



**ANNUAL STATEMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE

**American Mutual Share Insurance Corporation**

NAIC Group Code 0359 (Current Period) NAIC Company Code 12700 (Prior Period) Employer's ID Number 23-7376679

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile US

Incorporated/Organized May 7, 1974 Commenced Business June 7, 1974

Statutory Home Office 5656 Frantz Rd., Dublin, Ohio 43017  
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 5656 Frantz Rd., Dublin, Ohio 43017  
(Street and Number, City or Town, State, Country and Zip Code) 614-764-1900  
(Area Code) (Telephone Number)

Mail Address 5656 Frantz Rd., Dublin, Ohio 43017  
(Street and Number or P. O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 5656 Frantz Rd., Dublin, Ohio 43017  
(Street and Number, City or Town, State, Country and Zip Code)  
614-764-1900  
(Area Code) (Telephone Number)

Internet Website Address www.americanshare.com

Statutory Statement Contact Curtis Lee Robson  
(Name) 614-764-1900  
(Area Code) (Telephone Number) (Extension)  
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(Fax Number)

**OFFICERS**

Dennis Roy Adams (President)  
Curtis Lee Robson (Secretary)  
Curtis Lee Robson (Treasurer)

**OTHER**

Curtis Lee Robson (Vice President)  
Kurt Gordon Kluth (Vice President)  
Kurt Ryan Loose (Vice President)

**DIRECTORS OR TRUSTEES**

Dennis Roy Adams  
Eric Deane Estes  
William Arthur Herring  
Janice Lynn Thomas  
Elizabeth Ann Calderone  
Kevin Wayne Willour  
Christine Kaete Haley#

State of Ohio }  
County of Franklin } SS

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

Dennis Roy Adams  
President

Curtis Lee Robson  
Secretary

Curtis Lee Robson  
Treasurer

Subscribed and sworn to before me this  
day of February, 2017

a. Is this an original filing? Yes (X) No ( )

b. If no: 1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	179,778,021		179,778,021	172,694,402
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	22,356,600	717,150	21,639,450	21,379,006
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ....., encumbrances) .....	448,215		448,215	485,516
4.2 Properties held for the production of income (less \$ ....., encumbrances) .....				
4.3 Properties held for sale (less \$ ....., encumbrances) .....				
5. Cash (\$ ....., 30,516,088 , Schedule E-Part 1) , cash equivalents (\$ ....., Schedule E-Part 2) and short-term investments (\$ ....., 19,559,688 ,Schedule DA) .....	50,075,776		50,075,776	40,660,254
6. Contract loans (including \$ ....., premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....	6,141,584	6,141,584		4,472,165
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	258,800,196	6,858,734	251,941,462	239,691,343
13. Title plants less \$ ....., charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	569,075		569,075	286,885
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ....., 62,460 earned but unbilled premiums) .....	62,460		62,460	53,610
15.3 Accrued retrospective premiums (\$ .....,) and contracts subject to redetermination (\$ .....,) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....				
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	33,177		33,177	40,159
21. Furniture and equipment, including health care delivery assets (\$ .....,) .....	51,998	51,998		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	110,910		110,910	158,897
24. Health care (\$ .....,) and other amounts receivable .....				
25. Aggregate write-ins for other-than-invested assets .....	10,285,305	185,305	10,100,000	9,000,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	269,913,121	7,096,037	262,817,084	249,230,894
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	269,913,121	7,096,037	262,817,084	249,230,894
<b>DETAILS OF WRITE-INS</b>				
1101 .....				
1102 .....				
1103 .....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Prepaid Expenses .....	183,102	183,102		
2502. Participating Credit Unions' Capital Contributions Receivable .....	10,100,000		10,100,000	9,000,000
2503. Other Receivables .....	2,203	2,203		
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	10,285,305	185,305	10,100,000	9,000,000

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	19,819,000	24,141,000
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	40,000	40,000
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....	2,577,710	3,011,930
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	32,544	32,584
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	3,657	11,902
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....		
10. Advance premium .....		
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 .....		
16. Provision for reinsurance (including \$ ..... 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 .....		2,000,000
20. Derivatives .....		
21. Payable for securities .....		
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	2,158,608	574,666
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25) .....	24,631,519	29,812,082
27. Protected cell liabilities .....		
28. Total liabilities (Line 26 and Line 27) .....	24,631,519	29,812,082
29. Aggregate write-ins for special surplus funds .....	191,798,892	172,780,589
30. Common capital stock .....		
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....		
35. Unassigned funds (surplus) .....	46,386,672	46,638,224
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)		
36.2 ..... shares preferred (value included in Line 31 \$ .....)		
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39) .....	238,185,564	219,418,813
38. Totals (Page 2, Line 28, Column 3) .....	262,817,083	249,230,895
<b>DETAILS OF WRITE-INS</b>		
2501. Participating Credit Unions' Capital Contributions Payable .....	2,158,608	574,666
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	2,158,608	574,666
2901. Participating Credit Unions' Capital Contributions .....	191,798,892	172,780,589
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....	191,798,892	172,780,589
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above) .....		

**STATEMENT OF INCOME**

	1 Current Year	2
		Prior Year
1. Premiums earned (Part 1, Line 35, Column 4) .....	209,656	190,115
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7) .....	(4,337,000)	(10,483,168)
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	465,661	467,339
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	7,450,168	7,566,796
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Line 2 through Line 5) .....	3,578,829	(2,449,033)
7. Net income of protected cells .....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(3,369,173)	2,639,148
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	2,172,518	1,658,247
10. Net realized capital gains (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses)) .....		
11. Net investment gain (loss) (Line 9 plus Line 10) .....	2,172,518	1,658,247
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... , amount charged off \$ ..... ) .....		
13. Finance and service charges not included in premiums .....		
14. Aggregate write-ins for miscellaneous income .....	1,289,341	1,146,866
15. Total other income (Line 12 through Line 14) .....	1,289,341	1,146,866
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) .....	92,686	5,444,261
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	92,686	5,444,261
19. Federal and foreign income taxes incurred .....	1,100	9,400
20. Net income (Line 18 minus Line 19) (to Line 22) .....	91,586	5,434,861
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	219,418,798	202,310,714
22. Net income (from Line 20) .....	91,586	5,434,861
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	278,842	202,103
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) .....	(621,976)	2,279,476
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes: 32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments: 33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....		
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....	19,018,314	9,191,644
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37) .....	18,766,766	17,108,084
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	238,185,564	219,418,798
DETAILS OF WRITE-INS		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....		
1401. Miscellaneous Income/ (Loss) .....	98,079	(15,794)
1402. Management Fees & Line of Credit Fees .....	1,191,262	1,162,660
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....	1,289,341	1,146,866
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....		
3701. Net Change in Participating Credit Unions' Capital Contributions .....	19,018,314	9,191,644
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....	19,018,314	9,191,644
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) .....		

## CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	200,806	200,825
2. Net investment income .....	1,882,864	1,613,925
3. Miscellaneous income .....	1,289,341	1,146,866
4. Total (Line 1 through Line 3) .....	3,373,011	2,961,616
5. Benefit and loss related payments .....	450,661	1,634,434
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	7,884,427	7,287,989
7. Commissions, expenses paid and aggregate write-ins for deductions .....		
8. Dividends paid to policyholders .....	9,345	4,865
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses) .....		
10. Total (Line 5 through Line 9) .....	8,344,433	8,927,288
11. Net cash from operations (Line 4 minus Line 10) .....	(4,971,422)	(5,965,672)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	122,919,244	84,281,916
12.2 Stocks .....		
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....	8,156,099	15,308,530
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7 Miscellaneous proceeds .....		
12.8 Total investment proceeds (Line 12.1 through Line 12.7) .....	131,075,343	99,590,446
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	130,000,000	84,999,500
13.2 Stocks .....		
13.3 Mortgage loans .....		
13.4 Real estate .....	1,936	
13.5 Other invested assets .....	4,248,940	1,430,918
13.6 Miscellaneous applications .....	2,000,000	(2,000,000)
13.7 Total investments acquired (Line 13.1 through Line 13.6) .....	136,250,876	84,430,418
14. Net increase (decrease) in contract loans and premium notes .....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(5,175,533)	15,160,028
<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 .....	19,562,477	5,176,526
16.6 Other cash provided (applied) .....		
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	19,562,477	5,176,526
<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) .....	9,415,522	14,370,882
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	40,660,254	26,289,372
19.2 End of year (Line 18 plus Line 19.1) .....	50,075,776	40,660,254

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

20.0001 Increase in participants' capital contributions receivable .....	1,100,000	3,700,000
20.0002 Increase (decrease) in participants' capital contributions payable .....	1,583,943	(225,334)
20.0003 Equity in earnings of subsidiary .....	283,443	202,103
20.0004 .....		
20.0005 .....		
20.0006 .....		
20.0007 .....		
20.0008 .....		
20.0009 .....		
20.0010 .....		

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year-per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year-per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire .....				
2. Allied lines .....				
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....				
5. Commercial multiple peril .....				
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....				
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....				
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....				
17.1 Other liability - occurrence .....				
17.2 Other liability - claims-made .....				
17.3 Excess workers' compensation .....				
18.1 Products liability - occurrence .....				
18.2 Products liability - claims-made .....				
19.1, 19.2 Private passenger auto liability .....				
19.3, 19.4 Commercial auto liability .....				
21. Auto physical damage .....				
22. Aircraft (all perils) .....				
23. Fidelity .....				
24. Surety .....				
26. Burglary and theft .....				
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance - Nonproportional Assumed Property .....				
32. Reinsurance - Nonproportional Assumed Liability .....				
33. Reinsurance - Nonproportional Assumed Financial Lines .....				
34. Aggregate write-ins for other lines of business .....	209,656			209,656
35. TOTALS .....	209,656			209,656
<b>DETAILS OF WRITE-INS</b>				
3401. GUARANTY OF SHARE DEPOSITS IN CREDIT UNIONS .....	209,656			209,656
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) .....	209,656			209,656

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Underwriting and Investment Exhibit, Part 1A  
**NONE**

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....						
2. Allied lines .....						
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....						
5. Commercial multiple peril .....						
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....						
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....						
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....						
17.1 Other liability - occurrence .....						
17.2 Other liability - claims-made .....						
17.3 Excess workers' compensation .....						
18.1 Products liability - occurrence .....						
18.2 Products liability - claims-made .....						
19.1, 19.2 Private passenger auto liability .....						
19.3, 19.4 Commercial auto liability .....						
21. Auto physical damage .....						
22. Aircraft (all perils) .....						
23. Fidelity .....						
24. Surety .....						
26. Burglary and theft .....						
27. Boiler and machinery .....						
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance - Nonproportional Assumed Property .....	XXX					
32. Reinsurance - Nonproportional Assumed Liability .....	XXX					
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX					
34. Aggregate write-ins for other lines of business .....	246,118				36,462	209,656
35. TOTALS .....	246,118				36,462	209,656
<b>DETAILS OF WRITE-INS</b>						
3401. GUARANTY OF SHARE DEPOSITS IN CREDIT UNIONS .....	246,118				36,462	209,656
3402. .....						
3403. .....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) .....	246,118				36,462	209,656

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

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

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

## ANNUAL STATEMENT FOR THE YEAR 2016 OF THE American Mutual Share Insurance Corporation

**UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 plus 5 minus 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)	
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)					
1. Fire .....									
2. Allied lines .....									
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....									
5. Commercial multiple peril .....									
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....									
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....									
13. Group accident and health .....									
14. Credit accident and health (group and individual) .....									
15. Other accident and health .....									
16. Workers' compensation .....									
17.1 Other liability - occurrence .....									
17.2 Other liability - claims-made .....									
17.3 Excess workers' compensation .....									
18.1 Products liability - occurrence .....									
18.2 Products liability - claims-made .....									
19.1, 19.2 Private passenger auto liability .....									
19.3, 19.4 Commercial auto liability .....									
21. Auto physical damage .....									
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance - Nonproportional Assumed Property .....	XXX								
32. Reinsurance - Nonproportional Assumed Liability .....	XXX								
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX								
34. Aggregate write-ins for other lines of business .....	(15,000)				(15,000)	19,819,000	24,141,000	(4,337,000)	(2,068.6)
35. TOTALS .....	(15,000)				(15,000)	19,819,000	24,141,000	(4,337,000)	(2,068.6)
<b>DETAILS OF WRITE-INS</b>									
3401. GUARANTY OF SHARE DEPOSITS IN CREDIT UNIONS .....		(15,000)			(15,000)	19,819,000	24,141,000	(4,337,000)	(2,068.6)
3402 .....									
3403 .....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....		(15,000)			(15,000)	19,819,000	24,141,000	(4,337,000)	(2,068.6)
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) .....									

## ANNUAL STATEMENT FOR THE YEAR 2016 OF THE American Mutual Share Insurance Corporation

**UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....									
2. Allied lines .....									
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....									
5. Commercial multiple peril .....									
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....									
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....									
13. Group accident and health .....									
14. Credit accident and health (group and individual) .....									
15. Other accident and health .....									
16. Workers' compensation .....									
17.1 Other liability - occurrence .....									
17.2 Other liability - claims-made .....									
17.3 Excess workers' compensation .....									
18.1 Products liability - occurrence .....									
18.2 Products liability - claims-made .....									
19.1, 19.2 Private passenger auto liability .....									
19.3, 19.4 Commercial auto liability .....									
21. Auto physical damage .....									
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance - Nonproportional Assumed Property .....	XXX				XXX				
32. Reinsurance - Nonproportional Assumed Liability .....	XXX				XXX				
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX				XXX				
34. Aggregate write-ins for other lines of business .....	4,420,000			4,420,000	15,399,000			19,819,000	40,000
35. TOTALS .....	4,420,000			4,420,000	15,399,000			19,819,000	40,000
<b>DETAILS OF WRITE-INS</b>									
3401. GUARANTY OF SHARE DEPOSITS IN CREDIT UNIONS .....	4,420,000			4,420,000	15,399,000			19,819,000	40,000
3402. .....									
3403. .....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....	4,420,000			4,420,000	15,399,000			19,819,000	40,000
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) .....	4,420,000			4,420,000	15,399,000			19,819,000	40,000

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....				
1.2 Reinsurance assumed .....				
1.3 Reinsurance ceded .....				
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3) .....				
2. Commission and brokerage:				
2.1 Direct excluding contingent .....				
2.2 Reinsurance assumed excluding contingent .....				
2.3 Reinsurance ceded excluding contingent .....				
2.4 Contingent - direct .....				
2.5 Contingent - reinsurance assumed .....				
2.6 Contingent - reinsurance ceded .....				
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7) .....				
3. Allowances to manager and agents .....				
4. Advertising .....		947,803		947,803
5. Boards, bureaus and associations .....		25,835		25,835
6. Surveys and underwriting reports .....				
7. Audit of assureds' records .....				
8. Salary and related items:				
8.1 Salaries .....	268,772	2,682,640	140,936	3,092,348
8.2 Payroll taxes .....	18,338	183,033	9,616	210,987
9. Employee relations and welfare .....	73,318	731,787	38,445	843,550
10. Insurance .....		138,430		138,430
11. Directors' fees .....		89,500		89,500
12. Travel and travel items .....		589,100		589,100
13. Rent and rent items .....		120,000		120,000
14. Equipment .....		140,917		140,917
15. Cost or depreciation of EDP equipment and software .....		39,628		39,628
16. Printing and stationery .....		645		645
17. Postage, telephone and telegraph, exchange and express .....		70,963		70,963
18. Legal and auditing .....	105,233	568,301		673,534
19. Totals (Line 3 through Line 18) .....	465,661	6,328,582	188,997	6,983,240
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....		486		486
20.2 Insurance department licenses and fees .....		12,354		12,354
20.3 Gross guaranty association assessments .....		27,988		27,988
20.4 All other (excluding federal and foreign income and real estate) .....				
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4) .....		40,828		40,828
21. Real estate expenses .....		83,128		83,128
22. Real estate taxes .....		32,505		32,505
23. Reimbursements by uninsured plans .....		965,125		965,125
24. Aggregate write-ins for miscellaneous expenses .....				
25. Total expenses incurred .....	465,661	7,450,168	188,997	(a) 8,104,826
26. Less unpaid expenses - current year .....	40,000	2,577,710		2,617,710
27. Add unpaid expenses - prior year .....	40,000	3,011,930		3,051,930
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29) .....	465,661	7,884,388	188,997	8,539,046
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous, Office Supplies & Other .....		384,206		384,206
2402. Consulting & Other Professional Expenses .....		559,830		559,830
2403. Depreciation .....		21,089		21,089
2498. Summary of remaining write-ins for Line 24 from overflow page .....				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above) .....		965,125		965,125

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

## EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1. U.S. Government bonds .....			
1.1 Bonds exempt from U.S. tax .....	(a)	1,836,466	2,128,340
1.2 Other bonds (unaffiliated) .....	(a)		
1.3 Bonds of affiliates .....	(a)		
2.1 Preferred stocks (unaffiliated) .....	(b)		
2.11 Preferred stocks of affiliates .....	(b)	13,777	13,768
2.2 Common stocks (unaffiliated) .....			
2.21 Common stocks of affiliates .....			
3. Mortgage loans .....	(c)		
4. Real estate .....	(d)	120,000	120,000
5. Contract loans .....			
6. Cash, cash equivalents and short-term investments .....	(e)	90,764	97,526
7. Derivative instruments .....	(f)		
8. Other invested assets .....		56,259	41,118
9. Aggregate write-ins for investment income .....			
10. Total gross investment income .....		2,117,266	2,400,752
11. Investment expenses .....			(g) 188,997
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) 39,237
15. Aggregate write-ins for deductions from investment income .....			
16. Total deductions (Lines 11 through 15) .....			228,234
17. Net investment income (Line 10 minus Line 16) .....			2,172,518
<b>DETAILS OF WRITE-INS</b>			
0901 .....			
0902 .....			
0903 .....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....			
1501 .....			
1502 .....			
1503 .....			
1598. Summary of remaining write-ins for Line 15 from overflow page .....			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) .....			
(a) Includes \$ 2,864 accrual of discount less \$ paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.		
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.		
(d) Includes \$ 120,000 for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ 39,237 depreciation on real estate and \$ depreciation on other invested assets.		
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.			

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....					
1.1 Bonds exempt from U.S. tax .....					
1.2 Other bonds (unaffiliated) .....					
1.3 Bonds of affiliates .....					
2.1 Preferred stocks (unaffiliated) .....					
2.11 Preferred stocks of affiliates .....					
2.2 Common stocks (unaffiliated) .....				283,443	
2.21 Common stocks of affiliates .....					
3. Mortgage loans .....					
4. Real estate .....					
5. Contract loans .....					
6. Cash, cash equivalents and short-term investments .....					
7. Derivative instruments .....					
8. Other invested assets .....				(4,601)	
9. Aggregate write-ins for capital gains (losses) .....					
10. Total capital gains (losses) .....				278,842	
<b>DETAILS OF WRITE-INS</b>					
0901 .....					
0902 .....					
0903 .....					
0998. Summary of remaining write-ins for Line 9 from overflow page .....					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....					

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col.2 - Col.1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	717,150	694,150	(23,000)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)	6,141,584	5,568,383	(573,201)
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)	6,858,734	6,282,533	(596,201)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software		11,167	11,167
21. Furniture and equipment, including health care delivery assets	51,998	38,049	(13,949)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	185,305	162,312	(22,993)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	7,096,037	6,474,061	(621,976)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	7,096,037	6,474,061	(621,976)
<b>DETAILS OF WRITE-INS</b>			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. Prepaid Expenses	183,102	158,684	(24,418)
2502.			
2503. Other Receivables	2,203	3,628	1,425
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	185,305	162,312	(22,993)

## NOTES TO FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies

A. The financial statements of American Mutual Share Insurance Corporation (the Company) are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department and in accordance with NAIC Statutory Accounting Principles (NAIC SAP). All of the Company's significant statutory accounting practices are prescribed practices.

State Prescribed Practices	SSAP #	F/S Page	F/S Line #	2016	2015
01A01 - Net Income, State Basis (Page 4, Line 20, Columns 1 and 2) .....				91,586	5,434,861
01A04 - Net Income, NAIC SAP (1-2-3=4) .....				91,586	5,434,861
01A05 - Surplus, State Basis (Page 3, Line 37, Columns 1 and 2) .....				238,185,564	219,418,813
01A08 - Surplus, NAIC SAP (5-6-7=8) .....				238,185,564	219,418,813

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

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

### C. Policies and Other Information

1. General - The Company is a licensed Ohio credit union share guaranty corporation guaranteeing the share deposit accounts of its participating credit unions.

In 1993 the Company established a wholly-owned subsidiary, Excess Share Insurance Corporation (ESI), which is currently a licensed property and casualty insurance company in the States of Ohio, Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Missouri, Nevada, New Hampshire, New Jersey, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington and the District of Columbia. For statutory reporting, the Company's investment in ESI (\$21,295,248 and \$21,034,810 at December 31, 2016 and 2015, respectively), is carried on the equity method of accounting.

2. Investments - The Company accounts for its investments in bonds in accordance with the provisions of Accounting Standards Codification ("ASC") Topic 320, Investments – Debt and Equity Securities (formerly Statement of Financial Accounting Standards ("SFAS") No. 115, Accounting for Certain Investments in Debt and Equity Securities). ASC Topic 320 requires that debt securities be classified as either held-to-maturity, trading, or available-for-sale.

Bonds consist principally of obligations issued and guaranteed by the U.S. Government or its agencies and corporate debt securities rated in one of the top three credit ratings by Moody's and/or Standard & Poor's rating agencies. Bonds are classified as held-to-maturity and are recorded at amortized cost because the Company has the ability and intent to hold such investments to maturity. The Company utilizes the level-yield method to amortize premiums and accrete discounts over the stated maturity period of the related investment and is reported in net investment income.

Common stocks include the Company's investment in its wholly owned subsidiary and are carried at the value determined under the equity method of accounting, which management believes approximates market value. The estimated fair value of the investment in ESI is determined based on the Statement of Statutory Accounting Principles (SSAP) No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and, accordingly is carried at the subsidiary's underlying audited capital and surplus amounts as determined on a statutory basis. Equity in net income or loss and surplus transactions of subsidiaries are reflected directly in the Company's unassigned surplus. For GAAP reporting purposes, the Company prepares consolidated financial statements with its subsidiaries.

A summary of ESI's key financial data (statutory-basis) as of December 31, 2016, and for the year then ended is shown below:

#### Statement of income data:

Total revenues	\$ 2,212,758
Income before federal income taxes	\$ 430,044
Net income	\$ 260,044

#### Balance sheet data:

Total assets	\$ 52,360,897
Total liabilities	\$ 31,065,643

## NOTES TO FINANCIAL STATEMENTS

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Common stocks also include 3,442 shares of Federal Home Loan Bank (FHLB) common stock with a cost, par value and carrying value of \$344,200, at December 31, 2016 and 2015, initially purchased in 2011 for the Company's membership in the FHLB. To maintain its membership, the Company is required to hold FHLB membership stock in an amount equal to 0.12% of the Company's admitted assets as determined under statutory accounting principles, which is adjusted annually by the FHLB. FHLB membership stock is restricted, can only be sold to the FHLB at par value, and requires a five-year notice by the Company to terminate membership and redeem the shares. The Company may borrow from the FHLB but must purchase additional shares of FHLB stock (activity stock) equal to 2% of borrowings. FHLB activity stock is redeemable at any time by the Company or by the FHLB, as the Company's FHLB borrowings are paid down and can only be sold to the FHLB. Due to the restrictions placed on transferability and the Company's determination that there is no known impairment as to the ultimate recoverability of the par value of FHLB stock, the Company's carrying value of its investment in FHLB stock is considered to approximate its fair value at December 31, 2016 and 2015.

The Company employs a systematic methodology that considers available evidence in evaluating potential other-than-temporary impairment of investments. In the event that the cost of an investment exceeds its fair value, the Company evaluates, among other factors, the magnitude and duration of the decline in fair value; the financial health of and business outlook for the issuer; changes to the debt ratings of the issuer, or specific security, by a rating agency; and the performance of the underlying assets. For debt investments, the ability and intent to hold the security, and the probability that the Company will be unable to collect all amounts due according to contractual terms of a debt security in effect at the date of acquisition is assessed. Once a decline in fair value of an investment security is determined to be other than temporary, an impairment charge is recorded to net realized capital gains and losses, in the statement of income, and a new cost basis in the investment is established.

The Company from time to time advances funds in connection with the liquidation or merger of troubled credit unions in exchange for the right to receive future repayments. The Company expects to recover these amounts through repayment from the credit unions, the collection of loans, the sale of assets or the settlement of subrogated claims against third party insurers. For any such advances, generally only loans secured by first mortgages are recorded as admitted assets in the accompanying statutory-basis financial statements, in an amount up to 80% of the appraised value of the underlying collateral. In addition, any unsecured advances that are collected within 90 days of year end are reported as admitted assets (\$4,472,165 at December 31, 2015, which consisted solely of principal collected in January 2016).

Real estate is recorded at cost less depreciation. Depreciation is computed on the straight-line basis using twenty-five-year to forty-year lives.

Gains or losses on investments sold are based on the specific identification method and are included in investment income. Investment purchases and sales are recorded on the trade date. Interest income is accrued when earned.

3. Cash, Cash Equivalents and Short-Term Investments - The Company considers cash equivalents to be other deposit accounts, investment securities purchased with maturities of three months or less and certificates of deposit with original maturities of less than one year. Cash and cash equivalents include non-negotiable certificates of deposit with a carrying value of \$200,000 at December 31, 2016 and 2015, which were on deposit for the benefit of the Idaho State Insurance Department as a condition to write business in that state. Substantially all cash and cash equivalents at December 31, 2016 and 2015 are on deposit with six financial institutions. Short-term investments consist of money market accounts with two issuers at December 31, 2016 (three issuers at December 31, 2015) and are carried at cost.
4. Reserve for Guaranty Losses - The Company provides for guaranty losses incurred and reported, as well as losses incurred but not reported (IBNR), during the period such losses become evident based on analysis of insured credit unions' financial statements not less than quarterly, on-site examination results and other significant data. In addition, the Company provides for anticipated losses under guarantee commitments associated with merged and liquidated credit unions and special assistance agreements with participating credit unions.

At December 31, 2016, the Company has three guarantee commitments with outstanding guarantee balances (net of payments and charge-offs) aggregating \$12,323,061, two of which expire in 2017 (\$8,803,692) and one expiring in 2019 (\$3,519,369). At December 31, 2015, the Company had three guarantee commitments with outstanding guarantee balances (net of payments and charge-offs) aggregating \$17,479,575, one of which expired in 2016 (\$4,029,335) and has been extended through 2019, and two expiring in 2017 (\$13,450,240). Effective September 30, 2015, the Company entered into a full settlement on a guarantee that was set to expire on December 31, 2015, and the Company paid \$1,254,283 as full settlement of the guarantee claim, which carried a case loss reserve of \$1,200,000 at December 31, 2014. Guarantee commitments generally involve loss-sharing arrangements between the Company and the participating or continuing credit union and only result in losses to the Company after a predetermined aggregate loss amount, as prescribed in the guarantee commitment, is absorbed by the participating or continuing credit union ("loss retention") during the commitment period. Reserves for guaranty losses on commitments are determined based on estimated losses in excess of the credit union's loss retention under guarantee commitments. At December 31, 2016, aggregate credit union loss retention under guarantee commitments is approximately \$438,000 and the Company has recorded \$4,400,000 in loss reserves for guarantee commitments (with original aggregate guarantee balances of approximately \$137.1 million) based on the anticipated collectability of the underlying assets subject to

## NOTES TO FINANCIAL STATEMENTS

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the guarantee commitments and the continuing credit unions' loss retention.

Special assistance agreements are entered into only with credit unions to provide capital assistance with merger and similar transactions involving a troubled credit union, or with credit unions operating with deficiencies in their capital, that have the capacity to restore capital through future earnings, bond claims, litigation, and other forms of recovery. At December 31, 2016, the Company has an outstanding special assistance agreement with one credit union that has an aggregate outstanding balance of \$7,741,183. At December 31, 2015, the Company had outstanding special assistance agreements with two credit unions that had aggregate outstanding balances of \$12,213,348, including capitalized interest of \$72,165. The special assistance agreement outstanding at December 31, 2016, relates to an assisted purchase and assumption transaction between two participating credit unions in 2009, whereby the Company advanced funds in the form of an \$8,000,000 secondary capital note in October 2009. The Company has recorded an allowance for loss at December 31, 2016 and 2015 of \$7,533,000 and \$7,548,000, respectively, on the outstanding balance of \$7,741,183 of the secondary capital note at December 31, 2016 and 2015. Since the anticipated date of collection of the net realizable value of this note is greater than 90 days after year end, the net realizable value of \$208,183 and \$193,183 at December 31, 2016 and 2015, respectively, has been recorded as a non-admitted asset in the Company's statutory-basis financial statements. See Note 25 "Changes in Incurred Losses and Loss Adjustment Expenses" for a further discussion on the partial repayments of these special assistance agreements.

The other special assistance agreement that was outstanding at December 31, 2015 (none outstanding at December 31, 2016) arose through an advance of \$22,000,000 made on February 12, 2010 to a troubled operating credit union in Nevada under a Special Reserve Instrument (SRI) and a Special Assistance Agreement (SAA), and an Amended and Restated SRI (SRI-1) and Amended Special Assistance Agreement (Amended SAA) that were entered into effective March 3, 2011. These agreements established a plan to restore the credit union's regulatory net worth and set a course for financial recovery by the credit union. The Company, in consideration of the credit union's improving financial trends and the long-term workout plans in place for the credit union, advanced an additional \$4,400,000 to this credit union on December 21, 2011, under a second Special Reserve Instrument (SRI-2) and a Second Amendment to the SAA (Second Amended SAA).

In 2014, the Company received payments on SRI-1 totaling \$9,223,627 which were recorded in recovery income, netted against provision for guaranty losses. The Company also reduced the allowance for loss for SRI-1 by \$6,911,814, which was recorded in recovery income, to reflect the \$6,911,814 net realizable value of SRI-1 at December 31, 2014. At December 31, 2014, the Company had recorded an allowance for loss of \$11,364,263 against the aggregate balance outstanding for SRI-1 and SRI-2 of \$18,276,077 as of December 31, 2014 (including capitalized interest of \$676,077). Of the \$6,911,814 net realizable value for SRI-1 at December 31, 2014 and accrued interest thereon of \$12,290, \$2,300,000 was recorded as a non-admitted asset in the statutory-basis financial statements since the collection of this amount was anticipated to be greater than 90 days after year end 2014. In 2015, the Company received payment on the SRI's totaling \$6,953,143 and reduced the allowance for loss for SRI-1 by the amount of the collections, which were recorded in recovery income. The Company separately recorded a reduction to the allowance for loss against SRI-2 of \$4,472,165 to reflect the present value of future expected cash flows on SRI-2 at December 31, 2015, which was also recorded in recovery income. The balance outstanding for SRI-2 of \$4,472,165 as of December 31, 2015 (including capitalized interest of \$72,165) was collected in full in January 2016, resulting in the full recovery in SRI-1 and SRI-2 recognized during 2014 and 2015 in the aggregate of approximately \$27.5 million.

The Company maintains a reserve for guaranty losses account to cover its estimated ultimate unpaid liability for guaranty loss claims and claims adjustment expenses for reported and unreported guaranty claims. Recorded loss reserves represent management's best estimate at any given time and are reported net of actuarially determined anticipated salvage and subrogation of \$5,400,000 and \$4,900,000 at December 31, 2016 and 2015, respectively. Loss reserves are not an exact calculation of liability but instead consist of complex estimates derived by the Company, generally utilizing a variety of reserve estimation techniques from numerous assumptions and expectations about future events, many of which are highly uncertain, such as estimates of claims severity, frequency of claims, inflation, claims handling, case reserving policies and procedures, underwriting and pricing policies, changes in the legal and regulatory environment and the lag time between the occurrence of an insured event and the time of its ultimate settlement. Many of these uncertainties are not precisely quantifiable and require significant judgment by the Company. In light of the uncertainties associated with establishing the Company's estimates and making the assumptions necessary to establish loss reserves, changes in loss reserve estimates are reviewed on a regular and ongoing basis as experience develops and as claims are reported and settled. If estimated loss reserves are insufficient for any reason, the required increase in loss reserves would be recorded as a charge against the Company's earnings for the period in which loss reserves are determined to be insufficient. In addition, Ohio law requires that not less than every three years, an actuarial capital adequacy study be conducted and, separately, that an annual actuarial study be performed of the Company's loss reserves. To assist management with its determination of loss reserves, the Company utilizes the services of an independent actuary who has reviewed the assumptions and methods used by the Company in determining its reserves for guaranty losses as of December 31, 2016 and 2015. Management believes that the Company has recorded sufficient reserves for losses.

5. Advertising and Marketing Costs - Advertising and marketing costs are expensed as incurred.

## NOTES TO FINANCIAL STATEMENTS

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6. **Federal Income Taxes** - The Internal Revenue Service has determined that the Company is a tax-exempt organization under Internal Revenue Code section 501(c)(6). Its subsidiary is a taxable corporation. Accordingly, the Company and its subsidiary file separate Federal income tax returns.

7. **Participants' Capital Contributions** - Governing Ohio statute requires that participating credit unions insured under the Company's primary share insurance contract ("Primary-insureds") maintain a minimum capital contribution with the Company equal to 1% of each Primary-insured's year-end total share accounts, which is adjusted no less than annually. Effective December 31, 2010, the required capital contribution under the Company's primary insurance contract is 1.3% of each Primary-insured's total share accounts. Previously, the required capital contribution under the Company's primary insurance contract was determined for each Primary-insured on a risk-adjusted basis in an amount ranging between 1.0% and 1.3% of the Primary-insured's total share accounts.

Participating credit unions insured under the Company's excess share insurance contract ("Excess-insureds") are required to maintain a capital contribution with the Company equal to 1% of the aggregate limits of liability, as defined by the Company's excess insurance contract with such credit unions. Capital contributions are adjusted periodically for changes in each Excess-insured's aggregate limits of liability. In addition to the capital contribution, the Company also assesses and earns monthly a risk-based premium, which is remitted by Excess-insureds in arrears after the end of each calendar quarter. Included in net premiums earned is \$246,118 and \$227,657 of such risk-based premiums for the year ended December 31, 2016 and 2015, respectively, which have been reduced by reinsurance premiums of \$36,462 and \$37,542, for the years ended December 31, 2016 and 2015, respectively, to arrive at net premiums earned reported in the statutory statements of income.

All capital contributions are refundable no sooner than 90 days following the date of termination of insurance, to the extent such amounts are not needed to satisfy guaranty losses. At December 31, 2016 and 2015, capital contributions to be refunded for terminated contracts were \$1,658,608 and \$74,666, respectively, and are included in participants' capital contributions payable.

Participants' capital contributions that are receivable or payable as of December 31, 2016 and 2015 are presented on a gross basis in the accompanying financial statements. Included in participants' equity at December 31, 2016, is a receivable for capital contributions of Primary-insureds of \$10,100,000 less a payable for \$500,000. The receivable and payable balances result from annual growth or shrinkage in participating credit union shares and the receivables were substantially collected subsequent to December 31, 2016 and the payables are to be refunded by March 31, 2017. Included in participants' equity at December 31, 2015, is a receivable for capital contributions of Primary-insureds of \$9,000,000, less a payable for \$500,000. The receivable and payable balances resulted from annual growth or shrinkage in participating credit union shares and were collected and the payables refunded subsequent to December 31, 2015.

Guaranty losses under the Company's primary insurance contracts are paid first from the Company's reserve for guaranty losses and then from current and retained earnings; thereafter, losses are charged pro rata to the primary capital contribution accounts. Guaranty losses under the Company's excess insurance contracts are paid first from the Company's reserve for guaranty losses and then from current and retained earnings up to an aggregate of \$7,500,000. A claim would be made against the Company's reinsurance policy for up to \$7,500,000 in aggregate losses exceeding the Company's \$7,500,000 retention. Thereafter, losses are charged pro rata to the excess capital contribution accounts, to the extent of such balances.

8. **Special Premium Assessment** - Although the Company does not normally charge a premium under its primary insurance program, the Company's governing Ohio statute and its primary insurance policy permit premiums to be assessed against Primary-insureds in order to ensure that the Company maintains a sufficient equity base for its insurance risk. There were no special premium assessments charged to Primary-insureds in 2016 and 2015.

9. **Reinsurance** - Effective February 1, 2015, the Company and ESI (the "Companies") entered into a renewal reinsurance agreement with an authorized U.S. third-party reinsurer, for a two-year term through February 1, 2017, to reinsure its excess share insurance program. The renewal agreement had substantially the same terms and conditions as the prior reinsurance agreement that expired February 1, 2015 consisting of a single layer of reinsurance coverage which provides per occurrence and aggregate loss coverage of \$7,500,000 in excess of the Companies' aggregate retention of \$7,500,000. Annual premiums under the reinsurance agreement are \$375,000 and allocated between the Companies pro rata based on their monthly excess insurance in force. To afford the program greater flexibility, the renewal agreement also expanded the \$250,000 limits of coverage per account for selectively underwritten Excess insureds, without incurring any greater overall liability per insured credit union to the Companies or to the reinsurer.

Effective February 1, 2017, the Companies entered into a renewal reinsurance agreement with the same reinsurer, for a two-year term through February 1, 2019, with substantially the same terms and conditions as the current reinsurance agreement, including a single layer of aggregate reinsurance coverage of \$7,500,000, aggregate retention of \$7,500,000 and annual premiums of \$375,000, which are allocated between the Companies pro rata based on their monthly excess insurance in force.

## NOTES TO FINANCIAL STATEMENTS

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**10. Adoption of New Accounting Pronouncements** - There were no new Statement on Statutory Accounting Principles ("SSAP") that were applicable to the Company or adopted in 2016 and 2015 and none that are effective for 2017 that would have a significant impact on the Company.

D. Going Concern – Based upon its evaluation of relevant conditions and events, management does not have substantial doubt about the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

A. There were no material changes in accounting principles and/or correction of errors.

3. Business Combinations and Goodwill

A. Statutory Purchase Method – Does not apply.

B. Statutory Mergers – Does not apply.

C. Impairment Losses – Does not apply.

4. Discontinued Operations – Does not apply.

5. Investments

A. Mortgage Loans – Does not apply.

B. Debt Restructuring – Does not apply.

C. Reverse Mortgages – Does not apply.

D. Loan-Backed Securities

Market values and related prepayment assumptions for CMOs and mortgage-backed securities are obtained from broker dealer survey values. For book purposes, the prospective adjustment method is used where changes in prepayment speeds materially impact expected remaining lives of the securities.

E. Repurchase Agreements – Does not apply.

F. Real Estate

Real estate is recorded at cost less depreciation. Depreciation is computed on the straight-line basis using twenty five year to forty-year lives.

G. Low Income Housing Tax Credits – Does not apply.

H. Restricted Assets (Including Pledged):

## ANNUAL STATEMENT FOR THE YEAR 2016 OF THE American Mutual Share Insurance Corporation

## NOTES TO FINANCIAL STATEMENTS

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					Current Year					
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)		Total From Prior Year	Increase/(Decrease) (5 minus 6)	Total Nondmitted Restricted	Total Admitted Restricted (5 minus 8)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown .....											
b. Collateral held under security lending agreements .....											
c. Subject to repurchase agreements .....											
d. Subject to reverse repurchase agreements .....											
e. Subject to dollar repurchase agreements .....											
f. Subject to dollar reverse repurchase agreements .....											
g. Placed under option contracts .....											
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock .....											
i. FHLB capital stock .....	344,200				344,200	344,200			344,200	0.128	0.132
j. On deposit with states .....	1,400,000				1,400,000	1,400,000			1,400,000	0.522	0.536
k. On deposit with other regulatory bodies .....											
l. Pledged as collateral to FHLB (including assets backing funding agreements) .....	78,601,003				78,601,003	84,447,494	(5,846,491)		78,601,003	29.316	30.113
m. Pledged as collateral not captured in other categories .....											
n. Other restricted assets .....	6,141,584				6,141,584	5,375,200	766,384	6,141,584		2.290	
o. Total Restricted assets .....	86,486,787				86,486,787	91,566,894	(5,080,107)	6,141,584	80,345,203	32.256	30.781

(a) Subset of column 1

(b) Subset of column 3

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

## ANNUAL STATEMENT FOR THE YEAR 2016 OF THE American Mutual Share Insurance Corporation

**NOTES TO FINANCIAL STATEMENTS**

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted					8	Percentage	
	Current Year				6	7	9	10
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)				
D&O TRUST.....	2,295,388				2,295,388	2,282,829	12,559	
RETENTION TRUST.....	1,291,038				1,291,038	1,262,200	28,838	
457 PLAN ASSETS.....	1,327,824				1,327,824	1,306,498	21,326	
STAR SYSTEM ESCROW.....	523,752				523,752	523,673	79	
SECONDARY CAPITAL NOTE.....	208,183				208,183		208,183	
HBRC JOINT VENTURE.....	495,399				495,399		495,399	
05H3999 - Total (c).....	6,141,584				6,141,584	5,375,200	766,384	

(a) Subset of column 1

(b) Subset of column 3

(c) Total Line for Columns 1 through 7 should equal 5H(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5H(1)m Columns 9 through 11 respectively

**NOTES TO FINANCIAL STATEMENTS**

- I. Working Capital Finance Investments – Does not apply.
- J. Offsetting and Netting of Assets and Liabilities – Does not apply.
- K. Structured Notes – Does not apply.
- L. 5\* Securities – Does not apply.

6. Joint Ventures, Partnerships and Limited Liability Companies – The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

7. Investment Income

- A. The Company does not admit investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans).
- B. Amounts Nonadmitted -- Does not apply

8. Derivative Instruments – Does not apply.

9. Income Taxes

The application of SSAP No. 101, Income Taxes, A Replacement of SSAR No. 10R and SSAP No. 10, requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. The Company's deferred tax assets relate solely to the potential future tax benefit that may be derived from its unrelated business income tax (UBIT) loss carryforwards, which aggregated \$15,235,000 and \$14,424,000 at December 31, 2016 and 2015, respectively. Management believes it is more likely than not that the deferred tax assets will not be realized and have therefore recorded a valuation allowance for the full amount of the Company's deferred tax assets as of December 31, 2015 and 2014. Significant factors management considered in determining the probability of realizing the deferred tax benefits include the Company's historical UBIT operating results, the amount of the Company's loss carryback potentials, and the expectations of future UBIT earnings.

A. The components of the net deferred tax asset (DTA) and deferred tax liability (DTL) at December 31, 2016 and 2015 are as follows:

A. The components of the net deferred tax asset/ (liability) at the end of the reporting period are as follows:

	End of Reporting Period			End of Prior Year			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total	(7) (Col 1 - 4) Ordinary	(8) (Col 2 - 5) Capital	(9) (Col 7 + 8) Total
1.									
(a) Gross Deferred Tax Assets .....	5,180,000		5,180,000	4,904,000		4,904,000	276,000		276,000
(b) Statutory Valuation Allowance Adjustments .....	5,180,000		5,180,000	4,904,000		4,904,000	276,000		276,000
(c) Adjusted Gross Deferred Tax Assets (1a - 1b) .....									
(d) Deferred Tax Assets Nonadmitted .....									
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d) .....									
(f) Deferred Tax Liabilities .....									
(g) Net Admitted Deferred Tax Asset / (Net Deferred Tax Liability) (1e - 1f) .....									
2.	Admission Calculation Components SSAP No. 101								
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks .....									
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below) .....									
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date .....									
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold .....	XXX	XXX	35,727,835	XXX	XXX	32,912,822	XXX	XXX	2,815,013
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities .....									
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) .....									

	Current Year	Prior Year
3. (a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount .....	9,430.096	10,576.000

## NOTES TO FINANCIAL STATEMENTS

(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.....	238,185,564	219,418,813
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	End of Reporting Period		End of Prior Year		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
4.						
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.						
1. Adjusted Gross DTAs Amount From Note 9A1(c)						
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies						
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)						
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies						

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

Yes ( ) No (X)

The ratio percentage presented above for December 31, 2016 and 2015 represents the ratio of the Company's adjusted statutory surplus and capital to its authorized control level of risk-based capital. The Company's tax planning strategies did not include the use of reinsurance-related tax planning strategies. The impact of tax planning strategies at December 31, 2016 and 2015, are as follows:

	2016			2015		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Adjusted gross DTAs (% of total adjusted gross DTAs)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net admitted adjusted DTAs (% of total net admitted adjusted gross DTAs)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

B. There were no unrecognized DTLs at December 31, 2016 and 2015.

C. Current income taxes incurred and changes in deferred taxes consisted of the following major components:

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

	(1) End of Reporting Period	(2) End of Prior Year	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal.....	1,100	9,400	(8,300)
(b) Foreign.....	1,100	9,400	(8,300)
(c) Subtotal.....			
(d) Federal income tax on net capital gains.....			
(e) Utilization of capital loss carry-forwards.....			
(f) Other.....	1,100	9,400	(8,300)
(g) Federal and foreign income taxes incurred.....			
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses.....			
(2) Unearned premium reserve.....			
(3) Policyholder reserves.....			
(4) Investments.....			
(5) Deferred acquisition costs.....			
(6) Policyholder dividends accrual.....			
(7) Fixed assets.....			
(8) Compensation and benefits accrual.....			
(9) Pension accrual.....			
(10) Receivables - nonadmitted.....			
(11) Net operating loss carry-forward.....	5,180,000	4,904,000	276,000
(12) Tax credit carry-forward.....			
(13) Other (including items < 5% of total ordinary tax assets).....	5,180,000	4,904,000	276,000
(99) Subtotal.....	5,180,000	4,904,000	276,000
(b) Statutory valuation allowance adjustment.....	5,180,000	4,904,000	276,000
(c) Nonadmitted.....			
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c).....			

**NOTES TO FINANCIAL STATEMENTS**

(e) Capital:				
(1) Investments .....				
(2) Net capital loss carry-forward .....				
(3) Real estate .....				
(4) Other (including items <5% of total capital tax assets) .....				
(99) Subtotal .....				
(f) Statutory valuation allowance adjustment .....				
(g) Nonadmitted .....				
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g) .....				
(i) Admitted deferred tax assets (2d + 2h) .....				
3. Deferred Tax Liabilities:				
(a) Ordinary				
(1) Investments .....				
(2) Fixed assets .....				
(3) Deferred and uncollected premium .....				
(4) Policyholder reserves .....				
(5) Other (including items <5% of total ordinary tax liabilities) .....				
(99) Subtotal .....				
(b) Capital:				
(1) Investments .....				
(2) Real estate .....				
(3) Other (including items <5% of total capital tax liabilities) .....				
(99) Subtotal .....				
(c) Deferred tax liabilities (3a99 + 3b99) .....				
4. Net deferred tax assets/liabilities (2i - 3c) .....				

D. 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 at December 31, 2016, and 2015, were as follows:

Description	At December 31, 2016		
	Pre-Tax Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 92,686	\$ 31,513	34.0%
Change in valuation allowance -- 2016			
UBIT loss	811,000	275,740	197.5%
Change in valuation allowance -- expired			
UBIT loss carryforward	-	-	0.0%
Tax-exempt income as 501(c)(6) corporation - net	(903,451)	(307,173)	(231.4%)
Taxes on political contributions	3,000	1,020	1.1%
Other amounts	-	-	0.0%
Total	\$ 3,235	\$ 1,100	1.2%
 Federal income taxes incurred expense			
Tax on capital gains		-	0.0%
Change in net deferred income tax benefit		-	0.0%
 Total statutory income taxe incurred		\$ 1,100	1.2%
At December 31, 2015			
Description	Pre-Tax Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 5,444,261	\$ 1,851,049	34.0%
Change in valuation allowance -- 2015			
UBIT loss	847,000	287,980	5.3%
Change in valuation allowance -- expired			
UBIT loss carryforward	-	-	0.0%
Tax-exempt income as 501(c)(6) corporation - net	(6,290,414)	(2,138,741)	(39.3%)
Taxes on political contributions	26,800	9,112	0.2%
Other amounts	-	-	0.0%
Total	\$ 27,647	\$ 9,400	0.2%
 Federal income taxes incurred expense			
Tax on capital gains		-	0.0%
Change in net deferred income tax benefit		-	0.0%
 Total statutory income taxe incurred		\$ 9,400	0.2%

E. At December 31, 2016 and 2015, the Company had no income tax expense that is available for recoupment in the event of future net losses. At December 31, 2016 and 2015, the Company had no capital loss carryforwards.

## NOTES TO FINANCIAL STATEMENTS

As a tax-exempt organization, the Company is subject to income tax on activities that generate net income unrelated to its tax-exempt purpose of providing primary share insurance to its members. The year of origination and expiration of the UBIT loss carryforwards are as follows:

Origination Year	Expiration Year	2016 Amount	2015 Amount
1998	2018	\$ 323,000	\$ 323,000
1999	2019	402,000	402,000
2000	2020	394,000	394,000
2001	2021	232,000	232,000
2002	2022	497,000	497,000
2003	2023	123,000	123,000
2004	2024	564,000	564,000
2005	2025	365,000	365,000
2006	2026	532,000	532,000
2007	2027	663,000	663,000
2008	2028	1,190,000	1,190,000
2009	2029	4,088,000	4,088,000
2010	2030	1,459,000	1,459,000
2011	2031	829,000	829,000
2012	2032	634,000	634,000
2013	2033	642,000	642,000
2014	2034	639,000	639,000
2015	2035	848,000	848,000
2016	2036	811,000	-
		<u>\$ 15,235,000</u>	<u>\$ 14,424,000</u>

At December 31, 2016 and 2015, the Company had no deposits admitted under Internal Revenue Code Section 6603.

- F. The Company's subsidiary is a taxable corporation and the Company is organized as a tax-exempt organization under Internal Revenue Code Section 501(c)(6). Accordingly, the Company and its subsidiary file separate tax returns.
- G. At December 31, 2016 the Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

The Company owns one insurance SCA entity that is carried at audited statutory equity value. ESI follows no state prescribed or permitted practices that depart from NAIC statutory accounting practices and procedures (NAIC SAP).

The Company has entered into a cost sharing services agreement with ESI through which the Company provides various management services and the use of equipment and facilities to ESI for its operations. The agreement is renewable annually and may be terminated by either party with a 90 day notice. ESI pays the Company a monthly fee of \$97,450 (\$94,275 in 2015) under the agreement with an annual "true up" adjustment to reflect the actual costs of services provided by the Company to ESI. Total management fees under this agreement were \$1,166,262 and \$1,137,600 in 2016 and 2015, respectively. The Company has entered into a line-of-credit agreement with ESI whereby ESI can borrow, on a demand basis, up to \$10,000,000 at an interest rate equal to the prevailing prime rate. Borrowings under the line must be collateralized by investment securities and other assets. The arrangement is subject to annual renewal by both parties. In accordance with the terms of the line-of-credit agreement, ESI pays the Company an annual commitment fee, which was \$25,000 in 2016 and 2015.

The Company has entered into a guaranty agreement dated February 9, 1994, and amended January 1, 2001, with the Ohio Department of Insurance whereby the Company guarantees, up to a maximum aggregate commitment of \$7,000,000, that the capital and surplus of ESI will be maintained at the appropriate statutory level of at least \$5,000,000.

The Company and ESI have an agreement which provides that, in the event ESI incurs an insuring loss, the Company will make available to ESI the premium deposits the company holds for its excess share business (\$3,025,000 at December 31, 2016) in order the ESI can meet its obligations under its excess insurance contracts.

The maximum amount of dividends which can be paid by insurers domiciled in the state of Ohio to shareholders without prior approval of the Ohio Superintendent of Insurance is limited to the greater of the net income of the preceding calendar year or 10% of capital and surplus as of the immediately preceding year-end. In 2016, the maximum dividend that can be paid by ESI to the Company without approval is \$2,129,525. The Company and ESI have no plans for ESI to pay a dividend in the foreseeable future.

**NOTES TO FINANCIAL STATEMENTS****11. Debt**

1. Under three separate unused committed line of credit arrangements with three third-party financial institutions, the Company may borrow on a demand basis up to an aggregate of \$100,000,000 at an interest rate generally equal to the prevailing prime rate or LIBOR rate. Borrowings under the lines must be collateralized by investment securities and other collateral with a market value, which varies by agreement, of 103% to 125% of the amount borrowed. The Company pays annual commitment fees aggregating \$120,000 under these arrangements and one arrangement requires the Company to maintain \$1,000,000 on deposit (\$2,500,000 through September 1, 2015) with the financial institution. The arrangements are subject to renewal by the Company and the financial institutions on May 19, 2017 (\$70,000,000 with FHLB), on June 29, 2017 (\$10,000,000), and June 26, 2017 (\$20,000,000). The Company had no outstanding borrowings at any time under any of its committed lines of credit during 2016 and 2015.

**FHLB (Federal Home Loan Bank) Advised Line of Credit Agreement:** In July 2011, the Company became a member of the Federal Home Loan Bank of Cincinnati (FHLB) and purchased \$296,500 in membership capital stock. Additional membership capital stock in the amount of \$9,600, \$5,500, and \$32,600 was purchased in April 2014, 2013 and 2012, respectively, for total capital stock of \$344,200 (\$299,076 membership stock and \$45,124 excess stock) at December 31, 2016. In addition to the \$70,000,000 FHLB committed line, on October 14, 2016, the FHLB approved a one-year renewal line capacity for the Company's \$200 million "advised" line of credit, which expires October 13, 2017. The interest rate on either of the FHLB lines varies depending upon the advance maturity term selected by the Company and can be either fixed or variable rate. Availability of the FHLB advised line, or a portion thereof, is contingent upon the Company maintaining sufficient pledged collateral at the FHLB consisting of investment securities and other collateral with a market value of up to approximately 97% of US Government Agency securities pledged. At December 31, 2016, the Company has approximately \$78.6 million of US Government Agency securities pledged with the FHLB. The Company can also pledge qualifying mortgage loans towards FHLB borrowings, allowing the Company to borrow approximately 75% of the outstanding qualifying mortgage loans. The Company holds no mortgage loans at December 31, 2016. The Company is required to purchase additional FHLB stock equal to 2% of any borrowed funds. The Company had no FHLB borrowings outstanding at December 31, 2016 and 2015.

**(2) FHLB Capital Stock****a. Aggregate Totals****1. Current Year**

	<u>(1)</u> <u>Total 2+3</u>	<u>(2)</u> <u>General Account</u>	<u>(3)</u> <u>Protected Cell Accounts</u>
(a) Membership Stock - Class A	\$ 299,076	\$ 299,076	\$ .....
(b) Membership Stock - Class B	\$ .....	\$ .....	\$ .....
(c) Activity Stock	\$ .....	\$ .....	\$ .....
(d) Excess Stock	\$ 45,124	\$ 45,124	\$ .....
(e) Aggregate Total (a+b+c+d)	\$ 344,200	\$ 344,200	\$ .....
(f) Actual or Estimated Borrowing Capacity as Determined by the Insurer		XXX	XXX

**2. Prior Year-end**

(a) Membership Stock - Class A	\$ 276,420	\$ 276,420	\$ .....
(b) Membership Stock - Class B	\$ .....	\$ .....	\$ .....
(c) Activity Stock	\$ .....	\$ .....	\$ .....
(d) Excess Stock	\$ 67,780	\$ 67,780	\$ .....
(e) Aggregate Total (a+b+c+d)	\$ 344,200	\$ 344,200	\$ .....
(f) Actual or Estimated Borrowing Capacity as Determined by the Insurer		XXX	XXX

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)

11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

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

	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 years	6 3 to 5 years
Membership Stock						
1. Class A	\$ 299,076	\$ 299,076	\$ .....	\$ .....	\$ .....	\$ .....
2. Class B	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)

11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

**(3) Collateral Pledged to FHLB****a. Amount Pledged as of Reporting Date**

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total General and Protected Cell Accounts Total Collateral Pledged (Lines 2+3)	\$ 77,084,242	\$ 78,601,003	\$ .....
2. Current Year General Account Total Collateral Pledged	\$ 77,084,242	\$ 78,601,003	\$ .....
3. Current Year Protected Cell Accounts Total Collateral Pledged	\$ .....	\$ .....	\$ .....
4. Prior Year-end Total General and Protected Cell Accounts Total Collateral Pledged	\$ 84,134,655	\$ 84,447,873	\$ .....

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3 respectively)

11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3 respectively)

11B(3)a3 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b3 (Columns 1, 2 and 3 respectively)

11B(3)a4 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b4 (Columns 1, 2 and 3 respectively)

**b. Maximum Amount Pledged During Reporting Period.**

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total General and Protected Cell Accounts Maximum Collateral Pledged (Lines 2+3)	\$ 77,084,242	\$ 78,601,003	\$ .....
2. Current Year General Account Maximum Collateral Pledged	\$ 77,084,242	\$ 78,601,003	\$ .....

**NOTES TO FINANCIAL STATEMENTS**

3. Current Year Protected Cell Accounts Maximum Collateral Pledged	\$.....	\$.....	\$.....
4. Prior Year-end Total General and Protected Cell Accounts Maximum Collateral Pledged	\$..... 84,134,655	\$..... 84,447,873	\$.....

## (4) Borrowing from FHLB

## a. Amount as of the Reporting Date

	(1)	(2)	(3)	(4)
	Total 2+3	General Account	Protected Cell Accounts	Funding Agreements Reserves Established
1. Current Year				
(a) Debt	\$.....	\$.....	\$.....	XXX
(b) Funding Agreements	\$.....	\$.....	\$.....	\$.....
(c) Other	\$.....	\$.....	\$.....	XXX
(d) Aggregate Total (a+b+c)	\$.....	\$.....	\$.....	\$.....
2. Prior Year-end				
(a) Debt	\$.....	\$.....	\$.....	XXX
(b) Funding Agreements	\$.....	\$.....	\$.....	\$.....
(c) Other	\$.....	\$.....	\$.....	XXX
(d) Aggregate Total (a+b+c)	\$.....	\$.....	\$.....	\$.....

## b. Maximum Amount during Reporting Period (Current Year)

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
1. Debt	\$.....	\$.....	\$.....
2. Funding Agreements	\$.....	\$.....	\$.....
3. Other	\$.....	\$.....	\$.....
4. Aggregate Total (1+2+3)	\$.....	\$.....	\$.....

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3 respectively)

## c. FHLB - Prepayment Obligations

Does the company have prepayment obligations under the following arrangements (YES/NO)?

1. Debt	Yes ( ) No (X)
2. Funding Agreements	Yes ( ) No (X)
3. Other	Yes ( ) No (X)

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

## A. Defined Benefit Plan – Does not apply.

## B. Investment Policies -- Does not apply.

## C. Fair Value of Plan Assets -- Does not apply.

## D. Rate of Return Assumptions -- Does not apply.

## E. Defined Contribution Plan

The Company provides all eligible employees participation in its 401(k) salary reduction and defined contribution plan. During 2016 and 2015, plan participants contributing a minimum 5% of their annual compensation under the 401(k) salary reduction plan received a matching 7% contribution from the Company. In addition, a 3% profit sharing contribution was made by the Company in 2016 and 2015 to all eligible plan participants. Total contributions expensed under the plan during 2016 and 2015 were \$268,171 and \$281,216, respectively.

The Company has made available funded 457(b) and 457(f) deferred compensation plans to its executive officers. The Company also provides a supplemental unfunded 457(f) deferred compensation plan to key executives. Included in accrued expenses payable are the cumulative amounts owed under the deferred compensation plans for deferred compensation and, as applicable, Company matching contributions and earnings thereon, which total \$1,850,006 and \$2,426,575 at December 31, 2016 and 2015, respectively. Total amounts expensed under the plans in 2016 and 2015 were \$344,925 and \$206,768, respectively

## F. Multiemployer Plans -- Does not apply.

## G. Consolidated/Holding Company Plans -- Does not apply, see Note 12E.

## H. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment other than for compensation related to earned vacation pay. The liability for earned but untaken vacation pay is included in other accrued expenses.

## I. Impact of Medicare Modernization Act on Postretirement Benefits -- Does not apply.

## 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

## 1. Outstanding Shares -- Does not apply.

## 2. Dividend Rate of Preferred Stock -- Does not apply.

## 3. Dividend Restrictions --

Dividends can be paid by the corporation to its participating credit unions only to the extent of its statutory

## NOTES TO FINANCIAL STATEMENTS

retained earnings, as long as capital and surplus of the company exceed the normal operating level of the deposit guaranty fund as described in the Ohio Revised Code Chapter 1761.10(A)(3) and only upon the approval of the Ohio Superintendent of Insurance. As of December 31, 2016, the Company has available approximately \$46,000,000 for distribution to its participating credit unions subject to the approval of the Superintendent of Insurance. The corporation paid no dividends during 2016 and 2015 to participating credit unions and to date has not made, nor does it anticipate making a request to the Superintendent of Insurance for approval of a distribution.

4. Dates and Amount of Dividends Paid -- Does not apply,
5. Amount of Ordinary Dividends That May Be Paid -- See Item 13(3) above.
6. Restrictions on Unassigned Funds -- There are no restrictions on unassigned surplus except as noted in 13(3) above.
7. Mutual Surplus Advances -- Does not apply.
8. Company Held Stock for Special Purposes -- Does not apply.
9. Changes in Special Surplus Funds -- Does not apply.
10. Change in Unassigned Funds  
Unassigned funds of \$53,482,709 at December 31, 2016 have been reduced by \$7,096,033 to \$46,386,676 in the statutory financial statements as a result of non-admitted assets of subsidiaries (\$717,150) and the Company's non-admitted investments in other invested assets (\$6,141,580), fixed assets (\$51,998) and prepaid expenses and other assets (\$185,305).
11. Surplus Notes  
The Company has no surplus debentures or similar obligations.
12. Impact of Quasi-Reorganizations -- Does not apply.
13. Date of Quasi-Reorganizations -- Does not apply.

### 14. Liabilities, Contingencies and Assessments

As described more fully at Note 1 ("Reserve for Guaranty Losses"), in connection with the rehabilitation of certain troubled credit unions the Company from time to time guarantees the repayment of installment loans or other issues (\$12.3 million at December 31, 2016). Where loans are guaranteed, they generally are serviced by member credit unions and are substantially secured, principally by personal property. To the extent that losses are likely to be incurred on the Company's guaranty commitments, the reserve for guaranty losses includes a reserve for losses related to these guarantees (\$4,400,000 and \$6,900,000 at December 31, 2016 and 2015, respectively). Also, see Note 10 for the Company's guarantee of its wholly-owned subsidiary's capital and surplus (up to \$7,000,000 commitment).

(1) Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities:

\$ ..... 22,333,702

(2)

1	2 Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R.)	3	4 Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted	5 Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted
Nature and circumstances of guarantee and Key attributes, including date and duration of agreement	Ultimate financial statement impact if action under the guarantee is required			

Agreement with Ohio Dept of Insurance ..... Investment in SCA ..... 7,000,000 Performance risk is low due to subsidiary capital level & .....  
to maintain capital & surplus of ..... premium deposits held by subsidiary exceed any potential .....  
subsidiary at appropriate statutory level. ..... claims at this time.

Date: 2/1/1994, no expiration date

Cumorah Credit Union (NV) guarantee ..... 3,600,000 Expense = \$7,018,543 ..... 10,618,543 Loss estimate of \$3,600,000 is based on payment status .....  
with Credit Union 1 (IL) to guarantee ..... Other = \$3,600,000 (loss reserve) ..... of loans underlying the guarantee and probability of .....  
performance of all loans and other ..... Original Guarantee = \$128,563,691 ..... future defaults, less partial claims payment on .....  
assets acquired by Credit Union 1 under ..... Current Net Guarantee = \$7,607,902 ..... September 30, 2104 of \$14,154,150. .....  
a purchase & assumption (P&A) dated ..... Loss Estimate at Inception = \$400,000

Sacramento Distric Postal Credit Union ..... 300,000 Expense = \$3,219,369 ..... 3,519,369 Loss estimate of \$300,000 is based on payment status of .....  
(CA) guarantee with South California ..... Other = \$300,000 (loss reserve) ..... loans underlying the guarantee and probability of future .....  
Postal Credit Union (SPCU) to ..... Original Guarantee = \$6,242,335 ..... defaults and given SPCU's loss retention deductible of .....  
guarantee performance of select ..... Current Net Guarantee = \$3,519,369 ..... \$279,348 at December 31, 2016. .....  
specifically identified loans acquired by ..... Loss Estimate at Inception = \$300,000

Bensenville Community Credit Union ..... 500,000 Expense = \$695,790 ..... 1,195,790 Loss estimate of \$500,000 is based on payment status of .....  
(IL) guarantee with Credit Union 1 to ..... Other = \$500,000 (loss reserve) ..... loans underlying the guarantee and probability of future

**NOTES TO FINANCIAL STATEMENTS**

guarantee performance of select specifically identified loans acquired by Credit Union 1 under a P&A; dated 07/31/2014; expires 12/31/2017	Original Guarantee = \$2,280,137 Current Net Guarantee = \$1,195,790 Loss Estimate at Inception = \$250,000	details and given Credit Union 1's loss retention deductible of \$196,768 at December 31, 2016.
14A0299 - Total	4,400,000	22,333,702

(3)

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 from 14A2)	\$ ..... 22,333,702
b. Current Liability Recognized in F/S:	
1. Noncontingent Liabilities	\$ ..... 4,400,000
2. Contingent Liabilities	\$.....
c. Ultimate Financial Statement Impact if action under the guarantee is required:	
1. Investments in SCA	\$ ..... 7,000,000
2. Joint Venture	\$.....
3. Dividends to Stockholders (capital contribution)	\$.....
4. Expense	\$ ..... 10,933,702
5. Other	\$ ..... 4,400,000
6. Total (Should equal (3)a.)	\$ ..... 22,333,702

B. Assessments -- Does not apply.

C. Gain Contingencies -- Does not apply.

D. Extra Contractual Obligation and Bad Faith Losses -- Does not apply.

E. Product Warranties -- Does not apply.

F. Joint and Several Liabilities -- Does not apply.

G. Other Contingencies -- None.

## 15. Leases

The Company has no material lease obligations at this time.

## 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk – Does not apply.

## 17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities – Does not apply.

## 18. Gain or Loss to the Reporting Entity from Uninsured A&amp;H Plans and the Uninsured Portion of Partially Insured Plans – Does apply.

## 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – Does not apply.

## 20. Fair Value Measurements --

## A. Assets Measured at Fair Value on Recurring Basis

With regard to the Company's financial assets that are disclosed at a fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, the Company uses various valuation approaches, including quoted market prices and discounted cash flows. The ASC and SSAP No. 100, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are obtained from independent sources and can be validated by a third party, whereas, unobservable inputs reflect assumptions regarding what a third party would use in pricing an asset or liability. The fair value hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical instruments that the Company is able to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in active markets for instruments that are similar, or quoted prices in markets that are not active for identical or similar instruments, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Reclassification of certain financial instruments may occur when observability of inputs change. There were no transfers between assets carried at fair value classified within Level 1 and Level 2 of the fair value hierarchy during the years ended December 31, 2016 and 2015.

There were no purchases, sales, transfers into, or transfers out of assets carried at fair value and classified within Level 3 of the fair value hierarchy during the years ended December 31, 2016 and 2015.

At December 31, 2015, the Company recorded a \$4,472,165 non-recurring reduction in its valuation allowance

**NOTES TO FINANCIAL STATEMENTS**

on SRI-2 receivables based on estimates of probable future collections of the previously fully reserved balance. The estimate was based on the present value of expected cash flows during the foreseeable future and is recorded as part of recovery income in 2015. This amount was fully collected in cash on January 26, 2016 and was reported as an admitted asset at December 31, 2015.

## (1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Bonds	177,394,240	344,200		177,394,240
FHLB Stock -- Admitted unaffiliated common stock				344,200
Cash, cash equivalents and short-term investments	50,075,776			50,075,776
Other invested assets -- Non-admitted	1,327,824			1,327,824
20A1A99 - Assets at fair value	51,403,600	177,738,440		229,142,040

B. There were no purchases, sales, transfer into, or transfers out of assets carried at fair value and classified within Level 3 of the fair value hierarchy during the years ended December 31, 2016 and 2015.

## C. Practicable to Estimate Fair Value

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Aggregate fair value for all financial instruments	177,394,240	179,778,021	179,778,021			
Bonds	344,200	344,200	344,200			
Common Stock -- FHLB						
Cash, cash equivalents & short-term investments	50,075,776	50,075,776	50,075,776			
Other invested assets	5,931,514					
20C9999 - Aggregate fair value for all financial instruments						

D. Reasons Not Practical to Estimate Fair Value -- Does not apply.

21. Other Items -- Does not apply.

22. Events Subsequent

The Company evaluated all events or transactions that occurred after December 31, 2016 and through February 24, 2017, the date the financial statement were available to be issued by the Company. During this period, the Company did not have any material recognizable or non-recognizable subsequent events, except as disclosed under "Reinsurance" in Note 1C-9.

23. Reinsurance -- Does not apply.

24. Retrospectively Rated Contracts & Contract Subject to Redetermination -- Does not apply.

25. Changes in Incurred Losses and Loss Adjustment Expenses

The Company writes only one line of business, "Other" (with two products written solely to credit unions: primary share insurance and excess share insurance) and sets loss reserves on a prudent basis for potential claims events. Primary insurance claims can involve specifically identified claims events and other events incurred but not reported (IBNR). The Company also sets aside unallocated loss reserves for its primary insurance book of business so that aggregate loss reserves remain within an actuarially accepted range. Excess insurance claims events are infrequent (rare) but potentially severe and as a result, upon consultation with the Company's independent actuary, the Company provides annual loss reserve additions so that cumulative loss reserves are within an actuarially accepted range.

The Company provided specific loss reserves of approximately \$32.24 million during 2009 related to two Primary-insured credit unions in Nevada, one of which was acquired by another Primary-insured credit union through a purchase and assumption (P&A) transaction that resulted in a gross claim paid of \$8,000,000 under a secondary capital note transaction. The Company transferred \$7,533,000 and \$7,548,000 of guaranty loss reserves to an allowance for loss on the secondary capital note as of December 31, 2016 and 2015, respectively. As part of a guarantee agreement extension expiring September 30, 2017, the Company and the credit union entered into a partial claims settlement on September 30, 2014 in which the Company paid \$14,154,150 out of the \$20.9 million specific loss reserve at that date for this guarantee. The Company also recorded recovery income in 2014 of \$472,886 on the secondary capital note, primarily for interest collected that was previously fully reserved.

The Company had also provided \$24.6 million in the reserve for guaranty losses account at December 31, 2009 for estimated losses on a second troubled Nevada credit union. The Company determined its estimated loss at the time on this credit union through an analysis of potential losses under different events that may transpire during the workout period for this credit union, including capital assistance, merger/P&A with guarantees, liquidation and financial and operational recovery by the credit union, and the likelihood of occurrence of each identified event.

On February 12, 2010, the Company provided capital assistance to a troubled Nevada credit union, through an advance of \$22,000,000 under an SRI and an SAA as amended effective March 3, 2011 by SRI-1 and the Amended SAA, which primarily provided for a five-year recovery and repayment plan through February 25, 2015 as described further below. The SRI and SRI-1 is collectively referred to herein as the SRI-1. On December 21, 2011, the Company supplemented its previously provided capital assistance with an additional \$4.4 million under a Second Amended SAA and SRI-2 (collectively referred to herein as the SRI-2) for \$4.4 million based on the credit union's financial and operational progress through 2011, providing the credit union with sufficient resources to continue its recovery. The SRI-1 and SRI-2 established a plan to restore the credit union's regulatory net worth and set a course for financial recovery by the credit union. The funds advanced to the credit union under the SRI-1 and SRI-2 are permitted to be included in regulatory net worth by the credit

## NOTES TO FINANCIAL STATEMENTS

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union's Nevada regulatory authority and the Company's rights to any repayment under the SRI-1 and SRI-2 are subordinated to the claims of the credit union's members and creditors. The Amended SAA and Second Amended SAA required that the credit union comply with and operate within certain parameters designed to assist the credit union. These agreements also required that the credit union develop and implement a Restructuring Plan of Action for 2010 and 2011, including annual updates to the Restructuring Plan for subsequent years (Restructuring Plan), designed to enhance revenues, reduce operating costs and implement new loan collections and other procedures in order to allow the credit union to stabilize operations, return to profitability and to rebuild its net capital over time.

The SRI-1 divide the SRI into ten sub-instruments of \$2.2 million each plus interest and the original maturity date of August 11, 2010 is extended to February 25, 2015 (with maturities for the ten \$2.2 million sub-instruments beginning February 12, 2015). The SRI-1 also provides for a reduction in the interest rate under the SRI from 3.25% per annum to the two-year US Treasury rate (0.68%, 0.32% 0.25%, 0.31% and 0.79% effective March 3, 2015, 2014, 2013, 2012 and 2011, respectively) adjusted annually on March 3 of each anniversary of SRI-1, and requires repayments against the capital assistance and interest under the SRI-1 to be made to the Company by the credit union, when the credit union's regulatory net worth exceeds 6.0% of total assets. The SRI-2 is structured similarly to SRI-1, with two sub-instruments of \$2.2 million each plus interest at the two-year US Treasury rate (0.96%, 0.71%, 0.38%, 0.26% and 0.28% effective December 21, 2015, 2014, 2013, 2012 and 2011, respectively) adjusted annually on December 21 of each anniversary of SRI-2, and with maturities for the two \$2.2 million sub-instruments on December 30, 2016. Both SRI-1 and SRI-2 require that accrued and unpaid interest at each annual interest adjustment date be capitalized into the principal balance commencing on March 3, 2011 for SRI-1 and December 21, 2012 for SRI-2.

As noted above, the SRI-1 matured in February 2015 and, given the credit union's financial progress and successfully making six of ten payments aggregating \$13,200,000 on the Amended SRI through January 23, 2015, the Company and the credit union agreed to extend the repayment terms of the final four of the ten sub-instruments within the Amended SRI through December 28, 2016. The extension of Amended SRI repayment terms through December 28, 2016 was incorporated into a Third Amendment to the Special Assistance Agreement and an Amendment One to the Amended SRI, effective January 31, 2015. During 2015, the final six installment payments under SRI-1 (including two installments collected in January 2015 prior to the amendments and extension of SRI-1) were collected in the amount of \$13,864,956.

Every year since 2010, the Company has evaluated the ultimate collectability of SRI-1 and SRI-2, based on various factors including the long-term workout period required before the credit union will be in a position to begin repayment of SRI-1 and SRI-2 and interest thereon. As a result, in 2010, the Company transferred \$22,000,000 of guaranty loss reserves into an allowance for loss account, fully reserving the entire outstanding balance of the SRI-1 as of December 31, 2010. An additional \$4,400,000 of guaranty loss reserves was transferred into an allowance for loss account, fully reserving the entire outstanding balance of the SRI-2 as of December 31, 2011. During the final 3 quarters of 2014 and all of 2015, the credit union had met the SRI regulatory net worth repayment parameters described above, and as a result of the credit union's ability to make payments on SRI-1, the Company re-evaluated its loss reserves (valuation allowance) on the SRI's and reduced the SRI valuation allowance at December 31, 2014 from \$27,482,894 to \$11,364,263. The reduction in the December 31, 2014 valuation allowance of \$16,118,631 approximates the amount of the SRI-1 payments collected in 2014, \$9,223,627, the amount collected on January 23, 2015, \$4,611,813 and the amount that was expected to be collected in April 2015 of \$2,300,000 (full amount was collected in April 2015). An additional \$4,400,000 of guaranty loss reserves was transferred into an allowance for loss account, fully reserving the entire outstanding balance of the SRI-2 since December 31, 2011 and through 2015 until December 31, 2015 when the allowance for loss was reduced to \$0 (see below for full collection in January 2016).

As of December 31, 2015 the original balance of SRI-1 of \$22,000,000 plus \$1,088,583 interest capitalized into the balance through March 3, 2015 was fully paid. These payments consisted of 4 installments paid in 2014 aggregating \$9,223,627 (including \$423,627 of capitalized interest) and 6 installments paid in 2015 aggregating \$13,864,956 (including \$664,956 of capitalized interest).

Also, at January 26, 2016, the original balance of SRI-2 of \$4,400,000 plus \$72,165 of capitalized interest was fully paid and is included as an admitted asset on the balance sheet of the Company at December 31, 2015.

Although the Company does not normally charge a premium under its primary insurance program, the Company's governing Ohio statute and its primary insurance policy permit premiums to be assessed against Primary-insureds in order to ensure that the Company maintains a sufficient equity base for its insurance risk. As a result of escalating risks identified in the state of Nevada in 2009, as discussed above, the Company billed its Primary-insureds a first time ever special premium assessment of \$0.15 per \$100 of each Primary-insured's total shares on December 31, 2009. This special premium assessment generated approximately \$15.2 million of revenues in 2009 but was not collected until 2010, to partially offset the primary insurance losses of over \$32 million discussed above.

On September 30, 2010, the Company again billed its Primary-insureds a special premium assessment of \$0.15 per \$100 of each Primary-insured's total shares. The special premium assessment generated approximately \$16.2 million of revenues in 2010.

On September 30, 2011, the Company billed its Primary-insureds a third special premium assessment of \$0.15 per \$100 of each Primary-insured's total shares. The special premium assessment generated approximately \$16.4 million of revenues in 2011.

On September 30, 2012, the Company billed its Primary-insureds a fourth special premium assessment of \$0.09 per \$100 of each Primary-insured's total shares. The special premium assessment generated approximately \$10.5 million of revenues in 2012.

**NOTES TO FINANCIAL STATEMENTS**

On September 30, 2013, the Company billed its Primary-insureds a fifth special premium assessment of \$0.075 per \$100 of each Primary-insured's total shares. The special premium assessment generated approximately \$9.0 million of revenues in 2013.

As a result of the repayments of the previously fully reserved Special Reserve Instrument (described above) the Company was not required to assess a special premium assessment since 2013.

Since the Company has no specific excess insurance loss events identified at December 31, 2016 and 2015, for which a loss reserve would normally be established, all of the Company's loss reserves related to excess insurance and its unallocated primary insurance loss reserves are treated as unallocated IBNR loss reserves. For purposes of Schedule P, in any given year the cumulative unallocated IBNR loss reserves held are considered to have occurred as follows: (1) 60% in current year; (2) 30% in the previous year; and (3) 10% in the second previous year and have been allocated as such in Schedule P, which is comparable to methods used by other insurance companies with infrequent claims events. Since claims events are rare (infrequent but potentially severe), the typical year shows favorable development. A summary of the favorable loss development for the Company's single line of business ("Other") for 2016 and a reconciliation of loss provision, claims payments, prior year loss development and gross losses incurred in 2016, follows (dollars in thousands):

Year of Development	Col. 1 Prior Year (2015 Loss Reserves Allocated)	Col. 2 Current Year (2016) loss Reserves Allocated	Col. 3 Claims Paid/ (Recovered) in 2016	Col. 4 Current Calendar Year (2015) Losses and LAE Incurred (Col 2 - Col 1)	Col. 5 Unfavorable (Favorable) Development (Col2 - Col 1 + Col3)	Col. 6 Transfers from Guaranty Loss Reserves to Allow. For Loss on Capital Assistance	Col. 7 Gross Losses Incurred (Recoveries) for Current Year IBNR Loss Reserves (Col 4 - Col 5-Col6)
<b>SPECIFIC LOSS EVENTS:</b>							
2007 and prior	\$ 20	\$ 20	\$ -		\$ -		
2008	-	-	-		-		
2009	6,100	3,600	-		(2,500)		
2010	-	-	-		-		
2011	300	300	-		-		
2012	-	-	-		-		
2013	-	-			-		
2014	500	500	-		-		
2015	250	-			(250)		
2016	xxxxxxxxxx	-			xxxxxxxxxx		
Total Specific Loss Reserves	\$ 7,170	\$ 4,420	\$ -				
Increase (Decrease) in Specific Loss Reserves Claims Paid in 2016				\$ (2,750)	\$ (2,750)		\$ -
LAE (Unpaid)	\$ 40	\$ 40					
Other Changes in Development -- (Amount transferred to Allowance for Loss for Capital Assistance) Miscellaneous				(15)			(15)
<b>UNALLOCATED IBNR LOSSES:</b>							
2013	1,697				(1,697)		
2014	5,091	1,540			(3,551)		
2015	10,183	4,620			(5,563)		
2016	xxxxxxxxxx	9,239			xxxxxxxx		
Total Unallocated Loss Reserves	\$ 16,971	\$ 15,399					
Increase (Decrease) in Unallocated Loss Reserves				(1,572)	(10,811)		9,239
Total (Including LAE of \$40,000)	\$ 24,181	\$ 19,859	\$ -	\$ (4,337)	\$ (13,561)	\$ (15)	\$ 9,239

Activity in the reserves for guaranty losses' account for the years ended December 31, 2016 and 2015, is summarized as follows:

**NOTES TO FINANCIAL STATEMENTS**

	2016	2015
Balance -- January 1	\$ 24,141,000	\$ 24,427,000
Reserves provided (recovered) for losses incurred in:		
Current year	9,239,400	10,432,600
Prior years	(13,561,400)	(9,449,460)
Provision for allowance for loss on capital assistance	<u>(15,000)</u>	<u>(41,000)</u>
Total provision/(recoveries) for losses incurred	<u>(4,337,000)</u>	<u>942,140</u>
Less: Claims paid (net) on losses incurred in:		
Current year	-	-
Prior years	<u>-</u>	<u>1,269,140</u>
Total claims paid – net	<u>-</u>	<u>1,269,140</u>
Less reserves reclassified to allowance for losses on notes and other receivables related to losses in previous years	(15,000)	(41,000)
Balance -- December 31	<u><u>\$ 19,819,000</u></u>	<u><u>\$ 24,141,000</u></u>

Losses incurred (recoveries - net) in Statement of Income of \$(10,483,168) in 2015 include provision for loss of \$942,140 and recoveries of \$(11,425,308) related to advances to troubled credit unions.

26. Intercompany Pooling Arrangements – Does not apply.

27. Structured Settlements – Does not apply.

28. Health Care Receivables – Does not apply.

29. Participating Policies – Does not apply.

30. Premium Deficiency Reserves

The Company provides deposit insurance to participating credit unions under the Company's primary and excess contracts. Under the primary insurance contract, a deposit of 1.3% of the member's year-end share balance is required. These capitalization deposits are non-interest bearing and the investment earnings therefrom are used to fund the Company's deposit insurance programs in lieu of a normal premium charge. Special Premium Assessments may be charged from time to time against insured credit unions to fund claims activity during unusual times, such as in 2009 - 2013, in order to maintain the insurance fund at a regulatory acceptable primary insurance equity ratio (currently the equity ratio is 1.67% of primary insurance fund equity to primary insured shares). Even so, the deposits for the primary and excess deposit contracts are at-risk to the insured credit unions and ultimately can act as a reserve that is available to pay claims if needed. The aggregate of capitalization deposits that are available to pay claims are \$191,798,890 at December 31, 2016. Therefore the Company has determined there is not a need for a premium deficiency reserve and none has been recorded at December 31, 2016. This evaluation was completed on January 26, 2017. The Company considers investment income when evaluating the need for premium deficiency reserves.

1. Liability carried for premium deficiency reserves \$ .....

2. Date of the most recent evaluation of this liability 01/26/2017

3. Was anticipated investment income utilized in the calculation? Yes (X) No ( )

31. High Deductibles – Does not apply.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses – Does not apply.

33. Asbestos/Environmental Reserves – Does not apply.

34. Subscriber Savings Accounts – Does not apply.

35. Multiple Peril Crop Insurance – Does not apply.

36. Financial Guaranty Insurance – Does not apply.

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

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ( )  
 If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No ( ) N/A ( )

1.3 State Regulating? Ohio  
 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)  
 2.2 If yes, date of change: .....  
 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012  
 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012  
 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/15/2014  
 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 ( ) No ( ) N/A (X)  
 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.11 sales of new business? Yes ( ) No (X)  
 4.12 renewals? Yes ( ) No (X)  
 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.21 sales of new business? Yes ( ) No (X)  
 4.22 renewals? Yes ( ) No (X)  
 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)  
 5.2 If yes, provide the name of entity, the NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
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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(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).  

1 Nationality	2 Type of Entity
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 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No (X)  
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. ....  
 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No (X)  
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
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9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 DELOITTE & TOUCHE LLP, 180 E BROAD ST., COLUMBUS, OH 43215

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes ( ) No (X)  
 10.2 If the response to 10.1 is yes, provide information related to this exemption: .....  
 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 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 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?  
Ms. Martha Winslow, FCAS, MAAA, CERA, Willis Towers Watson, 8400 Normandale Lake Blvd., Suite 1700, Minneapolis, MN 55437-3837

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

12.11 Name of real estate holding company \_\_\_\_\_

12.12 Number of parcels involved \_\_\_\_\_

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

12.2 If yes, provide explanation \_\_\_\_\_

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code. Yes (X) No ( )

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

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 issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

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

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

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

**FINANCIAL**

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

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

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

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

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

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

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

21.21 Rented from others	\$.....
21.22 Borrowed from others	\$.....
21.23 Leased from others	\$.....
21.24 Other	\$.....

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

22.2 If answer is yes:

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

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

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

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

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes (X) No ( )

24.02 If no, give full and complete information relating thereto:

24.03 For the 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 Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)

24.05 If answer to 24.04 is YES, report amount of collateral for conforming programs. \$ .....

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

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ( ) No ( ) 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 reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....

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

24.103 Total payable for securities lending reported on the liability page \$ .....

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes (X) No ( )

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

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

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount	
26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ( ) No (X)			
26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes ( ) No ( ) N/A (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 31 of the current year. \$ .....			
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )			
28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:			
1 Name of Custodian(s)	2 Custodian's Address	3	
Fifth Third Trust .....	21 E. State St., Columbus, OH 43215 .....		
US Bank Institutional Trust & Custody .....	425 E. Walnut St., Cincinnati, OH 45202 .....		
FHLB of Cincinnati .....	221 E. 4th, Suite 1000, Cincinnati, OH 45202 .....		
28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:			
1 Name (s)	2 Location (s)	3 Complete Explanation (s)	
28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes (X) No ( )			
28.04 If yes, give full and complete information relating thereto:			
1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
JP Morgan Chase Trust .....	07/31/2016 .....	Account closed all assets transferred to US Bank .....	

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

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
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NONE .....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes ( ) No (X)

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes ( ) No (X)

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identified (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
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29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes ( ) No (X)

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
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29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
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30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	\$ ..... 199,337,709	\$ ..... 196,953,929	\$ ..... (2,383,780)
30.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
30.3 Totals .....	\$ ..... 199,337,709	\$ ..... 196,953,929	\$ ..... (2,383,780)

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

Custodial market values compared to independent broker market values & published quotes.

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

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

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC 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? \$ .....

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

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

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

34.1 Amount of payments for legal expenses, if any? \$ ..... 203,802

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

1 Name	2 Amount Paid
BENESCH, FREIDLander, COPLAN .....	\$ ..... 60,622
FENNEMORE CRAIG, PC .....	\$ ..... 86,782
.....	\$ .....
.....	\$ .....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ ..... 460,305

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

1 Name	2 Amount Paid
G. DUANE WELSH .....	\$ ..... 136,000
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES****PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes ( ) No (X)	
1.2	If yes, indicate premium earned on U.S. business only.	\$.....	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....	
1.31	Reason for excluding:	.....	
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above.	\$.....	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$.....	
1.6	Individual policies:	Most current three years: 1.61 Total premium earned 1.62 Total incurred claims 1.63 Number of covered lives ..... All years prior to most current three years: 1.64 Total premium earned 1.65 Total incurred claims 1.66 Number of covered lives .....	\$..... \$..... \$..... \$..... \$..... \$.....
1.7	Group policies:	Most current three years: 1.71 Total premium earned 1.72 Total incurred claims 1.73 Number of covered lives ..... All years prior to most current three years: 1.74 Total premium earned 1.75 Total incurred claims 1.76 Number of covered lives .....	\$..... \$..... \$..... \$..... \$..... \$.....
2.	Health Test:	1 Current Year 2 Prior Year 2.1 Premium Numerator 2.2 Premium Denominator 2.3 Premium Ratio (Line 2.1/Line 2.2) 2.4 Reserve Numerator 2.5 Reserve Denominator 2.6 Reserve Ratio (Line 2.4/Line 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 3.22 Non-participating policies	\$..... \$.....	
4.	For Mutual reporting entities and Reciprocal Exchange only:	.....	
4.1	Does the reporting entity issue assessable policies?	Yes ( ) No (X)	
4.2	Does the reporting entity issue non-assessable policies?	Yes ( ) No (X)	
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	..... %	
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$.....	
5.	For Reciprocal Exchanges only:	.....	
5.1	Does the exchange appoint local agents?	Yes ( ) No ( )	
5.2	If yes, is the commission paid:	..... 5.21 Out of Attorney's-in-fact compensation 5.22 As a direct expense of the exchange ..... Yes ( ) No ( ) N/A (X) Yes ( ) No ( ) N/A (X)	
5.3	What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?	.....	
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?	Yes ( ) No (X)	
5.5	If yes, give full information.	.....	
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?	..... Does not apply.	
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:	..... Gross loss exposure based on monthly financial statements from insureds, reduced by expected collections on assets to arrive at net loss reserve.	
6.3	What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?	..... Co. has \$7.5 mill in reserves & at-risk cap. dep. (agg. \$3,025 mill) for its excess program & can reassess the deposits. For prim. prog. co. can also assess up to 3% for each CU ins. shares & holds at-risk cap. deposits of 1.3% (\$189 mill). Hist. avg claims have been 3% of assets of failed CU.	

**GENERAL INTERROGATORIES****PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes ( ) No (X)

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
Company holds \$188.8 million at-risk capitalization deposits from the insureds that are available to pay claims and may be reassessed under statute.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes ( ) No (X)

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

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 (X)

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 the 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. Yes ( ) No (X)  
Yes ( ) No (X)  
Yes ( ) No (X)

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

11.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes ( ) No (X)

11.2 If yes, give full information.

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

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes ( ) No ( ) N/A (X)

**GENERAL INTERROGATORIES****PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

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 the 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 the current year:

12.61 Letters of credit	\$.....
12.62 Collateral and other funds	\$.....

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

\$ ... 1,111,055,316

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:

.....

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

\* Disclose type of coverage:

.....

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5?

Yes ( ) No (X)

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5.

Provide the following information for this exemption:

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

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

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

18.1 Do you act as a custodian for health savings accounts?

Yes ( ) No (X)

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

\$.....

18.3 Do you act as an administrator for health savings accounts?

Yes ( ) No (X)

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

\$.....

**FIVE-YEAR HISTORICAL DATA**

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

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 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 and 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	246,118	227,657	251,246	249,743	270,644
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	246,118	227,657	251,246	249,743	270,644
<b>Net Premiums Written (Page 8, Part 1B, Column 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 and 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	209,656	190,115	210,866	210,339	231,102
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)					
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	209,656	190,115	210,866	210,339	231,102
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(3,369,173)	2,639,148	8,309,229	(10,232,359)	(12,427,918)
14. Net investment gain (loss) (Line 11)	2,172,518	1,658,247	1,476,886	1,609,869	2,093,232
15. Total other income (Line 15)	1,289,341	1,146,866	1,237,550	10,246,914	11,730,339
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	1,100	9,400	4,900	3,500	4,500
18. Net income (Line 20)	91,586	5,434,861	11,018,765	1,620,924	1,391,153
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	262,817,084	249,230,894	230,350,794	230,166,170	223,033,328
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	62,460	53,610	64,320	61,950	62,670
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	24,631,519	29,812,082	28,040,074	41,391,898	39,689,621
22. Losses (Page 3, Line 1)	19,819,000	24,141,000	24,427,000	37,121,000	36,675,000
23. Loss adjustment expenses (Page 3, Line 3)	40,000	40,000	40,000	40,000	40,000
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Line 30 and Line 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	238,185,564	219,418,813	202,310,720	188,074,272	183,343,707
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	(4,971,422)	(5,965,672)	(17,487,740)	2,558,885	6,982,119
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	238,185,564	219,418,813	202,310,720	188,074,272	183,343,707
29. Authorized control level risk-based capital	2,525,802	2,074,676	2,109,878	2,959,516	3,018,277
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b> (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	71.4	72.0	76.6	75.9	74.2
31. Stocks (Line 2.1 and Line 2.2)	8.6	8.9	9.4	9.3	9.7
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)	0.2	0.2	0.2	0.3	0.3
34. Cash, cash equivalents and short-term investments (Line 5)	19.9	17.0	11.7	14.5	15.9
35. Contact loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)		1.9	2.1		
38. Receivables 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 (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)	22,012,398	21,728,955	21,526,852	21,314,099	20,481,355
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 through Line 47	22,012,398	21,728,955	21,526,852	21,314,099	20,481,355
49. Total investment in parent included in Line 42 through Line 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)	9.3	9.9	10.6	11.3	11.2

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24)	278,842	202,103	212,753	194,894	118,150
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	18,766,766	17,108,084	14,236,442	4,730,568	9,953,057
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 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 and 19.3, 19.4)					
55. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	(15,000)	(10,197,168)	(2,116,359)	3,220,000	240,570
58. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
59. Total (Line 35)	(15,000)	(10,197,168)	(2,116,359)	3,220,000	240,570
<b>Net Losses Paid (Page 9, Part 2, Column 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 and 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	(15,000)	(10,197,168)	(2,116,359)	3,220,000	240,570
64. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
65. Total (Line 35)	(15,000)	(10,197,168)	(2,116,359)	3,220,000	240,570
<b>Operating Percentages (Page 4)</b> (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)	(2,068.6)	(5,514.1)	(7,023.6)	1,742.9	2,644.1
68. Loss expenses incurred (Line 3)	222.1	245.8	213.2	225.3	251.1
69. Other underwriting expenses incurred (Line 4)	3,553.5	3,980.1	2,969.8	2,996.5	2,582.5
70. Net underwriting gain (loss) (Line 8)	(1,607.0)	1,388.2	3,940.5	(4,864.7)	(5,377.7)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	2,938.5	3,376.9	2,382.9	(1,875.1)	(2,493.4)
72. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	(1,846.5)	(5,268.3)	(6,810.4)	1,968.2	2,895.2
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	0.1	0.1	0.1	0.1	0.1
<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, Column 11)	(18,033)	(23,315)	(18,499)	(5,345)	(1,681)
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, Column 1 x 100.0)	(8.2)	(11.5)	(9.8)	(2.9)	(1.0)
<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, Column 12)	(35,535)	(37,156)	(19,810)	(4,855)	7,608
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, Column 2 x 100.0)	(17.6)	(19.8)	(10.8)	(2.8)	4.5

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

Yes ( ) No ( )

**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 (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 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									XXX	
2. 2007	1,713	223	1,490									XXX	
3. 2008	1,446	200	1,246		2,445						2,445	XXX	
4. 2009	542	191	351		19,476						19,476	XXX	
5. 2010	469	121	348		3,150						3,150	XXX	
6. 2011	297	44	253		158						158	XXX	
7. 2012	271	40	231		1,254						1,254	XXX	
8. 2013	248	39	209									XXX	
9. 2014	251	40	211		15						15	XXX	
10. 2015	228	38	190									XXX	
11. 2016	246	36	210									XXX	
12. Totals	XXX	XXX	XXX	26,498						23,846	26,498	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Total Net Losses and Expenses Unpaid	24 Number of Claims Outstanding - Direct & Assumed		
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded						
1.	20										11	20		
2.												XXX		
3.												XXX		
4.	3,600										631	3,600		
5.											28	XXX		
6.	300										249	300		
7.											538	XXX		
8.											326	XXX		
9.	500		1,540								1,083	2,040		
10.			4,620								1,232	4,620		
11.			9,239								1,302	9,279		
12.	4,420		15,399						40		5,400	19,859		

	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
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	20	
2.											
3.	2,445		2,445	169.1			196.2				
4.	23,076		23,076	4,257.6			6,574.4				3,600
5.	3,150		3,150	671.6			905.2				300
6.	458		458	154.2			181.0				
7.	1,254		1,254	462.7			542.9				
8.											
9.	2,055		2,055	818.7			973.9				2,040
10.	4,620		4,620	2,026.3			2,431.6				4,620
11.	9,279		9,279	3,772.0			4,418.6				9,279
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	19,819	40

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year
1. Prior	12,563	10,123	9,486	9,581	9,656	9,656	9,656	9,656	9,656	9,656		
2. 2007	4,945	1,962	852									
3. 2008	XXX	6,293	4,626	3,460	2,465	2,465	2,445	2,445	2,445	2,445		
4. 2009	XXX	XXX	36,752	42,527	54,279	54,755	54,255	43,913	30,048	23,076	(6,972)	(20,837)
5. 2010	XXX	XXX	XXX	7,473	4,417	3,773	3,150	3,150	3,150	3,150		
6. 2011	XXX	XXX	XXX	XXX	5,491	3,978	1,947	458	458	458		
7. 2012	XXX	XXX	XXX	XXX	XXX	7,641	5,470	2,836	1,254	1,254		(1,582)
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	8,941	4,907	1,697		(1,697)	(4,907)
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,264	5,606	2,055	(3,551)	(8,209)
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,433	4,620		(5,813)	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,239	XXX	XXX
											12. Totals	(18,033)
												(35,535)

**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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016		
1. Prior	0 0 0	9,266	9,263	9,261	9,261	9,636	9,636	9,636	9,636	9,636	XXX	XXX
2. 2007												XXX
3. 2008	XXX		2,350	2,445	2,445	2,445	2,445	2,445	2,445	2,445	XXX	XXX
4. 2009	XXX	XXX	7,240	29,240	33,640	33,355	33,355	37,813	23,948	19,476	XXX	XXX
5. 2010	XXX	XXX	XXX				3,150	3,150	3,150	3,150	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	157	157	157	158	158	158	XXX	XXX
7. 2012	XXX	XXX	XXX	XXX	XXX				1,254	1,254	XXX	XXX
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX			15	15	XXX	XXX
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior	3,297	637								
2. 2007	4,945	1,912	752							
3. 2008	XXX	3,823	2,256	995						
4. 2009	XXX	XXX	4,512	2,987	839					
5. 2010	XXX	XXX	XXX	5,973	2,517	1,173				
6. 2011	XXX	XXX	XXX	XXX	5,034	3,521	1,490			
7. 2012	XXX	XXX	XXX	XXX	XXX	7,041	4,470	1,636		
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	8,941	4,907	1,697	
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,814	5,091	1,540
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,183	4,620	
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,239

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL E								
2. Alaska	AK N								
3. Arizona	AZ E								
4. Arkansas	AR N								
5. California	CA E	246,118	246,118					300,000	
6. Colorado	CO N								
7. Connecticut	CT N								
8. Delaware	DE N								
9. Dist. Columbia	DC N								
10. Florida	FL N								
11. Georgia	GA N								
12. Hawaii	HI N								
13. Idaho	ID L						(250,000)	500,000	
14. Illinois	IL L								
15. Indiana	IN E								
16. Iowa	IA N								
17. Kansas	KS N								
18. Kentucky	KY N								
19. Louisiana	LA N								
20. Maine	ME L								
21. Maryland	MD N								
22. Massachusetts	MA N								
23. Michigan	MI N								
24. Minnesota	MN N								
25. Mississippi	MS N								
26. Missouri	MO N								
27. Montana	MT N								
28. Nebraska	NE N								
29. Nevada	NV E				(15,000)		(2,515,000)	3,600,000	
30. New Hampshire	NH L								
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							20,000	
36. Ohio	OH L								
37. Oklahoma	OK N								
38. Oregon	OR N								
39. Pennsylvania	PA N								
40. Rhode Island	RI N								
41. South Carolina	SC N								
42. South Dakota	SD N								
43. Tennessee	TN N								
44. Texas	TX E								
45. Utah	UT N								
46. Vermont	VT N								
47. Virginia	VA N								
48. Washington	WA N								
49. West Virginia	WV N								
50. Wisconsin	WI N								
51. Wyoming	WY N								
52. American Samoa	AS N								
53. Guam	GU N								
54. Puerto Rico	PR N								
55. U.S. Virgin Islands	VI N								
56. Northern Mariana Islands	MP N								
57. Canada	CAN N								
58. Aggregate other alien	OT XXX						(1,572,000)	15,399,000	
59. Totals	(a) 5	246,118	246,118		(15,000)	(4,337,000)	19,819,000		
<b>DETAILS OF WRITE-INS</b>									
58001. UNASSIGNED	XXX						(1,572,000)	15,399,000	
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Line 58001 through 58003+58998) (Line 58 above)	XXX						(1,572,000)	15,399,000	

(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.

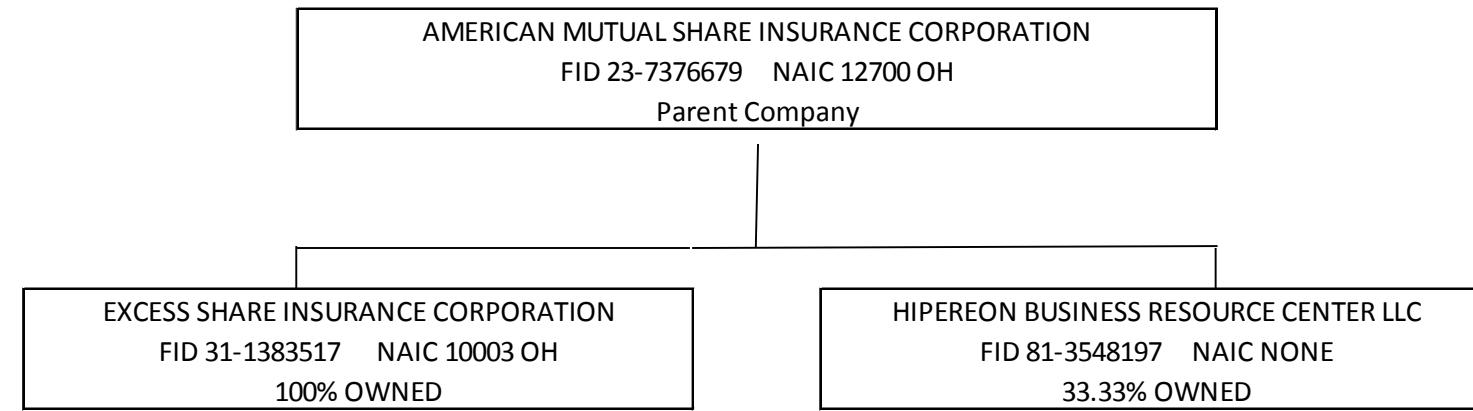
## Explanation of basis of allocation of premiums by states, etc.

Premiums are reported in the states where written/earned for those states where the insured risks are located. Unassigned relates solely to general unallocated loss reserve additions and held unallocated loss reserves and, due to their nature, are not able to be allocated by state.

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE American Mutual Share Insurance Corporation  
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

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# Property and Casualty

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# Property and Casualty

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