u> |

**B. Use of Estimates**

1. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts in these financial statements and notes. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**C. Accounting Policies**

1. Premiums written are deferred and earned pro rata over the terms of the related insurance policies. Depending on the state, policy fees are either recognized in premiums earned on the effective date of the respective insurance policy or over the term of the policy. Unearned premium reserves represent the portion of premiums written that are applicable to the unexpired terms of the policies in-force, and are determined on a daily pro rata basis.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as advertising, premium taxes and sales commissions, are charged to operations as incurred. The Company has not modified its capitalization policy from the prior period.

Net investment income earned consists primarily of interest, dividends and rental income less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Rental income includes an imputed rent for the Company's occupancy of its own buildings. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed, and include write-downs for impairments considered to be other-than-temporary.

2. In addition, the company uses the following accounting policies:

- A. Short-term investments are reported at amortized cost.
- B. Bonds not backed by other loans that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) are reported at amortized cost, using the interest method. All other bonds (NAIC designations 3 to 6) are reported at the lower of amortized cost or fair value.
- C. Unaffiliated common stocks are stated at fair value.
- D. The company's preferred stock is stated at fair value.
- E. Not Applicable
- F. Loan-backed securities are reported at either amortized cost using the interest method or, if non-investment grade, at the lower of amortized cost, fair value or at the present value of future cash flows. The retrospective adjustment method is used to value all loan-backed securities, except for interest only securities, EITF 99-20 eligible securities or securities where the yield has become negative that are valued using the prospective method.
- G. Subsidiaries are stated at their underlying audited GAAP equity.
- H. Other invested assets are stated at lower of cost or fair value, except for investments in limited partnerships or limited liability companies. Investments in limited partnerships and limited liability companies are stated at the underlying audited GAAP equity of the investee, unless ownership is less than 5%, where the investment is stated at cost. Investments are non-admitted if no audited of the investee is completed.
- I. The Company owns no derivatives.
- J. The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- K. Unpaid losses and loss adjustment expenses ("LAE") include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- L. The Company did not change its capitalization policy in 2015.
- M. Not Applicable

**2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

The Company did not have any material changes in accounting principles and/or corrections of errors.

**3. BUSINESS COMBINATIONS AND GOODWILL**

None

**4. DISCONTINUED OPERATIONS**

None

**NOTES TO FINANCIAL STATEMENTS****5. INVESTMENTS****A. Mortgage Loans**

None

**B. Debt Restructuring**

None

**C. Reverse Mortgages**

None

**D. Loan-Backed Securities**

1. Prepayment assumptions for Agency Mortgage-Backed Securities and Collateralized Mortgage Obligations were generated using a third-party prepayment model. The multi-factor model captures house price change trends, housing turnover, borrower default, and refinance incentive, among other factors. On an ongoing basis, we monitor the rate of prepayment and calibrate the model to reflect actual experience, market factors, and viewpoint.

2. The Company had no loan backed securities with a 2015 recognized OTTI.

3. None

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

a. The aggregate amount of unrealized losses:

|                           |              |
|---------------------------|--------------|
| 1) Less Than 12 Months    | \$ (48,663)  |
| 2) Greater Than 12 Months | \$ (433,946) |

b. The aggregate related fair value of securities

|                         |                           |               |
|-------------------------|---------------------------|---------------|
| with unrealized losses: | 1) Less Than 12 Months    | \$ 7,622,599  |
|                         | 2) Greater Than 12 Months | \$ 22,282,481 |

5. Recommendations for potential impairments are based on periodic analytical reviews and/or Company specified OTTI requirements. Analysis relies on actual collateral performance measurements including, but not limited to prepayment rates, default rates, delinquencies and loss severity sourced through third party data providers.

**E. Repurchase Agreements and/or Securities Lending Transactions**

None

**F. Real Estate**

1. The Hemingway, South Carolina building is no longer in use and is up for sale. Through December 31, 2015, The Company has

recognized an impairment loss of \$492,265, based on an appraisal of the building.

2. As of December 31, 2015, the Company's building in Hemingway, South Carolina is being held for sale.

3. None

4. None

5. None

**G. For Investments in Low Income Housing Tax Credits**

None

**H. Restricted Assets**

1. The Company's only restricted assets are securities on deposit with states totaling \$2,603,281 and \$2,403,402 at December 31, 2015 and 2014, respectively. These restricted assets represent less than 1% of total assets and total admitted assets at both dates.

2. None

3. None

**I. Working Capital Finance Investments**

None

**J. Offsetting and Netting of Assets and Liabilities**

None

**K. Structured Notes**

| CUSIP Identification | Actual Cost  | Fair Value   | Book/Adjusted Carrying Value | Mortgage-Reference Security (YES/NO) |
|----------------------|--------------|--------------|------------------------------|--------------------------------------|
| 02376CAP0            | \$ 250,000   | \$ 245,820   | \$ 245,820                   | No                                   |
| 20337EAN1            | 199,001      | 197,880      | 197,880                      | No                                   |
| 29364GAG8            | 179,146      | 168,170      | 168,084                      | No                                   |
| 369604BM4            | 308,000      | 308,000      | 308,000                      | No                                   |
| 46625HHA1            | 277,813      | 254,500      | 265,703                      | No                                   |
| 564759PS1            | 206,000      | 198,294      | 200,000                      | No                                   |
| 842400FU2            | 218,250      | 220,350      | 212,882                      | No                                   |
| 912810PV4            | 667,978      | 620,328      | 638,948                      | No                                   |
| 912828JE1            | 507,941      | 570,987      | 503,285                      | No                                   |
| 912828MF4            | 244,932      | 285,983      | 247,874                      | No                                   |
| 912828PP9            | 256,119      | 280,500      | 253,982                      | No                                   |
| 949746PM7            | 290,000      | 259,688      | 268,985                      | No                                   |
| Total                | \$ 3,605,180 | \$ 3,610,500 | \$ 3,511,443                 | XXX                                  |

**NOTES TO FINANCIAL STATEMENTS****6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

A. The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.  
 B. None

**7. INVESTMENT INCOME**

A. Accrued Investment Income  
 1. The Company does not admit investment income due and accrued if amounts are over 90 days past due.  
 B. Amounts Nonadmitted  
 None

**8. DERIVATIVE INSTRUMENTS**

A. None  
 B. None  
 C. Not applicable.  
 D. Not applicable.  
 E. None  
 F. None

**9. INCOME TAXES**

A. Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

| (1) DTA/DTL Components   | Description | 2015        |             |             | 2014        |             |             | Change    |           |       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-------|
|  |             | Ordinary    | Capital     | Total       | Ordinary    | Capital     | Total       | Ordinary  | Capital   | Total |
| (a) Gross deferred tax assets                                    | 14,942,431  | 1,479,233   | 16,421,664  | 16,261,365  | 721,602     | 16,982,967  | (1,318,934) | 757,631   | (561,303) |       |
| (b) Statutory valuation allowance adjustment                     | 0           | 0           | 0           | (4,259,461) | 0           | (4,259,461) | 4,259,461   | 0         | 4,259,461 |       |
| (c) Adjusted gross deferred tax assets                           | 14,942,431  | 1,479,233   | 16,421,664  | 12,001,904  | 721,602     | 12,723,506  | 2,940,527   | 757,631   | 3,698,158 |       |
| (d) Deferred tax assets nonadmitted                              | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0         | 0         |       |
| (e) Net admitted deferred tax assets                             | 14,942,431  | 1,479,233   | 16,421,664  | 12,001,904  | 721,602     | 12,723,506  | 2,940,527   | 757,631   | 3,698,158 |       |
| (f) Deferred tax liabilities                                     | (5,517,477) | (1,786,684) | (7,304,161) | (5,731,061) | (2,160,459) | (7,891,520) | 213,584     | 373,773   | 587,357   |       |
| (g) Net admitted deferred tax asset/(Net deferred tax liability) | 9,424,954   | (307,451)   | 9,117,503   | 6,270,843   | (1,438,856) | 4,831,987   | 3,154,111   | 1,131,404 | 4,285,515 |       |

| (2) Admission calculation components:                          | Description | 2015        |             |             | 2014        |             |             | Change    |             |       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|-------|
|  |             | Ordinary    | Capital     | Total       | Ordinary    | Capital     | Total       | Ordinary  | Capital     | Total |
| Admission calculation under ¶11.a.-¶11.c.                      |             |             |             |             |             |             |             |           |             |       |
| (a) FIT recoverable by loss carryback ¶11.a.]                  | 6,565,568   | 437,890     | 7,003,458   | 0           | 0           | 0           | 6,565,568   | 437,890   | 7,003,458   |       |
| (b) Expected to be realized ¶11.b.] (lesser of 1. or 2.)       | 4,263,803   | 0           | 4,263,803   | 4,831,987   | 0           | 4,831,987   | (568,184)   | 0         | (568,184)   |       |
| 1. Expected to be realized ¶11.b.i.]                           | 4,263,803   | 0           | 4,263,803   | 4,831,987   | 0           | 4,831,987   | 0           | 0         | 0           |       |
| 2. Surplus limitation ¶11.b.ii.]                               | 23,532,793  | 0           | 23,532,793  | 22,764,639  | 0           | 22,764,639  | 0           | 0         | 0           |       |
| (c) DTL offset ¶11.c.]   | 4,113,060   | 1,041,343   | 5,154,403   | 7,169,919   | 721,601     | 7,891,520   | (3,056,859) | 319,742   | (2,737,117) |       |
| (d) Total admitted under ¶11.a.-11.c.                          | 14,942,431  | 1,479,233   | 16,421,664  | 12,001,906  | 721,601     | 12,723,507  | 2,940,524   | 757,632   | 3,698,156   |       |
| Deferred tax liabilities                                       | (5,517,477) | (1,786,684) | (7,304,161) | (5,731,061) | (2,160,459) | (7,891,520) | 213,584     | 373,773   | 587,357     |       |
| Net admitted deferred tax asset/liability under ¶11.a.-¶11.c.] | 9,424,954   | (307,451)   | 9,117,503   | 6,270,843   | (1,438,856) | 4,831,987   | 3,154,108   | 1,131,404 | 4,285,513   |       |

**(3) Information used in expected to be realized calculation ¶11.b.]**

| (a) | Ratio Percentage used to determine recovery period and threshold limitation amount | 2015     |         | 2014        |             |
|-----|--|----------|---------|-------------|-------------|
|     |  | Ordinary | Capital | Ordinary    | Capital     |
| (b) | Adjusted capital and surplus   |          |         | 606%        | 503%        |
|     |  |          |         | 156,885,285 | 151,764,259 |

**(4) Impact of tax planning strategies on adjusted gross DTAs and net admitted DTAs:**

| (a)                                       | Description | 2015      |            |            | 2014        |            |           | Change    |           |       |
|---|-------------|-----------|------------|------------|-------------|------------|-----------|-----------|-----------|-------|
|   |             | Ordinary  | Capital    | Total      | Ordinary    | Capital    | Total     | Ordinary  | Capital   | Total |
| Adjusted gross DTAs - Amount (Memo Entry) | 14,942,431  | 1,479,233 | 16,421,664 | 12,001,904 | 721,602     | 12,723,506 | 2,940,527 | 757,631   | 3,698,158 |       |
| Adjusted gross DTAs - Percentage          | 91.0%       | 9.0%      | 100.0%     | 94.3%      | 5.7%        | 100.0%     | -3.3%     | 3.3%      | 0.0%      |       |
| Net admitted DTAs - Amount (Memo Entry)   | 9,424,954   | (307,452) | 9,117,503  | 6,270,844  | (1,438,856) | 4,831,987  | 3,154,110 | 1,131,405 | 4,285,515 |       |
| Net admitted DTAs - Percentage            | 103.4%      | -3.4%     | 100.0%     | 129.8%     | -29.8%      | 100.0%     | -26.4%    | 26.4%     | 0.0%      |       |

(c) Did the company avail itself of a tax planning strategy involving reinsurance? [check box]

Yes  No

**B. Temporary differences for which DTLs have not been established:**

Not Applicable

**C. Current tax and change in deferred tax:****(1) Current income taxes incurred consist of the following major components:**

| Description   | 2015      | 2014      |
|---|-----------|-----------|
| (a) Current federal income tax expense                  | 4,630,422 | 2,838,803 |
| (b) Foreign taxes                                       | 0         | 0         |
| (c) Subtotal  | 4,630,422 | 2,838,803 |
| (d) Tax on capital gains/(losses)                       | (83,240)  | (459,827) |
| (e) Utilization of capital loss carryforwards           | 0         | 0         |
| (f) Other, including prior year underaccrual (overaccru | (980,739) | (604,935) |
| (g) Federal and foreign income taxes incurred           | 3,566,443 | 1,774,041 |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

**NOTES TO FINANCIAL STATEMENTS**

| (2) DTAs Resulting From<br>Book/Tax Differences In          | December 31,<br>2015 | December 31,<br>2014 | Change      |
|---|----------------------|----------------------|-------------|
| <b>(a) Ordinary</b>   |                      |                      |             |
| (1) Discounting of unpaid losses and LAE                    | 998,028              | 1,659,147            | (661,119)   |
| (2) Unearned premiums                                       | 5,247,436            | 5,270,315            | (22,878)    |
| (3) Policyholder reserves                                   | 0                    | 0                    | 0           |
| (4) Investments   | 0                    | 0                    | 0           |
| (5) Deferred acquisition costs                              | 0                    | 0                    | 0           |
| (6) Policyholder dividends accrued                          | 0                    | 0                    | 0           |
| (7) Fixed assets  | 1,570,947            | 550,534              | 1,020,412   |
| (8) Compensation and benefit accruals                       | 2,569,693            | 2,892,277            | (322,584)   |
| (9) Pension accruals  | 0                    | 0                    | 0           |
| (10) Nonadmitted assets                                     | 3,441,701            | 4,772,029            | (1,330,328) |
| (11) Net operating loss carryforward                        | 0                    | 0                    | 0           |
| (12) Tax credit carryforward                                | 13,121               | 1,117,062            | (1,103,941) |
| (13) Other (separately disclose items >5%)                  | 1,101,505            | 0                    | 1,101,505   |
| (99) Gross ordinary DTAs                                    | 14,942,431           | 16,261,365           | (1,318,933) |
| (b) Statutory valuation adjustment adjustment - ordinary    | 0                    | (4,259,461)          | 4,259,461   |
| (c) Nonadmitted ordinary DTAs (-)                           | 0                    | 0                    | 0           |
| (d) Admitted ordinary DTAs                                  | 14,942,431           | 12,001,904           | 2,940,528   |
| <b>(e) Capital</b>  |                      |                      |             |
| (1) Investments   | 1,459,633            | 702,002              | 757,631     |
| (2) Net capital loss carryforward                           | 0                    | 0                    | 0           |
| (3) Real estate   | 19,600               | 19,600               | 0           |
| (4) Other (separately disclose items >5%)                   | 0                    | 0                    | 0           |
| (5) Unrealized capital losses                               | 0                    | 0                    | 0           |
| (99) Gross capital DTAs                                     | 1,479,233            | 721,602              | 757,631     |
| (f) Statutory valuation adjustment adjustment - capital (-) | 0                    | 0                    | 0           |
| (g) Nonadmitted capital DTAs (-)                            | 0                    | 0                    | 0           |
| (h) Admitted capital DTAs                                   | 1,479,233            | 721,602              | 757,631     |
| (i) Admitted DTAs   | 16,421,664           | 12,723,506           | 3,698,159   |
| (3) DTLs Resulting From<br>Book/Tax Differences In          | December 31,<br>2015 | December 31,<br>2014 | Change      |
| <b>(a) Ordinary</b>   |                      |                      |             |
| (1) Investments   | (50,190)             | (321,696)            | 271,506     |
| (2) Fixed assets  | 0                    | 0                    | 0           |
| (3) Deferred and uncollected premiums                       | 0                    | 0                    | 0           |
| (4) Policyholder reserves/salvage and subrogation           | (58,786)             | (58,314)             | (472)       |
| (5a) Other (Capitalized Software)                           | (5,055,178)          | (5,351,051)          | 295,873     |
| (5b) Other (separately disclose items >5%)                  | (353,323)            | 0                    | (353,323)   |
| (99) Ordinary DTLs  | (5,517,477)          | (5,731,061)          | 213,584     |
| <b>(b) Capital</b>  |                      |                      |             |
| (1) Investments   | 0                    | 0                    | 0           |
| (2) Real estate   | 0                    | 0                    | 0           |
| (3) Other (separately disclose items >5%)                   | 0                    | 0                    | 0           |
| (4) Unrealized capital gains                                | (1,786,684)          | (2,160,459)          | 373,774     |
| (99) Capital DTLs   | (1,786,684)          | (2,160,459)          | 373,774     |
| (c) DTLs  | (7,304,161)          | (7,891,520)          | 587,358     |
| (4) Net deferred tax assets/liabilities                     | 9,117,503            | 4,831,987            | 4,285,516   |

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

|  | December 31,<br>2015 | December 31,<br>2014 | Change    |
|--|----------------------|----------------------|-----------|
| Total deferred tax assets                                      | 16,421,664           | 16,982,967           | (561,302) |
| Total deferred tax liabilities                                 | (7,304,161)          | (7,891,520)          | 587,359   |
| Net deferred tax assets/liabilities                            | 9,117,503            | 9,091,448            | 26,057    |
| Statutory valuation allowance adjustment (*see explanation)    | 0                    | (4,259,461)          | 4,259,461 |
| Net deferred tax assets/liabilities after SVA                  | 9,117,503            | 4,831,987            | 4,285,518 |
| Tax effect of unrealized gains/(losses)                        | 1,786,685            | 2,160,459            | (373,774) |
| Deferred tax assets/liabilities, excluding taxes on unrealized | 10,904,187           | 6,992,445            | 3,911,743 |
| Prior period deferred true-up adjustment                       |                      | 0                    | 0         |
| Change in net deferred income tax [(charge)/benefit]           |                      |                      | 3,911,743 |

**NOTES TO FINANCIAL STATEMENTS****D. Reconciliation of federal income tax rate to actual effective rate:**

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

| Description   | Amount           | Tax Effect       | Effective Tax Rate |
|---|------------------|------------------|--------------------|
| Income before taxes                                   | 11,918,939       | 4,171,629        | 35.0%              |
| Tax-exempt interest                                   | (2,302,508)      | (805,878)        | -6.8%              |
| Dividends received deduction                          | (302,826)        | (105,989)        | -0.9%              |
| Proration   | 390,800          | 136,780          | 1.1%               |
| Non deductible expenses                               | 356,425          | 124,749          | 1.0%               |
| Statutory valuation allowance adjustment              | (4,259,461)      | (4,259,461)      | -35.7%             |
| Deferred taxes on nonadmitted assets                  | 3,800,937        | 1,330,328        | 11.2%              |
| Other, Including Prior Year True-Up                   | (2,678,440)      | (937,458)        | -7.9%              |
| <b>Total</b>  | <b>6,923,866</b> | <b>(345,300)</b> | <b>-2.9%</b>       |
| <br>Federal income taxed incurred [expense/(benefit)] | <br>3,566,443    | <br>29.9%        |                    |
| Tax on capital gains/(losses)                         | 0                | 0.0%             |                    |
| Change in net deferred income tax [charge/(benefit)]  | (3,911,743)      | -32.8%           |                    |
| <b>Total statutory income taxes</b>                   | <b>(345,300)</b> | <b>-2.9%</b>     |                    |

**E. Carryforwards, recoverable taxes, and IRC §6603 deposits:**

At December 31, 2015, the Company had no net operating loss carryforwards, capital loss carryforwards, or AMT credit carryforwards.

| Year      | Ordinary      | Capital       | Total         |
|-----------|---------------|---------------|---------------|
| 2013      | 0             | 0             | 0             |
| 2014      | 1,354,335     | (459,827)     | 894,508       |
| 2015      | 5,725,283     | (83,240)      | 5,642,043     |
| <br>Total | <br>7,079,618 | <br>(543,067) | <br>6,536,551 |

Deposits admitted under IRC § 6603

**None**

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

1. Safe Auto Insurance Group, Inc., Safe Auto Group Agency, Inc., SafeAuto Realty, LLC., and AutoTex MGA, Inc.
2. The Company has a tax sharing agreement with its parent whereby federal income tax expense is determined as if the Company filed a separate federal income tax return and payments for this liability are made to the parent and included with balances reported as Payable to parent, subsidiaries and affiliates.

**10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES and OTHER RELATED PARTIES****A. Nature of Relationships**

1. The Company is a wholly owned subsidiary of Safe Auto Insurance Group, Inc. (Parent), a privately held company incorporated in Ohio.
2. As of December 31, 2015 the Company has contributed \$2,398,819 to SafeAuto Capital, LLC, which is invested in a private equity fund. The Company owns 100% of SafeAuto Capital, LLC.

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

1. The Company participates in a cash sweep program with Safe Auto Group Agency. Within terms of the program the companies may commingle cash balances in a bank account owned by the Company.
2. Safe Auto Group Agency negotiates, manages, and purchases certain advertising for Safe Auto Insurance Company, sells and services certain insurance policies on the behalf of Safe Auto Insurance Company, and is reimbursed 100% by Safe Auto Insurance Company for all costs incurred to provide such services (see Note 10-F).
3. During 2015 the Company paid dividends of \$10,250,000 to the Parent.
4. No other transactions exceeding the 1/2% limit occurred in 2015 or 2014.

**C. Change in Terms of Intercompany Arrangements**

None

**D. Amounts Due to or From Related Parties**

1. The Company had net payables to Safe Auto Group Agency of \$2,517,307 and \$3,813,036 as of December 31, 2015 and 2014, respectively.
2. SAGI Realty Ltd. (SAGI), a subsidiary of SafeAuto Realty, LLC., owns a facility used by SAIC as a center for customers to speak with representatives face to face. The Company paid rent on this property of \$14,400 in 2015 and 2014, respectively. The Company had net receivables of \$5,731 and \$2,554 as of December 31, 2015 and 2014, respectively.
3. The Company had a net payable balance to Parent of \$3,386,139 and \$472,719 as of December 31, 2015 and 2014, respectively.
4. The Company had a payable due to SafeAuto Capital of \$10,495 as of December 31, 2015 and 2014, respectively.
5. The Company had a net receivable balance from Safe Auto Realty of \$36,316 and \$0 as of December 31, 2015 and 2014, respectively.
6. The Company had a net receivable balance from AutoTex MGA, Inc. of \$1,503,196 as of December 31, 2015.

**E. Guarantees or Contingencies for Related Parties**

None

**NOTES TO FINANCIAL STATEMENTS****F. Management, Service Contracts, Cost Sharing Arrangements**

1. Safe Auto Insurance Company and Safe Auto Group Agency are parties of an agency contract. Safe Auto Group Agency provides agency services for Safe Auto Insurance Company by employing certain agents, customer service, and related management personnel while also exclusively providing all advertising and marketing efforts. Safe Auto Insurance Company paid Safe Auto Group Agency \$23,988,544 in 2015 and \$32,035,505 in 2014.
2. In August 2012, the Company and its parent entered into an agreement whereby Company management provides services to the parent and its subsidiaries. This agreement was approved by the Ohio Department of Insurance. The parent and subsidiaries paid the Company \$1,190,654 and \$999,996 for these services in 2015 and 2014, respectively.
3. All such management, service contracts, and cost sharing agreements mentioned are transacted at cost and provide no profit provision to the service provider.

**G. Nature of Relationships that Could Affect Operations**

1. All outstanding shares of the Company are owned by Parent.

**H. Amount Deducted for Investment in Upstream Company**

None

**I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets**

None

**J. Write down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies**

None

**K. Foreign Subsidiary Valued Using CARVM**

None

**L. Downstream Holding Company Valued Using Look-Through Method**

None

**M. All SCA Investments except investments in insurance SCA entities**

None

**N. All investments in insurance SCA entities.**

None

**11. DEBT****A. None****B. FHLB (Federal Home Loan Bank) Agreements**

1. The Company is a member of the Federal Home Loan Bank (FHLBC) of Cincinnati. Through its membership, the Company may conduct business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds as backup liquidity. The Company's borrowing capacity is \$10,000,000.

**2. FHLB Capital Stock****a. Aggregate Totals**

| 1. Current Year                       | 1       | 2        | 3              |
|---------------------------------------|---------|----------|----------------|
|                                       | Total   | General  | Protected Cell |
|                                       | 2 + 3   | Account  | Accounts       |
| (a) Membership Stock - Class A        | 0       | 0        | 0              |
| (b) Membership Stock - Class B        | 550,947 | 550,947  | 0              |
| (c) Activity Stock                    | 0       | 0        | 0              |
| (d) Excess Stock                      | 138,553 | 138,553  | 0              |
| (e) Aggregate Total                   | 689,500 | 689,500  | 0              |
| (f) Actual or estimated borrowing     |         |          |                |
| capacity as determined by the insurer | 0       | .....XXX | .....XXX       |

| 2. Prior Year-end                     | 1       | 2        | 3              |
|---------------------------------------|---------|----------|----------------|
|                                       | Total   | General  | Protected Cell |
|                                       | 2 + 3   | Account  | Accounts       |
| (a) Membership Stock - Class A        | 0       | 0        | 0              |
| (b) Membership Stock - Class B        | 550,947 | 550,947  | 0              |
| (c) Activity Stock                    | 0       | 0        | 0              |
| (d) Excess Stock                      | 138,553 | 138,553  | 0              |
| (e) Aggregate Total                   | 689,500 | 689,500  | 0              |
| (f) Actual or estimated borrowing     |         |          |                |
| capacity as determined by the insurer | 0       | .....XXX | .....XXX       |

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

| Membership Stock | Current Year Total | Not Eligible for Redemption | Less Than 6 Months | 6 Months to Less Than 1 Year | 1 to Less Than 3 Years | 3 to 5 Years |
|------------------|--------------------|-----------------------------|--------------------|------------------------------|------------------------|--------------|
| 1. Class A       | 0                  | 0                           | 0                  | 0                            | 0                      | 0            |
| 2. Class B       | 689,500            | 689,500                     | 0                  | 0                            | 0                      | 0            |

3. No collateral pledged to FHLB in 2015 or 2014.

4. The Company did not borrow from FHLB in 2015 or 2014.

**NOTES TO FINANCIAL STATEMENTS****12. RETIREMENT PLANS, DEFERRED COMPENSATION, AND POSTEMPLOYMENT BENEFITS**

- A. None
- B. None
- C. None
- D. None
- E. The Company sponsors a defined contribution 401(k) Employee Savings and Profit Sharing Plan (the "401(k) Plan") which allows eligible employees to contribute a percentage of their salaries, wages, and bonuses, subject to certain restrictions and limitations, to an individual 401(k) retirement savings account. The Company makes matching contributions equal to 50% of the employee contributions, up to 8% of total employee compensation, and may make periodic discretionary contributions. The Company's contributions to this Plan were \$942,492 and \$859,871 for the years ended December 31, 2015 and 2014, respectively.

The Company also sponsors a non-qualified deferred compensation arrangement for certain executives and directors of the Company. Participating executives and directors may contribute a percentage of their salaries, wages, and bonuses, subject to certain restrictions and limitations. The Company makes matching contributions equal to 50% of the employee contribution up to 8% of total executive compensation when coordinated with the executives' contributions to the 401(k) plan. There are no matching contributions for directors.

- F. None
- G. None
- H. None
- I. None

**13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

- 1. Outstanding Shares
 

The Company has 750 shares of \$25,000 par value common stock authorized and 100 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.
- 2. Dividend Rate of Preferred Stock
 

Not applicable
- 3. Dividend Restrictions
 

Under the insurance regulations of Ohio, the maximum amount of ordinary dividends that the Company may pay to shareholders in a 12 month period is limited to the greater of 10% of the most recent year-end policyholders' surplus or the net income for that same year-end excluding realized capital gains. Accordingly, the maximum amount of ordinary dividends that the Company may pay in the next year is \$15,688,529. Dividends above this amount would be deemed extraordinary and may not be paid unless:

  - 1) not disapproved by the Commissioner of Insurance of Ohio within 30 days of receiving notice of the declaration thereof or
  - 2) approved within that thirty day period.
- 4. Dividend Payments
 

The Company paid dividends to the Parent of \$10,250,000 and \$2,000,000 in 2015 and 2014, respectively.
- 5. Ordinary Dividends
 

Within the limitations noted in note 13.3 above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6. Restrictions on Surplus
 

There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 7. Mutual Surplus Advances
 

Not applicable
- 8. Company Stock Held for Special Purposes
 

None
- 9. Changes in Special Surplus Funds
 

None
- 10. Changes in Unassigned Funds
 

The portion of unassigned funds (surplus) represented by an increase in cumulative unrealized gains is \$3,318,130.
- 11. Surplus Notes
 

None
- 12. & 13. Quasi Reorganizations
 

None

**14. LIABILITIES, CONTINGENCIES, and ASSESSMENTS**

- A. Contingent Commitments
  - 1. The Company has no commitments or contingent commitments to affiliates or other entities, or has made no guarantees on behalf of affiliates.
  - 2. Not applicable
  - 3. Not applicable
- B. Assessments
  - 1. The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessment or in the case of premium based assessments, at the time the premiums were written, or in the case of loss based assessments, at the time the losses are incurred.
  - 2. The Company determined there are no accruals needed at this time. This represents management's best estimate based on information received from the states in which the Company writes business and may change if different information is received from a state.
- C. Gain Contingencies
  - 1. The Company does not have any material gain contingencies.

**NOTES TO FINANCIAL STATEMENTS****D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits**

The Company is named, from time to time and in the ordinary course of business, as a defendant in legal actions arising principally from claims made under its insurance contracts, including those seeking extra-contractual damages beyond policy limits. These are commonly referred to as extra-contractual or bad faith claims. The Company is presently defending two such matters. In accordance with applicable accounting principles, the Company establishes reserves for those matters as to which it has determined that it is probable a loss has been incurred and a reasonable estimate of the Company's potential exposure can be established. Such legal actions are considered by the Company in estimating the loss and LAE reserves.

At this time, the Company does not believe that any other legal action necessitates recognition of losses or disclosure, or that the resolution of such action would have a material adverse effect on the Company's financial position or results of operations.

During 2015 and 2014, the Company paid \$8,112 and \$1,614,500, respectively, net of reimbursements relating to less than 25 claims.

The claim count information is disclosed on a "per claim" basis.

**E. Product Warranties**

Not applicable

**F. Joint and Several Liabilities**

Not applicable

**G. All Other Contingencies**

1. The Company is also, from time to time and in the ordinary course of business, faced with class action lawsuits, regulatory proceedings, and individual lawsuits that are not directly related to its insurance contracts. Such matters presently include two putative class action lawsuits alleging that the Company improperly charged premium to certain customers, and a monetary remediation to certain policyholders in the State of Missouri arising from the resolution of a market conduct examination conducted by the Missouri insurance department. In accordance with applicable accounting principles, the Company establishes reserves for those matters as to which it has determined that it is probable a loss has been incurred and a reasonable estimate of the Company's potential exposure can be established. Likewise, the Company does not establish reserves for those matters where the loss is not probable and/or it currently is unable to estimate the Company's potential exposure. If either or both of the existing class action suits result in a judgment against, or settlement by, the Company in an amount significantly in excess of the reserve established for that matter, if any, the resulting liability could have a material effect on the Company's financial condition, cash flows, and results of operations. While the Company continues to vigorously defend its position in the aforementioned class action suits and assess whether a reserve is appropriate under the accounting guidelines, it has established a reserve of \$500,000 with respect to its estimated exposure arising from the aforementioned market conduct examination by the Missouri Department of Insurance.

**15. LEASES****A. Lessee Leasing Arrangements**

1. The Company leased equipment under a non-cancelable operating lease agreement that expired in December 2015. Rental expense for 2015 and 2014 was \$347,269 and \$298,627 respectively.
2. At December 31, 2015, the future minimum rental payments are as follows:

| <u>Year Ending December 31</u> | <u>Operating Leases</u> |
|--------------------------------|-------------------------|
| 2016                           | \$ 35,100               |
| 2017 and thereafter            | -                       |
| <u>Total</u>                   | <u>\$ 35,100</u>        |

The Company is not involved in any sale-leaseback transactions.

**B. Lessor Leasing Arrangements**

Not applicable

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS**

Not applicable

**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

None

**18. GAIN OR LOSS FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

None

**19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

The Company uses a general agent (GA) to write and administer private passenger automobile insurance products in the State of California.

The general agent writes direct premiums greater than 5% of policyholder surplus. The terms of the GA contract give the GA authority for premium collection. The Company sets pricing and underwriting guideline authority for all policies issued under this agreement. In the third quarter of 2015 the contract was terminated for new business.

In April 2015, the Parent completed a purchase of AutoTex MGA, Inc. a managed general agent (MGA) in the state of Texas. The Company assumes (reinsures) a majority of the new business written by AutoTex MGA, Inc. on the books of two unaffiliated insurance carriers.

**NOTES TO FINANCIAL STATEMENTS**

| Name and Address   | FEI Number | Exclusive Contract | Types of Business Written    | Types of Authority Granted | Direct Premium Written |
|--|------------|--------------------|------------------------------|----------------------------|------------------------|
| SCJ Insurance Services<br>5860 West Las Positas Blvd. Suite 25<br>Pleasanton, CA 94588 | 94-2297460 | Yes                | Private Passenger Automobile | P                          | 23,693,092             |

**20. FAIR VALUE MEASUREMENT****A. Inputs Used for Assets and Liabilities Measured at Fair Value**

1. Assets recorded on the financial statements at fair value measurements by accounting hierarchy levels 1, 2 and 3.

The Company has categorized its assets that are measured at fair value into the three-level fair value hierarchy as reflected in the following table. The Company had no liabilities recorded at fair value.

The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820 *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are defined as follows:

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

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

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

| Description for each class of asset or liability | (Level 1)     | (Level 2)     | (Level 3) | Total         |
|--|---------------|---------------|-----------|---------------|
| Assets at fair value                             |               |               |           |               |
| Perpetual Preferred Stock                        |               |               |           |               |
| Industrial and Misc                              | \$ -          | \$ 655,460    | \$ -      | \$ 655,460    |
| Parent, Subsidiaries, and Affiliates             | -             | -             | -         | -             |
| Total Perpetual Preferred Stocks                 | \$ -          | \$ 655,460    | \$ -      | \$ 655,460    |
| Bonds  |               |               |           |               |
| U.S. Governments                                 | -             | -             | -         | -             |
| Industrial and Misc                              |               | 127,465       | 9,375,162 | 9,502,627     |
| Hybrid Securities                                | -             | -             | -         | -             |
| Parent, Subsidiaries, and Affiliates             | -             | -             | -         | -             |
| Total Bonds                                      | \$ 127,465    | \$ 9,375,162  | \$ -      | \$ 9,502,627  |
| Common Stock                                     |               |               |           |               |
| Industrial and Misc                              | 44,324,858    | 689,500       | -         | 45,014,358    |
| Parent, Subsidiaries, and Affiliates             | -             | -             | -         | -             |
| Total Common Stock                               | \$ 44,324,858 | \$ 689,500    | \$ -      | \$ 45,014,358 |
| Total assets at fair value                       | \$ 44,452,323 | \$ 10,720,122 | \$ -      | \$ 55,172,445 |

Reclassifications impacting Level 3 financial instruments are reported as transfers in (out) of the Level 3 category as of the beginning of the quarter in which the transfer occurs; gains and losses in income only reflect activity for the period the instrument was classified in Level 3. The same policy is followed when a transfer between Level 1 and Level 2 occurs.

There were no transfers between Level 1 and Level 2 assets during the current period.

**2. Roll forward of Level 3 items**

There were no transfers in or out of Level 3 securities in 2015.

**3. Policy on Transfers Into and out of Level 3**

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

**4. Fair value measurements for fixed income and equity securities**

Fair value measurements for fixed income and equity securities are based on values either published by the NAIC's Security Valuation Office (SVO) or from an independent pricing service vendor. Under certain circumstances, if neither an SVO price nor a Vendor price is available, a price may be obtained from a broker. Short term securities and cash equivalents are valued at amortized cost.

When published prices from the SVO are not available, the Company relies predominately on independent pricing service vendors that have been evaluated and approved by our investment management company's internal pricing policy committee. Generally, pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation.

**NOTES TO FINANCIAL STATEMENTS**

Certain investments are carried at fair value, while others may periodically be carried at fair value based on certain factors such as the NAIC's lower of cost or market rule or an impairment. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value. Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor's evaluation process is used by the Company to determine the appropriate fair value hierarchy. Documentation from each pricing vendor is reviewed and monitored periodically to ensure they are consistent with the Company's pricing policy. Market Information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

5. Not Applicable

B. Not Applicable

C. The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments, excluding those accounted for under the equity method (subsidiaries, limited liability companies, etc.). The fair values are also categorized into the three-level hierarchy as described above in Note 20A.

D. Not Applicable

**21. OTHER ITEMS**

A. Unusual or Infrequent Items  
None

B. Troubled Debt Restructuring for Debtors  
None

C. Other Disclosures  
None

D. Business Interruption Insurance Recoveries  
None

E. State Transferable and Non-transferable Tax Credits  
None

F. Subprime-Mortgage Related Risk Exposure

1. Subprime Mortgage Exposures

The Company has invested in collateralized fixed income securities, such as residential mortgage-backed securities ("MBS") and collateralized debt obligations ("CDO"). Through certain investments, the Company is subject to additional default risk exposure as these securitizations were collateralized by mortgages that have characteristics of subprime lending. Such characteristics include, but are not limited to, an interest rate above prime to borrowers who do not qualify for prime rate loans, borrowers with low credit

| Type of Financial Instrument                      | Fair Value         | Admitted Value     | Level 1           | Level 2            | Level 3          | Not Practical |
|---|--------------------|--------------------|-------------------|--------------------|------------------|---------------|
| <b>Financial instruments - assets</b>             |                    |                    |                   |                    |                  |               |
| Bonds   | 209,963,408        | 207,513,159        | 9,418,482         | 199,374,133        | 1,170,793        | -             |
| Preferred Stocks                                  | 655,460            | 655,460            | -                 | 655,460            | -                | -             |
| Common Stocks                                     | 45,014,358         | 45,014,358         | 44,324,859        | 689,500            | -                | -             |
| Cash, cash equivalents and short-term investments | 13,038,484         | 13,038,509         | 7,948,662         | 5,089,822          | -                | -             |
| <b>Total assets</b>                               | <b>268,671,711</b> | <b>266,221,486</b> | <b>61,692,003</b> | <b>205,808,915</b> | <b>1,170,793</b> | <b>-</b>      |
| <b>Financial instruments - liabilities</b>        |                    |                    |                   |                    |                  |               |
| <b>NONE</b>                                       |                    |                    |                   |                    |                  |               |

ratings, unconventionally high initial loan-to-value ratios, low initial payments based on a fixed introductory rate that expires after a short initial period, and borrowers with less than conventional documentation of their income or net assets.

While inherently subject to realized losses resulting from rising defaults or foreclosures, the Company's conservative investment practices of only investing in MBS and CDO's which carry the highest or higher credit ratings (AA or better) and actively monitoring the underlying collateral performance should limit such losses. As such, the Company currently believes that its exposure to unrealized losses from declines in asset values, as the market adjusts to risk aversion and liquidity issues, is greater than its exposure to realized losses resulting from receiving less than anticipated cash flows. The Company intends to hold these fixed income investments until maturity or recovery, and does not anticipate sale of assets to meet future cash flow requirements.

2. Direct Exposure—Mortgage Loans

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

3. Direct Exposure—Other Investments

The Company has invested in residential mortgage-backed securities and collateralized debt obligations. While the fair value of these fixed income investments may fluctuate, the Company reviewed its MBS and CDO portfolio as of December 31, 2015.

The following is a summary of the Company's other investments with subprime exposure.

|  | Book Adjusted       |                   |                         |                     | Temporary<br>Impairment<br>Losses |  |
|--|---------------------|-------------------|-------------------------|---------------------|-----------------------------------|--|
|  | Carrying Value      |                   | (excluding<br>interest) |                     |                                   |  |
|  | Actual Costs        | Fair Value        | Recognized              |                     |                                   |  |
|  |                     |                   |                         |                     |                                   |  |
| Residential mortgage-backed securities | \$ 190,869          | \$ 191,604        | \$ 192,178              | \$ 212              |                                   |  |
| Collateralized debt obligations        | 1,191,603           | 273,720           | 470,793                 | 1,013,659           |                                   |  |
| Other Structured securities            | -                   | -                 | -                       | -                   |                                   |  |
| <b>Total Other Investments</b>         | <b>\$ 1,382,472</b> | <b>\$ 465,324</b> | <b>\$ 662,971</b>       | <b>\$ 1,013,871</b> |                                   |  |

**NOTES TO FINANCIAL STATEMENTS**

## 4. Underwriting Exposure

The Company does not engage in mortgage guaranty insurance coverage.

## G. Insurance-Linked Securities (ILS) Risks

None

## 22. EVENTS SUBSEQUENT

There were no material subsequent events that occurred after December 31, 2015 and before the release of the financial statements.

## 23. REINSURANCE

## A. Unsecured Reinsurance Recoverables

None

## B. Reinsurance Recoverables in Dispute

1. Not applicable

## C. Reinsurance Assume and Ceded

1. The Company is a party in a prospective personal automobile physical damage catastrophe agreement of reinsurance with General Reinsurance Corporation. This reinsurance agreement covers a portion of aggregated losses arising from catastrophic events that exceed a specified retention stated in the agreement. Ceded premiums are calculated primarily based on a percentage of comprehensive premiums earned, and were not material for the year ended December 31, 2015.

During the second quarter of 2015, the Parent Company, Safe Auto Insurance Group, acquired AutoTex MGA, Inc. This acquisition allows the Company to continue its growth strategy of expanding in a new sales channel, the use of independent agents. AutoTex provides auto insurance products through independent agents in Arizona, Arkansas, Nevada, and Texas. The Company assumes this business written by the independent agents on two non-affiliated insurance carriers.

2. None

3. None

## D. Uncollectible Reinsurance

None

## E. Commutation of Ceded Reinsurance

None

## F. Retroactive Reinsurance

None

## G. Reinsurance Accounted for as a Deposit

None

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

Not applicable

## I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

1. Not applicable

## J. Reinsurance Agreements Qualifying for Reinsurer Aggregation.

None

## 24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

None

## 25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Current year changes in estimates of costs of prior year losses and loss adjustment expenses (LAE) affect the current year Statement of Income. Increases in those estimates increase current year expense and are referred to as unfavorable development. Decreases in those estimates decrease current year expense and are referred to as favorable development. Current year losses and LAE of \$235,675,095 were lower by \$1,663,368 because of favorable development of prior year estimates. This favorable development was approximately 1.3% of the prior years' reserves for unpaid losses and LAE.

The decrease in prior years' estimates is a result of ongoing analysis of recent loss and expense trends. The increase in estimated losses for prior years of \$1,769,675 is primarily a result of claim frequency for accident years 2014 being above previously projected levels for property damage and collision claims. That increase was more than offset by the decrease in prior years' estimated LAE of \$3,433,043 which is primarily the result of lower volumes of open claims for prior years and especially lower projected DCC expenses on accident years 2010-2013 combined with decreased in A&O expenses for those same years.

The Company experienced no prior year claim development on retrospectively rated policies because the Company does not issue retrospectively rated policies.

## 26. INTERCOMPANY POOLING ARRANGEMENTS

None

## 27. STRUCTURE SETTLEMENTS

None

## 28. HEALTH CARE RECEIVABLES

None

## **NOTES TO FINANCIAL STATEMENTS**

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### **29. PARTICIPATING POLICIES**

None

### **30. PREMIUM DEFICIENCY RESERVES**

The Company has evaluated for the existence of any premium deficiencies as of December 31, 2015, and it was determined that there were none. Anticipated investment income was not taken into account in the calculation.

### **31. HIGH DEDUCTIBLES**

None

### **32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES**

The Company does not discount liabilities for unpaid loss adjustment expenses.

### **33. ASBESTOS/ENVIRONMENTAL RESERVES**

None

### **34. SUBSCRIBER SAVINGS ACCOUNTS**

None

### **35. MULTIPLE PERIL CROP INSURANCE**

None

### **36. FINANCIAL GUARANTY INSURANCE**

None

**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. \_\_\_\_\_ 12/31/2013

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. \_\_\_\_\_ 12/31/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_ 09/18/2014

3.4 By what department or departments? Ohio Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [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 name of 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<br>NAIC<br>Company<br>Code | 3<br>State of<br>Domicile |
|----------------|------------------------------|---------------------------|
| Name of Entity |                              |                           |

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<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
|                  |                     |

8.1 Is the company a subsidiary of a bank holding company regulated with 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 the response to 8.3 is yes, please provide below 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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
|                     |                             |          |          |           |          |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? Ernst & Young, LLP, 1100 Huntington Center, 41 South High Street, Columbus, OH 43213

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 other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

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

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

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

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

| 11.   | What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?<br><u>Robert Lowery, FCAS (employee), 4 Easton Oval, Columbus, OH 43219</u>  |   |                                      |   |             |  |  |  |  |  |  |
|---|--|---|--------------------------------------|---|-------------|--|--|--|--|--|--|
| 12.1  | Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?  | Yes [X]   | No [ ]                               |   |             |  |  |  |  |  |  |
| 12.11   | Name of real estate holding company <u>New Albany Apartments, LLC</u>  |   |                                      |   |             |  |  |  |  |  |  |
| 12.12   | Number of parcels involved   | 1   |                                      |   |             |  |  |  |  |  |  |
| 12.13   | Total book/adjusted carrying value   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 12.2  | If yes, provide explanation<br><u>New Albany is a Limited Liability Company that develops and runs an apartment complex in New Albany, Ohio. SAIC owns a 19.5% share of the LLC. All capital has been repaid. SAIC maintains an interest in cash flows going forward. Investment is non-admitted for a lack of financial audit but has a fair value of \$264,490 per Sch BA.</u>   |   |                                      |   |             |  |  |  |  |  |  |
| 13.   | <b>FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:</b>  |   |                                      |   |             |  |  |  |  |  |  |
| 13.1  | What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  |   |                                      |   |             |  |  |  |  |  |  |
| 13.2  | Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?   | Yes [ ]   | No [ ]                               |   |             |  |  |  |  |  |  |
| 13.3  | Have there been any changes made to any of the trust indentures during the year?   | Yes [ ]   | No [ ]                               |   |             |  |  |  |  |  |  |
| 13.4  | If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?   | Yes [ ]   | No [ ] N/A [ ]                       |   |             |  |  |  |  |  |  |
| 14.1  | Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?   | Yes [X]   | No [ ]                               |   |             |  |  |  |  |  |  |
|   | (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  |   |                                      |   |             |  |  |  |  |  |  |
|   | (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;   |   |                                      |   |             |  |  |  |  |  |  |
|   | (c) Compliance with applicable governmental laws, rules and regulations;   |   |                                      |   |             |  |  |  |  |  |  |
|   | (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  |   |                                      |   |             |  |  |  |  |  |  |
|   | (e) Accountability for adherence to the code.  |   |                                      |   |             |  |  |  |  |  |  |
| 14.11   | If the response to 14.1 is no, please explain:   |   |                                      |   |             |  |  |  |  |  |  |
| 14.2  | Has the code of ethics for senior managers been amended?   | Yes [ ]   | No [X]                               |   |             |  |  |  |  |  |  |
| 14.21   | If the response to 14.2 is yes, provide information related to amendment(s).   |   |                                      |   |             |  |  |  |  |  |  |
| 14.3  | Have any provisions of the code of ethics been waived for any of the specified officers?   | Yes [ ]   | No [X]                               |   |             |  |  |  |  |  |  |
| 14.31   | If the response to 14.3 is yes, provide the nature of any waiver(s).   |   |                                      |   |             |  |  |  |  |  |  |
| 15.1  | Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?   | Yes [ ]   | No [X]                               |   |             |  |  |  |  |  |  |
| 15.2  | If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.   |   |                                      |   |             |  |  |  |  |  |  |
|   | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 25%;">1<br/>American Bankers Association (ABA)<br/>Routing Number</th> <th style="text-align: center; width: 25%;">2<br/>Issuing or Confirming Bank Name</th> <th style="text-align: center; width: 25%;">3<br/>Circumstances That Can Trigger<br/>the Letter of Credit</th> <th style="text-align: center; width: 25%;">4<br/>Amount</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | 1<br>American Bankers Association (ABA)<br>Routing Number   | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger<br>the Letter of Credit | 4<br>Amount |  |  |  |  |  |  |
| 1<br>American Bankers Association (ABA)<br>Routing Number | 2<br>Issuing or Confirming Bank Name   | 3<br>Circumstances That Can Trigger<br>the Letter of Credit | 4<br>Amount                          |   |             |  |  |  |  |  |  |
|   |  |   |                                      |   |             |  |  |  |  |  |  |
|   | <b>BOARD OF DIRECTORS</b>  |   |                                      |   |             |  |  |  |  |  |  |
| 16.   | Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?   | Yes [X]   | No [ ]                               |   |             |  |  |  |  |  |  |
| 17.   | Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinator committees thereof?   | Yes [X]   | No [ ]                               |   |             |  |  |  |  |  |  |
| 18.   | Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?  | Yes [X]   | No [ ]                               |   |             |  |  |  |  |  |  |
|   | <b>FINANCIAL</b>   |   |                                      |   |             |  |  |  |  |  |  |
| 19.   | Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?  | Yes [ ]   | No [X]                               |   |             |  |  |  |  |  |  |
| 20.1  | Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):   |   |                                      |   |             |  |  |  |  |  |  |
| 20.11   | To directors or other officers   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 20.12   | To stockholders not officers   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 20.13   | Trustees, supreme or grand (Fraternal only)  | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 20.2  | Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):  |   |                                      |   |             |  |  |  |  |  |  |
| 20.21   | To directors or other officers   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 20.22   | To stockholders not officers   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 20.23   | Trustees, supreme or grand (Fraternal only)  | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 21.1  | Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement?  | Yes [ ]   | No [X]                               |   |             |  |  |  |  |  |  |
| 21.2  | If yes, state the amount thereof at December 31 of the current year:   |   |                                      |   |             |  |  |  |  |  |  |
| 21.21   | Rented from others   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 21.22   | Borrowed from others   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 21.23   | Leased from others   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 21.24   | Other  | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 22.1  | Does this statement include payments for assessments as described in the <i>Annual Statement Instructions</i> other than guaranty fund or guaranty association assessments?  | Yes [ ]   | No [X]                               |   |             |  |  |  |  |  |  |
| 22.2  | If answer is yes:  |   |                                      |   |             |  |  |  |  |  |  |
| 22.21   | Amount paid as losses or risk adjustment   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 22.22   | Amount paid as expenses  | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 22.23   | Other amounts paid   | \$  | 0                                    |   |             |  |  |  |  |  |  |
| 23.1  | Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?  | Yes [X]   | No [ ]                               |   |             |  |  |  |  |  |  |
| 23.2  | If yes, indicate any amounts receivable from parent included in the Page 2 amount:   | \$  | 165,153                              |   |             |  |  |  |  |  |  |

**INVESTMENT**

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

|        |  |  |                              |                                   |
|--------|--|--|------------------------------|-----------------------------------|
| 24.01  | Were all of the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?  | Yes [X]    No [ ]                                    |                              |                                   |
| 24.02  | If no, give full and complete information, relating thereto:   |  |                              |                                   |
| 24.03  | For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off balance sheet (an alternative is to reference Note 17 where this information is also provided).  |  |                              |                                   |
| 24.04  | Does the company's security lending program meet the requirements for a conforming program as outlined in the <i>Risk-Based Capital Instructions</i> ?   | Yes [ ]    No [ ]    N/A [X]                         |                              |                                   |
| 24.05  | If answer to 24.04 is yes, report amount of collateral for conforming programs.  | \$ _____ 0   |                              |                                   |
| 24.06  | If answer to 24.04 is no, report amount of collateral for other programs   | \$ _____ 0   |                              |                                   |
| 24.07  | Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?   | Yes [ ]    No [ ]    N/A [X]                         |                              |                                   |
| 24.08  | Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?   | Yes [ ]    No [ ]    N/A [X]                         |                              |                                   |
| 24.09  | Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?   | Yes [ ]    No [ ]    N/A [X]                         |                              |                                   |
| 24.10  | For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:  |  |                              |                                   |
| 24.101 | Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:   | \$ _____ 0   |                              |                                   |
| 24.102 | Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:   | \$ _____ 0   |                              |                                   |
| 24.103 | Total payable for securities lending reported on the liability page:   | \$ _____ 0   |                              |                                   |
| 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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)   | Yes [X]    No [ ]                                    |                              |                                   |
| 25.2   | If yes, state the amount thereof at December 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 sale – excluding FHLB Capital Stock   | \$ _____ 0   |                              |                                   |
| 25.27  | FHLB Capital Stock   | \$ _____ 689,500                                     |                              |                                   |
| 25.28  | On deposit with states   | \$ _____ 2,603,281                                   |                              |                                   |
| 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<br>Nature of Restriction   | 2<br>Description                                     | 3<br>Amount                  |                                   |
|        |  |  | \$ _____                     |                                   |
| 26.1   | Does the reporting entity have any hedging transactions reported on Schedule DB?   | Yes [ ]    No [X]                                    |                              |                                   |
| 26.2   | If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?<br>If no, attach a description with this statement.   | Yes [ ]    No [ ]    N/A [X]                         |                              |                                   |
| 27.1   | Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?  | Yes [ ]    No [X]                                    |                              |                                   |
| 27.2   | If yes, state the amount thereof at December of the current year:  | \$ _____ 0   |                              |                                   |
| 28.    | Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC <i>Financial Condition Examiners Handbook</i> ? | Yes [X]    No [ ]                                    |                              |                                   |
| 28.01  | For all agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , complete the following:   |  |                              |                                   |
|        | 1<br>Name of Custodian(s)  | 2<br>Custodian Address                               |                              |                                   |
|        | U.S. Bank  | 425 Walnut Street, 6th Floor, Cincinnati, OH 45202   |                              |                                   |
|        | Merrill Lynch  | 65 East State Street, Suite 2600, Columbus, OH 43215 |                              |                                   |
|        | FHLB Cincinnati  | 221 E. 4th Street, Suite 1000, Cincinnati, OH 45202  |                              |                                   |
|        | PNC Wealth Management  | 155 East Broad, Columbus, OH 43215                   |                              |                                   |
|        | Raymond James & Associates, Inc.   | 880 Carrillon Parkway St., Petersburg, FL 33716      |                              |                                   |
|        | First National Bankers Bank (FNBB)   | 1200 West Third Street, Little Rock, AR, 72201       |                              |                                   |
|        | Wells Fargo Banking Co.  | 1021 E Cary Street, Richmond, VA 23219               |                              |                                   |
| 28.02  | For all agreements that do not comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , provide the name, location and a complete explanation:   |  |                              |                                   |
|        | 1<br>Name(s)   | 2<br>Location(s)                                     | 3<br>Complete Explanation(s) |                                   |
| 28.03  | Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?  | Yes [X]    No [ ]                                    |                              |                                   |
| 28.04  | If yes, give full and complete information relating thereto:   |  |                              |                                   |
|        | 1<br>Old Custodian   | 2<br>New Custodian                                   | 3<br>Date of Change          | 4<br>Reason                       |
|        | Suntrust   | Wells Fargo  | 06/01/2015                   | Suntrust discontinued on 6/1/2015 |

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

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

| 1<br>Central Registration Depository | 2<br>Name(s)                            | 3<br>Address                                  |
|--------------------------------------|---|---|
| 105900                               | General Re/New England Asset Management | 76 Batterson Park Road, Farmington, CT 06032  |
| 7691                                 | Merrill Lynch                           | 65 East State Street, Columbus, OH 43215      |
| 705                                  | Raymond James & Associates, Inc         | 880 Carillon Parkway, St Petersburg, FL 33716 |

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 [X] No [ ]

29.2 If yes, complete the following schedule:

| 1<br>CUSIP  | 2<br>Name of Mutual Fund               | 3<br>Book/Adjusted Carrying Value |
|-------------|--|-----------------------------------|
| 091936 73 2 | BLACKROCK GL L/S CREDIT-INS (BGCIX)    | 769,589                           |
| 19248A 10 9 | COHEN & STEERS INFRASTR. (UTF)         | 124,001                           |
| 464287 16 8 | ISHARES DJ SELECT DIVIDEND INDEX (DVY) | 8,209,837                         |
| 464287 40 8 | ISHARES S&P 500/BARRA VALUE INDEX(IVE) | 3,204,343                         |
| 464287 66 3 | ISHARES CORE US VALUE ETF (IUSV)       | 3,235,069                         |
| 78462F 10 3 | SPDR TRUST SERIES 1 (SPY)              | 10,901,541                        |
| 808524 79 7 | SCHWAB US DVD EQUITY ETF               | 340,523                           |
| 29.2999     | TOTAL                                  | 26,784,903                        |

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

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual Fund's<br>Book/Adjusted Carrying<br>Value Attributable to the<br>Holdings | 4<br>Date of Valuation |
|--|--|---|------------------------|
| BLACKROCK GL L/S CREDIT-INSTL (BGCIX)          | UNITED STATES OF AMERICA                               | 23,319  | 12/31/2015             |
| BLACKROCK GL L/S CREDIT-INSTL (BGCIX)          | ITRAXX.XO.22.V1  | 20,471  | 12/31/2015             |
| BLACKROCK GL L/S CREDIT-INSTL (BGCIX)          | SPAIN (KINGDOM OF)                                     | 20,009  | 12/31/2015             |
| BLACKROCK GL L/S CREDIT-INSTL (BGCIX)          | ITRAXX.XO.23.V1  | 14,699  | 12/31/2015             |
| BLACKROCK GL L/S CREDIT-INSTL (BGCIX)          | ALLERGAN PLC   | 12,467  | 12/31/2015             |
| COHEN & STEERS INFRASTRUCTURE (UTF)            | Crown Castle International Corp.                       | 5,704   | 12/31/2015             |
| COHEN & STEERS INFRASTRUCTURE (UTF)            | National Grid PLC                                      | 4,712   | 12/31/2015             |
| COHEN & STEERS INFRASTRUCTURE (UTF)            | Transurban Group                                       | 4,092   | 12/31/2015             |
| COHEN & STEERS INFRASTRUCTURE (UTF)            | Sempra Energy  | 3,720   | 12/31/2015             |
| COHEN & STEERS INFRASTRUCTURE (UTF)            | PG&E Corporation                                       | 3,224   | 12/31/2015             |
| ISHARES DJ SELECT DIVIDEND INDEX (DVY)         | Lockheed Martin Corp.                                  | 322,647   | 12/31/2015             |
| ISHARES DJ SELECT DIVIDEND INDEX (DVY)         | Philip Morris International Inc.                       | 220,845   | 12/31/2015             |
| ISHARES DJ SELECT DIVIDEND INDEX (DVY)         | Kimberly Clark Corp.                                   | 210,172   | 12/31/2015             |
| ISHARES DJ SELECT DIVIDEND INDEX (DVY)         | McDonalds Corp   | 206,888   | 12/31/2015             |
| ISHARES DJ SELECT DIVIDEND INDEX (DVY)         | CME Group INC Class A                                  | 183,900   | 12/31/2015             |
| Ishares S&P 500/BARRA VALUE INDEX (IVE)        | Exxon Mobil Corp                                       | 118,561   | 12/31/2015             |
| Ishares S&P 500/BARRA VALUE INDEX (IVE)        | Wells Fargo  | 92,285  | 12/31/2015             |
| Ishares S&P 500/BARRA VALUE INDEX (IVE)        | Berkshire Hathaway Inc Class B                         | 90,362  | 12/31/2015             |
| Ishares S&P 500/BARRA VALUE INDEX (IVE)        | JP Morgan Chase & Co. Common St                        | 89,081  | 12/31/2015             |
| Ishares S&P 500/BARRA VALUE INDEX (IVE)        | Proctor & Gamble                                       | 79,147  | 12/31/2015             |
| ISHARES CORE US VALUE ETF (IUSV)               | Exxon Mobil Corporation Common                         | 98,346  | 12/31/2015             |
| ISHARES CORE US VALUE ETF (IUSV)               | General Electric Co                                    | 88,317  | 12/31/2015             |
| ISHARES CORE US VALUE ETF (IUSV)               | Wells Fargo & Co                                       | 76,348  | 12/31/2015             |
| ISHARES CORE US VALUE ETF (IUSV)               | Johnson & Johnson                                      | 74,730  | 12/31/2015             |
| ISHARES CORE US VALUE ETF (IUSV)               | JP Morgan Chase & Co                                   | 74,083  | 12/31/2015             |
| SPDR S&P 500 ETF TRUST                         | Apple Inc.   | 357,571   | 12/31/2015             |
| SPDR S&P 500 ETF TRUST                         | Microsoft Corporation                                  | 269,268   | 12/31/2015             |
| SPDR S&P 500 ETF TRUST                         | Exxon Mobil Corporation                                | 197,318   | 12/31/2015             |
| SPDR S&P 500 ETF TRUST                         | General Electric Company                               | 178,785   | 12/31/2015             |
| SPDR S&P 500 ETF TRUST                         | Johnson & Johnson                                      | 173,334   | 12/31/2015             |
| SCHWAB US DVD EQUITY ETF                       | Proctor & Gamble Company                               | 16,005  | 09/30/2015             |
| SCHWAB US DVD EQUITY ETF                       | Exxon Mobil  | 15,664  | 09/30/2015             |
| SCHWAB US DVD EQUITY ETF                       | Microsoft Corp   | 15,664  | 09/30/2015             |
| SCHWAB US DVD EQUITY ETF                       | Johnson & Johnson                                      | 15,324  | 09/30/2015             |
| SCHWAB US DVD EQUITY ETF                       | Pfizer   | 14,983  | 09/30/2015             |

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

|            | 1<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|------------|---------------------------------|-----------------|--|
| 30.1 Bonds | 215,755,111                     | 218,177,850     | 2,422,738  |

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

|      |                  |             |             |           |
|------|------------------|-------------|-------------|-----------|
| 30.2 | Preferred Stocks | 655,460     | 655,460     | 0         |
| 30.3 | Totals           | 216,410,571 | 218,833,310 | 2,422,738 |

30.4 Describe the sources or methods utilized in determining fair values:  
The market value of bonds and preferred stocks were obtained from third party valuation providers such as Merrill Lynch Indices, Interactive Data Corporation Reuter, S&P, Bloomberg, Factset, or, if not available from third party vendors, from independent security dealers. Short term and cash equivalents are valued at amortized cost.

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

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

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

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

32.2 If no, list exceptions:

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 483,431

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

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |

34.1 Amount of payments for legal expenses, if any? \$ 747,309

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

| 1<br>Name                              | 2<br>Amount Paid |
|--|------------------|
| NELSON BROWN HAMILTON & KRESTEIN, LLC. | \$ 248,610       |
| SUTHERLAND ASBILL & BRENNAN, LLP.      | 242,285          |

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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

|      |  |                   |                 |
|------|--|-------------------|-----------------|
| 1.1  | Does the reporting entity have any direct Medicare Supplement Insurance in force?  | Yes [ ]           | No [X]          |
| 1.2  | If yes, indicate premium earned on U.S. business only.   | \$                | 0               |
| 1.3  | What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?  | \$                | 0               |
| 1.31 | Reason for excluding:  |                   |                 |
| 1.4  | Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.  | \$                | 0               |
| 1.5  | Indicate total incurred claims on all Medicare Supplement insurance.   | \$                | 0               |
| 1.6  | Individual policies:   |                   |                 |
|      | Most current three years:  |                   |                 |
| 1.61 | Total premium earned   | \$                | 0               |
| 1.62 | Total incurred claims  | \$                | 0               |
| 1.63 | Number of covered lives  |                   | 0               |
|      | All years prior to most current three years:   |                   |                 |
| 1.64 | Total premium earned   | \$                | 0               |
| 1.65 | Total incurred claims  | \$                | 0               |
| 1.66 | Number of covered lives  |                   | 0               |
| 1.7  | Group policies:  |                   |                 |
|      | Most current three years:  |                   |                 |
| 1.71 | Total premium earned   | \$                | 0               |
| 1.72 | Total incurred claims  | \$                | 0               |
| 1.73 | Number of covered lives  |                   | 0               |
|      | All years prior to most current three years:   |                   |                 |
| 1.74 | Total premium earned   | \$                | 0               |
| 1.75 | Total incurred claims  | \$                | 0               |
| 1.76 | Number of covered lives  |                   | 0               |
| 2.   | Health Test:   |                   |                 |
|      |  | 1<br>Current Year | 2<br>Prior Year |
| 2.1  | Premium Numerator  | \$ 0              | \$ 0            |
| 2.2  | Premium Denominator  | \$ 316,296,338    | \$ 305,424,695  |
| 2.3  | Premium Ratio (2.1/2.2)  |                   |                 |
| 2.4  | Reserve Numerator  | \$ 0              | \$ 0            |
| 2.5  | Reserve Denominator  | \$ 206,187,223    | \$ 206,198,095  |
| 2.6  | Reserve Ratio (2.4/2.5)  |                   |                 |
| 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   | \$ 0              |                 |
| 3.22 | Non-participating policies   | \$ 0              |                 |
| 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.  | \$ 0              |                 |
| 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 [ ]          |
| 5.22 | As a direct expense of the exchange  | Yes [ ]           | N/A [ ]         |
| 5.3  | What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?  | Yes [ ]           | No [ ]          |
| 5.4  | Has any Attorney-in-fact compensation, contingent on fulfillments of certain conditions, been deferred?  | Yes [ ]           | No [X]          |
| 5.5  | If yes, give full information:   |                   |                 |
| 6.1  | What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?<br><u>Not applicable</u>   |                   |                 |
| 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:  |                   |                 |
| 6.3  | What provision has this reporting entity made (such as 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?<br><u>The company writes private passenger auto insurance in 18 states and protects itself through a catastrophe reinsurance program with the limit of 100% of \$2,500,000 in excess of \$1,000,000.</u> |                   |                 |
| 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 [X]           | No [ ]          |
| 6.5  | If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:   |                   |                 |
| 7.1  | Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?  | Yes [ ]           | No [X]          |

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

|       |  |                          |
|-------|--|--------------------------|
| 7.2   | If yes, indicate the number of reinsurance contracts containing such provisions.   | 0                        |
| 7.3   | If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?  | Yes [ ] No [ ]           |
| 8.1   | Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?  | Yes [ ] No [ X ]         |
| 8.2   | If yes, give full information  |                          |
| 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 noncancelable by the reporting entity during the contract term;  |                          |
|       | (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;   |                          |
|       | (c) Aggregate stop loss reinsurance coverage;  |                          |
|       | (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  |                          |
|       | (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  |                          |
|       | (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?   |                          |
|       |  | Yes [ ] No [ X ]         |
| 9.2   | Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where: |                          |
|       | (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or   |                          |
|       | (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.   |                          |
|       |  | Yes [ ] No [ X ]         |
| 9.3   | If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:   |                          |
|       | (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;   |                          |
|       | (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and   |                          |
|       | (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.   |                          |
| 9.4   | Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  |                          |
|       | (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  |                          |
|       | (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?  |                          |
|       |  | Yes [ ] No [ X ]         |
| 9.5   | If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.   |                          |
| 9.6   | The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  |                          |
|       | (a) The entity does not utilize reinsurance; or  |                          |
|       | (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 the reporting entity guaranteed policies issued by any other entity and now in force?  | Yes [ ] No [ ] N/A [ ]   |
| 11.2  | If yes, give full information  | Yes [ ] No [ X ]         |
| 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  | \$ _____ 0               |
| 12.12 | Unpaid underwriting expenses (including loss adjustment expenses)  | \$ _____ 0               |
| 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?   | \$ _____ 0               |
| 12.3  | If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?   | Yes [ ] No [ ] N/A [ X ] |
| 12.4  | If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  |                          |
| 12.41 | From   | % _____                  |
| 12.42 | To   | % _____                  |
| 12.5  | Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?   | Yes [ ] No [ X ]         |
| 12.6  | If yes, state the amount thereof at December 31 of current year:   |                          |
| 12.61 | Letters of Credit  | \$ _____ 0               |
| 12.62 | Collateral and other funds   | \$ _____ 0               |
| 13.1  | Largest net aggregate amount insured in any one risk (excluding workers' compensation):  | \$ _____ 315,000         |
| 13.2  | Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?  | Yes [ ] No [ X ]         |
| 13.3  | State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.  |                          |

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No [X]  
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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

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

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

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

\* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [ ] No [X]  
 Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]  
 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0  
 18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]  
 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

**FIVE-YEAR HISTORICAL DATA**

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

|  | 1<br>2015    | 2<br>2014    | 3<br>2013    | 4<br>2012    | 5<br>2011    |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>  |              |              |              |              |              |
| 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).....  | 222,817,235  | 218,533,603  | 204,719,531  | 204,847,377  | 214,980,825  |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 93,099,400   | 90,242,227   | 81,761,654   | 79,117,060   | 79,979,509   |
| 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).....  | 315,916,635  | 308,775,830  | 286,481,185  | 283,964,437  | 294,960,334  |
| <b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>  |              |              |              |              |              |
| 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).....  | 222,817,235  | 218,533,603  | 204,719,531  | 204,847,377  | 214,980,825  |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 93,020,442   | 90,152,280   | 81,685,807   | 78,939,545   | 79,872,509   |
| 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).....   | 315,837,677  | 308,685,883  | 286,405,338  | 283,786,922  | 294,853,334  |
| <b>Statement of Income (Page 4)</b>  |              |              |              |              |              |
| 13. Net underwriting gain (loss) (Line 8).....   | (22,989,289) | (16,920,939) | (27,100,467) | (74,686,946) | (18,323,927) |
| 14. Net investment gain (loss) (Line 11).....  | 5,730,047    | 10,812,886   | 6,677,104    | 11,169,262   | 11,253,476   |
| 15. Total other income (Line 15).....  | 29,261,425   | 28,911,705   | 27,112,723   | 27,961,401   | 27,453,998   |
| 16. Dividends to policyholders (Line 17).....  |              |              |              |              |              |
| 17. Federal and foreign income taxes incurred (Line 19).....   | 3,649,683    | 2,233,868    | .858,602     | (9,478,265)  | 505,598      |
| 18. Net income (Line 20).....  | 8,352,500    | 20,569,784   | 5,830,758    | (26,078,018) | 19,877,949   |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>   |              |              |              |              |              |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....   | 387,622,743  | 386,938,039  | 367,298,203  | 369,998,002  | 400,425,770  |
| 20. Premiums and considerations (Page 2, Col. 3):  |              |              |              |              |              |
| 20.1 In course of collection (Line 15.1).....  | 15,155,446   | 14,053,580   | 14,060,111   | 14,465,369   | 14,451,086   |
| 20.2 Deferred and not yet due (Line 15.2).....   | 43,070,712   | 46,033,458   | 42,562,851   | 41,965,011   | 41,011,646   |
| 20.3 Accrued retrospective premiums (Line 15.3).....   |              |              |              |              |              |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26).....   | 230,737,458  | 235,173,780  | 237,901,221  | 250,560,148  | 260,856,448  |
| 22. Losses (Page 3, Line 1).....   | 106,252,479  | 102,120,944  | 113,277,992  | 106,756,999  | 97,700,791   |
| 23. Loss adjustment expenses (Page 3, Line 3).....   | 25,103,193   | 28,786,939   | 31,734,204   | 36,909,314   | 36,660,999   |
| 24. Unearned premiums (Page 3, Line 9).....  | 74,831,551   | 75,290,212   | 72,029,023   | 71,634,871   | 71,635,184   |
| 25. Capital paid up (Page 3, Lines 30 & 31).....   | 2,500,000    | 2,500,000    | 2,500,000    | 2,500,000    | 2,500,000    |
| 26. Surplus as regards policyholders (Page 3, Line 37).....  | 156,885,285  | 151,764,259  | 129,396,983  | 119,437,854  | 139,569,322  |
| <b>Cash Flow (Page 5)</b>  |              |              |              |              |              |
| 27. Net cash from operations (Line 11).....  | 10,631,765   | 14,250,279   | 13,987,054   | (17,863,880) | (1,341,584)  |
| <b>Risk-Based Capital Analysis</b>   |              |              |              |              |              |
| 28. Total adjusted capital.....  | 156,885,285  | 151,764,259  | 129,396,983  | 119,437,854  | 139,569,322  |
| 29. Authorized control level risk-based capital.....   | 25,899,126   | 30,162,290   | 27,162,757   | 35,744,924   | 34,515,112   |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b>   |              |              |              |              |              |
| (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0   |              |              |              |              |              |
| 30. Bonds (Line 1).....  | 68.4         | 67.6         | 72.7         | 71.1         | 72.9         |
| 31. Stocks (Lines 2.1 & 2.2).....  | 15.1         | 16.1         | 8.5          | 8.1          | 6.9          |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2).....   |              |              |              | 1.2          | 1.1          |
| 33. Real estate (Lines 4.1, 4.2 & 4.3).....  | 9.7          | 10.0         | 10.7         | 11.4         | 10.5         |
| 34. Cash, cash equivalents and short-term investments (Line 5).....  | 4.3          | 4.4          | 8.2          | 7.8          | 7.6          |
| 35. Contract loans (Line 6).....   |              |              |              |              |              |
| 36. Derivatives (Line 7).....  |              |              |              |              |              |
| 37. Other invested assets (Line 8).....  | 2.4          | 1.9          |              | 0.5          | 0.5          |
| 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        |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>  |              |              |              |              |              |
| 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          |              |              |              |              |

**Safe Auto Insurance Company**  
**FIVE-YEAR HISTORICAL DATA**  
(Continued)

|   | 1<br>2015    | 2<br>2014   | 3<br>2013   | 4<br>2012    | 5<br>2011    |
|---|--------------|-------------|-------------|--------------|--------------|
| <b>Capital and Surplus Accounts (Page 4)</b>  |              |             |             |              |              |
| 51. Net unrealized capital gains (losses) (Line 24).....  | (694,152)    | 1,408,372   | 1,837,391   | 574,454      | (80,651)     |
| 52. Dividends to stockholders (Line 35).....  | (10,250,000) | (2,000,000) |             |              | (61,000,000) |
| 53. Change in surplus as regards policyholders for the year (Line 38).....  | 5,121,026    | 22,367,276  | 9,959,129   | (20,131,468) | (42,778,150) |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>  |              |             |             |              |              |
| 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).....  | 133,738,424  | 130,804,852 | 129,690,950 | 137,334,577  | 130,202,724  |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 66,113,390   | 60,194,920  | 46,609,103  | 48,728,903   | 45,791,222   |
| 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).....  | 199,851,814  | 190,999,772 | 176,300,053 | 186,063,480  | 175,993,946  |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>   |              |             |             |              |              |
| 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).....  | 133,763,424  | 129,979,852 | 129,690,950 | 137,334,577  | 130,202,724  |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 66,113,390   | 60,194,920  | 46,609,103  | 47,289,999   | 45,791,222   |
| 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).....  | 199,876,814  | 190,174,772 | 176,300,053 | 184,624,576  | 175,993,946  |
| <b>Operating Percentages</b><br>(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).....   | 64.5         | 58.6        | 63.9        | 68.2         | 51.0         |
| 68. Loss expenses incurred (Line 3).....  | 10.0         | 10.5        | 9.5         | 14.4         | 13.2         |
| 69. Other underwriting expenses incurred (Line 4).....  | 32.8         | 36.5        | 36.1        | 43.6         | 41.8         |
| 70. Net underwriting gain (loss) (Line 8).....  | (7.3)        | (5.5)       | (9.5)       | (26.3)       | (6.0)        |
| <b>Other Percentages</b>  |              |             |             |              |              |
| 71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....   | 23.5         | 26.7        | 26.6        | 33.8         | 33.7         |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....   | 74.5         | 69.1        | 73.4        | 82.7         | 64.2         |
| 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).....  | 201.3        | 203.4       | 221.3       | 237.6        | 211.3        |
| <b>One Year Loss Development (000 omitted)</b>  |              |             |             |              |              |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....  | 67           | (11,597)    | (10,772)    | 1,219        | (13,220)     |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....                   | 0.0          | (9.0)       | (9.0)       | 0.9          | (7.3)        |
| <b>Two Year Loss Development (000 omitted)</b>  |              |             |             |              |              |
| 76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....                           | (18,027)     | (14,998)    | (3,544)     | (16,210)     | (18,094)     |
| 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)..... | (13.9)       | (12.6)      | (2.5)       | (8.9)        | (10.6)       |

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

Yes  No

If no, please explain:

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

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned      |          |                     | Loss and Loss Expense Payments |         |                                       |         |                              |          |                                     | 12 Number of Claims Reported-Direct and Assumed |          |
|--|----------------------|----------|---------------------|--------------------------------|---------|---------------------------------------|---------|------------------------------|----------|-------------------------------------|---|----------|
|  | 1 Direct and Assumed | 2 Ceded  | 3 Net (Cols. 1 - 2) | Loss Payments                  |         | Defense and Cost Containment Payments |         | Adjusting and Other Payments |          | 10 Salvage and Subrogation Received | 11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) |          |
|  |                      |          |                     | 4 Direct and Assumed           | 5 Ceded | 6 Direct and Assumed                  | 7 Ceded | 8 Direct and Assumed         | 9 Ceded  |                                     |   |          |
| 1. Prior.....  | XXX.....             | XXX..... | XXX.....            | .....(7)                       | .....4  | .....                                 | .....   | .....                        | .....    | .....7                              | .....(3)  | XXX..... |
| 2. 2006.....   | 335,025              | 72       | 334,953             | 187,342                        | 5,847   | 25,082                                | 8,099   | 218,271                      | XXX..... | XXX.....                            | XXX.....  |          |
| 3. 2007.....   | 311,640              | 97       | 311,543             | 174,993                        | 5,425   | 24,173                                | 8,188   | 204,591                      | XXX..... | XXX.....                            | XXX.....  |          |
| 4. 2008.....   | 321,239              | 109      | 321,130             | 180,024                        | 5,969   | 25,718                                | 8,466   | 211,711                      | XXX..... | XXX.....                            | XXX.....  |          |
| 5. 2009.....   | 341,600              | 105      | 341,495             | 193,251                        | 7,733   | 30,585                                | 8,515   | 231,569                      | XXX..... | XXX.....                            | XXX.....  |          |
| 6. 2010.....   | 336,385              | 110      | 336,275             | 182,102                        | 6,973   | 31,252                                | 8,356   | 220,327                      | XXX..... | XXX.....                            | XXX.....  |          |
| 7. 2011.....   | 303,109              | 107      | 303,002             | 173,183                        | 5,615   | 30,511                                | 7,770   | 209,309                      | XXX..... | XXX.....                            | XXX.....  |          |
| 8. 2012.....   | 283,965              | 178      | 283,787             | 181,736                        | 1,439   | 4,907                                 | 29,455  | 214,659                      | XXX..... | XXX.....                            | XXX.....  |          |
| 9. 2013.....   | 297,660              | 76       | 297,584             | 173,311                        | 3,395   | 24,658                                | 8,956   | 201,364                      | XXX..... | XXX.....                            | XXX.....  |          |
| 10. 2014.....  | 305,514              | 90       | 305,424             | 174,945                        | 800     | 1,333                                 | 26,880  | 8,595                        | 202,358  | XXX.....                            | XXX.....  |          |
| 11. 2015.....  | 316,375              | 79       | 316,296             | 126,648                        | 224     | 21,832                                | 4,641   | 148,704                      | XXX..... | XXX.....                            | XXX.....  |          |
| 12. Totals.....  | XXX.....             | XXX..... | XXX.....            | 1,747,528                      | 2,239   | 47,425                                | 0       | 270,146                      | 0        | 80,154                              | 2,062,860                                       | XXX..... |

|                 | Losses Unpaid         |          |                       |          | Defense and Cost Containment Unpaid |          |                       |          | Adjusting and Other Unpaid |       | 23 Salvage and Subrogation Anticipated | 24 Total Net Losses and Expenses Unpaid | 25 Number of Claims Outstanding-Direct and Assumed |
|-----------------|-----------------------|----------|-----------------------|----------|-------------------------------------|----------|-----------------------|----------|----------------------------|-------|--|---|--|
|                 | Case Basis            |          | Bulk + IBNR           |          | Case Basis                          |          | Bulk + IBNR           |          | 21                         | 22    |  |   |  |
|                 | 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.....   | 19                    | .....    | .....                 | .....    | .....                               | .....    | .....                 | .....    | 2                          | ..... | .....                                  | 21                                      | XXX.....   |
| 2. 2006.....    | 68                    | .....    | .....                 | .....    | .....                               | .....    | .....                 | .....    | 7                          | ..... | .....                                  | 75                                      | XXX.....   |
| 3. 2007.....    | 105                   | .....    | .....                 | .....    | .....                               | 1        | .....                 | .....    | 11                         | ..... | .....                                  | 117                                     | XXX.....   |
| 4. 2008.....    | 114                   | .....    | .....                 | .....    | .....                               | 1        | .....                 | .....    | 12                         | ..... | .....                                  | 127                                     | XXX.....   |
| 5. 2009.....    | 336                   | .....    | 4                     | .....    | .....                               | 109      | .....                 | .....    | 35                         | ..... | 2                                      | 484                                     | XXX.....   |
| 6. 2010.....    | 729                   | .....    | 14                    | .....    | .....                               | 247      | .....                 | .....    | 76                         | ..... | 1                                      | 1,066                                   | XXX.....   |
| 7. 2011.....    | 888                   | .....    | 34                    | .....    | .....                               | 798      | .....                 | .....    | 99                         | ..... | 49                                     | 1,819                                   | XXX.....   |
| 8. 2012.....    | 2,633                 | .....    | 97                    | .....    | .....                               | 1,419    | .....                 | .....    | 298                        | ..... | .195                                   | 4,447                                   | XXX.....   |
| 9. 2013.....    | 6,451                 | .....    | 318                   | .....    | .....                               | 2,228    | .....                 | .....    | 739                        | ..... | .561                                   | 9,736                                   | XXX.....   |
| 10. 2014.....   | 17,000                | .....    | 1,853                 | .....    | .....                               | 3,982    | .....                 | .....    | 1,996                      | ..... | 1,229                                  | 24,831                                  | XXX.....   |
| 11. 2015.....   | 61,105                | .....    | 14,485                | .....    | .....                               | 4,893    | .....                 | .....    | 8,151                      | ..... | .5,561                                 | .88,634                                 | XXX.....   |
| 12. Totals..... | 89,448                | 0        | 16,805                | 0        | 0                                   | 13,678   | 0                     | 11,426   | 0                          | 7,598 | 131,357                                | XXX.....                                | XXX.....   |

|                 | Total Losses and Loss Expenses Incurred |          |          | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |          |          | Nontabular Discount |                 | 34 Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves after Discount |                         |
|-----------------|---|----------|----------|---|----------|----------|---------------------|-----------------|---|---|-------------------------|
|                 | 26 Direct and Assumed                   | 27 Ceded | 28 Net   | 29 Direct and Assumed                                       | 30 Ceded | 31 Net   | 32 Loss             | 33 Loss Expense |   | 35 Losses Unpaid                          | 36 Loss Expenses Unpaid |
|                 | 26 Direct and Assumed                   | 27 Ceded | 28 Net   | 29 Direct and Assumed                                       | 30 Ceded | 31 Net   | 32 Loss             | 33 Loss Expense |   | 35 Losses Unpaid                          | 36 Loss Expenses Unpaid |
| 1. Prior.....   | XXX.....                                | XXX..... | XXX..... | XXX.....  | XXX..... | XXX..... | .....               | .....           | XXX.....  | 19  | 2                       |
| 2. 2006.....    | 218,346                                 | 0        | 218,346  | 65.2  | 0.0      | .65.2    | .....               | .....           | .....   | 68  | 7                       |
| 3. 2007.....    | 204,708                                 | 0        | 204,708  | 65.7  | 0.0      | .65.7    | .....               | .....           | .....   | 105                                       | 12                      |
| 4. 2008.....    | 211,838                                 | 0        | 211,838  | 65.9  | 0.0      | .66.0    | .....               | .....           | .....   | 114                                       | 13                      |
| 5. 2009.....    | 232,053                                 | 0        | 232,053  | 67.9  | 0.0      | .68.0    | .....               | .....           | .....   | 340                                       | 144                     |
| 6. 2010.....    | 221,393                                 | 0        | 221,393  | 65.8  | 0.0      | .65.8    | .....               | .....           | .....   | .743                                      | .323                    |
| 7. 2011.....    | 211,128                                 | 0        | 211,128  | 69.7  | 0.0      | .69.7    | .....               | .....           | .....   | .922                                      | .897                    |
| 8. 2012.....    | 220,545                                 | 1,439    | 219,106  | 77.7  | .808.4   | .77.2    | .....               | .....           | .....   | .2,730                                    | .1,717                  |
| 9. 2013.....    | 211,100                                 | 0        | 211,100  | 70.9  | 0.0      | .70.9    | .....               | .....           | .....   | .6,769                                    | .2,967                  |
| 10. 2014.....   | 227,989                                 | 800      | 227,189  | 74.6  | .888.9   | .74.4    | .....               | .....           | .....   | .18,853                                   | .5,978                  |
| 11. 2015.....   | 237,338                                 | 0        | 237,338  | 75.0  | 0.0      | .75.0    | .....               | .....           | .....   | .75,590                                   | .13,044                 |
| 12. Totals..... | XXX.....                                | XXX..... | XXX..... | XXX.....  | XXX..... | XXX..... | 0                   | 0               | XXX.....  | 106,253                                   | 25,104                  |

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<br>2006  | 2<br>2007 | 3<br>2008 | 4<br>2009 | 5<br>2010 | 6<br>2011 | 7<br>2012 | 8<br>2013 | 9<br>2014       | 10<br>2015 | 11<br>One Year | 12<br>Two Year |
| 1. Prior.....                       | 58,425   | 42,765    | 41,376    | 40,594    | 39,125    | 38,565    | 38,127    | 38,029    | 37,873          | 37,841     | (32)           | (188)          |
| 2. 2006.....                        | 215,911  | 199,418   | 195,804   | 195,235   | 194,040   | 193,631   | 193,465   | 193,366   | 193,285         | 193,257    | (28)           | (109)          |
| 3. 2007.....                        | XXX.....   | 192,763   | 185,880   | 183,725   | 182,420   | 181,404   | 180,884   | 180,687   | 180,627         | 180,524    | (103)          | (163)          |
| 4. 2008.....                        | XXX.....   | XXX.....  | 200,032   | 191,212   | 188,873   | 187,150   | 186,755   | 186,512   | 186,294         | 186,108    | (186)          | (404)          |
| 5. 2009.....                        | XXX.....   | XXX.....  | XXX.....  | 211,250   | 205,584   | 203,172   | 202,388   | 201,887   | 201,623         | 201,433    | (190)          | (454)          |
| 6. 2010.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | 200,411   | 193,311   | 192,624   | 191,191   | 190,691         | 190,065    | (626)          | (1,126)        |
| 7. 2011.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 180,230   | 184,439   | 182,247   | 182,000         | 180,518    | (1,482)        | (1,729)        |
| 8. 2012.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 199,689   | 193,680   | 190,980         | 189,353    | (1,627)        | (4,327)        |
| 9. 2013.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 195,230   | 187,859         | 185,703    | (2,156)        | (9,527)        |
| 10. 2014.....                       | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 191,816         | 198,313    | 6,497          | XXX.....       |
| 11. 2015.....                       | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....        | 207,355    | XXX.....       | XXX.....       |
|                                     |  |           |           |           |           |           |           |           | 12. Totals..... | 67         |                | (18,027)       |

**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<br>Number of Claims Closed With Loss Payment | 12<br>Number of Claims Closed Without Loss Payment |
|-------------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---|--|
|                                     | 1<br>2006   | 2<br>2007 | 3<br>2008 | 4<br>2009 | 5<br>2010 | 6<br>2011 | 7<br>2012 | 8<br>2013 | 9<br>2014 | 10<br>2015 |   |  |
| 1. Prior.....                       | 000.....  | 22,973    | 32,313    | 35,807    | 36,809    | 37,358    | 37,671    | 37,722    | 37,825    | 37,822     | XXX.....  | XXX.....   |
| 2. 2006.....                        | 112,849   | 167,275   | 184,412   | 190,190   | 192,045   | 192,780   | 193,039   | 193,134   | 193,170   | 193,189    | XXX.....  | XXX.....   |
| 3. 2007.....                        | XXX.....  | 103,080   | 158,345   | 172,908   | 178,028   | 179,725   | 180,120   | 180,293   | 180,377   | 180,418    | XXX.....  | XXX.....   |
| 4. 2008.....                        | XXX.....  | XXX.....  | 113,622   | 164,476   | 178,168   | 183,236   | 185,255   | 185,779   | 185,932   | 185,993    | XXX.....  | XXX.....   |
| 5. 2009.....                        | XXX.....  | XXX.....  | XXX.....  | 119,095   | 174,426   | 191,267   | 198,029   | 200,132   | 200,750   | 200,984    | XXX.....  | XXX.....   |
| 6. 2010.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 111,856   | 164,224   | 182,000   | 187,063   | 188,526   | 189,075    | XXX.....  | XXX.....   |
| 7. 2011.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 106,911   | 157,100   | 171,843   | 177,529   | 178,798    | XXX.....  | XXX.....   |
| 8. 2012.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 114,895   | 165,078   | 179,746   | 185,204    | XXX.....  | XXX.....   |
| 9. 2013.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 109,773   | 162,054   | 176,706    | XXX.....  | XXX.....   |
| 10. 2014.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 119,693   | 175,478    | XXX.....  | XXX.....   |
| 11. 2015.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 126,872    | 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<br>2006   | 2<br>2007 | 3<br>2008 | 4<br>2009 | 5<br>2010 | 6<br>2011 | 7<br>2012 | 8<br>2013 | 9<br>2014 | 10<br>2015 |
| 1. Prior.....                       | 27,520  | 9,315     | 5,157     | 3,420     | 1,588     | 900       | 353       | 173       | 34        | .....      |
| 2. 2006.....                        | 42,846  | 9,596     | 4,456     | 2,669     | 1,087     | 574       | 285       | 167       | 55        | .....      |
| 3. 2007.....                        | XXX.....  | 27,767    | 7,496     | 3,516     | 1,795     | 836       | 338       | 201       | 73        | 1          |
| 4. 2008.....                        | XXX.....  | XXX.....  | 22,564    | 7,544     | 3,435     | 1,574     | 556       | 370       | 151       | 1          |
| 5. 2009.....                        | XXX.....  | XXX.....  | XXX.....  | 20,899    | 8,480     | 4,799     | 1,636     | 708       | 335       | 113        |
| 6. 2010.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 21,439    | 10,266    | 4,374     | 1,702     | 817       | 261        |
| 7. 2011.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 19,934    | 11,473    | 4,436     | 1,961     | 832        |
| 8. 2012.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 26,012    | 10,472    | 4,097     | 1,516      |
| 9. 2013.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 27,125    | 6,930     | 2,546      |
| 10. 2014.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 17,565    | 5,835      |
| 11. 2015.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 19,378     |

**Safe Auto Insurance Company**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

| States, Etc.                      | 1<br>Active Status | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken |                             | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges not Included in Premiums | 9<br>Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|-----------------------------------|--------------------|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|
|                                   |                    | 2<br>Direct Premiums Written   | 3<br>Direct Premiums Earned |   |   |                             |                           |   |  |
| 1. Alabama.....                   | AL N.....          |  |                             |   |   |                             |                           |   |  |
| 2. Alaska.....                    | AK N.....          |  |                             |   |   |                             |                           |   |  |
| 3. Arizona.....                   | AZ L.....          | 11,194,410   | 11,174,067                  |   | 6,596,506                                   | 6,843,608                   | 3,245,894                 | 1,143,523   |  |
| 4. Arkansas.....                  | AR L.....          |  |                             |   |   |                             |                           |   |  |
| 5. California.....                | CA L.....          | 23,693,092   | 24,884,937                  |   | 18,787,041                                  | 18,995,577                  | 8,652,058                 | 4,012,723   |  |
| 6. Colorado.....                  | CO L.....          |  |                             |   |   |                             |                           |   |  |
| 7. Connecticut.....               | CT N.....          |  |                             |   |   |                             |                           |   |  |
| 8. Delaware.....                  | DE N.....          |  |                             |   |   |                             |                           |   |  |
| 9. District of Columbia.....      | DC N.....          |  |                             |   |   |                             |                           |   |  |
| 10. Florida.....                  | FL N.....          |  |                             |   |   |                             |                           |   |  |
| 11. Georgia.....                  | GA L.....          | 18,197,600   | 18,582,621                  |   | 13,236,432                                  | 13,163,323                  | 6,225,806                 | 1,120,385   |  |
| 12. Hawaii.....                   | HI N.....          |  |                             |   |   |                             |                           |   |  |
| 13. Idaho.....                    | ID N.....          |  |                             |   |   |                             |                           |   |  |
| 14. Illinois.....                 | IL L.....          | 14,530,242   | 14,394,337                  |   | 9,257,570                                   | 9,304,116                   | 4,429,556                 | 1,446,957   |  |
| 15. Indiana.....                  | IN L.....          | 26,892,619   | 26,361,507                  |   | 16,132,689                                  | 16,962,584                  | 10,443,927                | 4,010,377   |  |
| 16. Iowa.....                     | IA N.....          |  |                             |   |   |                             |                           |   |  |
| 17. Kansas.....                   | KS L.....          | 1,359,058  | 1,307,927                   |   | 571,113                                     | 539,054                     | 257,662                   | .89,894   |  |
| 18. Kentucky.....                 | KY L.....          | 37,272,506   | 36,746,163                  |   | 20,669,542                                  | 20,248,926                  | 11,533,390                | 2,575,572   |  |
| 19. Louisiana.....                | LA L.....          | 4,584,836  | 4,278,845                   |   | 2,842,425                                   | 3,129,569                   | 1,635,097                 | 145,550   |  |
| 20. Maine.....                    | ME N.....          |  |                             |   |   |                             |                           |   |  |
| 21. Maryland.....                 | MD N.....          |  |                             |   |   |                             |                           |   |  |
| 22. Massachusetts.....            | MA N.....          |  |                             |   |   |                             |                           |   |  |
| 23. Michigan.....                 | MI N.....          |  |                             |   |   |                             |                           |   |  |
| 24. Minnesota.....                | MN N.....          |  |                             |   |   |                             |                           |   |  |
| 25. Mississippi.....              | MS L.....          | 2,506,967  | 2,426,093                   |   | 1,369,102                                   | 1,696,700                   | .825,063                  | 175,997   |  |
| 26. Missouri.....                 | MO L.....          | 10,481,234   | 11,008,187                  |   | 7,688,443                                   | 7,382,405                   | 4,282,696                 | .893,308  |  |
| 27. Montana.....                  | MT N.....          |  |                             |   |   |                             |                           |   |  |
| 28. Nebraska.....                 | NE N.....          |  |                             |   |   |                             |                           |   |  |
| 29. Nevada.....                   | NV L.....          | 1,392,667  | .362,119                    |   | .60,827                                     | 304,387                     | .243,560                  |   |  |
| 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.....          | 65,919,012   | 65,079,803                  |   | 39,022,831                                  | 43,278,463                  | 20,196,052                | 5,771,946   |  |
| 37. Oklahoma.....                 | OK L.....          | 6,608,327  | .6,851,327                  |   | 4,634,857                                   | 4,144,076                   | 1,738,354                 | .574,976  |  |
| 38. Oregon.....                   | OR N.....          |  |                             |   |   |                             |                           |   |  |
| 39. Pennsylvania.....             | PA L.....          | 47,359,980   | 48,627,610                  |   | 29,949,870                                  | 27,979,490                  | 18,032,508                | 4,395,634   |  |
| 40. Rhode Island.....             | RI N.....          |  |                             |   |   |                             |                           |   |  |
| 41. South Carolina.....           | SC L.....          | 10,524,092   | 12,209,504                  |   | 9,721,736                                   | 9,170,794                   | 4,091,429                 | .871,114  |  |
| 42. South Dakota.....             | SD N.....          |  |                             |   |   |                             |                           |   |  |
| 43. Tennessee.....                | TN L.....          | 9,504,465  | .9,135,209                  |   | 4,582,771                                   | 4,918,969                   | .2,571,008                | .789,155  |  |
| 44. Texas.....                    | TX L.....          | 14,115,324   | 14,291,729                  |   | 10,576,876                                  | 9,566,433                   | 4,381,255                 | .603,105  |  |
| 45. Utah.....                     | UT N.....          |  |                             |   |   |                             |                           |   |  |
| 46. Vermont.....                  | VT N.....          |  |                             |   |   |                             |                           |   |  |
| 47. Virginia.....                 | VA L.....          | 4,276,425  | .4,598,072                  |   | 3,169,439                                   | 3,153,547                   | 1,247,582                 | .301,641  |  |
| 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) 20             | 310,412,856  | 312,320,057                 | .0  | .198,870,070                                | .200,782,021                | .104,032,897              | .28,921,857   | 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 |

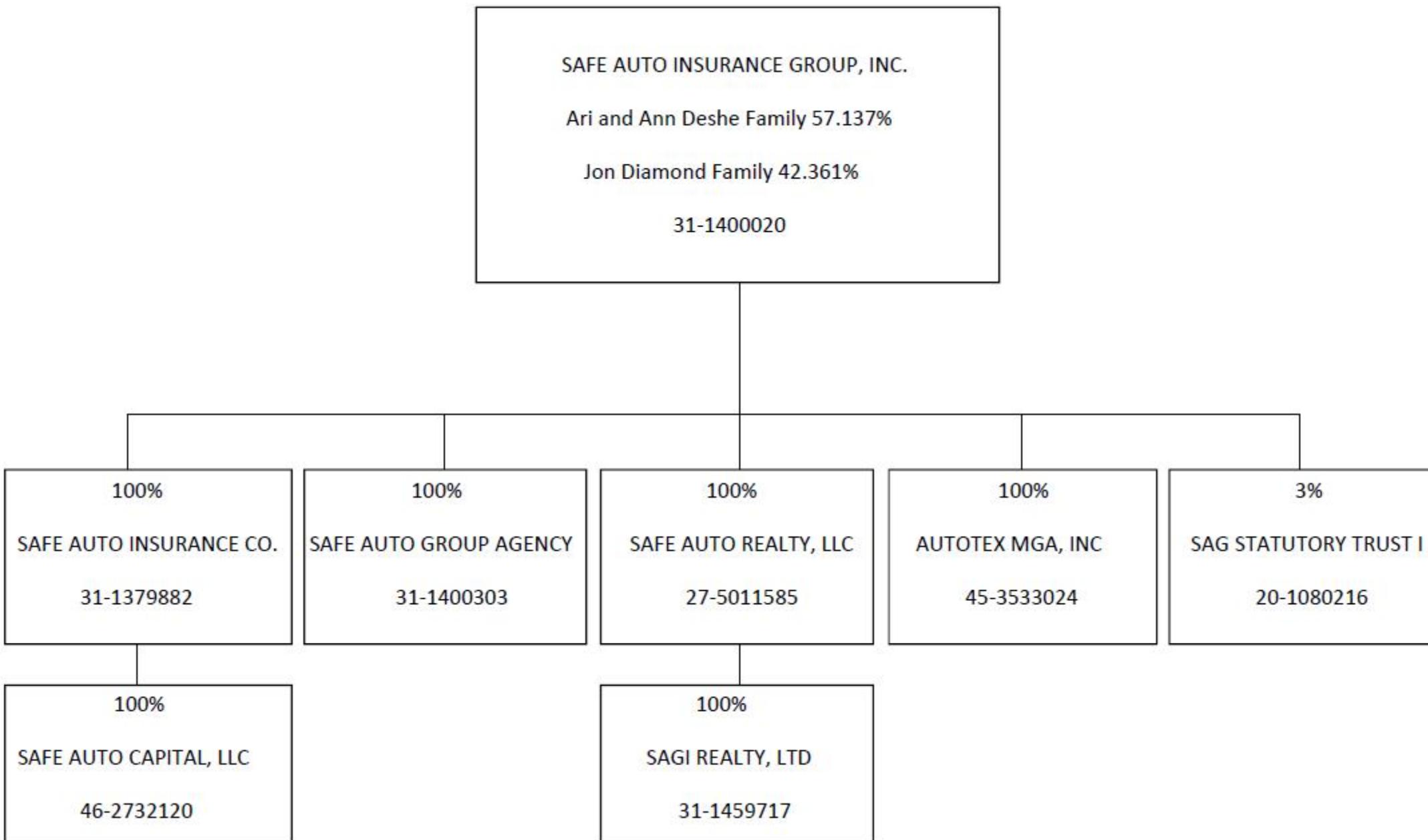
(a) Insert the number of "L" responses except for Canada and Other Alien.

(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.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 – ORGANIZATIONAL CHART



# 2015 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

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