**PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION**

# ANNUAL STATEMENT

**For the Year Ended December 31, 2016**

OF THE CONDITION AND AFFAIRS OF THE

# GRANGE MUTUAL CASUALTY COMPANY

NAIC Group Code 00267 (Current Period), 00267 (Prior Period) NAIC Company Code 14060 Employer's ID Number 31-4192970

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

Country of Domicile United States

Incorporated/Organized 03/25/1935 Commenced Business 04/20/1935

Statutory Home Office 671 South High Street (Street and Number), Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code)

Main Administrative Office 671 South High Street (Street and Number) Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code) 614-445-2900 (Area Code) (Telephone Number)

Mail Address 671 South High Street (Street and Number or P.O. Box), Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 671 South High Street (Street and Number) Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code) 614-445-2900 (Area Code) (Telephone Number)

Internet Web Site Address www.grangeinsurance.com

Statutory Statement Contact David Sidney Ackermann (Name) 614-445-2900 (Area Code) (Telephone Number) (Extension)

ackermannd@grangeinsurance.com (E-Mail Address) 614-449-3757 (Fax Number)

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| JOHN (NMN) AMMENDOLA | PRESIDENT & CEO | LAVAWN DEE COLEMAN | EVP & SECRETARY |
| TERESA JEAN DALENTA # | EVP & CFO | | |

## OTHER OFFICERS

| | | | |
|---|---|---|---|
| MICHELLE RENEE BENZ | EVP - CHIEF SALES & MARKETING OFFICER | DOREEN YVONNE DELANEY | EVP - CHIEF OPERATIONS OFFICER |
| JOHN HOAGLAND NORTH | EVP - PRESIDENT - PERSONAL LINES | LINDA MARKO ROUBINEK | EVP - CHIEF CUSTOMER INTERACTIONS OFFICER |
| MICHAEL ANTHONY WINNER | EVP - PRESIDENT - COMMERCIAL LINES | | |

## DIRECTORS OR TRUSTEES

| | | | |
|---|---|---|---|
| JOHN (NMN) AMMENDOLA | MARK LEWIS BOXER | DOUGLAS PAUL BUTH | GLENN EUGENE CORLETT |
| TERESA JEAN DALENTA # | MICHAEL DESMOND FRAIZER # | ROBERT ENLOW HOYT | MARY MARNETTE PERRY |
| THOMAS SIMRALL STEWART | DAVID CHARLES WETMORE | CHRISTIANNA (NMN) WOOD | |

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.

| JOHN (NMN) AMMENDOLA | LAVAWN DEE COLEMAN | TERESA JEAN DALENTA |
|---|---|---|
| PRESIDENT & CEO | EVP & SECRETARY | EVP & CFO |

Subscribed and sworn to before me this 21st 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

Teresa J. Burchwell, Notary Public
April 28, 2017

# ASSETS

| | | Current Year | | | Prior Year |
|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 |
| | | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | Net Admitted Assets |
| 1. | Bonds (Schedule D) | 1,068,483,039 | | 1,068,483,039 | 1,046,813,528 |
| 2. | Stocks (Schedule D): | | | | |
| | 2.1 Preferred stocks | 12,174,389 | | 12,174,389 | 14,368,467 |
| | 2.2 Common stocks | 670,047,816 | 2,000 | 670,045,816 | 568,926,607 |
| 3. | Mortgage loans on real estate (Schedule B): | | | | |
| | 3.1 First liens | 2,268,643 | | 2,268,643 | 2,834,507 |
| | 3.2 Other than first liens | | | 0 | 0 |
| 4. | Real estate (Schedule A): | | | | |
| | 4.1 Properties occupied by the company (less $ ........ encumbrances) | 89,894,812 | | 89,894,812 | 94,146,024 |
| | 4.2 Properties held for the production of income (less $ ........ encumbrances) | 10,844,270 | | 10,844,270 | 11,203,722 |
| | 4.3 Properties held for sale (less $ ........ encumbrances) | | | 0 | 0 |
| 5. | Cash ($ 50,999,603 , Schedule E-Part 1), cash equivalents ($ 0 , Schedule E-Part 2) and short-term investments ($ 0 , Schedule DA) | 50,999,603 | | 50,999,603 | 35,347,552 |
| 6. | Contract loans (including $ ........ premium notes) | | | 0 | 0 |
| 7. | Derivatives (Schedule DB) | 0 | | 0 | 0 |
| 8. | Other invested assets (Schedule BA) | 105,938,822 | | 105,938,822 | 107,495,941 |
| 9. | Receivables for securities | 39,676 | | 39,676 | 715,781 |
| 10. | Securities lending reinvested collateral assets (Schedule DL) | 25,799,545 | | 25,799,545 | 31,573,941 |
| 11. | Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. | Subtotals, cash and invested assets (Lines 1 to 11) | 2,036,490,615 | 2,000 | 2,036,488,615 | 1,913,426,070 |
| 13. | Title plants less $ ........ charged off (for Title insurers only) | | | 0 | 0 |
| 14. | Investment income due and accrued | 10,447,510 | | 10,447,510 | 10,338,966 |
| 15. | Premiums and considerations: | | | | |
| | 15.1 Uncollected premiums and agents' balances in the course of collection | 198,718,891 | 1,171,617 | 197,547,274 | 199,247,900 |
| | 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 783,083 earned but unbilled premiums) | 813,504 | 30,421 | 783,083 | 622,507 |
| | 15.3 Accrued retrospective premiums ($ ........) and contracts subject to redetermination ($ ........) | | | 0 | 0 |
| 16. | Reinsurance: | | | | |
| | 16.1 Amounts recoverable from reinsurers | 358,195 | | 358,195 | (5,937) |
| | 16.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| | 16.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 17. | Amounts receivable relating to uninsured plans | | | 0 | 0 |
| 18.1 | Current federal and foreign income tax recoverable and interest thereon | 14,487,853 | | 14,487,853 | 18,368,991 |
| 18.2 | Net deferred tax asset | 42,705,251 | | 42,705,251 | 41,662,390 |
| 19. | Guaranty funds receivable or on deposit | | | 0 | 0 |
| 20. | Electronic data processing equipment and software | 17,864,079 | 14,079,402 | 3,784,677 | 2,746,468 |
| 21. | Furniture and equipment, including health care delivery assets ($ ........) | 3,716,899 | 3,716,899 | 0 | 0 |
| 22. | Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 23. | Receivables from parent, subsidiaries and affiliates | 4,635,442 | | 4,635,442 | 5,047,525 |
| 24. | Health care ($ ........) and other amounts receivable | | | 0 | 0 |
| 25. | Aggregate write-ins for other-than-invested assets | 6,411,803 | 5,986,645 | 425,158 | 749,868 |
| 26. | Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 2,336,650,042 | 24,986,984 | 2,311,663,058 | 2,192,204,748 |
| 27. | From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 28. | Total (Lines 26 and 27) | 2,336,650,042 | 24,986,984 | 2,311,663,058 | 2,192,204,748 |
| **DETAILS OF WRITE-INS** | | | | | |
| 1101. | | | | 0 | 0 |
| 1102. | | | | 0 | 0 |
| 1103. | | | | 0 | 0 |
| 1198. | Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. | Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 | 0 |
| 2501. | Prepaid Pension Expense | 24,937,254 | 24,937,254 | 0 | 0 |
| 2502. | Overfunded Plan Asset | (24,937,254) | (24,937,254) | 0 | 0 |
| 2503. | Personal Loans | 5,986,645 | 5,986,645 | 0 | 0 |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | 425,158 | 0 | 425,158 | 749,868 |
| 2599. | Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 6,411,803 | 5,986,645 | 425,158 | 749,868 |

# LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|
| 1. Losses (Part 2A, Line 35, Column 8) | 449,830,719 | 445,598,265 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) | (19,177) | 0 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) | 135,120,251 | 120,585,657 |
| 4. Commissions payable, contingent commissions and other similar charges | 20,429,730 | 17,025,860 |
| 5. Other expenses (excluding taxes, licenses and fees) | 37,158,471 | 30,747,965 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | 10,794,575 | 11,212,294 |
| 7.1 Current federal and foreign income taxes (including $ 7,566,920 on realized capital gains (losses)) | | 0 |
| 7.2 Net deferred tax liability | | 0 |
| 8. Borrowed money $ 60,000,000 and interest thereon $ 115,000 | 60,115,000 | 0 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 77,332,707 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) | 392,465,708 | 402,980,209 |
| 10. Advance premium | 2,417,565 | 2,642,898 |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders | | 0 |
| 11.2 Policyholders | 2,051,990 | 1,679,332 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | 4,848,708 | 3,063,768 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) | | 0 |
| 14. Amounts withheld or retained by company for account of others | 145,401 | 138,676 |
| 15. Remittances and items not allocated | | 0 |
| 16. Provision for reinsurance (including $ certified) (Schedule F, Part 8) | 0 | 0 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | | 0 |
| 18. Drafts outstanding | (272,866) | 849,144 |
| 19. Payable to parent, subsidiaries and affiliates | | 0 |
| 20. Derivatives | 0 | 0 |
| 21. Payable for securities | | 0 |
| 22. Payable for securities lending | 25,799,545 | 31,573,941 |
| 23. Liability for amounts held under uninsured plans | | 0 |
| 24. Capital notes $ and interest thereon $ | | 0 |
| 25. Aggregate write-ins for liabilities | 63,955,743 | 56,022,000 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 1,204,841,363 | 1,124,120,009 |
| 27. Protected cell liabilities | | 0 |
| 28. Total liabilities (Lines 26 and 27) | 1,204,841,363 | 1,124,120,009 |
| 29. Aggregate write-ins for special surplus funds | 0 | 0 |
| 30. Common capital stock | | 0 |
| 31. Preferred capital stock | | 0 |
| 32. Aggregate write-ins for other-than-special surplus funds | 0 | 0 |
| 33. Surplus notes | | 35,000,000 |
| 34. Gross paid in and contributed surplus | | 0 |
| 35. Unassigned funds (surplus) | 1,106,821,695 | 1,033,084,739 |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 30 $ ) | | 0 |
| 36.2 shares preferred (value included in Line 31 $ ) | | 0 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) | 1,106,821,695 | 1,068,084,739 |
| 38. Totals (Page 2, Line 28, Col. 3) | 2,311,663,058 | 2,192,204,748 |
| **DETAILS OF WRITE-INS** | | |
| 2501. Reserve for checks written off | 2,531,423 | 2,142,996 |
| 2502. Deferred compensation | 20,029,992 | 20,658,974 |
| 2503. Liability for Benefit Plans | 35,948,209 | 31,829,978 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 5,446,119 | 1,390,052 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 63,955,743 | 56,022,000 |
| 2901. | | 0 |
| 2902. | | 0 |
| 2903. | | 0 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 0 | 0 |
| 3201. | | 0 |
| 3202. | | 0 |
| 3203. | | 0 |
| 3298. Summary of remaining write-ins for Line 32 from overflow page | 0 | 0 |
| 3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above) | 0 | 0 |

# STATEMENT OF INCOME

| | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|
| **UNDERWRITING INCOME** | | |
| 1. Premiums earned (Part 1, Line 35, Column 4) | 993,573,503 | 1,029,284,216 |
| DEDUCTIONS: | | |
| 2. Losses incurred (Part 2, Line 35, Column 7) | 493,642,209 | 589,664,488 |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) | 125,022,128 | 121,982,320 |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) | 318,266,838 | 314,572,883 |
| 5. Aggregate write-ins for underwriting deductions | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5) | 936,931,175 | 1,026,219,691 |
| 7. Net income of protected cells | | 0 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) | 56,642,328 | 3,064,525 |
| **INVESTMENT INCOME** | | |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) | 30,339,033 | 31,996,018 |
| 10. Net realized capital gains (losses) less capital gains tax of $ 7,566,920 (Exhibit of Capital Gains (Losses)) | 23,920,758 | 23,804,054 |
| 11. Net investment gain (loss) (Lines 9 + 10) | 54,259,791 | 55,800,072 |
| **OTHER INCOME** | | |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered $ 103,687 amount charged off $ 5,631,044 ) | (5,527,357) | (5,994,068) |
| 13. Finance and service charges not included in premiums | 8,280,940 | 9,245,824 |
| 14. Aggregate write-ins for miscellaneous income | 157,738 | 357,202 |
| 15. Total other income (Lines 12 through 14) | 2,911,321 | 3,608,958 |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 113,813,440 | 62,473,555 |
| 17. Dividends to policyholders | 3,031,059 | 2,770,955 |
| 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) | 110,782,381 | 59,702,600 |
| 19. Federal and foreign income taxes incurred | 28,240,778 | 2,530,328 |
| 20. Net income (Line 18 minus Line 19) (to Line 22) | 82,541,603 | 57,172,272 |
| **CAPITAL AND SURPLUS ACCOUNT** | | |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) | 1,068,084,739 | 1,047,298,021 |
| 22. Net income (from Line 20) | 82,541,603 | 57,172,272 |
| 23. Net transfers (to) from Protected Cell accounts | | 0 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 1,916,618 | (3,815,140) | (32,736,643) |
| 25. Change in net unrealized foreign exchange capital gain (loss) | | 0 |
| 26. Change in net deferred income tax | 2,959,479 | (5,461,582) |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) | 20,461,098 | (19,162,032) |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) | 0 | 0 |
| 29. Change in surplus notes | (35,000,000) | 0 |
| 30. Surplus (contributed to) withdrawn from protected cells | | 0 |
| 31. Cumulative effect of changes in accounting principles | | 0 |
| 32. Capital changes: | | |
| 32.1 Paid in | | 0 |
| 32.2 Transferred from surplus (Stock Dividend) | | 0 |
| 32.3 Transferred to surplus | | 0 |
| 33. Surplus adjustments: | | |
| 33.1 Paid in | | 0 |
| 33.2 Transferred to capital (Stock Dividend) | | 0 |
| 33.3 Transferred from capital | | 0 |
| 34. Net remittances from or (to) Home Office | | 0 |
| 35. Dividends to stockholders | | 0 |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) | 0 | 0 |
| 37. Aggregate write-ins for gains and losses in surplus | (28,410,084) | 20,974,703 |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37) | 38,736,956 | 20,786,718 |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) | 1,106,821,695 | 1,068,084,739 |
| **DETAILS OF WRITE-INS** | | |
| 0501. | | 0 |
| 0502. | | 0 |
| 0503. | | 0 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | 0 | 0 |
| 1401. Miscellaneous income | 157,738 | 357,202 |
| 1402. | | 0 |
| 1403. | | 0 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 157,738 | 357,202 |
| 3701. Change in Deferred Gain | (4,306,499) | 0 |
| 3702. Transition Liability for Benefit Plans | | (4,492,622) |
| 3703. Change in Funded Status - Benefit Plans | (24,103,585) | 16,530,727 |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | 0 | 8,936,598 |
| 3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | (28,410,084) | 20,974,703 |

# CASH FLOW

| | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|
| **Cash from Operations** | | |
| 1. Premiums collected net of reinsurance | 986,177,725 | 1,026,742,625 |
| 2. Net investment income | 44,534,115 | 49,068,720 |
| 3. Miscellaneous income | 2,911,321 | 3,608,958 |
| 4. Total (Lines 1 through 3) | 1,033,623,161 | 1,079,420,303 |
| 5. Benefit and loss related payments | 489,793,064 | 530,764,757 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 419,630,800 | 425,775,932 |
| 8. Dividends paid to policyholders | 2,658,401 | 2,217,364 |
| 9. Federal and foreign income taxes paid (recovered) net of $ 7,566,920 tax on capital gains (losses) | 31,926,560 | 26,819,022 |
| 10. Total (Lines 5 through 9) | 944,008,825 | 985,577,076 |
| 11. Net cash from operations (Line 4 minus Line 10) | 89,614,336 | 93,843,228 |
| **Cash from Investments** | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 254,448,310 | 276,460,444 |
| 12.2 Stocks | 225,966,374 | 114,413,632 |
| 12.3 Mortgage loans | 575,069 | 439,357 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 7,881,727 | 12,538,400 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | (30,866) |
| 12.7 Miscellaneous proceeds | 676,105 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 489,547,585 | 403,820,967 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 275,493,194 | 261,497,654 |
| 13.2 Stocks | 310,233,541 | 220,931,051 |
| 13.3 Mortgage loans | 0 | 0 |
| 13.4 Real estate | 447,127 | 616,904 |
| 13.5 Other invested assets | 1,000,000 | 7,000,000 |
| 13.6 Miscellaneous applications | 0 | 3,520,679 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 587,173,862 | 493,566,288 |
| 14. Net increase (decrease) in contract loans and premium notes | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | (97,626,277) | (89,745,321) |
| **Cash from Financing and Miscellaneous Sources** | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | (35,000,000) | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 0 | 0 |
| 16.3 Borrowed funds | 60,000,000 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | 0 |
| 16.5 Dividends to stockholders | 0 | 0 |
| 16.6 Other cash provided (applied) | (1,336,008) | (15,729,211) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | 23,663,992 | (15,729,211) |
| **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 15,652,051 | (11,631,304) |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 35,347,552 | 46,978,856 |
| 19.2 End of year (Line 18 plus Line 19.1) | 50,999,603 | 35,347,552 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

| | Line of Business | 1<br>Net Premiums Written per Column 6, Part 1B | 2<br>Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1 | 3<br>Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A | 4<br>Premiums Earned During Year (Cols. 1 + 2 - 3) |
|---|---|---|---|---|---|
| 1. | Fire | 14,687,910 | 7,999,601 | 8,033,563 | 14,653,948 |
| 2. | Allied lines | 7,762,788 | 4,288,127 | 4,247,503 | 7,803,412 |
| 3. | Farmowners multiple peril | 14,995,867 | 8,086,308 | 7,530,324 | 15,551,851 |
| 4. | Homeowners multiple peril | 219,434,636 | 124,360,796 | 119,729,270 | 224,066,163 |
| 5. | Commercial multiple peril | 97,135,628 | 49,448,329 | 47,207,484 | 99,376,473 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 7,123,409 | 3,706,425 | 3,522,965 | 7,306,870 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability-occurrence | 0 | 0 | 0 | 0 |
| 11.2 | Medical professional liability-claims-made | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 1,762,363 | 1,026,359 | 961,578 | 1,827,143 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 |
| 16. | Workers' compensation | 35,124,328 | 13,311,163 | 14,716,495 | 33,718,996 |
| 17.1 | Other liability-occurrence | 11,930,748 | 7,648,594 | 7,512,547 | 12,066,795 |
| 17.2 | Other liability-claims-made | 153,755 | 82,232 | 70,582 | 165,405 |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 |
| 18.1 | Products liability-occurrence | 12,951 | 9,939 | 13,114 | 9,777 |
| 18.2 | Products liability-claims-made | 0 | 0 | 0 | 0 |
| 19.1,19.2 | Private passenger auto liability | 265,470,279 | 74,733,965 | 75,025,585 | 265,178,659 |
| 19.3,19.4 | Commercial auto liability | 62,455,591 | 35,065,564 | 29,740,247 | 67,780,908 |
| 21. | Auto physical damage | 244,994,579 | 73,208,033 | 74,148,811 | 244,053,802 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 0 | 0 | 0 | 0 |
| 24. | Surety | 0 | 0 | 0 | 0 |
| 26. | Burglary and theft | 14,170 | 4,775 | 5,641 | 13,304 |
| 27. | Boiler and machinery | 0 | 0 | 0 | 0 |
| 28. | Credit | 0 | 0 | 0 | 0 |
| 29. | International | 0 | 0 | 0 | 0 |
| 30. | Warranty | 0 | 0 | 0 | 0 |
| 31. | Reinsurance-nonproportional assumed property | 0 | 0 | 0 | 0 |
| 32. | Reinsurance-nonproportional assumed liability | 0 | 0 | 0 | 0 |
| 33. | Reinsurance-nonproportional assumed financial lines | 0 | 0 | 0 | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 983,059,002 | 402,980,209 | 392,465,708 | 993,573,503 |
| DETAILS OF WRITE-INS | | | | | |
| 3401. | | 0 | 0 | 0 | 0 |
| 3402. | | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

| | Line of Business | 1<br>Amount Unearned (Running One Year or Less from Date of Policy) (a) | 2<br>Amount Unearned (Running More Than One Year from Date of Policy) (a) | 3<br>Earned but Unbilled Premium | 4<br>Reserve for Rate Credits and Retrospective Adjustments Based on Experience | 5<br>Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4 |
|---|---|---|---|---|---|---|
| 1. | Fire | 8,033,563 | | | | 8,033,563 |
| 2. | Allied lines | 4,247,503 | | | | 4,247,503 |
| 3. | Farmowners multiple peril | 7,530,324 | | | | 7,530,324 |
| 4. | Homeowners multiple peril | 119,729,270 | | | | 119,729,270 |
| 5. | Commercial multiple peril | 47,207,484 | | | | 47,207,484 |
| 6. | Mortgage guaranty | | | | | 0 |
| 8. | Ocean marine | | | | | 0 |
| 9. | Inland marine | 3,522,965 | | | | 3,522,965 |
| 10. | Financial guaranty | | | | | 0 |
| 11.1 | Medical professional liability-occurrence | | | | | 0 |
| 11.2 | Medical professional liability-claims-made | | | | | 0 |
| 12. | Earthquake | 961,578 | | | | 961,578 |
| 13. | Group accident and health | | | | | 0 |
| 14. | Credit accident and health (group and individual) | | | | | 0 |
| 15. | Other accident and health | | | | | 0 |
| 16. | Workers' compensation | 14,716,495 | | | | 14,716,495 |
| 17.1 | Other liability-occurrence | 7,512,547 | | | | 7,512,547 |
| 17.2 | Other liability-claims-made | 70,582 | | | | 70,582 |
| 17.3 | Excess workers' compensation | | | | | 0 |
| 18.1 | Products liability-occurrence | 13,114 | | | | 13,114 |
| 18.2 | Products liability-claims-made | | | | | 0 |
| 19.1,19.2 | Private passenger auto liability | 75,025,585 | | | | 75,025,585 |
| 19.3,19.4 | Commercial auto liability | 29,740,247 | | | | 29,740,247 |
| 21. | Auto physical damage | 74,148,811 | | | | 74,148,811 |
| 22. | Aircraft (all perils) | | | | | 0 |
| 23. | Fidelity | | | | | 0 |
| 24. | Surety | | | | | 0 |
| 26. | Burglary and theft | 5,641 | | | | 5,641 |
| 27. | Boiler and machinery | | | | | 0 |
| 28. | Credit | | | | | 0 |
| 29. | International | | | | | 0 |
| 30. | Warranty | | | | | 0 |
| 31. | Reinsurance-nonproportional assumed property | | | | | 0 |
| 32. | Reinsurance-nonproportional assumed liability | | | | | 0 |
| 33. | Reinsurance-nonproportional assumed financial lines | | | | | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 392,465,708 | 0 | 0 | 0 | 392,465,708 |
| 36. | Accrued retrospective premiums based on experience | | | | | |
| 37. | Earned but unbilled premiums | | | | | |
| 38. | Balance (Sum of Lines 35 through 37) | | | | | 392,465,708 |
| **DETAILS OF WRITE-INS** | | | | | | |
| 3401. | | | | | | 0 |
| 3402. | | | | | | 0 |
| 3403. | | | | | | 0 |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 |

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

| | Line of Business | 1 Direct Business (a) | Reinsurance Assumed 2 From Affiliates | Reinsurance Assumed 3 From Non-Affiliates | Reinsurance Ceded 4 To Affiliates | Reinsurance Ceded 5 To Non-Affiliates | 6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5 |
|---|---|---|---|---|---|---|---|
| 1. | Fire | 12,693,395 | 5,226,472 | 185,028 | 2,797,697 | 619,287 | 14,687,910 |
| 2. | Allied lines | 6,242,631 | 3,235,663 | 86,003 | 1,478,626 | 322,883 | 7,762,788 |
| 3. | Farmowners multiple peril | 18,019,455 | 395,517 | | 2,856,356 | 562,750 | 14,995,867 |
| 4. | Homeowners multiple peril | 90,121,680 | 175,012,191 | 409,946 | 41,797,073 | 4,312,107 | 219,434,636 |
| 5. | Commercial multiple peril | 91,713,778 | 33,704,744 | | 18,502,024 | 9,780,870 | 97,135,628 |
| 6. | Mortgage guaranty | | | | | | 0 |
| 8. | Ocean marine | | | | | | 0 |
| 9. | Inland marine | 3,637,660 | 5,065,055 | | 1,356,840 | 222,466 | 7,123,409 |
| 10. | Financial guaranty | | | | | | 0 |
| 11.1 | Medical professional liability-occurrence | | | | | | 0 |
| 11.2 | Medical professional liability-claims-made | | | | | | 0 |
| 12. | Earthquake | 1,223,498 | 954,865 | | 335,688 | 80,312 | 1,762,363 |
| 13. | Group accident and health | | | | | | 0 |
| 14. | Credit accident and health (group and individual) | | | | | | 0 |
| 15. | Other accident and health | | | | | | 0 |
| 16. | Workers' compensation | 6,664,093 | 35,327,726 | 229,593 | 6,690,348 | 406,735 | 35,124,328 |
| 17.1 | Other liability-occurrence | 10,851,641 | 6,922,642 | | 2,272,523 | 3,571,012 | 11,930,748 |
| 17.2 | Other liability-claims-made | 215,461 | 57,732 | | 29,287 | 90,151 | 153,755 |
| 17.3 | Excess workers' compensation | | | | | | 0 |
| 18.1 | Products liability-occurrence | 27,559 | (12,054) | | 2,467 | 86 | 12,951 |
| 18.2 | Products liability-claims-made | | | | | | 0 |
| 19.1,19.2 | Private passenger auto liability | 102,689,054 | 213,676,182 | | 50,565,767 | 329,190 | 265,470,279 |
| 19.3,19.4 | Commercial auto liability | 25,472,195 | 49,224,509 | 123,889 | 11,896,303 | 468,698 | 62,455,591 |
| 21. | Auto physical damage | 101,310,817 | 191,345,763 | 578 | 46,665,634 | 996,945 | 244,994,579 |
| 22. | Aircraft (all perils) | | | | | | 0 |
| 23. | Fidelity | | | | | | 0 |
| 24. | Surety | | | | | | 0 |
| 26. | Burglary and theft | 3,666 | 13,203 | | 2,699 | | 14,170 |
| 27. | Boiler and machinery | | | | | | 0 |
| 28. | Credit | | | | | | 0 |
| 29. | International | | | | | | 0 |
| 30. | Warranty | | | | | | 0 |
| 31. | Reinsurance-nonproportional assumed property | XXX | | | | | 0 |
| 32. | Reinsurance-nonproportional assumed liability | XXX | | | | | 0 |
| 33. | Reinsurance-nonproportional assumed financial lines | XXX | | | | | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 470,886,581 | 720,150,210 | 1,035,036 | 187,249,334 | 21,763,491 | 983,059,002 |
| | **DETAILS OF WRITE-INS** | | | | | | |
| 3401. | | | | | | | 0 |
| 3402. | | | | | | | 0 |
| 3403. | | | | | | | 0 |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

| | | Losses Paid Less Salvage | | | | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | | | | |
| | Line of Business | Direct Business | Reinsurance Assumed | Reinsurance Recovered | Net Payments (Cols. 1 + 2 - 3) | Net Losses Unpaid Current Year (Part 2A, Col. 8) | Net Losses Unpaid Prior Year | Losses Incurred Current Year (Cols. 4 + 5 - 6) | Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1) |
| 1. | Fire | 5,514,531 | 2,452,987 | 1,274,803 | 6,692,715 | 1,227,032 | 1,033,673 | 6,886,073 | 47.0 |
| 2. | Allied lines | 1,928,989 | 749,245 | 428,517 | 2,249,716 | 703,626 | 958,803 | 1,994,538 | 25.6 |
| 3. | Farmowners multiple peril | 5,618,218 | 319,755 | 950,076 | 4,987,897 | 2,404,336 | 2,919,585 | 4,472,648 | 28.8 |
| 4. | Homeowners multiple peril | 29,316,765 | 66,242,926 | 15,325,627 | 80,234,064 | 24,183,915 | 23,201,048 | 81,216,932 | 36.2 |
| 5. | Commercial multiple peril | 38,431,150 | 12,197,550 | 12,288,179 | 38,340,521 | 70,506,016 | 66,812,790 | 42,033,747 | 42.3 |
| 6. | Mortgage guaranty | | | | 0 | 0 | 0 | 0 | 0.0 |
| 8. | Ocean marine | | | | 0 | 0 | 0 | 0 | 0.0 |
| 9. | Inland marine | 1,178,332 | 2,042,591 | 515,348 | 2,705,575 | 420,828 | 683,482 | 2,442,922 | 33.4 |
| 10. | Financial guaranty | | | | 0 | 0 | 0 | 0 | 0.0 |
| 11.1 | Medical professional liability-occurrence | | | | 0 | 0 | 0 | 0 | 0.0 |
| 11.2 | Medical professional liability-claims-made | | | | 0 | 0 | 0 | 0 | 0.0 |
| 12. | Earthquake | | | | 0 | 20 | 1 | 19 | 0.0 |
| 13. | Group accident and health | 647 | | 103 | 543 | 0 | 16,800 | (16,257) | 0.0 |
| 14. | Credit accident and health (group and individual) | | | | 0 | 0 | 0 | 0 | 0.0 |
| 15. | Other accident and health | | | | 0 | 0 | 0 | 0 | 0.0 |
| 16. | Workers' compensation | 3,529,077 | 13,668,194 | 2,998,747 | 14,198,524 | 27,799,675 | 30,880,276 | 11,117,924 | 33.0 |
| 17.1 | Other liability-occurrence | 8,193,704 | 2,864,212 | 5,131,425 | 5,926,491 | 15,402,000 | 19,478,519 | 1,849,972 | 15.3 |
| 17.2 | Other liability-claims-made | 471,425 | 2,763 | 75,870 | 398,318 | 301,319 | 331,156 | 368,480 | 222.8 |
| 17.3 | Excess workers' compensation | | | | 0 | 0 | 0 | 0 | 0.0 |
| 18.1 | Products liability-occurrence | | 3,698 | 592 | 3,106 | 34,664 | 41,484 | (3,714) | (38.0) |
| 18.2 | Products liability-claims-made | | | | 0 | 0 | 0 | 0 | 0.0 |
| 19.1,19.2 | Private passenger auto liability | 60,198,476 | 135,830,261 | 31,364,598 | 164,664,140 | 188,049,938 | 177,295,049 | 175,419,029 | 66.2 |
| 19.3,19.4 | Commercial auto liability | 18,881,455 | 32,562,246 | 8,409,387 | 43,034,314 | 118,047,149 | 121,858,917 | 39,222,545 | 57.9 |
| 21. | Auto physical damage | 46,606,984 | 103,361,862 | 23,995,015 | 125,973,831 | 748,448 | 84,931 | 126,637,349 | 51.9 |
| 22. | Aircraft (all perils) | | | | 0 | 420 | 420 | 0 | 0.0 |
| 23. | Fidelity | | | | 0 | 0 | 0 | 0 | 0.0 |
| 24. | Surety | | | | 0 | 565 | 565 | 0 | 0.0 |
| 26. | Burglary and theft | | | | 0 | 768 | 765 | 2 | 0.0 |
| 27. | Boiler and machinery | | | | 0 | 0 | 0 | 0 | 0.0 |
| 28. | Credit | | | | 0 | 0 | 0 | 0 | 0.0 |
| 29. | International | | | | 0 | 0 | 0 | 0 | 0.0 |
| 30. | Warranty | | | | 0 | 0 | 0 | 0 | 0.0 |
| 31. | Reinsurance-nonproportional assumed property | XXX | | | 0 | 0 | 0 | 0 | 0.0 |
| 32. | Reinsurance-nonproportional assumed liability | XXX | | | 0 | 0 | 0 | 0 | 0.0 |
| 33. | Reinsurance-nonproportional assumed financial lines | XXX | | | 0 | 0 | 0 | 0 | 0.0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 35. | TOTALS | 219,869,752 | 372,298,291 | 102,758,287 | 489,409,755 | 449,830,719 | 445,598,265 | 493,642,209 | 49.7 |
| **DETAILS OF WRITE-INS** | | | | | | | | | |
| 3401. | | | | | 0 | 0 | 0 | 0 | 0.0 |
| 3402. | | | | | 0 | 0 | 0 | 0 | 0.0 |
| 3403. | | | | | 0 | 0 | 0 | 0 | 0.0 |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3499. | Totals (Lines 3401 through 3403 + 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

# UNDERWRITING AND INVESTMENT EXHIBIT

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

| | Reported Losses | | | | Incurred But Not Reported | | | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| Line of Business | Direct | Reinsurance Assumed | Deduct Reinsurance Recoverable | Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | Direct | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 +5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. Fire | 388,479 | 282,642 | 107,379 | 563,742 | 495,733 | 293,898 | 126,341 | 1,227,032 | 575,491 |
| 2. Allied lines | 230,321 | 169,633 | 63,993 | 335,962 | 251,685 | 186,010 | 70,031 | 703,626 | 367,267 |
| 3. Farmowners multiple peril | 1,697,000 | 9,780 | 273,085 | 1,433,695 | 1,136,242 | 19,282 | 184,884 | 2,404,336 | 796,128 |
| 4. Homeowners multiple peril | 4,013,079 | 15,975,346 | 3,198,148 | 16,790,277 | 2,620,930 | 6,181,020 | 1,408,312 | 24,183,915 | 10,027,022 |
| 5. Commercial multiple peril | 33,868,835 | 7,405,950 | 7,385,331 | 33,889,455 | 32,621,608 | 10,969,536 | 6,974,583 | 70,506,016 | 37,623,926 |
| 6. Mortgage guaranty | | | | 0 | | | | 0 | |
| 8. Ocean marine | | | | 0 | | | | 0 | |
| 9. Inland marine | 54,998 | 149,901 | 32,784 | 172,115 | 117,748 | 178,339 | 47,374 | 420,828 | 238,536 |
| 10. Financial guaranty | | | | 0 | | | | 0 | |
| 11.1 Medical professional liability-occurrence | | | | 0 | | | | 0 | |
| 11.2 Medical professional liability-claims-made | | | | 0 | | | | 0 | |
| 12. Earthquake | | | | 0 | 24 | | 4 | 20 | 5,099 |
| 13. Group accident and health | | | | 0 | | | | (a) 0 | 1,846 |
| 14. Credit accident and health (group and individual) | | | | 0 | | | | 0 | |
| 15. Other accident and health | | | | 0 | | | | (a) 0 | |
| 16. Workers' compensation | 10,835,483 | 12,522,575 | 8,505,129 | 14,852,929 | 2,976,063 | 12,436,730 | 2,466,047 | 27,799,675 | 6,392,839 |
| 17.1 Other liability-occurrence | 4,059,093 | 1,574,464 | 901,369 | 4,732,187 | 17,969,231 | 4,562,109 | 11,861,528 | 15,402,000 | 638,327 |
| 17.2 Other liability-claims-made | 263,945 | 4,001 | 42,871 | 225,075 | 53,707 | 37,060 | 14,523 | 301,319 | 82,026 |
| 17.3 Excess workers' compensation | | | | 0 | | | | 0 | |
| 18.1 Products liability-occurrence | 1,000 | 29,593 | 4,895 | 25,698 | 6,975 | 3,699 | 1,708 | 34,664 | 21,479 |
| 18.2 Products liability-claims-made | | | | 0 | | | | 0 | |
| 19.1,19.2 Private passenger auto liability | 44,062,058 | 112,837,450 | 25,103,921 | 131,795,587 | 20,240,465 | 46,729,000 | 10,715,114 | 188,049,938 | 48,740,370 |
| 19.3,19.4 Commercial auto liability | 25,545,007 | 48,839,414 | 12,355,107 | 62,029,313 | 20,354,282 | 46,333,618 | 10,670,064 | 118,047,149 | 20,926,697 |
| 21. Auto physical damage | (3,103,941) | (5,093,868) | (1,311,649) | (6,886,159) | 3,003,536 | 6,085,283 | 1,454,211 | 748,448 | 8,683,128 |
| 22. Aircraft (all perils) | | 500 | 80 | 420 | | | | 420 | |
| 23. Fidelity | | | | 0 | | | | 0 | |
| 24. Surety | | 673 | 108 | 565 | | | | 565 | |
| 26. Burglary and theft | | | | 0 | 416 | 498 | 146 | 768 | 72 |
| 27. Boiler and machinery | | | | 0 | | | | 0 | |
| 28. Credit | | | | 0 | | | | 0 | |
| 29. International | | | | 0 | | | | 0 | |
| 30. Warranty | | | | 0 | | | | 0 | |
| 31. Reinsurance-nonproportional assumed property | XXX | | | 0 | XXX | | | 0 | |
| 32. Reinsurance-nonproportional assumed liability | XXX | | | 0 | XXX | | | 0 | |
| 33. Reinsurance-nonproportional assumed financial lines | XXX | | | 0 | XXX | | | 0 | |
| 34. Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35. TOTALS | 121,915,358 | 194,708,055 | 56,662,551 | 259,960,861 | 101,848,645 | 134,016,082 | 45,994,870 | 449,830,719 | 135,120,251 |
| **DETAILS OF WRITE-INS** | | | | | | | | | |
| 3401. | | | | 0 | | | | 0 | |
| 3402. | | | | 0 | | | | 0 | |
| 3403. | | | | 0 | | | | 0 | |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

| | 1<br>Loss Adjustment Expenses | 2<br>Other Underwriting Expenses | 3<br>Investment Expenses | 4<br>Total |
|---|---|---|---|---|
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | 12,564,106 | | | 12,564,106 |
| 1.2 Reinsurance assumed | 29,053,716 | | | 29,053,716 |
| 1.3 Reinsurance ceded | 6,658,852 | | | 6,658,852 |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) | 34,958,971 | 0 | 0 | 34,958,971 |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct, excluding contingent | | 71,875,773 | | 71,875,773 |
| 2.2 Reinsurance assumed, excluding contingent | | 100,551,873 | | 100,551,873 |
| 2.3 Reinsurance ceded, excluding contingent | | 29,063,568 | | 29,063,568 |
| 2.4 Contingent-direct | | 10,143,010 | | 10,143,010 |
| 2.5 Contingent-reinsurance assumed | | 15,467,633 | | 15,467,633 |
| 2.6 Contingent-reinsurance ceded | | 4,097,703 | | 4,097,703 |
| 2.7 Policy and membership fees | | | | 0 |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) | 0 | 164,877,018 | 0 | 164,877,018 |
| 3. Allowances to manager and agents | 11,152 | 2,017,282 | | 2,028,434 |
| 4. Advertising | 6,575 | 1,291,692 | | 1,298,266 |
| 5. Boards, bureaus and associations | 753,301 | 1,883,652 | 4,464 | 2,641,417 |
| 6. Surveys and underwriting reports | | 7,979,716 | | 7,979,716 |
| 7. Audit of assureds' records | | 545,765 | | 545,765 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | 48,371,224 | 57,971,206 | 930,936 | 107,273,365 |
| 8.2 Payroll taxes | 3,236,918 | 4,436,396 | 103,577 | 7,776,891 |
| 9. Employee relations and welfare | 13,221,898 | 14,755,740 | 438,594 | 28,416,232 |
| 10. Insurance | 595,007 | 631,393 | 89,998 | 1,316,398 |
| 11. Directors' fees | 459,346 | 655,707 | 12,491 | 1,127,544 |
| 12. Travel and travel items | 1,620,940 | 1,795,669 | 28,339 | 3,444,948 |
| 13. Rent and rent items | 1,946,879 | 447,775 | 4,398,393 | 6,793,047 |
| 14. Equipment | 2,030,498 | 3,406,199 | | 5,436,697 |
| 15. Cost or depreciation of EDP equipment and software | 1,041,111 | 3,052,917 | | 4,094,028 |
| 16. Printing and stationery | 318,383 | 867,912 | 11,859 | 1,198,153 |
| 17. Postage, telephone and telegraph, exchange and express | 1,870,042 | 6,387,762 | 157,615 | 8,415,420 |
| 18. Legal and auditing | 299,952 | 759,229 | 7,559 | 1,066,739 |
| 19. Totals (Lines 3 to 18) | 75,783,225 | 108,886,012 | 6,183,824 | 190,853,061 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of $ | | 19,418,768 | | 19,418,768 |
| 20.2 Insurance department licenses and fees | | 2,054,888 | | 2,054,888 |
| 20.3 Gross guaranty association assessments | | (145,799) | | (145,799) |
| 20.4 All other (excluding federal and foreign income and real estate) | | 636,077 | | 636,077 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) | 0 | 21,963,935 | 0 | 21,963,935 |
| 21. Real estate expenses | | | 5,153,908 | 5,153,908 |
| 22. Real estate taxes | | | 2,466,381 | 2,466,381 |
| 23. Reimbursements by uninsured plans | | | | 0 |
| 24. Aggregate write-ins for miscellaneous expenses | 14,279,932 | 22,539,873 | 2,200,833 | 39,020,639 |
| 25. Total expenses incurred | 125,022,128 | 318,266,838 | 16,004,946 | (a) 459,293,912 |
| 26. Less unpaid expenses-current year | 135,120,251 | 64,328,804 | 4,053,971 | 203,503,027 |
| 27. Add unpaid expenses-prior year | 120,585,657 | 55,205,232 | 3,780,887 | 179,571,776 |
| 28. Amounts receivable relating to uninsured plans, prior year | 0 | 0 | 0 | 0 |
| 29. Amounts receivable relating to uninsured plans, current year | | | | 0 |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) | 110,487,534 | 309,143,266 | 15,731,862 | 435,362,662 |
| **DETAILS OF WRITE-INS** | | | | |
| 2401. Software Expense | 4,836,631 | 7,084,924 | 314,892 | 12,236,447 |
| 2402. Miscellaneous Expense | 3,067,299 | 7,131,148 | 1,705,405 | 11,903,852 |
| 2403. Donations | 4,448,343 | 5,615,855 | 108,272 | 10,172,470 |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 1,927,659 | 2,707,947 | 72,265 | 4,707,870 |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) | 14,279,932 | 22,539,873 | 2,200,833 | 39,020,639 |

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

# EXHIBIT OF NET INVESTMENT INCOME

| | | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|---|---|---|
| 1. | U.S. Government bonds | (a) 834,928 | 813,315 |
| 1.1 | Bonds exempt from U.S. tax | (a) 9,437,606 | 9,551,250 |
| 1.2 | Other bonds (unaffiliated) | (a) 23,602,860 | 23,712,294 |
| 1.3 | Bonds of affiliates | (a) 0 | |
| 2.1 | Preferred stocks (unaffiliated) | (b) 773,078 | 684,320 |
| 2.11 | Preferred stocks of affiliates | (b) 0 | |
| 2.2 | Common stocks (unaffiliated) | 7,506,696 | 7,503,461 |
| 2.21 | Common stocks of affiliates | 0 | |
| 3. | Mortgage loans | (c) 114,099 | 113,161 |
| 4. | Real estate | (d) 7,867,502 | 7,867,502 |
| 5. | Contract loans | | |
| 6. | Cash, cash equivalents and short-term investments | (e) 363 | 363 |
| 7. | Derivative instruments | (f) | |
| 8. | Other invested assets | 2,506,969 | 2,506,969 |
| 9. | Aggregate write-ins for investment income | 250,126 | 250,126 |
| 10. | Total gross investment income | 52,894,226 | 53,002,761 |
| 11. | Investment expenses | | (g) 16,004,946 |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes | | (g) |
| 13. | Interest expense | | (h) 1,600,991 |
| 14. | Depreciation on real estate and other invested assets | | (i) 5,057,790 |
| 15. | Aggregate write-ins for deductions from investment income | | 0 |
| 16. | Total deductions (Lines 11 through 15) | | 22,663,728 |
| 17. | Net investment income (Line 10 minus Line 16) | | 30,339,033 |
| | **DETAILS OF WRITE-INS** | | |
| 0901. | Securities Lending Income | 278,024 | 278,024 |
| 0902. | Miscellaneous Investment Income | (27,898) | (27,898) |
| 0903. | | | |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 250,126 | 250,126 |
| 1501. | | | |
| 1502. | | | |
| 1503. | | | |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page | | 0 |
| 1599. | Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) | | 0 |

(a) Includes $ 2,059,858 accrual of discount less $ 11,043,542 amortization of premium and less $ 1,466,480 paid for accrued interest on purchases.
(b) Includes $ ............ accrual of discount less $ ............ amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 10,933 accrual of discount less $ 0 amortization of premium and less $ ............ paid for accrued interest on purchases.
(d) Includes $ 5,100,000 for company's occupancy of its own buildings; and excludes $ ............ interest on encumbrances.
(e) Includes $ ............ accrual of discount less $ ............ amortization of premium and less $ ............ paid for accrued interest on purchases.
(f) Includes $ ............ accrual of discount less $ ............ amortization of premium.
(g) Includes $ ............ investment expenses and $ ............ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 1,358,040 interest on surplus notes and $ ............ interest on capital notes.
(i) Includes $ 5,057,790 depreciation on real estate and $ ............ depreciation on other invested assets.

# EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1<br>Realized Gain (Loss) On Sales or Maturity | 2<br>Other Realized Adjustments | 3<br>Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4<br>Change in Unrealized Capital Gain (Loss) | 5<br>Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|---|---|---|---|---|---|---|
| 1. | U.S. Government bonds | 352,262 | | 352,262 | 1,934,302 | |
| 1.1 | Bonds exempt from U.S. tax | 295,704 | | 295,704 | | |
| 1.2 | Other bonds (unaffiliated) | 4,148,438 | (1,487,416) | 2,661,022 | 4,365,022 | |
| 1.3 | Bonds of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.1 | Preferred stocks (unaffiliated) | 605,629 | 0 | 605,629 | (236,950) | 0 |
| 2.11 | Preferred stocks of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.2 | Common stocks (unaffiliated) | 23,749,680 | (661,040) | 23,088,640 | (1,424,783) | 0 |
| 2.21 | Common stocks of affiliates | 0 | 0 | 0 | (7,374,571) | 0 |
| 3. | Mortgage loans | (1,728) | 0 | (1,728) | 0 | 0 |
| 4. | Real estate | 0 | 0 | 0 | | 0 |
| 5. | Contract loans | | | 0 | | |
| 6. | Cash, cash equivalents and short-term investments | | | 0 | 0 | 0 |
| 7. | Derivative instruments | | | 0 | | |
| 8. | Other invested assets | 4,486,149 | 0 | 4,486,149 | 838,459 | 0 |
| 9. | Aggregate write-ins for capital gains (losses) | 0 | 0 | 0 | 0 | 0 |
| 10. | Total capital gains (losses) | 33,636,134 | (2,148,456) | 31,487,678 | (1,898,522) | 0 |
| | **DETAILS OF WRITE-INS** | | | | | |
| 0901. | | | | 0 | | |
| 0902. | | | | 0 | | |
| 0903. | | | | 0 | | |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 0 | 0 | 0 | 0 | 0 |

# EXHIBIT OF NONADMITTED ASSETS

| | 1<br>Current Year Total Nonadmitted Assets | 2<br>Prior Year Total Nonadmitted Assets | 3<br>Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
|---|---|---|---|
| 1. Bonds (Schedule D) | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 2,000 | 2,000 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 0 | 0 | 0 |
| 4.2 Properties held for the production of income | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) | 0 | 0 | 0 |
| 6. Contract loans | 0 | 0 | 0 |
| 7. Derivatives (Schedule DB) | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 0 | 0 | 0 |
| 9. Receivables for securities | 0 | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | 0 | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 2,000 | 2,000 | 0 |
| 13. Title plants (for Title insurers only) | 0 | 0 | 0 |
| 14. Investment income due and accrued | 0 | 0 | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 1,171,617 | 1,189,964 | 18,347 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | 30,421 | 31,140 | 719 |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination | 0 | 0 | 0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 16.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 18.2 Net deferred tax asset | 0 | 0 | 0 |
| 19. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 20. Electronic data processing equipment and software | 14,079,402 | 11,774,814 | (2,304,588) |
| 21. Furniture and equipment, including health care delivery assets | 3,716,899 | 4,909,273 | 1,192,374 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 24. Health care and other amounts receivable | 0 | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 5,986,645 | 27,540,891 | 21,554,246 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 24,986,984 | 45,448,082 | 20,461,098 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 |
| 28. Total (Lines 26 and 27) | 24,986,984 | 45,448,082 | 20,461,098 |
| **DETAILS OF WRITE-INS** | | | |
| 1101. | | 0 | 0 |
| 1102. | | 0 | 0 |
| 1103. | | 0 | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 |
| 2501. Prepaid Pension Expense | 24,937,254 | 24,904,776 | (32,478) |
| 2502. Personal Loans | 5,986,645 | 7,540,891 | 1,554,246 |
| 2503. Overfunded Plan Asset | (24,937,254) | (4,904,776) | 20,032,478 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 5,986,645 | 27,540,891 | 21,554,246 |

# NOTES TO FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

A. Accounting Practices:

Grange Mutual Casualty Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by The Ohio Department of Insurance (the Department). The Department requires that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the Department. The Company does not employ accounting practices that depart from the NAIC Accounting Practices and Procedures Manual.

A reconciliation of the Company's net income and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below.

| | | SSAP # | F/S Page | F/S Line Number | 2016 | 2015 |
|---|---|---|---|---|---|---|
| NET INCOME | | | | | | |
| (1) | Grange Mutual Casualty Company state basis (Page 4, Line 20, Columns 1 & 2) | xxx | xxx | xxx | $ 82,541,603 | $ 57,172,272 |
| (2) | State Prescribed Practices that increase/(decrease) NAIC SAP | | | | 0 | 0 |
| (3) | State Permitted Practices that increase/(decrease) NAIC SAP | | | | 0 | 0 |
| (4) | NAIC SAP (1-2-3=4) | xxx | xxx | xxx | $ 82,541,603 | $ 57,172,272 |
| SURPLUS | | | | | | |
| (5) | Grange Mutual Casualty Company state basis (Page 3, Line 37, Columns 1 & 2) | xxx | xxx | xxx | $1,106,821,695 | $1,068,084,739 |
| (6) | State Prescribed Practices that increase/(decrease) NAIC SAP | | | | 0 | 0 |
| (7) | State Permitted Practices that increase/(decrease) NAIC SAP | | | | 0 | 0 |
| (8) | NAIC SAP (5-6-7=8) | xxx | xxx | xxx | $1,106,821,695 | $1,068,084,739 |

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

The preparation of financial statements in conformity with Statutory Accounting Principles 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 the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy:

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by daily pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost, which approximates fair value.
2. Bonds not backed by other loans are stated at amortized cost using the scientific method.
3. Common stocks, other than investments in stocks of subsidiaries, are stated at fair value.
4. Preferred stocks are stated at cost.
5. Mortgage loans on real estate are stated at the remaining principal due to the Company, net of the remaining unamortized discount from when the loans were purchased.
6. Loan-backed securities are stated at either amortized cost or the lower or amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, those are valued using the prospective method.
7. Investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the statutory equity basis.
8. The Company has minor ownership interests in joint ventures. The Company carries these interests based on the underlying audited GAAP equity of the investee.
9. The Company has no investments in derivative instruments.
10. The Company does not anticipate investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy since prior year end.
13. The Company does not have pharmaceutical rebate receivables.

D. Going Concern: None

**2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS:** NONE

**3. BUSINESS COMBINATIONS AND GOODWILL:** NONE

**4. DISCONTINUED OPERATIONS:** NONE

# NOTES TO FINANCIAL STATEMENTS

**5. INVESTMENTS:**

A. Mortgage Loans, including Mezzanine Real Estate Loans:

1. The Company did not originate any new loans during 2016. The Company did not purchase new loans in 2016.
2. The Company did not reduce interest rates of any outstanding mortgage loans during 2016.
3. The Company did not originate any new loans in 2016.
4. Age analysis of mortgage loans. As the Company only owns residential mortgage loans, all other loan types are omitted from the tables below.

| | Residential All Other | Total |
|---|---|---|
| a. Current Year | | |
| 1. Recorded Investment (All) | | |
| (a) Current | 2,568,643 | 2,568,643 |
| (b) 30 – 59 Days Past Due | 0 | 0 |
| (c) 60 – 89 Days Past Due | 0 | 0 |
| (d) 90 – 179 Days Past Due | 0 | 0 |
| (e) 180+ Days Past Due | 0 | 0 |
| 2. Accruing interest 90 – 179 Days Past Due | | |
| (a) Recorded Investment | 0 | 0 |
| (b) Interest Accrued | 0 | 0 |
| 3. Accruing interest 180+ Days Past Due | | |
| (a) Recorded Investment | 0 | 0 |
| (b) Interest Accrued | 0 | 0 |
| 4. Interest Reduced | | |
| (a) Recorded Investment | 0 | 0 |
| (b) Number of Loans | 0 | 0 |
| (c) Percent Reduced | 0 | 0 |

| | Residential All Other | Total |
|---|---|---|
| b. Prior Year | | |
| 1. Recorded Investment (All) | | |
| (a) Current | 3,134,507 | 3,134,507 |
| (b) 30 – 59 Days Past Due | 0 | 0 |
| (c) 60 – 89 Days Past Due | 0 | 0 |
| (d) 90 – 179 Days Past Due | 0 | 0 |
| (e) 180+ Days Past Due | 0 | 0 |
| 2. Accruing interest 90 – 179 Days Past Due | | |
| (a) Recorded Investment | 0 | 0 |
| (b) Interest Accrued | 0 | 0 |
| 3. Accruing interest 180+ Days Past Due | | |
| (a) Recorded Investment | 0 | 0 |
| (b) Interest Accrued | 0 | 0 |
| 4. Interest Reduced | | |
| (a) Recorded Investment | 0 | 0 |
| (b) Number of Loans | 0 | 0 |
| (c) Percent Reduced | 0 | 0 |

5. Disclosure for investment in impaired loans aggregated by type

| | Residential All Other | Total |
|---|---|---|
| a. Current Year | | |
| 1. With allowance for credit losses | 0 | 0 |
| 2. No allowance for credit losses | 0 | 0 |
| b. Prior Year | | |
| 1. With allowance for credit losses | 0 | 0 |
| 2. No allowance for credit losses | 0 | 0 |

6. Disclosure for impaired loans

| | Residential All Other | Total |
|---|---|---|
| a. Current Year | | |
| 1. Average recorded investment | 0 | 0 |
| 2. Interest income recognized | 0 | 0 |
| 3. Recorded invest. In nonaccrual status | 0 | 0 |
| 4. Amount of interest income recognized using a cash basis method of accounting | 0 | 0 |
| b. Prior Year | | |
| 1. Average recorded investment | 0 | 0 |
| 2. Interest income recognized | 0 | 0 |
| 3. Recorded invest. In nonaccrual status | 0 | 0 |
| 4. Amount of interest income recognized using a cash basis method of accounting | 0 | 0 |

# NOTES TO FINANCIAL STATEMENTS

7. Activity in the allowance for credit losses account

| | Current Year | Prior Year |
|---|---|---|
| a. Balance at beginning of each period | 300,000 | 300,000 |
| b. Additions charged to operations | 0 | 0 |
| c. Direct write-downs charged against the allowance | 0 | 0 |
| d. Recoveries of amounts previously charged off | 0 | 0 |
| e. Balance at end of each period | 300,000 | 300,000 |

8. Mortgage Loans Derecognized as a Result of Foreclosure

| | Current Year | Prior Year |
|---|---|---|
| a. Balance at beginning of each period | 0 | 0 |
| b. Additions charged to operations | 0 | 0 |
| c. Direct write-downs charged against the allowance | 0 | 0 |
| d. Recoveries of amounts previously charged off | 0 | 0 |
| e. Balance at end of each period | 0 | 0 |

B. Debt Restructuring: None

C. Reverse Mortgages: None

D. Loan-Backed Securities:

1. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Bloomberg. These assumptions are consistent with the current interest rate and economic environment.
2. The Company has not recognized any other than temporary impairments on its loan-backed securities.
3. The Company has not recognized any other than temporary impairments on its loan-backed securities.
4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. Aggregate Amount of Unrealized Losses:

| | | |
|---|---|---|
| 1. | Less than 12 Months | (1,340,276) |
| 2. | 12 Months or Longer | (35,082) |

b. The Aggregate Related Fair Value of Securities with Unrealized Losses:

| | | |
|---|---|---|
| 1. | Less than 12 Months | 60,076,365 |
| 2. | 12 Months or Longer | 2,653,411 |

5. According to SSAP 43R, the best estimate of future cash flows using the appropriate discount rate was calculated for each affected security, with other-than-temporary impairments realized to the extent that present value was less than amortized cost. Securities held with an intent to sell were other-than-temporarily impaired to current fair value. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

E. Repurchase Agreements and/or Securities Lending Transactions:

1. For securities lending agreements, the Company requires a minimum of 102% and 105% of the fair value of the domestic and foreign securities loaned at the outset of the contract as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in Collateral From Lending Activities. The fair value of the collateral at December 31, 2016 is $25,799,545.
2. The Company has no pledged assets as collateral for securities lending transactions.
3. Collateral Received
   a. Aggregate Amount Collateral Received
      1. The Company has no repurchase agreements as collateral.
      2. Securities lending collateral received:

| | Fair Value |
|---|---|
| Open | 25,799,545 |
| 30 Days or Less | 0 |
| 31 to 60 Days | 0 |
| 61 to 90 Days | 0 |
| Greater than 90 Days | 0 |
| Sub-Total | 25,799,545 |
| Securities Received | 0 |
| Total Collateral Received | 25,799,545 |

      3. The Company has no dollar repurchase agreements as collateral received.
   b. The Company has not sold or re-pledged any collateral.
   c. Securities lending sources and uses of that collateral: The Company receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The Company reinvests the cash collateral into higher yielding short term securities than the collateral received.
4. The Company has no "one-line" reported collateral.
5. Collateral Reinvestment
   a. Aggregate Amount Collateral Reinvested
      1. The Company has no repurchase agreements as collateral.
      2. Securities Lending

| | Amortized Cost | Fair Value |
|---|---|---|
| Open | 0 | 0 |
| 30 Days or Less | 22,933,401 | 22,933,401 |
| 31 to 60 Days | 2,866,144 | 2,866,144 |
| 61 to 90 Days | 0 | 0 |
| Greater than 90 Days | 0 | 0 |
| Sub-Total | 25,799,545 | 25,799,545 |
| Securities Received | 0 | 0 |
| Total Collateral Reinvested | 25,799,545 | 25,799,545 |

      3. The Company has no dollar repurchase agreements as collateral.
   b. The maturity dates of the liabilities matches the invested assets.
6. The Company has no collateral that is not permitted by contract.
7. The Company has no collateral that extends beyond one year from December 31, 2016.

# NOTES TO FINANCIAL STATEMENTS

F. Real Estate: None

G. Low Income Housing Tax Credits: None

H. Restricted Assets:

1) Restricted Assets (Including Pledged)

| | Gross (Admitted and Non-admitted) Restricted | | | | | | | Current Year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | 6 | 7 | 8 | 9 | Percentage | |
| | 1 | 2 | 3 | 4 | 5 | | | | | 10 | 11 |
| Restricted Asset Category | 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 Non-admitted Restricted | Total Admitted Restricted (5 minus 8) | Gross (Admitted & Non-Admitted) Restricted to Total Assets (c) | 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 | 25,799,545 | | | | 25,799,545 | 31,573,941 | (5,774,396) | | 25,799,545 | 1.1% | 1.1% |
| 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 | 3,830,700 | | | | 3,830,700 | 3,051,900 | 778,800 | | 3,830,700 | 0.2% | 0.2% |
| j. On deposit with states | 2,791,056 | | | | 2,791,056 | 2,781,774 | 9,282 | | 2,791,056 | 0.1% | 0.1% |
| k. On deposit with other regulatory bodies | | | | | | | | | | | |
| l. Pledged collateral to FHLB (including assets backing funding agreements) | 103,200,172 | | | | 103,200,172 | 55,169,478 | 48,030,694 | | 103,200,172 | 4.4% | 4.5% |
| m. Pledged as collateral not captured in other categories | | | | | | | | | | | |
| n. Other restricted assets | | | | | | | | | | | |
| o. Total Restricted Assets | 135,621,473 | | | | 135,621,473 | 92,577,093 | 43,44,380 | | 135,621,473 | 5.8% | 5.9% |

(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

# NOTES TO FINANCIAL STATEMENTS

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

| | Gross (Admitted and Non-admitted) Restricted | | | | | | | Current Year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | 6 | 7 | 8 | 9 | Percentage | |
| | 1 | 2 | 3 | 4 | 5 | | | | | 10 | 11 |
| Restricted Asset Category | 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 Non-admitted Restricted | Total Admitted Restricted (5 minus 8) | Gross (Admitted & Non-Admitted) Restricted to Total Assets (c) | Admitted Restricted to Total Admitted Assets |
| None | | | | | | | | | | | |

(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

3) Detail of Other Restricted Assets

| | Gross (Admitted and Non-admitted) Restricted | | | | | | | Current Year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | 6 | 7 | 8 | 9 | Percentage | |
| | 1 | 2 | 3 | 4 | 5 | | | | | 10 | 11 |
| Restricted Asset Category | 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 Non-admitted Restricted | Total Admitted Restricted (5 minus 8) | Gross (Admitted & Non-Admitted) Restricted to Total Assets (c) | Admitted Restricted to Total Admitted Assets |
| None | | | | | | | | | | | |

(a) Subset of column 1
(b) Subset of column 3
(c) Total line for Columns 1 through 7 should equal 5H(1)n Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5H(1)n Columns 9 through 11 respectively

4) Collateral Received and Reflected as Assets within the Reporting Entity's Financial Statements as of December 31, 2016.

| | Collateral Assets | 1<br>Book/Adjusted Carrying Value (BACV) | 2<br>Fair Value | 3<br>% of BACV to Total Assets (Admitted and Nonadmitted)* | 4<br>% of BACV to Total Admitted Assets ** |
|---|---|---|---|---|---|
| a. | Cash | | | | |
| b. | Schedule D, Part 1 | | | | |
| c. | Schedule D, Part 2, Section 1 | | | | |
| d. | Schedule D, Part 2, Section 2 | | | | |
| e. | Schedule B | | | | |
| f. | Schedule A | | | | |
| g. | Schedule BA, Part 1 | | | | |
| h. | Schedule DL, Part 1 | 25,799,545 | 25,799,545 | 1.1% | 1.1% |
| 1. | Other | | | | |
| j. | Total Collateral Assets (a+b+c+d+e+f+g+h+i) | 25,799,545 | 25,799,545 | 1.1% | 1.1% |

* Column 1 divided by Asset Page, Line 26 (Column 1)
** Column 1 divided by Asset Page, Line 26 (Column 3)

k. Recognized Obligation to Return Collateral Asset: None

I. Working Capital Finance Investments: None

J. Offsetting and Netting of Assets and Liabilities: None

# NOTES TO FINANCIAL STATEMENTS

K. Structured Notes:

Structured notes as defined per the Purposes and Procedures Manual of the NAIC Investment Analysis Office at December 31, 2016:

| CUSIP Identification | Actual Cost | Fair Value | Book/Adjusted Carrying Value | Mortgage-Referenced Security (YES/NO) |
|---|---|---|---|---|
| 3130A8G56 | 1,000,000 | 973,700 | 1,000,000 | No |
| 3134GAFP4 | 2,500,000 | 2,393,475 | 2,499,953 | No |
| 337358BH7 | 2,030,000 | 2,486,140 | 2,065,025 | No |
| 564759PS1 | 1,946,480 | 1,987,580 | 1,982,295 | No |
| 912810FQ6 | 924,000 | 1,739,492 | 1,729,756 | No |
| 912810FR4 | 6,681,000 | 9,837,536 | 9,992,134 | No |
| 912810FS2 | 6,401,000 | 8,782,556 | 8,882,732 | No |
| 912810PV4 | 4,305,000 | 5,546,214 | 5,608,959 | No |
| 912810PZ5 | 5,845,000 | 7,937,465 | 8,469,427 | No |
| 912810QF8 | 1,628,000 | 2,255,003 | 2,073,148 | No |
| 912810QV3 | 6,550,000 | 6,633,723 | 6,913,409 | No |
| 912810RF7 | 7,233,000 | 8,187,082 | 8,232,885 | No |
| 912810RR1 | 1,943,000 | 1,990,614 | 2,086,718 | No |
| 912828B25 | 11,259,000 | 11,869,152 | 11,902,350 | No |
| 912828HN3 | 7,513,000 | 8,895,470 | 8,898,070 | No |
| 912828JE1 | 3,012,000 | 3,503,648 | 3,481,378 | No |
| 912828LA6 | 5,663,000 | 6,826,513 | 6,753,104 | No |
| 912828MF4 | 7,131,000 | 8,383,514 | 8,444,958 | No |
| 912828PP9 | 12,008,000 | 13,920,320 | 13,986,400 | No |
| 912828S50 | 1,475,000 | 1,438,392 | 1,496,946 | No |
| 912828SA9 | 6,365,000 | 6,809,504 | 6,762,457 | No |
| 912828TE0 | 7,118,000 | 7,501,087 | 7,570,650 | No |
| 912828UH1 | 5,992,000 | 6,228,749 | 6,215,998 | No |
| 912828XL9 | 7,892,000 | 8,000,949 | 8,052,339 | No |
| **TOTAL** | 124,414,480 | 144,127,875 | 145,101,088 | |

L. 5* Securities: None

**6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES:**

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships or Limited Liability Companies.

**7. INVESTMENT INCOME:** NONE

**8. DERIVATIVE INSTRUMENTS:** NONE

**9. FEDERAL INCOME TAXES:**

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

| | | 12/31/2016 | | |
|---|---|---|---|---|
| | | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total |
| (a) | Gross Deferred Tax Assets | $ 75,308,892 | $ 10,630,958 | $ 85,939,850 |
| (b) | Statutory Valuation Allowance Adjustments | $ | $ | $ |
| (c) | Adjusted Gross Deferred Tax Assets (1a - 1b) | $ 75,308,892 | $ 10,630,958 | $ 85,939,850 |
| (d) | Deferred Tax Assets Nonadmitted | $ | $ | $ |
| (e) | Subtotal Net Admitted Deferred Tax Asset (1c -1d ) | $ 75,308,892 | $ 10,630,958 | $ 85,939,850 |
| (f) | Deferred Tax Liabilities | $ 9,826,653 | $ 33,407,946 | $ 43,234,599 |
| (g) | Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f) | $ 65,482,239 | $ (22,776,988) | $ 42,705,251 |

| | | 12/31/2015 | | |
|---|---|---|---|---|
| | | (4) Ordinary | (5) Capital | (6) (Col 4+5) Total |
| (a) | Gross Deferred Tax Assets | $ 72,321,107 | $ 11,463,739 | $ 83,784,846 |
| (b) | Statutory Valuation Allowance Adjustments | $ | $ | $ |
| (c) | Adjusted Gross Deferred Tax Assets (1a - 1b) | $ 72,321,107 | $ 11,463,739 | $ 83,784,846 |
| (d) | Deferred Tax Assets Nonadmitted | $ | $ | $ |
| (e) | Subtotal Net Admitted Deferred Tax Asset (1c -1d ) | $ 72,321,107 | $ 11,463,739 | $ 83,784,846 |
| (f) | Deferred Tax Liabilities | $ 10,631,127 | $ 31,491,329 | $ 42,122,456 |
| (g) | Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f) | $ 61,689,980 | $ (20,027,590) | $ 41,662,390 |

| | | Change | | |
|---|---|---|---|---|
| | | (7) (Col 1-4) Ordinary | (8) (Col 2-5) Capital | (9) (Col 7+8) Total |
| (a) | Gross Deferred Tax Assets | $ 2,987,785 | $ (832,781) | $ 2,155,004 |
| (b) | Statutory Valuation Allowance Adjustments | $ | $ | $ |
| (c) | Adjusted Gross Deferred Tax Assets (1a - 1b) | $ 2,987,785 | $ (832,781) | $ 2,155,004 |
| (d) | Deferred Tax Assets Nonadmitted | $ | $ | $ |
| (e) | Subtotal Net Admitted Deferred Tax Asset (1c -1d ) | $ 2,987,785 | $ (832,781) | $ 2,155,004 |
| (f) | Deferred Tax Liabilities | $ (804,474) | $ 1,916,617 | $ 1,112,143 |
| (g) | Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f) | $ 3,792,259 | $ (2,749,398) | $ 1,042,861 |

# NOTES TO FINANCIAL STATEMENTS

2\. Admission Calculation Components SSAP No. 101

| | | 12/31/2016 (1) Ordinary | 12/31/2016 (2) Capital | 12/31/2016 (3) (Col 1+2) Total |
|---|---|---|---|---|
| (a) | Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | $ ................ 31,607,602 | $.................................. | $.................31,607,602 |
| (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) | $ ................ 24,527,098 | $.................................. | $.................24,527,098 |
| 1. | Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. | $ ................ 24,527,098 | $.................................. | $.................24,527,098 |
| 2. | Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold. | XXX | XXX | $................159,642,836 |
| (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. | $ ................ 19,174,192 | $................. 10,630,958 | $.................29,805,150 |
| (d) | Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | $ ................ 75,308,892 | $................. 10,630,958 | $.................85,939,850 |

| | | 12/31/2015 (4) Ordinary | 12/31/2015 (5) Capital | 12/31/2015 (6) (Col 4+5) Total |
|---|---|---|---|---|
| (a) | Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | $ ................ 29,028,189 | $.................................. | $.................29,028,189 |
| (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) | $ ................ 18,188,949 | $.................................. | $.................18,188,949 |
| 1. | Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. | $ ................ 18,188,949 | $.................................. | $.................18,188,949 |
| 2. | Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold. | XXX | XXX | $................150,150,060 |
| (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. | $ ................ 25,103,969 | $................. 11,463,739 | $.................36,567,708 |
| (d) | Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | $ ................ 72,321,107 | $................. 11,463,739 | $.................83,784,846 |

| | | Change (7) (Col 1-4) Ordinary | Change (8) (Col 2-5) Capital | Change (9) (Col 7+8) Total |
|---|---|---|---|---|
| (a) | Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | $ .................. 2,579,413 | $.................................. | $...................2,579,413 |
| (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) | $ .................. 6,338,149 | $.................................. | $...................6,338,149 |
| 1. | Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. | $ .................. 6,338,149 | $.................................. | $...................6,338,149 |
| 2. | Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold. | XXX | XXX | $...................9,492,776 |
| (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. | $ ................(5,929,777) | $....................(832,781) | $.................(6,762,558) |
| (d) | Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | $ .................. 2,987,785 | $....................(832,781) | $...................2,155,004 |

3\.

| | | 2016 | 2015 |
|---|---|---|---|
| (a) | Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount. | ........................ 949.400 | .................... 1,011.000 |
| (b) | Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above. | $ ..... 1,064,285,593.000 | $...... 1,001,000,402.000 |

4\. Impact of Tax-Planning Strategies

| | 12/31/2016 (1) Ordinary | 12/31/2016 (2) Capital |
|---|---|---|
| (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) | .............................. 75,308,892 | .............................. 10,630,958 |
| 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) | .............................. 75,308,892 | .............................. 10,630,958 |
| 4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies | ............................................... | ............................................... |

| | 12/31/2015 (3) Ordinary | 12/31/2015 (4) Capital |
|---|---|---|
| (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) | .............................. 72,321,107 | .............................. 11,463,739 |
| 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) | .............................. 72,321,107 | .............................. 11,463,739 |
| 4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies | ............................................... | ............................................... |

| | Change (5) (Col 1-3) Ordinary | Change (6) (Col 2-4) Capital |
|---|---|---|
| (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) | ................................ 2,987,785 | .................................(832,781) |
| 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) | ................................ 2,987,785 | .................................(832,781) |
| 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 ................... ..............

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

# NOTES TO FINANCIAL STATEMENTS

| | | (1) 12/31/2016 | (2) 12/31/2015 | (3) (Col 1-2) Change |
|---|---|---|---|---|
| 1. | Current Income Tax | | | |
| (a) | Federal | $ 28,270,949.0 | $ 2,616,687.0 | $ 25,654,262 |
| (b) | Foreign | $ | $ | $ |
| (c) | Subtotal | $ 28,270,949.0 | $ 2,616,687.0 | $ 25,654,262 |
| (d) | Federal income tax on net capital gains | $ 7,566,920.0 | $ 12,817,568.0 | $ (5,250,648) |
| (e) | Utilization of capital loss carry-forwards | $ | $ | $ |
| (f) | Other | $ (30,170.0) | $ (86,359.0) | $ 56,189 |
| (g) | Federal and foreign income taxes incurred | $ 35,807,699.0 | $ 15,347,896.0 | $ 20,459,803 |
| 2. | Deferred Tax Assets: | | | |
| (a) | Ordinary | | | |
| (1) | Discounting of unpaid losses | $ 6,184,243 | $ 6,529,183 | $ (344,940) |
| (2) | Unearned premium reserve | $ 27,565,432 | $ 28,393,618 | $ (828,186) |
| (3) | Policyholder reserves | $ | $ | $ |
| (4) | Investments | $ | $ | $ |
| (5) | Deferred acquisition costs | $ | $ | $ |
| (6) | Policyholder dividends accrual | $ | $ | $ |
| (7) | Fixed assets | $ | $ | $ |
| (8) | Compensation and benefits accrual | $ 19,072,432 | $ 15,826,795 | $ 3,245,637 |
| (9) | Pension accrual | $ 13,267,650 | $ 14,358,351 | $ (1,090,701) |
| (10) | Receivables - nonadmitted | $ 8,902,744 | $ 7,190,157 | $ 1,712,587 |
| (11) | Net operating loss carry-forward | $ | $ | $ |
| (12) | Tax credit carry-forward | $ | $ | $ |
| (13) | Other (including items <5% of total ordinary tax assets) | $ 316,391 | $ 23,003 | $ 293,388 |
| (99) | Subtotal | $ 75,308,892 | $ 72,321,107 | $ 2,987,785 |
| (b) | Statutory valuation allowance adjustment | $ | $ | $ |
| (c) | Nonadmitted | $ | $ | $ |
| (d) | Admitted ordinary deferred tax assets (2a99 - 2b - 2c) | $ 75,308,892 | $ 72,321,107 | $ 2,987,785 |
| (e) | Capital: | | | |
| (1) | Investments | $ 10,630,958 | $ 11,463,739 | $ (832,781) |
| (2) | Net capital loss carry-forward | $ | $ | $ |
| (3) | Real estate | $ | $ | $ |
| (4) | Other (including items <5% of total capital tax assets) | $ | $ | $ |
| (99) | Subtotal | $ 10,630,958 | $ 11,463,739 | $ (832,781) |
| (f) | Statutory valuation allowance adjustment | $ | $ | $ |
| (g) | Nonadmitted | $ | $ | $ |
| (h) | Admitted capital deferred tax assets (2e99 - 2f - 2g) | $ 10,630,958 | $ 11,463,739 | $ (832,781) |
| (i) | Admitted deferred tax assets (2d + 2h) | $ 85,939,850 | $ 83,784,846 | $ 2,155,004 |
| 3. | Deferred Tax Liabilities: | | | |
| (a) | Ordinary | | | |
| (1) | Investments | $ 2,089,742 | $ 1,895,087 | $ 194,655 |
| (2) | Fixed assets | $ 5,479,748 | $ 5,374,747 | $ 105,001 |
| (3) | Deferred and uncollected premium | $ | $ 761,250 | $ (761,250) |
| (4) | Policyholder reserves | $ 175,858 | $ 196,876 | $ (21,018) |
| (5) | Other (including items<5% of total ordinary tax liabilities) | $ 2,081,305 | $ 2,403,167 | $ (321,862) |
| (99) | Subtotal | $ 9,826,653 | $ 10,631,127 | $ (804,474) |
| (b) | Capital: | | | |
| (1) | Investments | $ | $ | $ |
| (2) | Real estate | $ | $ | $ |
| (3) | Other (including items <5% of total capital tax liabilities) | $ 33,407,946 | $ 31,491,329 | $ 1,916,617 |
| (99) | Subtotal | $ 33,407,946 | $ 31,491,329 | $ 1,916,617 |
| (c) | Deferred tax liabilities (3a99 + 3b99) | $ 43,234,599 | $ 42,122,456 | $ 1,112,143 |
| 4. | Net deferred tax assets/liabilities (2i - 3c) | $ 42,705,251 | $ 41,662,390 | $ 1,042,861 |

D. Reconciliation of federal income tax rate to actual effective rate:

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

| | | Amount | Tax Effect | Effective Tax Rate |
|---|---|---|---|---|
| 1. | Description: | | | |
| (a) | Income Before Taxes | $ 118,349,301 | $ 41,422,255 | 35.00% |
| (b) | Tax-Exempt Interest | $ (9,551,250) | $ (3,342,938) | -2.82% |
| (c) | Dividends Received Deduction | $ (3,751,468) | $ (1,313,014) | -1.11% |
| (d) | Proration | $ 1,995,408 | $ 698,393 | 0.59% |
| (e) | Meals & Entertainment | $ 800,000 | $ 280,000 | 0.24% |
| (f) | Statutory Valuation Allowance | $ - | $ - | 0.00% |
| (g) | Pension (unfunded liability and prepaid) | $ 3,083,809 | $ 1,079,333 | 0.91% |
| (h) | Change in Nonadmitted Assets | $ (4,443,678) | $ (1,555,287) | -1.31% |
| (i) | Realized Gain on Donation of Securities | $ (9,867,906) | $ (3,453,767) | -2.92% |
| (j) | Other, Including Prior Year True-up | $ (2,312,731) | $ (809,456) | -0.68% |
| | Total | $ 94,301,484 | $ 33,005,520 | 27.89% |

| | | | |
|---|---|---|---|
| 2. | Description: | | |
| (a) | Federal Income Tax Incurred [Expense/(Benefit)] | $ 28,240,779 | 23.86% |
| (b) | Tax on Capital Gains/(Losses) | $ 7,566,920 | 6.39% |
| (c) | Change in Net Deferred Income Tax [Charge/(Benefit)] | $ (2,802,179) | -2.37% |
| | Total | $ 33,005,520 | 27.89% |

# NOTES TO FINANCIAL STATEMENTS

E. Carryforwards, recoverable taxes, and IRC S6603 deposits:

1. At December 31, 2016, the Company had net operating loss carry forwards of: $........................... 0

   At December 31, 2016, the Company had capital loss carry forwards of: $........................... 0

   At December 31, 2016, the Company had AMT credit carry forwards, which do not expire, in the amount of: $........................... 0

2. The following is income tax expense that is available for recoupment in the event of future net losses:

| Year | Ordinary | Capital | Total |
|---|---|---|---|
| 2014 | $ 6,299,632 | $ 9,418,244 | $ 15,717,876 |
| 2015 | $ 4,249,624 | $ 11,044,632 | $ 15,294,255 |
| 2016 | $ 25,478,575 | $ 10,219,295 | $ 35,697,869 |
| Total | $ 36,027,830 | $ 30,682,170 | $ 66,710,000 |

3. Deposits admitted under IRC S6603:
   NONE

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

1. Trustgard Insurance Company
   Grange Indemnity Insurance Company
   Grange Insurance Company of Michigan
   Grange Property & Casualty Insurance Company
   GrangeAmerica Corporation
   T.G. Insurance Agency, Inc.

2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate company basis with current credit for losses.

G. Federal or foreign income tax loss contingencies:
The Company has assessed uncertain tax positions and has recorded a liability. The Company does not expect the liability to significantly increase within next 12 months.

**10. INFORMATION CONCERNNING PARENT, SUBSIDIARIES AND AFFILIATES:**

A. Relationship with Parent, Subsidiaries and Affiliates:

1. The Company owns 100% of the common stock of Grange Indemnity Insurance Company, Trustgard Insurance Company, Grange Insurance Company of Michigan and Grange Property & Casualty Insurance Company. The Company, domiciled in the State of Ohio, is a member of the Grange Mutual Casualty Group.
2. The Company owns 100% of the common stock of Grange Life Insurance Company (GLIC). GLIC is domiciled in the State of Ohio. GLIC has a wholly owned insurance subsidiary, Grange Life Reinsurance Company, domiciled in the State of Vermont.
3. The Company owns 100% of the common stock of GrangeAmerica Corporation, a noninsurance subsidiary discussed in L. below.
4. The Company is affiliated with Integrity Mutual Insurance Company (IMICO). IMICO has a 100% wholly-owned subsidiary, Integrity Property & Casualty Insurance Company. The companies, domiciled in the State of Wisconsin, are members of the Grange Mutual Casualty Group.

B. & C. Descriptions of transactions with Parent, Subsidiaries and Affiliates:

1. On October 24, 2016, the Company purchased 21,000 shares of common stock of GLIC from IMICO. This represented approximately 20.79% of shares outstanding and was 100% of IMICO's investment in GLIC. The Company paid $10.9 million cash for the shares.
2. On October 27, 2016, the Company contributed capital to GLIC in the amount of $60.0 million cash. No additional shares were acquired.

D. Amounts Due From or To Related Parties:

At December 31, 2016, the Company reported $4.6 million as amounts receivable from its Subsidiaries and Affiliates. The terms of the settlement require that these amounts be settled within 45 days. GLIC reimburses the parent company GMCC for salaries, F.I.C.A., employee relations and welfare, directors' fees, travel, rent, equipment, and printing and stationery monthly. Subsidiaries, Trustgard Insurance Company, Grange Insurance Company of Michigan, Grange Property & Casualty Insurance Company, and Grange Indemnity Insurance Company reimburse the parent company, GMCC, for salaries, F.I.C.A., and employee relations and welfare monthly. Other expenses and Intercompany receivable and/or payable balances are reimbursed quarterly on an as made basis.

E. Guarantees or Contingencies for Related Parties: None

F. Description of material management or service contracts:

The Company maintains a service agreement with its subsidiaries, whereby GMCC provides service for the affiliates and makes available all services necessary to support its business operations. These services include all necessary financial, actuarial, audit, accounting, tax, information technology, records management and legal and compliance services, other than those provided by third party service providers.

G. Nature of the control relationship:

The Company participates in a pooling reinsurance agreement detailed in Note 26.

H. Amount Deducted for Investment in Upstream Company: None

I. Investments in Affiliates Greater than 10% of Admitted Assets: No Affiliate exceeds 10% of admitted assets.

J. The Company did not recognize any impairment write down for investments in Subsidiary, Controlled or Affiliated Companies during the periods reported.

# NOTES TO FINANCIAL STATEMENTS

K. The Company does not have investments in a foreign insurance subsidiary.

L. The Company does not have an investment in a downstream noninsurance company.

As stated above, the Company owns 100% of GrangeAmerica Corporation, a noninsurance subsidiary. This company has had no activity during the periods covered by these financial statements and as a result, the carrying value of $2,000 has been non-admitted.

M. All SCA Investments

1) Balance Sheet Value (admitted and Non-admitted) All SCAs (except 8bi Entities)

| SCA Entity | Percentage of SCA Ownership | Gross Amount | Admitted Amount | Nonadmitted Amount |
|---|---|---|---|---|
| a. SSAP No. 97 8a Entities | | | | |
| | | | | |
| b. SSAP No. 97 8b(ii) Entities | 100% | 2,000 | 0 | 2,000 |
| c. SSAP No. 97 8b(iii) Entities | | | | |
| d. SSAP No. 97 8b(iv) Entities | | | | |
| e. SSAP No. 97 8b Entities (except 8bi entities)(b+c+d) | | 2,000 | 0 | 2,000 |
| f. Aggregate Total (a+e) | | 2,000 | 0 | 2,000 |

2) NAIC Filing Response Information
All non-insurance subsidiaries listed in the preceding table are non-admitted and therefore do no have NAIC Sub-2 filings.

| SCA Entity | Type of NAIC Filing* | Date of Filing to the NAIC | NAIC Response Received Y/N | NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N | Code** |
|---|---|---|---|---|---|
| a. SSAP No. 97 8a Entities | | | | | |
| | | | | | |
| b. SSAP No. 97 8b(ii) Entities | | | | | |
| c. SSAP No. 97 8b(iii) Entities | | | | | |
| d. SSAP No. 97 8b(iv) Entities | | | | | |
| e. SSAP No. 97 8b Entities (except 8bi entities)(b+c+d) | | | | | |
| f. Aggregate Total (a+e) | | | | | |
| | | | | | |

* S1 – Sub-1, S2 – Sub-s or RDF – Resubmission of Disallowed Filing
** I- Immaterial or M - Material

N. Investment in Insurance SCAs

2. The monetary effect on net income and surplus as a result of using an accounting practice that differed from NAIC Statutory Accounting Practices and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity and amount of the investment if the insurance SCA had completed statutory financial statements in accordance with the AP&P Manual.

| | Monetary Effect on NAIC Surplus | | Amount of Investment | |
|---|---|---|---|---|
| SCA Entity (Investment in Insurance SCA Entities) | Net Income Increase (Decrease) | Surplus Increase (Decrease) | Per Audited Statutory Equity | If the Insurance SCA Had Completed Statutory Financial Statements* |
| None | | | | |
| | | | | |

* Per AP&P Manual (without permitted or prescribed practices)

**11. DEBT:**

A. With the exception of item B below, the Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements:

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. Through its membership, the Company has borrowed funds in the form of a 10 year fixed term, fixed rate advance at 2.23%. In October, 2016, the Company borrowed $60,000,000 for general operating purposes. The Company has determined the actual maximum borrowing capacity as $99,155,728 based on the FHLB Additional Borrowing Capacity statement published at the time of the report.

The table below indicates the amount of FHLB of Cincinnati stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB of Cincinnati.

# NOTES TO FINANCIAL STATEMENTS

2. FHLB Capital Stock

a. Aggregate Totals

| | | Total 2+3 | 2 General Account | 3 Protected Cell Accounts |
|---|---|---|---|---|
| 1. | Current Year | | | |
| (a) | Membership Stock - Class A | 0 | 0 | 0 |
| (b) | Membership Stock - Class B | 2,630,645 | 2,630,645 | 0 |
| (c) | Activity Stock | 1,200,055 | 1,200,055 | 0 |
| (d) | Excess Stock | 0 | 0 | 0 |
| (e) | Aggregate Total (a+b+c+d) | 3,830,700 | 3,830,700 | 0 |
| (f) | Actual or estimated Borrowing Capacity as Determined by the Insurer | 99,155,728 | | 0 |
| 2. | Prior Year-end | | | |
| (a) | Membership Stock - Class A | 0 | 0 | 0 |
| (b) | Membership Stock - Class B | 2,544,696 | 2,544,696 | 0 |
| (c) | Activity Stock | 43,306 | 43,306 | 0 |
| (d) | Excess Stock | 463,898 | 463,898 | 0 |
| (e) | Aggregate Total (a+b+c+d) | 3,051,900 | 3,051,900 | 0 |
| (f) | Actual or estimated Borrowing Capacity as Determined by the Insurer | 49,185,255 | | 0 |

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

| | | | Eligible for Redemption | | |
|---|---|---|---|---|---|
| Membership Stock | 1 Current Year Total (2+3+4+5+6) | 2 Not Eligible for Redemption | 3 Less Than 6 Months | 4 1 to Less Than 3 Years | 5 3 to 5 Years |
| 1. Class A | 0 | 0 | 0 | 0 | 0 |
| 2. Class B | 2,630,645 | 2,630,645 | 0 | 0 | 0 |

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

| | Fair Value | Carrying Value | Aggregate Total Borrowing |
|---|---|---|---|
| 1. Current Year Total General and Protected Cell Accounts Total Collateral Pledged (Lines 2+3) | 103,030,603 | 103,200,172 | 0 |
| 2. Current Year General Account Total Collateral Pledged | 103,030,603 | 103,200,172 | 0 |
| 3. Current Year Protected Cell Accounts Total Collateral Pledged | 0 | 0 | 0 |
| 4. Prior Year-end Total General and Separate Accounts Total Collateral Pledged | 56,067,357 | 55,169,478 | 0 |

b. Maximum Amount Pledged During Reporting Period

| | Fair Value | Carrying Value | Amount Borrowed at Time of Maximum Collateral |
|---|---|---|---|
| 1. Current Year Total General and Separate Accounts Maximum Collateral Pledged | 108,990,538 | 106,775,449 | 0 |
| 2. Current Year General Account Maximum Collateral Pledged | 108,990,538 | 106,775,449 | 0 |
| 3. Current Year Separate Accounts Maximum Collateral Pledged | 0 | 0 | 0 |
| 4. Prior Year-end Total General and Separate Accounts Maximum Collateral Pledged | 70,528,879 | 68,953,614 | 0 |

4. Borrowing from FHLB

a. Amount as of the Reporting Date

| | | Total 2+3 | 2 General Account | 3 Protected Cell Accounts |
|---|---|---|---|---|
| 1. | Current Year | | | |
| (a) | Debt | 0 | 0 | 0 |
| (b) | Funding Agreements | 60,000,000 | 60,000,000 | 0 |
| (c) | Other | 0 | 0 | 0 |
| (d) | Aggregate Total (a+b+c) | 60,000,000 | 60,000,000 | 0 |
| 2. | Prior Year-end | | | |
| (a) | Debt | 0 | 0 | 0 |
| (b) | Funding Agreements | 0 | 0 | 0 |
| (c) | Other | 0 | 0 | 0 |
| (d) | Aggregate Total (a+b+c) | 0 | 0 | 0 |

# NOTES TO FINANCIAL STATEMENTS

b. Maximum Amount during Reporting Period (current year)

| | | Total 2+3 | 2<br>General<br>Account | 3<br>Protected<br>Cell<br>Accounts |
|---|---|---|---|---|
| 1 | Debt | 0 | 0 | 0 |
| 2 | Funding Agreements | 60,000,000 | 60,000,000 | 0 |
| 3 | Other | 0 | 0 | 0 |
| 4 | Aggregate Total (a+b+c) | 60,000,000 | 60,000,000 | 0 |

FHLB – Prepayment Obligations

| | | Does the company have prepayment obligations under the following arrangements? |
|---|---|---|
| 1 | Debt | No |
| 2 | Funding Agreements | No |
| 3 | Other | No |
| 4 | Aggregate Total (a+b+c) | No |

**12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS:**

The Company offers a defined benefit pension plan (Plan), amended and restated, to its full time employees that were hired on or before December 31, 2006. Under the terms of the Plan, participants are eligible to receive normal retirement benefits upon reaching age 65. A participant may elect an early retirement date at a reduced benefit upon reaching age 55 and completing 5 years of credited service. The normal form of benefits is a life annuity for single participants and a 50% joint and survivor pension for married participants. Optional forms of benefit payments are available at the election of the participant. Under the provisions of the Plan, benefits are determined by applying factors specified in the Plan to a participant's defined average monthly compensation. As of December 31, 2011 all participants in the Plan had completed 5 years of credited service and were 100% vested. The Company's contributions to the Plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The Company uses a December 31 measurement date for the Plan. As of December 31, 2016, there was accrued, in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization, amounts representing the present value of future benefit obligations.

As a supplement to the benefits provided under the Plan, the Company sponsors an additional nonqualified defined benefit pension plan (Supplemental Plan) for highly compensated employees (as defined). Under the terms of the Supplemental Plan, a participant's benefit is equal to the benefit which would have been earned under the Plan, if the provisions of the Plan were administered without regard to the annual compensation limitations set forth in Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, reduced by the benefits earned under the Plan. Participants are eligible to receive benefits under the Supplemental Plan as of the date in which benefit payments begin under the Plan. Benefits from the Supplemental Plan are paid in one lump sum payment.

In addition to the Plan, the Company sponsors a defined benefit plan (Postretirement Plan) that provides postretirement health care and life insurance benefits to participants upon reaching age 55 and completing 10 years of credited service. The Postretirement Plan covers employees that were hired on or before December 31, 2005 for medical benefits and all employees for life insurance benefits. The Postretirement Plan is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features, such as deductibles and coinsurance. For participants that retire on or after January 1, 2015, the Company's financial contribution toward this benefit will be capped and the Company will no longer share in any future cost increases. The Company's policy is to pay the cost of benefits with cash flows from current operations; therefore, there were no Postretirement Plan assets as of December 31, 2016 or 2015. The Company uses a December 31 measurement date for the Postretirement Plan.

The Company also offers a defined benefit pension plan (Board Plan), amended and restated, for non-employee members of the Board who were first elected to the Board on or before January 1, 1996. Under the terms of the Board Plan, participants are eligible to receive retirement benefits upon reaching age 60 and completing 5 years of credited service. Under the provisions of the Board Plan, benefits are fixed at $60,000 per year and continue for the lifetime of the participant.

The Plan was amended during 2015 to allow terminated vested participants the limited-time option to commence their pension benefit as a lump sum. There were no other amendments to the Plan, Supplemental Plan, Postretirement Plan or Board Plan during the years ended December 31, 2016 and 2015.

A summary of assets, obligations and assumptions of the Pension, Nonqualified and Other Postretirement Benefit Plans is as follows at December 31, 2016 and 2015:

A. Defined Benefit Plan

(1) Change in benefit obligation

a. Pension Benefits

| | | Overfunded 2016 | Overfunded 2015 | Underfunded 2016 | Underfunded 2015 |
|---|---|---|---|---|---|
| 1. | Benefit obligation at beginning of year | $ 0 | $ 0 | $ 174,691,026 | $ 180,695,562 |
| 2. | Service cost | $ 0 | $ 0 | $ 5,899,897 | $ 7,653,402 |
| 3. | Interest cost | $ 0 | $ 0 | $ 6,499,771 | $ 7,302,937 |
| 4. | Contribution by plan participants | $ 0 | $ 0 | $ 0 | $ 0 |
| 5. | Actuarial gain (loss) | $ 0 | $ 0 | $ 2,374,666 | $ (8,364,211) |
| 6. | Foreign currency exchange rate changes | $ 0 | $ 0 | $ 0 | $ 0 |
| 7. | Benefits paid | $ 0 | $ 0 | $ (2,451,502) | $ (2,272,805) |
| 8. | Plan amendments | $ 0 | $ 0 | $ 0 | $ 0 |
| 9. | Business combinations, divestitures, curtailments, settlements and special termination benefits | $ 0 | $ 0 | $ (6,373,961) | $ (10,323,859) |
| 10. | Benefit obligation at end of year | $ 0 | $ 0 | $ 180,639,897 | $ 174,691,026 |

# NOTES TO FINANCIAL STATEMENTS

b. Postretirement Benefits

| | Overfunded 2016 | Overfunded 2015 | Underfunded 2016 | Underfunded 2015 |
|---|---|---|---|---|
| 1. Benefit obligation at beginning of year | $ 0 | $ 0 | $ 28,433,777 | $ 36,810,173 |
| 2. Adjustment for nonvested PBO | $ 0 | $ 0 | $ 0 | $ 0 |
| 3. Service Cost | $ 0 | $ 0 | $ 449,814 | $ 554,306 |
| 4. Interest cost | $ 0 | $ 0 | $ 1,023,086 | $ 1,459,218 |
| 5. Contribution by plan participants | $ 0 | $ 0 | $ 0 | $ 0 |
| 6. Actuarial gain (loss) | $ 0 | $ 0 | $ 6,837,840 | $ (8,885,960) |
| 7. Foreign currency exchange rate changes | $ 0 | $ 0 | $ 0 | $ 0 |
| 8. Benefits paid | $ 0 | $ 0 | $ (1,934,169) | $ (1,503,960) |
| 9. Plan amendments | $ 0 | $ 0 | $ 0 | $ 0 |
| 10. Business combinations, divestitures, curtailments, settlements and special termination benefits | $ 0 | $ 0 | $ 0 | $ 0 |
| 11. Benefit obligation at end of year | $ 0 | $ 0 | $ 34,810,348 | $ 28,433,777 |

c. Special or Contractual Benefits per SSAP No. 11

| | Overfunded 2016 | Overfunded 2015 | Underfunded 2016 | Underfunded 2015 |
|---|---|---|---|---|
| 1. Benefit obligation at beginning of year | $ 0 | $ 0 | $ 6,358,973 | $ 7,494,776 |
| 2. Service cost | $ 0 | $ 0 | $ 38,369 | $ 77,570 |
| 3. Interest cost | $ 0 | $ 0 | $ 197,016 | $ 239,614 |
| 4. Contribution by plan participants | $ 0 | $ 0 | $ 0 | $ 0 |
| 5. Actuarial gain (loss) | $ 0 | $ 0 | $ (12,750) | $ (113,270) |
| 6. Foreign currency exchange rate changes | $ 0 | $ 0 | $ 0 | $ 0 |
| 7. Benefits paid | $ 0 | $ 0 | $ (425,738) | $ (375,738) |
| 8. Plan amendments | $ 0 | $ 0 | $ 0 | $ 0 |
| 9. Business combinations, divestitures, curtailments, settlements and special termination benefits | $ 0 | $ 0 | $ (125,879) | $ (963,979) |
| 10. Benefit obligation at end of year | $ 0 | $ 0 | $ 6,029,991 | $ 6,358,973 |

(2) Change in plan assets

| | Pension Benefits 2016 | Pension Benefits 2015 | Postretirement Benefits 2016 | Postretirement Benefits 2015 | Postemployment 2016 | Postemployment 2015 |
|---|---|---|---|---|---|---|
| a. Fair value of plan assets at beginning of year | $ 133,667,166 | $ 128,757,142 | $ 0 | $ 0 | $ 0 | $ 0 |
| b. Actual return on plan assets | $ 11,890,621 | $ (2,493,312) | $ 0 | $ 0 | $ 0 | $ 0 |
| c. Foreign currency exchange rate changes | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| d. Reporting entity contribution | $ 6,000,000 | $ 20,000,000 | $ 1,934,169 | $ 1,503,960 | $ 551,617 | $ 1,339,717 |
| e. Plan participants' contributions | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| f. Benefits paid | $ (2,451,502) | $ (2,272,805) | $ (1,934,169) | $ (1,503,960) | $ (425,738) | $ (375,738) |
| g. Business combinations, divestitures and settlements | $ (6,373,961) | $ (10,323,859) | $ 0 | $ 0 | $ (125,879) | $ (963,979) |
| h. Fair value of plan assets at end of year | $ 142,732,324 | $ 133,667,166 | $ 0 | $ 0 | $ 0 | $ 0 |

(3) Funded status

| | Pension Benefits 2016 | Pension Benefits 2015 | Postretirement Benefits 2016 | Postretirement Benefits 2015 |
|---|---|---|---|---|
| Overfunded: | | | | |
| a. Assets (nonadmitted) | | | | |
| 1. Prepaid benefit costs | $ 24,937,264 | $ 24,904,786 | $ 0 | $ 0 |
| 2. Overfunded plan assets | $ (24,937,264) | $ (24,904,786) | $ 0 | $ 0 |
| 3. Total assets (nonadmitted) | $ 0 | $ 0 | $ 0 | $ 0 |
| Underfunded: | | | | |
| b. Liabilities recognized | | | | |
| 1. Accrued benefit costs | $ 0 | $ 0 | $ 41,045,627 | $ 42,178,560 |
| 2. Liability for pension benefits | $ 37,907,573 | $ 41,023,860 | $ (205,288) | $ (7,385,810) |
| 3. Total liabilities recognized | $ 37,907,573 | $ 41,023,860 | $ 40,840,339 | $ 34,792,750 |
| c. Unrecognized liabilities | $ 0 | $ 0 | $ 0 | $ 0 |
| d. Funded Status | $ 37,907,573 | $ 41,023,860 | $ 40,840,339 | $ 34,792,750 |

(4) Components of net periodic benefit cost

| | Pension Benefits 2016 | Pension Benefits 2015 | Postretirement Benefits 2016 | Postretirement Benefits 2015 | Nonqualified 2016 | Nonqualified 2015 |
|---|---|---|---|---|---|---|
| a. Service cost | $ 5,899,897 | $ 7,653,402 | $ 449,814 | $ 554,306 | $ 38,369 | $ 77,570 |
| b. Interest cost | $ 6,499,771 | $ 7,302,937 | $ 1,023,086 | $ 1,459,218 | $ 197,016 | $ 239,614 |
| c. Expected return on plan assets | $ (10,335,766) | $ (9,779,104) | $ 0 | $ 0 | $ 0 | $ 0 |
| d. Amortization of transition (obligation)/asset | $ 0 | $ (24,939) | $ 0 | $ 0 | $ 0 | $ 0 |
| e. Amount of recognized (gains) and losses | $ 3,903,620 | $ 3,784,302 | $ (913,789) | $ (137,823) | $ 110,035 | $ 128,657 |
| f. Amount of prior service cost or (credit) recognized | $ 0 | $ 0 | $ 517,111 | $ (108,692) | $ (75,661) | $ (75,661) |
| g. Gain or loss recognized due to a settlement or curtailment | $ 0 | $ 0 | $ 0 | $ 0 | $ 6,872 | $ 376,260 |
| h. Total net periodic benefit cost | $ 5,967,522 | $ 8,936,598 | $ 1,076,222 | $ 1,767,009 | $ 276,631 | $ 746,440 |

# NOTES TO FINANCIAL STATEMENTS

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

| | | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| a. | Items not yet recognized as a component of net periodic cost - prior year | $.........(65,928,646) | $.........(65,779,804) | $.............7,385,810 | $...........(1,796,161) |
| b. | Net transition asset or obligation recognized | $.............................0 | $................(24,939) | $.............................0 | $.............................0 |
| c. | Net prior service cost or credit arising during the period | $.............................0 | $.............................0 | $.............................0 | $.............................0 |
| d. | Net prior service cost or credit recognized | $.............................0 | $.............................0 | $................441,450 | $..............(184,353) |
| e. | Net gain and loss arising during the period | $..............(819,811) | $...........(3,908,205) | $..........(6,825,090) | $.............8,999,229 |
| f. | Net gain and loss recognized | $..............3,903,620 | $..............3,784,302 | $.............(796,882) | $................367,094 |
| g. | Items not yet recognized as a component of net periodic cost - current year | $.........(62,844,837) | $.........(65,928,646) | $................205,288 | $.............7,385,810 |

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

| | | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| a. | Net transition asset or obligation | $.............................0 | $.............................0 | $.............................0 | $.............................0 |
| b. | Net prior service cost or credit | $.............................0 | $.............................0 | $...............(75,661) | $................(75,661) |
| c. | Net recognized gains and losses | $..............3,615,128 | $..............3,903,620 | $................119,887 | $................110,065 |

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

| | | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| a. | Net transition (obligation)/asset | $.............................0 | $.............................0 | $.............................0 | $.............................0 |
| b. | Net prior service cost or credit | $.............................0 | $.............................0 | $..........(4,312,996) | $...........(4,574,446) |
| c. | Net recognized gains and losses | $.........(62,844,837) | $.........(65,928,646) | $.............4,518,284 | $...........12,140,256 |
| d. | Total amounts in unassigned funds (surplus) | $..........(62,844,837) | $..........(65,928,646) | $................205,288 | $..............7,385,810 |

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

| | | 2016 | 2015 |
|---|---|---|---|
| a. | Weighted-average discount rate | ....................4.420 | .....................4.100 |
| b. | Expected long-term rate of return on plan assets | ....................7.750 | .....................7.750 |
| c. | Rate of compensation increase | ....................3.750 | .....................3.610 |

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

| | | 2016 | 2015 |
|---|---|---|---|
| d. | Weighted-average discount rate | ....................4.150 | .....................4.420 |
| e. | Rate of compensation increase | ....................3.750 | .....................3.750 |

For measurement purposes, an 8.50% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2017. The rate is assumed to decrease to 8.0% for 2018, then decrease gradually to 5.00% for 2024, and remain at that level thereafter.

The measurement date (annual valuation) used to determine other postretirement benefit measurements for postretirement benefit plans that make up at least the majority of plan assets and benefit obligation is January 1. The fair market value of assets is measured and updated as of December 31.

(9) The amount of the accumulated benefit obligation for the Plan was $140,180,008 and $132,672,975 at December 31, 2016 and 2015, respectively. The amount of the accumulated benefit obligation for the Supplemental Plan and Board Plan (nonqualified plans) combined was $5,696,447 and $5,817,436 at December 31, 2016 and 2015, respectively.

(10) In addition to pension benefits, the Company provides certain health care and life insurance benefits for retired employees and eligible dependents.

(11) Due to the caps in the Company's postretirement health care plan, assumed health care cost trend rates have a limited effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates, including the effects of Medicare Part D subsidies, would have the following effects:

| | | 1 Percentage Point Increase | 1 Percentage Point Decrease |
|---|---|---|---|
| a. | Effect on total of service and interest cost components | $................(72,030) | $...................63,652 |
| b. | Effect on postretirement benefit obligation | $...........(1,669,310) | $.............1,401,392 |

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated for all plans sponsored by the Company:

| | Year(s) | Amount |
|---|---|---|
| a. | 2017 | $..............8,476,416 |
| b. | 2018 | $..............9,563,561 |
| c. | 2019 | $..............9,897,211 |
| d. | 2020 | $............11,280,842 |
| e. | 2021 | $..............9,945,084 |
| f. | Thereafter Total | $............63,204,817 |

(13) The Company does intend to make contributions into the Plan during 2017 of approximately $5,100,000. The Company does not have any regulatory pension plan contribution requirements for 2017.

(14) Securities, Insurance Contracts, and other Employer Transactions.

NOT APPLICABLE

# NOTES TO FINANCIAL STATEMENTS

(15) Prior service cost is amortized on a straight-line basis over participants' average future service, not on a weighted average basis.

(16) Substantive commitment used as basis for accounting for the benefit obligation.

NOT APPLICABLE.

(17) Cost of providing special or contractual termination benefits recognized during the period.

NOT APPLICABLE

(18) Explanation of significant change in the benefit obligation or plan assets not otherwise apparent.

In 2014, a change was made for the mortality table assumption in consideration of a new set of mortality tables released by the Society of Actuaries in October 2014. Effective December 31, 2014, the RP-2014 No Collar, Generational Period table with MP-2014 Scale projection was used. In 2015, the projection scale was updated to MP-2015. In 2016, the projection scale was updated to MP-2016.

GMCC amended the Plan during 2015 by adding a one-time election period that allowed lump sum payments to be made to participants that had a vested benefit in the Plan, but who are no longer employed by GMCC. These participants were offered a one-time, voluntary opportunity to receive their vested benefit in-full in the form of a lump sum. Approximately 85 participants elected to receive a lump sum in 2015, resulting in payments of approximately $4,500,000.

(19) The amount and timing of plan assets expected to be returned in the next twelve months.

NONE

(20) The Company's benefit plan obligations, plan assets and recorded unfunded liabilities as of December 31, 2016 are presented below:

| | Pension Benefits | Postretirement Benefits | Nonqualified Benefits |
|---|---|---|---|
| Benefit Obligation | $ (180,639,897) | $ (34,810,348) | $ (6,029,991) |
| SSAP 92 / 102 Remaining Deferral | $ 0 | $ 0 | $ 0 |
| Net Benefit Obligation | $ (180,639,897) | $ (34,810,348) | $ (6,029,991) |
| Plan Assets | $ 142,732,324 | $ 0 | $ 0 |
| Unfunded Liability | $ (37,907,573) | $ (34,810,348) | $ (6,029,991) |

(21) The Company adopted SSAP No. 92, Accounting for Postretirement Benefits Other Than Pensions - A Replacement of SSAP No. 14 and SSAP No. 102, Accounting for Pensions - A Replacement of SSAP No. 89 as of January 1, 2013 and elected to recognize the surplus impact using the deferral method. In 2015, the Company fully recorded the remaining transition liabilities of $8,043,826 and $582,889 for the Plan and Supplemental Plan, respectively, leaving no additional transition liabilities to be recorded in future periods. Therefore, there was no activity in 2016.

B.

The asset allocation for the Plan as of the measurement dates, December 31, 2016 and 2015 and the target asset allocation, presented as a percentage of total plan assets were as follows:

| | | 2016 | 2015 | Target Allocation |
|---|---|---|---|---|
| a. | Bonds | 23.0% | 24.0% | 24.0% |
| b. | Equities | 64.0% | 64.0% | 65.0% |
| c. | Hedge Funds | 5.0% | 5.0% | 5.0% |
| d. | Commodities | 5.0% | 5.0% | 5.0% |
| d. | Cash and Cash Equivalents | 3.0% | 2.0% | 1.0% |
| e. | Total | 100.0% | 100.0% | 100.0% |

The assets of the Plan are managed to maximize total investment returns and provide sufficient funding for present and anticipated future benefit obligations within the constraints of a prudent level of portfolio risk and asset diversification.

C.

(1) Fair Value Measurements of Plan Assets at December 31, 2016:

| Description for each class of plan assets | (Level 1) | (Level 2) | (Level 3) | Total |
|---|---|---|---|---|
| Bonds | $ 0 | $ 32,693,971 | $ 0 | $ 32,693,971 |
| Equities | $ 91,945,675 | $ 0 | $ 0 | $ 91,945,675 |
| Hedge Funds | $ 0 | $ 0 | $ 6,505,641 | $ 6,505,641 |
| Commodities | $ 7,220,540 | $ 0 | $ 0 | $ 7,220,540 |
| Cash and Cash Equivalents | $ 4,366,497 | $ 0 | $ 0 | $ 4,366,497 |
| Total Plan Assets | $ 103,532,712 | $ 32,693,971 | $ 6,505,641 | $ 142,732,324 |

# NOTES TO FINANCIAL STATEMENTS

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

| Description | Beginning Balance at 01/01/2016 | Transfers into Level 3 | Transfers out of Level 3 | Return on Assets Still Held | Return on Assets Sold | Purchases | Issuances | Sales | Settlements | Ending Balance at 12/31/2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hedge Funds | $ 6,290,702 | $ 0 | $ 0 | $ 214,939 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 6,505,641 |
| Total Plan Assets | $ 6,290,702 | $ 0 | $ 0 | $ 214,939 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 6,505,641 |

D. To develop the expected long-term rate of return on assets assumption, the Company considered the historical compound rates of return realized on Plan assets and the future expectations for returns by each asset class, as well as the target asset allocation of the overall portfolio. Evaluation of these factors resulted in the selection of the 7.75% long-term rate of return assumption that was used to calculate the net periodic pension cost for the Plan. The expected long-term rate of return on assets is a long-term assumption and generally does not change annually.

E. Defined Contribution Plans

In addition to the defined benefit plans described in the preceding sections, the Company offers a defined contribution plan that covers all full time employees (Grange DC Plan) in which newly hired employees who have not made an election whether to participate or not are automatically enrolled with a 6% of base pay contribution rate following thirty days of employment. New employees may opt out of the automatic enrollment process. A participant may authorize payroll deductions ranging from 1% to 50% of their base salary (in 1% increments) utilizing one or more of the following contribution options available within the Plan: 1) basic contributions (before-tax contributions); 2) Roth contributions; 3) after-tax contributions; and 4) catch-up contributions, if the participant is age 50 or older. The total dollar amount that may be contributed by a participant each calendar year is subject to certain limitations, as defined by the Plan. In addition, the total percentage deducted as basic, Roth, and after-tax contributions may not exceed 50% of a participant's base salary. The Company contributes a 50% match of each participant's basic and Roth contributions that does not exceed 6% of compensation. Such contributions made by the Company were approximately $2,870,000 and $2,716,000 in 2016 and 2015, respectively.

The Grange DC Plan also provides that additional employer contributions (as defined) may be made in such amounts as determined by the Board. Only participants who have made basic or Roth contributions during an accounting year (as defined) and have a basic or Roth contribution account on the last day of such accounting year are eligible to receive the additional employer contribution. Additional employer contributions were approximately $2,025,000 and $225,000 in 2016 and 2015, respectively.

All employee contributions to the Grange DC Plan are 100% vested at all times. All employer matching and additional employer contributions are 100% vested after a participant has completed 2 years of service with the Company.

There were no amendments to the Grange DC Plan during the years ended December 31, 2016 and 2015.

In addition to the Grange DC Plan described in the preceding paragraphs, the Company offers a defined contribution plan, referred to as Retirement Accumulation Accounts (RA Accounts), to employees of the Company who are hired on or after January 1, 2007, as they are not eligible to participate in the Plan. The Company makes a RA Account contribution to each participant who is in the active employment of the Company as of the last day of the RA Account plan year (December 31). The amount of the Company's contribution to each participant is determined based on a formula that takes into account an employee's salary, age and years of credited service.

Employer contributions to the RA Accounts become 100% vested upon the employee completing three years of credited service. The Company contributed approximately $1,600,000 and $1,455,000 to the eligible participants' RA Accounts in 2016 and 2015, respectively.

F. Multiemployer Plans

NOT APPLICABLE

G. Consolidating/Holding Company Plans

NOT APPLICABLE

H. Postemployment Benefits and Compensated Absences

The Company has an accrued liability of $3,950,000 and $3,830,000 at December 31, 2016 and 2015, respectively, related to its paid time off (PTO) program.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

(1) Recognition of the existence of the Act

NOT APPLICABLE

(2) Effects of the Subsidy in Measuring the Net Postretirement Benefit Cost

NOT APPLICABLE

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Postretirement Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between $250 and $5,000) to sponsors of retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and
- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

# NOTES TO FINANCIAL STATEMENTS

(3) Disclosures of Gross Benefits

Future gross benefits payments are estimated to be at approximately the same level as 2016.

| | 2016 | 2015 |
|---|---|---|
| Subsidy received during calendar year | $ (21,605) | $ 125,723 |
| Expected subsidy receivable | $ 173,081 | $ 155,988 |

**13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUSAI-REORGANIZATIONS:**

1. The Company has no common stock outstanding.

2. The Company has no preferred stock outstanding.

3. Dividend Restrictions:

   The Company doesn't pay dividends to its policyholders. Dividends recorded in these financial statements were paid by other companies within the intercompany pooling agreement discussed in Footnote 26 below.

4. Dividend Payment Dates:

   No dividends were paid by the Company. See item 3 above.

5. Portion of the Company's Profits That May Be Paid as Ordinary Dividends:

   The Company doesn't pay dividends to its policyholders. See item 3 above.

6. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

7. No advances to surplus were made.

8. No amounts of stock were held by the Company.

9. No special surplus funds are held.

10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is $271.7 million.

11. Surplus Notes:

| Description | Date Issued | Interest Rate | Par Value (Face amount of Notes) | Carrying Value of Notes | Interest and/or Principal Paid Current Year | Total Interest and/or Principal Paid | Unapproved Interest and/or Principal | Date of Maturity |
|---|---|---|---|---|---|---|---|---|
| I-Preferred Term Securities III, LTD | October 29, 2003 | 3-Month LIBOR + 3.95% | $15,000,000 | $15,000,000 | $691,239 | $11,331,622 | $0 | October 29, 2033 |
| I-Preferred Term Securities III, LTD | October 29, 2003 | 3-Month LIBOR + 3.95% | $20,000,000 | $20,000,000 | $921,652 | $15,101,668 | $0 | October 29, 2033 |
| | | | $35,000,000 | $35,000,000 | $1,612,891 | $26,433,290 | $0 | |

On October 29, 2016, the surplus notes detailed above were redeemed at the face value of $35.0 million. Interest shown is through the redemption date.

12. There has not been a restatement due to prior quasi-reorganizations.

13. There has been no quasi-reorganization in the past 10 years.

**14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS:**

A. Contingent Commitments: None

B. Assessments:

In the ordinary course of business, the Company receives notification of potential assessments as a result of the insolvency of insurance companies. It is expected that the insolvencies will result in a retrospective-based guaranty fund assessment against the Company. As of December 31, 2016, the Company has recorded a liability for these guaranty fund assessments in the amount of $1,510,000. Included in this amount are the insolvencies of Legion Insurance Company in the amount of approximately $173,000, Frontier Insurance in the amount of approximately 173,000, Home Insurance in the amount of approximately $223,000 and LMG Insurance in the amount of approximately $226,000. The remaining amount includes nearly 25 separate insolvencies. This amount includes assessments against all companies discussed in Footnote 1C above. The Company does not record premium tax offsets as an asset, since these amounts would be non-admitted, given the lengthy nature of insolvency assessments.

C. Gain Contingencies: None

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits: None

E. Product Warranties: None

F. Joint and Several Liabilities: None

G. All Other Contingencies:

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

# NOTES TO FINANCIAL STATEMENTS

**15. LEASES:**

A. Lessee Operating Lease:

1.
   a. Excluding the sale-leaseback noted in #3 immediately below, the Company's leases are limited to claims branch offices and certain operating leases for office equipment, which are immaterial.
   b. There are no contingent rental payments under these agreements, nor are there any restrictions (for example, on the ability to pay dividends) placed on the Company arising from these agreements.

2. Related to the sale-leaseback in 3 immediately below, as of December 31, 2016, the Company's future minimum rental payments for each of the next five years are approximately:

| Year ending December 31: | Operating Leases |
|---|---|
| 2017 | $1,086,000 |
| 2018 | $1,086,000 |
| 2019 | $1,086,000 |
| 2020 | $2,242,000 |
| 2021 | $ 0 |
| Total | $5,500,000 |

3. On December 26, 2012, the Company executed a sale-leaseback agreement with Key Equipment Finance, Inc. whereby the Company sold certain software assets and began a 7 year operating lease related to that software on January 1, 2013. The operating lease provides for a fixed payment schedule and obligates the Company to annual lease payments of approximately $1,086,000 per year. At the end of this operating lease, a balloon payment of approximately $2,242,000 will be due.

B. Lessor Leasing Arrangements:

The Company is the lessor for various office buildings to third parties. These leases are typical for office leasing. The Company considers these leases to be immaterial.

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK:** NONE

**17. TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES:**

A. Transfers of Receivables Reported as Sales: None

B. Transfer and Servicing of Financial Assets

1. Loaned Securities:
   The Company participates in a securities lending program with JPMorgan Chase Bank as lending agent. Securities on loan as of 12/31/2016 were fixed income bonds and bond ETFs, totaling $25.2M. Collateral received from lending activities is maintained in accordance to the securities lending agreement, whereby the collateral requirement shall be an amount equal to 102% of the then current market value of the relevant loaned securities where securities and collateral are denominated in the same currency, and 105% for all other securities. The Company's lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement and is reported on-balance sheet. Collateral received in the form of securities are restricted and off-balance sheet. The Company is not able to sell or reinvest the securities received as collateral and according to the MLSA, the borrower bears all the risk associated with said securities.
2. Servicing Assets and Servicing Liabilities: None
3. Servicing Assets and Servicing Liabilities Measured at Fair Value: None
4. Securitizations, Asset-backed Financing Agreements and Similar Transfers with Continued Involvement: None
5. Assets Accounted for as Secured Borrowing: None
6. Receivables with Recourse: None
7. Securities Underlying Repurchase and Reverse Repurchase Agreements: None

C. Wash Sales: None

**18. GAINS OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS:** NONE

**19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS:** NONE

**20. FAIR VALUE MEASUREMENTS:**

A.
1. Fair Value Measurements as of December 31, 2016:

| Description | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| a. Assets at Fair Value | | | | |
| Perpetual Preferred Stock | | | | |
| Industrial & Misc | 7,142,395 | 0 | 0 | 7,142,395 |
| Parent, Subs, & Affiliates | 0 | 0 | 0 | 0 |
| Total Perpetual Preferred Stock | 7,142,395 | 0 | 0 | 7,142,395 |
| Bonds | | | | |
| US Governments | 0 | 0 | 0 | 0 |
| US States, Territories, & Possessions | 0 | 0 | 0 | 0 |
| US Political Subdivisions | 0 | 0 | 0 | 0 |
| US Special Rev & Assessment | 0 | 0 | 0 | 0 |
| Industrial & Misc | 30,712,000 | 23,509,790 | 0 | 54,221,790 |
| Parent, Subs, & Affiliates | 0 | 0 | 0 | 0 |
| Total Bonds | 30,712,000 | 23,509,790 | 0 | 54,221,790 |

# NOTES TO FINANCIAL STATEMENTS

| | | | | |
|---|---|---|---|---|
| Common Stock | | | | |
| Industrial & Misc | 376,996,623 | 3,871,193 | 0 | 380,867,816 |
| Parent, Subs, & Affiliates | 0 | 0 | 289,180,001 | 289,180,001 |
| Total Common Stock | 376,996,623 | 3,871,193 | 289,180,001 | 670,047,817 |
| Other Invested Assets | | | | |
| Hedge Funds | 0 | 8,539,256 | 35,264,648 | 43,803,905 |
| Floating Rate Loans | 0 | 62,134,917 | 0 | 62,134,917 |
| Total Other Invested | 0 | 70,674,173 | 35,264,648 | 105,938,822 |
| Total Assets at Fair Value | 414,851,018 | 98,055,156 | 324,444,649 | 837,350,824 |
| b. Liabilities at Fair Value | | | | |
| Derivative liabilities | 0 | 0 | 0 | 0 |
| Total Derivative Liabilities | 0 | 0 | 0 | 0 |
| Total Liabilities at Fair Value | 0 | 0 | 0 | 0 |

2. Fair Value Measurements in Level 3 of the Fair Value:

| | Balance at 01/01/2016 | Transfers in to Level 3 | Transfers out Level 3 | Total G/(L) included in Net Income | Total G/(L) included in Surplus | Purchases, | Issuances | Sales | Settlements | Balance at 12/31/2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Common Stock | 225,649,126 | 0 | 0 | 0 | (3,068,072) | 66,598,947 | 0 | 0 | 0 | 289,180,001 |
| Other Invested Assets | 42,177,008 | 0 | 0 | 4,486,149 | (3,516,781) | 0 | 0 | 7,881,727 | 0 | 35,264,648 |
| | 267,826,134 | 0 | 0 | 4,486,149 | (6,584,853) | 66,598,947 | 0 | 7,881,727 | 0 | 324,444,649 |

3. The Company's policy is to recognize transfers in and out as of the end of the reporting period.

4. As of December 31, 2016 the reported fair value of the entity's investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows:

**Bonds -** According to statutory accounting rules, fixed income securities with a rating of NAIC 1 or 2 are reported at amortized cost. Securities with a rating of NAIC 3 thru 6, or non-investment grade ratings, are measured and reported at the lower of amortized cost or fair value on the statement of financial position. Therefore, the Company reported $54.2 million of bonds with non-investment grade ratings at fair value on the statement of financial position as of December 31, 2016. At the end of every quarter and at year-end, the Company utilizes fair values provided by the Securities Valuation Office (SVO) of the National Association of Insurance Commissioners (NAIC). The SVO is responsible for the credit quality assessment and valuation of securities owned by state regulated insurance companies. Fair value is determined by evaluations based on observable market information rather than market quotes. Inputs to the evaluations include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, credit spreads, interest rate yield curves, and other market-observable information. Thus, fixed income securities measured and reported at fair value are included in the amounts disclosed in Level 2 of the hierarchy.

**Common Stocks, Industrial & Misc. –** According to statutory accounting rules, common stocks are reported at fair value. The Company holds two positions not actively traded. One represents membership in NAMIC (National Association of Mutual Insurance Cos.) and is valued by the SVO. The other represents membership with FHLB of Cincinnati. Therefore these securities are included in level 2.

**Parent, Subsidiaries, and Affiliates –** The Company's investments in six subsidiaries are measured and reported at fair value as of December 31, 2016 for each respective entity totaling $289.2 million in aggregate. Fair value measurement is determined by the individual entity's surplus at the end of a period, or the amount by which assets exceed liabilities. Each subsidiary is in the insurance industry, whereby its assets are largely comprised of fixed income securities carried at amortized cost and its liabilities represent reserves for underwriting losses. Some inputs to the valuation methodology are unobservable and significant to the fair value measurement, and result in disclosure at Level 3.

**Other Invested Assets -** Included in other invested assets are four limited partnerships, one of which is considered a private equity fund that invests in equity securities and debt or other securities providing equity like returns. The private equity fund is reported at its most recently available fair value provided by the Managing Member of the Fund, net any contributions or distributions since said report, totaling $0.2 million as of December 31, 2016. Fair value is the amount 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 Managing Member is required to make significant judgments that impact the reported fair value of investments. Fair value is determined using valuation methodologies after giving consideration to a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, relevant market conditions, trading values on public exchanges for comparable securities discounted accordingly for size, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. A financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to its fair value measurement. As of December 31, 2016 all investments related to the private equity funds are classified as Level 3 assets.

The other three limited partnerships, totaling $43.6 million as of December 31, 2016 are considered hedge funds. Fair value reported on the statement of financial position represents the most recently available valuation provided by the fund manager, usually the previous month from the reporting date due to the timing for receipt of the monthly statement. One hedge fund, with a fair value of $8.5 million, has underlying assets consisting of cash and marketable equity securities. The Company's investment in the fund is valued at the proportionate interest in the net asset value of the marketable securities held by the partnership. Some investments are quoted prices in markets that are not considered to be active for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities and inputs other than quoted prices that are directly observable or indirectly through corroboration with observable market data. As of December 31, 2016, the partnership is classified as Level 2 assets. The remaining two hedge funds, valued at $35.0 million, report fair value based on values provided to a trustee by the fund manager. The Company's investment in each is valued at the proportionate interest in the net asset value of the partnership. There are no unfunded commitments related to the hedge funds and units are redeemable at net asset value with the appropriate prior written notice. Inputs are unobservable and result in disclosure at Level 3 of the fair value hierarchy.

The Company invests in the Eaton Vance Institutional Senior Loan Fund, a limited liability corporation incorporated under the laws of the Cayman Islands. The Fund's investment objective is to provide as high a level of current income as is consistent with the preservation of capital, by investing in a

# NOTES TO FINANCIAL STATEMENTS

portfolio primarily of senior floating-rate loans. Eaton Vance uses an independent pricing service to value most loans and other debt securities at their market value. In certain situations, Eaton Vance may use the fair value of a security if market prices are unavailable or deemed unreliable. As of December 31, 2016, the fund is classified as Level 2 assets totaling $62.1 million.

B. Other Fair Value Disclosures: None

C. Fair Values for All Financial Instruments by levels 1, 2 and 3:

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | Level 1 | Level 2 | Level 3 | Not Practicable (CV) |
|---|---|---|---|---|---|---|
| Bonds | 1,095,757,845 | 1,068,483,039 | 208,629,395 | 887,128,449 | 0 | 0 |
| Common Stock | 670,047,817 | 670,047,817 | 376,996,623 | 3,871,193 | 289,178,001 | 2,000 |
| Perpetual Preferred | 12,568,933 | 12,174,389 | 12,568,933 | 0 | 0 | 0 |
| Other Invested Asset | 105,938,822 | 105,938,822 | 0 | 70,674,173 | 35,264,648 | 0 |
| TOTAL | 1,884,313,417 | 1,856,644,067 | 598,194,951 | 961,673,816 | 324,442,649 | 2,000 |

D. Not Practicable to Estimate Fair Value:

| Type of Financial Instrument | Carrying Value | Effective Interest Rate | Maturity Date | Explanation |
|---|---|---|---|---|
| Common Stock | 2,000 | N/A | N/A | Non-insurance Subsidiary |
| TOTAL | 2,000 | | | |

**21. OTHER ITEMS:**

A. Unusual or Infrequent Items: None

B. Troubled Debt Restructuring: None

C. Other Disclosures:

The Company was a co-borrower with Grange Life Reinsurance Company (GLRE), which is a wholly-owned subsidiary of Grange Life Insurance Company (GLIC), under a $100,000,000 conditional letter of credit facility (the LOC) that was executed in December 2012 and expired in December 2016. The LOC was utilized as security to enable GLIC to secure statutory reserve credit for the reinsurance ceded to GLRE under its reinsurance agreements. The total amount outstanding under the LOC was $0 and $44,132,000 as of December 31, 2016 and 2015, respectively. The LOC expired in December 2015 and GLIC recaptured the term and universal life business of GLRE in the fourth quarter of 2016.

D. Business Interruption Insurance Recoveries: None

E. State Transferable and Non-transferable Tax Credits: None

F. Subprime Mortgage Related Risk Exposure

1. Management Definition of Exposure to Subprime Mortgage Related Risk:

Management defines “subprime” mortgage loans as mortgage loans that are originated with an inherently higher risk profile or have a loan structure that is distinctly different from that of traditional mortgage loans. Management considers the following factors in determining whether or not a mortgage represents a subprime risk: borrowers with low credit ratings (FICO score); unconventionally high initial loan-to-value ratios (LTVs); unconventionally structured loans (option pay adjustable rate mortgages or negative amortizing loans); unconventionally high interest rates; and less than conventional documentation of the borrower’s income and/or assets.

The overall characteristics of the Company’s residential mortgage loan portfolio (the “Portfolio”) are positive and indicate that the Portfolio, as a whole, does not have significant exposure to subprime mortgage related risk. At origination, the Portfolio had an average FICO score of greater than 700 and an original LTV of less than 80%. There are no option pay adjustable rate mortgages and no negatively amortizing loans in the Portfolio. Additionally, the majority of the Portfolio was originated with conventional documentation to support borrower income and/or assets.

On a loan-by-loan basis, management recognizes that the Portfolio does contain individual mortgage loans that exhibit characteristics the industry commonly associates with subprime. Management considers individual loans to have higher exposure to subprime mortgage risk at origination if the credit (FICO score) of the borrower was less than 620 or if the LTV was greater than 95%. Although individual loans with such characteristics exist within the Portfolio, there are significant mitigating factors in place to reduce the Company’s exposure to subprime mortgage risk and reduce the likelihood of a loss on these loans. As of December 31, 2016, there was only one mortgage loan with an LTV greater than 95% (direct exposure of $117,349 of outstanding principal) which has private mortgage insurance (PMI) to guarantee the payment of outstanding principal in case of default. There were two borrowers with a FICO score less than 620.

The Company purchased the Portfolio on June 30, 2007 and management has no plans to originate new mortgage loans. As such, the Company considers the Portfolio to be a “closed block” of loans that are in run-off. Management mitigates the Company’s subprime mortgage risk exposure by monitoring individual mortgage loans in the Portfolio for signs of distress on a monthly basis through mortgage loan delinquency reports and other methods, as appropriate. On a quarterly basis, management analyzes the Portfolio for potential write-downs, which includes an evaluation of exposure to unrealized losses due to a decline in home values, as well as realized losses resulting from delinquent payments or instances of foreclosure where it is more likely than not a home will be sold for less than the amount of outstanding principal and interest due to the Company.

# NOTES TO FINANCIAL STATEMENTS

2. Estimated Direct Exposure Through Investments in Subprime Mortgage Loans:

| | Book/Adjusted Carrying Value (excluding interest) | Fair Value | Value of Land and Buildings | Other Than Temporary Impairment Losses Recognized | Default Rate |
|---|---|---|---|---|---|
| a. Mortgages in the process of foreclosure | 0 | 0 | 0 | 0 | 0 |
| b. Mortgages in good standing | 246,632 | 348,000 | 348,000 | 0 | 0 |
| c. Mortgages with restructure terms | 0 | 0 | 0 | 0 | 0 |
| d. Total | 246,632 | 348,000 | 348,000 | 0 | 0 |

3. Management considers the Company's holdings in securities with underlying subprime exposure to be minimal. The majority of residential mortgage backed securities (RMBS) in the portfolio are issued by government-sponsored enterprises (GSEs). Securities with collateral that contain subprime characteristics based on low credit (FICO scores less than 620) and/or high LTVs represent less than 1% of the Company's invested assets. In addition, these securities were issued prior to 2006. The Company's bond portfolio does not include any positions in collateralized debt obligations (CDOs) on a direct basis. On a quarterly basis, management reviews all loan-backed and structured securities with an unrealized loss position according to SSAP 43-R. The best estimate of future cash flows using the appropriate discount rate is calculated for each affected security. To assist in this effort, a brokerage firm provides forward-looking assumptions for default rates, voluntary prepayment speeds, and loss severities on a majority of the securities governed by SSAP 43R. The outcomes of this process assures that anticipated cash flows will not be less than the carrying value subsequent to other-than-temporary impairments. As of December 31, 2016, management estimates there were no unrealized losses present due to subprime mortgage exposure.

   The Company has no estimated direct exposure to subprime mortgage risk through other investments.

4. The Company does not write Mortgage Guaranty or Financial Guaranty insurance coverage, nor does it write any other lines of insurance with underwriting exposure to subprime mortgage risk.

G. Insurance Linked Securities: None

**22. EVENTS SUBSEQUENT:**

There have been no events, which have occurred subsequent to the filing of this statement, which have a material effect upon the financial condition of the Company.

Assessments relating to Section 9010 of the Federal Affordable Care Act: Policies previously written by the Company are not subject to Section 9010 of the Federal Affordable Care Act. As of December 1, 2015, The Company no longer writes Accident and Health insurance policies.

During the first quarter of 2017, the Company anticipates receiving approval for a change to the Intercompany Pooling Agreement effective January 1, 2017 as a result of the commencement of business of Integrity Select Insurance Company, a subsidiary of affiliate Integrity Mutual Insurance Company. See also Footnote 26 – Intercompany Pooling Agreements.

**23. REINSURANCE:**

A. Unsecured Reinsurance Recoverables:

   None exceed 3% of Surplus

B. Reinsurance Recoverable in Dispute: None

C. Reinsurance Assumed and Ceded:

1.

| | Assumed Reinsurance | | Ceded Reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| a. Affiliates | 284,700,361 | 51,246,065 | 74,755,373 | 13,455,967 | 209,944,988 | 37,790,098 |
| b. All Other | 452,919 | 81,525 | 2,577,334 | 463,920 | (2,124,415) | (382,395) |
| c. TOTAL | 285,153,279 | 51,327,590 | 77,332,707 | 13,919,887 | 207,820,573 | 37,407,703 |

d. Direct unearned Premium Reserve 184,645,135

| | Direct | Assumed | Ceded | Net |
|---|---|---|---|---|
| 2. Contingent Commission | 10,143,010 | 15,467,633 | 4,097,703 | 21,512,940 |

3. Protected Cells: None

D. Uncollectible Reinsurance: None

E. Commutation of Ceded Reinsurance: None

F. Retroactive Reinsurance: None

G. Reinsurance Accounted For as a Deposit: None

H. Disclosures for the Transfer of Property and Casualty Run-Off Agreements: None

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None

**24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION:** NONE

A. Methods used to estimate accrued retrospective premium adjustments: Not Applicable

B. Method used to record accrued retrospective premium adjustments: Not Applicable

# NOTES TO FINANCIAL STATEMENTS

C. Amount of net premiums written attributable to retrospective rating features: Not applicable

D. Medical loss rebates: Not Applicable

E. Nonadmitted retrospective premium: Not Applicable

F. Risk Sharing Provisions of the Affordable Care Act (ACA):

1) Did the Company write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions: Yes

Grange Mutual Casualty Company has written a minor amount of Accident and Health insurance. On December 1, 2015 the Company stopped writing this coverage. As of December 31, 2016 and 2015 there were no policies in-force.

**25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES:**

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by $(33.706) million from $806.077 million in 2015 to $772.371 million in 2016 as a result of re-estimation of unpaid losses and loss adjustment expenses principally on private passenger auto liability and homeowners lines of insurance. This increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Included in this increase (decrease), the Company experienced $0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. However, since the business to which it relates is subject to premium adjustments, there was no significant impact on surplus.

| LOSSES AND LAE | 2016 | 2015 |
|---|---|---|
| BALANCE JANUARY 1 | 806,076,956 | 758,710,802 |
| LESS REINSURANCE RECOVERABLES | 239,893,034 | 261,990,939 |
| NET BALANCE JANUARY 1 | 566,183,922 | 496,719,863 |
| | | |
| INCURRED RELATED TO: | | |
| CURRENT YEAR | 652,370,357 | 712,587,896 |
| PRIOR YEAR | (33,706,020) | (941,088) |
| TOTAL INCURRED | 618,664,337 | 711,646,808 |
| | | |
| PAID RELATED TO: | | |
| CURRENT YEAR | 382,118,977 | 420,900,816 |
| PRIOR YEAR | 217,778,311 | 221,281,933 |
| TOTAL PAID | 599,897,288 | 642,182,749 |
| | | |
| NET BALANCE AT DECEMBER 31 | 584,950,971 | 566,183,922 |
| PLUS REINSURANCE RECOVERABLES | 205,789,695 | 239,893,034 |
| BALANCE AT DECEMBER 31 | 790,740,666 | 806,076,956 |

**26. INTERCOMPANY POOLING AGREEMENTS:**

| | | Pool | |
|---|---|---|---|
| | | **NAIC #** | **Share** |
| Lead Company: | Grange Mutual Casualty Company | **14060** | **84.0%** |
| Affiliates: | Trustgard Insurance Company | **40118** | **3.5%** |
| | Grange Indemnity Insurance Company | **10322** | **4.0%** |
| | Grange Insurance Company of Michigan | **11136** | **2.5%** |
| | Grange Property & Casualty Insurance Company | **11982** | **2.0%** |
| | Integrity Mutual Insurance Company | **14303** | **3.3%** |
| | Integrity Property & Casualty Insurance Company | **12986** | **0.7%** |

All lines of business are subject to the pooling agreement, with no exceptions. All members of the pool are parties to all reinsurance treaties entered into by the group with non-affiliated reinsurers. There are no discrepancies between the reinsurance schedules of the lead company and the reinsurance schedules of the other participants.

See also Footnote 22.

**27. STRUCTURED SETTLEMENTS:**

All unassigned structure settlements where the claimant is the payee have amortized values, by company, less than 1% of the Company's surplus.

**28. HEALTH CARE RECEIVABLES:** NONE

**29. PARTICIPATING POLICIES:** NONE

**30. PREMIUM DEFICIENCY RESERVES:**

1. Liability carried for Premium Deficiency Reserves is zero.
2. Date of the most recent evaluation of this liability was 12/31/2016.
3. Anticipated investment income was not utilized in this calculation.

**31. HIGH DEDUCTIBLES:** NONE

**32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES**: NONE

# NOTES TO FINANCIAL STATEMENTS

**33. ASBESTOS/ENVIRONMENTAL RESERVES:** NONE

**34. SUBSCRIBER SAVINGS ACCOUNTS:** NOT APPLICABLE

**35. MULTIPLE PERIL CROP INSURANCE:** NONE

**36. FINANCIAL GUARANTY INSURANCE:** NONE

**37. CATASTROPHIC PLANNING:**

The Company utilizes a variety of catastrophe mitigation techniques including exposure management, catastrophe modeling, transfer of risk via reinsurance and claims staff preparation. Exposure management includes active management of exposures and loss potentials such as monitoring of changes in insured values, peril avoidance, pricing actions and/or agency realignments. The Company primarily relies on two probabilistic catastrophe models to identify PML and TVaR estimates on an annual basis. A deterministic model augments this effort. The Company has a comprehensive catastrophic reinsurance program in place and we currently purchase coverage well in excess of our 250+ year event outcome. The Company places an emphasis on settlement of claims by Company personnel and these associates receive ongoing training on property claims practices.

# 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: 01/01/3000

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014

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). 11/24/2015

3.4 By what department or departments? Ohio

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [ X ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]

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

4.11 sales of new business? Yes [ ] No [ X ]

4.12 renewals? Yes [ ] No [ X ]

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

4.21 sales of new business? Yes [ ] No [ X ]

4.22 renewals? Yes [ ] No [ X ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]

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

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ 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 0.0

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

| 1<br>Nationality | 2<br>Type of Entity |
|---|---|
| | |
| | |
| | |
| | |
| | |

# GENERAL INTERROGATORIES

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

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

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

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

| 1<br>Affiliate Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| | | | | | |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLP, Columbus, Ohio

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 the domiciliary state insurance laws? Yes [ X ] No [ ] N/A [ ]

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Philip A. Baum, FCAS, MAAA, Officer of the Reporting Entity

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 0

12.13 Total book/adjusted carrying value $

12.2 If yes, provide explanation

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

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

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

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

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

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

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

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

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

# GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| 1<br>American Bankers Association (ABA) Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger the Letter of Credit | 4<br>Amount |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

## BOARD OF DIRECTORS

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

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

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

## FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $
- 20.12 To stockholders not officers $
- 20.13 Trustees, supreme or grand (Fraternal only) $

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $
- 20.22 To stockholders not officers $
- 20.23 Trustees, supreme or grand (Fraternal only) $

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

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $
- 21.22 Borrowed from others $
- 21.23 Leased from others $
- 21.24 Other $

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

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 22.22 Amount paid as expenses $
- 22.23 Other amounts paid $

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

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

## INVESTMENT

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

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

On deposit in custodial account.

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

See Notes to Financial Statement Number 17.

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ X ] No [ ] NA [ ]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 25,799,545

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 [ X ] No [ ] NA [ ]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ X ] No [ ] NA [ ]

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 [ X ] No [ ] NA [ ]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 25,799,545
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 25,799,545
- 24.103 Total payable for securities lending reported on the liability page $ 25,799,545

# GENERAL INTERROGATORIES

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

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

| | | |
|---|---|---|
| 25.21 | Subject to repurchase agreements | $ |
| 25.22 | Subject to reverse repurchase agreements | $ |
| 25.23 | Subject to dollar repurchase agreements | $ |
| 25.24 | Subject to reverse dollar repurchase agreements | $ |
| 25.25 | Placed under option agreements | $ |
| 25.26 | Letter stock or securities restricted as to sale – excluding FHLB Capital Stock | $ |
| 25.27 | FHLB Capital Stock | $ 3,830,700 |
| 25.28 | On deposit with states | $ 2,791,056 |
| 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 | $ 103,200,172 |
| 25.32 | Other | $ |

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|---|---|---|
| | | |

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ X ]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [ X ]

27.2 If yes, state the amount thereof at December 31 of the current year. $

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [ X ] No [ ]

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---|---|
| JP Morgan Chase Bank, N.A. | 4 Chase Metrotech Center, 4th Floor, Brooklyn, NY 11245 |
| Federal Home Loan Bank of Cincinnati | 221 E. 4th St., Suite 600, 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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [ X ]
28.04 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|---|---|---|---|
| | | | |

# GENERAL INTERROGATORIES

28.05 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<br>Name of Firm or Individual | 2<br>Affiliation |
|---|---|
| | |
| SSGA Funds Management, Inc. | U |
| Asset Allocation & Management Company, LLC | U |
| Thompson, Siegel & Walmsley, LLC | U |
| Crescent Capital Group LP | U |
| J. Christopher Montgomery | I |
| James Habegger | I |
| John Ammendola | I |
| Teresa Dalenta | I |

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<br>Central Registration Depository Number | 2<br>Name of Firm or Individual | 3<br>Legal Entity Identifier (LEI) | 4<br>Registered With | 5<br>Investment Management Agreement (IMA) Filed |
|---|---|---|---|---|
| 111242 | SSGA Funds Management, Inc. | FTUGI3NU6B7EELQF380 | SEC #3801-60103 | NO |
| 109875 | Asset Allocation & Management Company, LLC | | SEC #801-60075 | NO |
| 105726 | Thompson, Siegel & Walmsley, LLC | | SEC #801-6273 | NO |
| 153966 | Crescent Capital Group LP | 549300L8Z46F3ZAWSB82 | SEC #801-71747 | NO |

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ X ] No [ ]

29.2 If yes, complete the following schedule:

| 1<br>CUSIP # | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---|---|---|
| 29.2001. 09658L-51-3 | BMO PYRFORD INTL STOCK FUND | 54,257,267 |
| 29.2002. 893509-22-4 | TRANSAMERICA INTL EQUITY-I | 54,682,544 |
| 29.2003. 233203-37-1 | DFA INTL CORE EQUITY | 76,338,837 |
| 29.2999 TOTAL | | 185,278,648 |

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

| 1<br>Name of Mutual Fund (from above table) | 2<br>Name of Significant Holding of the Mutual Fund | 3<br>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4<br>Date of Valuation |
|---|---|---|---|
| BMO PYRFORD INTL STOCK FUND | NESTLE SA | 19,130,000 | 11/30/2016 |
| TRANSAMERICA INTL EQUITY-I | KONINKLIJKE PHILIPS NV | 69,590,000 | 09/30/2016 |
| DFA INTL CORE EQUITY | NESTLE SA | 175,270,000 | 10/31/2016 |

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

| | 1<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|---|---|---|---|
| 30.1 Bonds | 1,068,483,038 | 1,095,757,845 | 27,274,807 |
| 30.2 Preferred Stocks | 12,174,389 | 12,568,933 | 394,544 |
| 30.3 Totals | 1,080,657,427 | 1,108,326,778 | 27,669,351 |

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

Fair values obtained primarily from IDC and Bloomberg, otherwise fair values from custodial statements are used.

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:

# GENERAL INTERROGATORIES

## OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 2,369,358

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| Insurance Services Offices, Inc. | $ 806,968 |

34.1 Amount of payments for legal expenses, if any? $ 457,580

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| Vorys, Sater, Seymour & Pease | $ 306,316 |

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

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

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

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [ X ]

1.2 If yes, indicate premium earned on U. S. business only. $ 0

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0

1.6 Individual policies:

Most current three years:

- 1.61 Total premium earned $ 0
- 1.62 Total incurred claims $ 0
- 1.63 Number of covered lives 0

All years prior to most current three years:

- 1.64 Total premium earned $ 0
- 1.65 Total incurred claims $ 0
- 1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

- 1.71 Total premium earned $ 0
- 1.72 Total incurred claims $ 0
- 1.73 Number of covered lives 0

All years prior to most current three years:

- 1.74 Total premium earned $ 0
- 1.75 Total incurred claims $ 0
- 1.76 Number of covered lives 0

2. Health Test:

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 2.1 | Premium Numerator | $ 0 | $ 0 |
| 2.2 | Premium Denominator | $ 993,573,503 | $ 1,029,284,216 |
| 2.3 | Premium Ratio (2.1/2.2) | 0.000 | 0.000 |
| 2.4 | Reserve Numerator | $ 1,846 | $ 18,646 |
| 2.5 | Reserve Denominator | $ 977,397,501 | $ 969,164,131 |
| 2.6 | Reserve Ratio (2.4/2.5) | 0.000 | 0.000 |

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [ X ]

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

- 3.21 Participating policies $
- 3.22 Non-participating policies $

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ X ]

4.2 Does the reporting entity issue non-assessable policies? Yes [ X ] No [ ]

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

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

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [ ] No [ X ]

5.2 If yes, is the commission paid:

- 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]
- 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]

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

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ X ]

5.5 If yes, give full information

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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:
See Notes to Financial Statement Number 37.

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?
See Notes to Financial Statement Number 37.

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

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

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

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 [ ]

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 noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [ X ]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty–five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [ X ]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of *SSAP No. 62R - Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [ X ]

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

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or, Yes [ ] No [ X ]

(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 Yes [ ] No [ X ]

(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 ]

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 [X] No [ ] N/A [ ]

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [ X ]
11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $
12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $
12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [X] N/A [ ]
12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From %
12.42 To %
12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [ X ]
12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $
12.62 Collateral and other funds $

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 2,000,000
13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [ 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. 1

14.1 Is the reporting entity a cedant in a multiple cedant reinsurance contract? Yes [ X ] No [ ]
14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
See Notes to Financial Statement Number 26. Catastrophe Excess Loss Agreement allocated based on percentage of participation.

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 [ X ] No [ ]
14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ]
14.5 If the answer to 14.4 is no, please explain:

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

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

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

* Disclose type of coverage:

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [ X ]

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

18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [ X ]

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

# FIVE-YEAR HISTORICAL DATA

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

| | 1<br>2016 | 2<br>2015 | 3<br>2014 | 4<br>2013 | 5<br>2012 |
|---|---|---|---|---|---|
| **Gross Premiums Written** (Page 8, Part 1B, Cols. 1, 2 & 3) | | | | | |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 451,470,220 | 483,107,313 | 493,121,890 | 467,010,681 | 439,634,989 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 331,224,296 | 335,668,315 | 324,751,905 | 304,475,736 | 281,682,275 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 409,377,311 | 425,055,918 | 420,976,071 | 393,806,639 | 364,530,704 |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 32,868 | 72,862 | 97,103 | 110,133 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 6. Total (Line 35) | 1,192,071,827 | 1,243,864,415 | 1,238,922,728 | 1,165,390,158 | 1,085,958,101 |
| **Net Premiums Written** (Page 8, Part 1B, Col. 6) | | | | | |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 375,147,652 | 401,615,123 | 410,647,064 | 389,179,415 | 367,054,975 |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 276,345,218 | 280,101,448 | 270,356,042 | 252,124,682 | 232,247,084 |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 331,566,131 | 345,068,309 | 340,169,654 | 316,054,033 | 289,332,194 |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 27,609 | 61,204 | 81,566 | 92,512 |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 12. Total (Line 35) | 983,059,002 | 1,026,812,489 | 1,021,233,965 | 957,439,698 | 888,726,765 |
| **Statement of Income** (Page 4) | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | 56,642,328 | 3,064,525 | (1,695,760) | (123,338) | (10,517,556) |
| 14. Net investment gain (loss) (Line 11) | 54,259,791 | 55,800,072 | 41,880,865 | 52,719,794 | 41,555,197 |
| 15. Total other income (Line 15) | 2,911,321 | 3,608,958 | 5,768,438 | 7,984,725 | 9,450,574 |
| 16. Dividends to policyholders (Line 17) | 3,031,059 | 2,770,955 | 2,763,600 | 2,721,110 | 2,644,957 |
| 17. Federal and foreign income taxes incurred (Line 19) | 28,240,778 | 2,530,328 | 10,079,976 | 10,469,482 | 117,671 |
| 18. Net income (Line 20) | 82,541,603 | 57,172,272 | 33,109,967 | 47,390,589 | 37,725,587 |
| **Balance Sheet Lines** (Pages 2 and 3) | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 2,311,663,058 | 2,192,204,748 | 2,120,580,772 | 2,011,753,004 | 1,858,634,685 |
| 20. Premiums and considerations (Page 2, Col. 3) | | | | | |
| 20.1 In course of collection (Line 15.1) | 197,547,274 | 199,247,900 | 199,815,304 | 181,843,362 | 163,839,236 |
| 20.2 Deferred and not yet due (Line 15.2) | 783,083 | 622,507 | 433,299 | 303,092 | (187,622) |
| 20.3 Accrued retrospective premiums (Line 15.3) | 0 | 0 | 0 | 0 | 0 |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) | 1,204,841,363 | 1,124,120,009 | 1,073,282,751 | 1,001,506,238 | 943,311,485 |
| 22. Losses (Page 3, Line 1) | 449,830,719 | 445,598,265 | 387,073,373 | 352,891,784 | 327,749,173 |
| 23. Loss adjustment expenses (Page 3, Line 3) | 135,120,251 | 120,585,657 | 109,646,489 | 105,451,643 | 98,124,356 |
| 24. Unearned premiums (Page 3, Line 9) | 392,465,708 | 402,980,209 | 405,451,936 | 376,704,139 | 347,931,163 |
| 25. Capital paid up (Page 3, Lines 30 & 31) | 0 | 0 | 0 | 0 | 0 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 1,106,821,695 | 1,068,084,739 | 1,047,298,021 | 1,010,246,766 | 915,323,200 |
| **Cash Flow (Page 5)** | | | | | |
| 27. Net cash from operations (Line 11) | 89,614,336 | 93,843,228 | 72,264,058 | 72,318,844 | 64,348,448 |
| **Risk-Based Capital Analysis** | | | | | |
| 28. Total adjusted capital | 1,109,661,374 | 1,070,806,835 | 1,049,956,083 | 1,010,246,766 | 917,383,310 |
| 29. Authorized control level risk-based capital | 117,528,766 | 112,574,614 | 99,853,307 | 97,262,753 | 85,991,491 |
| **Percentage Distribution of Cash, Cash Equivalents and Invested Assets** | | | | | |
| (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0 | | | | | |
| 30. Bonds (Line 1) | 52.5 | 54.7 | 57.6 | 56.8 | 56.4 |
| 31. Stocks (Lines 2.1 & 2.2) | 33.5 | 30.5 | 26.0 | 26.1 | 25.5 |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2) | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) | 4.9 | 5.5 | 5.9 | 6.5 | 7.4 |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 2.5 | 1.8 | 2.5 | 1.3 | 2.5 |
| 35. Contract loans (Line 6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. Derivatives (Line 7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 37. Other invested assets (Line 8) | 5.2 | 5.6 | 6.1 | 6.0 | 3.4 |
| 38. Receivables for securities (Line 9) | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| 39. Securities lending reinvested collateral assets (Line 10) | 1.3 | 1.7 | 1.7 | 3.0 | 4.6 |
| 40. Aggregate write-ins for invested assets (Line 11) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 41. Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Investments in Parent, Subsidiaries and Affiliates** | | | | | |
| 42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1) | 289,180,001 | 225,649,125 | 221,081,255 | 202,926,892 | 188,056,560 |
| 45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10) | 0 | 0 | 0 | 0 | 0 |
| 46. Affiliated mortgage loans on real estate | | 0 | 0 | 0 | 0 |
| 47. All other affiliated | 0 | 0 | 0 | 0 | 0 |
| 48. Total of above Lines 42 to 47 | 289,180,001 | 225,649,125 | 221,081,255 | 202,926,892 | 188,056,560 |
| 49. Total Investment in parent included in Lines 42 to 47 above | | 0 | 0 | 0 | 0 |
| 50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0) | 26.1 | 21.1 | 21.1 | 20.1 | 20.5 |

# FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1<br>2016 | 2<br>2015 | 3<br>2014 | 4<br>2013 | 5<br>2012 |
|---|---|---|---|---|---|
| **Capital and Surplus Accounts** (Page 4) | | | | | |
| 51. Net unrealized capital gains (losses) (Line 24) | (3,815,140) | (32,736,643) | 22,946,610 | 43,041,497 | 33,298,690 |
| 52. Dividends to stockholders (Line 35) | 0 | 0 | 0 | 0 | 0 |
| 53. Change in surplus as regards policyholders for the year (Line 38) | 38,736,956 | 20,786,718 | 37,051,255 | 94,923,565 | 76,732,791 |
| **Gross Losses Paid** (Page 9, Part 2, Cols. 1 & 2) | | | | | |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 276,205,511 | 280,236,501 | 267,994,457 | 257,997,147 | 227,930,819 |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 163,835,520 | 177,565,773 | 176,445,740 | 160,674,076 | 158,301,113 |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 152,126,364 | 182,086,510 | 206,806,907 | 193,920,545 | 247,031,991 |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 647 | 11,452 | 66,597 | 157,403 | 199,208 |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 59. Total (Line 35) | 592,168,042 | 639,900,235 | 651,313,701 | 612,749,171 | 633,463,131 |
| **Net Losses Paid** (Page 9, Part 2, Col. 4) | | | | | |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 228,224,893 | 231,697,195 | 218,719,565 | 196,054,847 | 190,817,415 |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 137,621,837 | 149,155,249 | 148,211,942 | 134,595,503 | 130,812,154 |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 123,562,482 | 150,277,531 | 169,377,671 | 155,999,697 | 186,197,238 |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 543 | 9,620 | 55,941 | 132,219 | 167,335 |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 65. Total (Line 35) | 489,409,755 | 531,139,595 | 536,365,119 | 486,782,265 | 507,994,142 |
| **Operating Percentages** (Page 4)<br>(Item divided by Page 4, Line 1) x 100.0 | | | | | |
| 66. Premiums earned (Line 1) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 67. Losses incurred (Line 2) | 49.7 | 57.3 | 57.5 | 55.1 | 58.0 |
| 68. Loss expenses incurred (Line 3) | 12.6 | 11.9 | 11.4 | 11.8 | 11.0 |
| 69. Other underwriting expenses incurred (Line 4) | 32.0 | 30.6 | 31.2 | 33.1 | 32.2 |
| 70. Net underwriting gain (loss) (Line 8) | 5.7 | 0.3 | (0.2) | 0.0 | (1.2) |
| **Other Percentages** | | | | | |
| 71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) | 32.1 | 30.3 | 29.8 | 31.2 | 30.4 |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | 62.3 | 69.1 | 68.9 | 66.9 | 69.0 |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) | 88.8 | 96.1 | 97.5 | 94.8 | 97.1 |
| **One Year Loss Development (000 omitted)** | | | | | |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) | (20,062) | 17,345 | 9,841 | (4,223) | (22,910) |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0) | (1.9) | 1.7 | 1.0 | (0.5) | (2.7) |
| **Two Year Loss Development (000 omitted)** | | | | | |
| 76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) | 5,454 | 18,294 | 7,327 | (21,933) | (43,652) |
| 77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0) | 0.5 | 1.8 | 0.8 | (2.6) | (5.3) |

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

If no, please explain

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

**($000 Omitted)**

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | | | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | Loss Payments | | Defense and Cost Containment Payments | | Adjusting and Other Payments | | 10 | 11 | Number of Claims Reported Direct and Assumed |
| | Direct and Assumed | Ceded | Net (Cols. 1 - 2) | 4 Direct and Assumed | 5 Ceded | 6 Direct and Assumed | 7 Ceded | 8 Direct and Assumed | 9 Ceded | Salvage and Subrogation Received | Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | |
| 1. Prior | XXX | XXX | XXX | 1,069 | 115 | 629 | (1) | 35 | 0 | 290 | 1,619 | XXX |
| 2. 2007 | 954,215 | 32,524 | 921,691 | 527,347 | 21,413 | 18,655 | 158 | 71,151 | 20 | 28,618 | 595,561 | XXX |
| 3. 2008 | 942,869 | 43,591 | 899,278 | 599,903 | 67,953 | 20,660 | 900 | 76,869 | 51 | 27,236 | 628,528 | XXX |
| 4. 2009 | 971,628 | 49,012 | 922,616 | 571,483 | 16,205 | 18,026 | 67 | 77,009 | 3 | 30,127 | 650,243 | XXX |
| 5. 2010 | 989,029 | 47,867 | 941,162 | 587,429 | 18,412 | 19,590 | 18 | 81,428 | 8 | 33,332 | 670,010 | XXX |
| 6. 2011 | 929,246 | 52,707 | 876,539 | 614,441 | 79,234 | 22,162 | 467 | 79,561 | 14 | 29,932 | 636,449 | XXX |
| 7. 2012 | 917,892 | 48,760 | 869,133 | 531,633 | 24,983 | 19,180 | 229 | 74,151 | 22 | 28,677 | 599,729 | XXX |
| 8. 2013 | 973,834 | 45,167 | 928,667 | 503,012 | 13,321 | 19,013 | 523 | 78,827 | 22 | 29,390 | 586,986 | XXX |
| 9. 2014 | 1,035,313 | 42,827 | 992,486 | 505,380 | 5,106 | 15,376 | 74 | 84,687 | 66 | 31,798 | 600,198 | XXX |
| 10. 2015 | 1,068,044 | 38,759 | 1,029,284 | 453,973 | 8,303 | 8,497 | 80 | 83,282 | 109 | 29,469 | 537,260 | XXX |
| 11. 2016 | 1,031,479 | 37,905 | 993,574 | 310,904 | 1,567 | 2,122 | 1 | 70,668 | 8 | 16,501 | 382,119 | XXX |
| 12. Totals | XXX | XXX | XXX | 5,206,575 | 256,611 | 163,909 | 2,516 | 777,668 | 323 | 285,371 | 5,888,701 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | 23 | 24 | 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Case Basis | | Bulk + IBNR | | Case Basis | | Bulk + IBNR | | 21 | 22 | Salvage and Subrogation Anticipated | Total Net Losses and Expenses Unpaid | Number of Claims Outstanding Direct and Assumed |
| | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed | 18 Ceded | 19 Direct and Assumed | 20 Ceded | Direct and Assumed | Ceded | | | |
| 1. | 100,156 | 97,777 | 993 | 0 | 47 | 56 | 971 | 0 | 147 | 0 | 0 | 4,480 | XXX |
| 2. | 28,450 | 27,510 | 322 | 0 | 0 | 0 | 623 | 0 | 56 | 0 | 88 | 1,940 | XXX |
| 3. | 5,851 | 4,392 | 411 | 0 | 0 | 0 | 1,087 | 0 | 242 | 0 | 144 | 3,198 | XXX |
| 4. | 2,618 | 948 | 435 | 0 | 0 | 0 | 1,109 | 0 | 108 | 0 | 237 | 3,323 | XXX |
| 5. | 9,557 | 8,092 | 701 | 0 | 0 | 0 | 1,675 | 0 | 139 | 0 | 347 | 3,982 | XXX |
| 6. | 20,372 | 14,918 | 1,273 | 0 | 0 | 0 | 2,506 | 0 | 381 | 0 | 467 | 9,613 | XXX |
| 7. | 25,722 | 16,919 | 2,574 | 0 | 0 | 0 | 4,275 | 0 | 461 | 0 | 696 | 16,113 | XXX |
| 8. | 41,129 | 19,887 | 8,798 | 682 | 0 | 0 | 7,799 | 0 | 1,566 | 0 | 1,204 | 38,724 | XXX |
| 9. | 43,199 | 2,400 | 19,971 | 1,534 | 2 | 0 | 15,263 | 0 | 3,454 | 0 | 2,355 | 77,955 | XXX |
| 10. | 83,166 | 1,605 | 45,211 | 2,967 | 4 | 0 | 24,465 | 0 | 7,098 | 0 | 4,797 | 155,372 | XXX |
| 11. | 122,002 | 1,550 | 92,707 | 4,607 | 58 | 0 | 26,617 | 0 | 35,024 | 0 | 15,929 | 270,251 | XXX |
| 12. | 482,223 | 195,999 | 173,398 | 9,791 | 111 | 56 | 86,389 | 0 | 48,677 | 0 | 26,263 | 584,951 | XXX |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage (Incurred/Premiums Earned) | | | Nontabular Discount | | 34 | Net Balance Sheet Reserves After Discount | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 26 Direct and Assumed | 27 Ceded | 28 Net | 29 Direct and Assumed | 30 Ceded | 31 Net | 32 Loss | 33 Loss Expense | Inter-Company Pooling Participation Percentage | 35 Losses Unpaid | 36 Loss Expenses Unpaid |
| 1. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 3,372 | 1,109 |
| 2. | 646,603 | 49,101 | 597,501 | 67.8 | 151.0 | 64.8 | 0 | 0 | 84.0 | 1,261 | 679 |
| 3. | 705,022 | 73,296 | 631,726 | 74.8 | 168.1 | 70.2 | 0 | 0 | 84.0 | 1,869 | 1,329 |
| 4. | 670,789 | 17,223 | 653,566 | 69.0 | 35.1 | 70.8 | 0 | 0 | 84.0 | 2,105 | 1,217 |
| 5. | 700,520 | 26,529 | 673,991 | 70.8 | 55.4 | 71.6 | 0 | 0 | 84.0 | 2,167 | 1,815 |
| 6. | 740,696 | 94,633 | 646,062 | 79.7 | 179.5 | 73.7 | 0 | 0 | 84.0 | 6,726 | 2,887 |
| 7. | 657,997 | 42,154 | 615,842 | 71.7 | 86.5 | 70.9 | 0 | 0 | 84.0 | 11,377 | 4,736 |
| 8. | 660,146 | 34,436 | 625,710 | 67.8 | 76.2 | 67.4 | 0 | 0 | 84.0 | 29,358 | 9,366 |
| 9. | 687,332 | 9,179 | 678,153 | 66.4 | 21.4 | 68.3 | 0 | 0 | 84.0 | 59,237 | 18,718 |
| 10. | 705,696 | 13,065 | 692,631 | 66.1 | 33.7 | 67.3 | 0 | 0 | 84.0 | 123,805 | 31,567 |
| 11. | 660,103 | 7,732 | 652,370 | 64.0 | 20.4 | 65.7 | 0 | 0 | 84.0 | 208,552 | 61,699 |
| 12. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 449,831 | 135,120 |

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

# SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) | | | | | | | | | | DEVELOPMENT | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1<br>2007 | 2<br>2008 | 3<br>2009 | 4<br>2010 | 5<br>2011 | 6<br>2012 | 7<br>2013 | 8<br>2014 | 9<br>2015 | 10<br>2016 | 11<br>One Year | 12<br>Two Year |
| 1. Prior | 195,545 | 180,237 | 170,283 | 163,994 | 163,883 | 164,402 | 164,530 | 166,041 | 166,884 | 168,306 | 1,422 | 2,265 |
| 2. 2007 | 544,152 | 536,774 | 531,126 | 527,470 | 525,675 | 526,931 | 525,230 | 525,629 | 525,879 | 526,315 | 436 | 686 |
| 3. 2008 | XXX | 558,540 | 562,190 | 559,628 | 552,012 | 553,225 | 552,759 | 554,083 | 554,096 | 554,666 | 570 | 583 |
| 4. 2009 | XXX | XXX | 598,548 | 586,637 | 577,311 | 577,177 | 576,404 | 575,910 | 577,051 | 576,451 | (599) | 541 |
| 5. 2010 | XXX | XXX | XXX | 616,507 | 597,343 | 588,849 | 590,785 | 592,459 | 592,258 | 592,432 | 174 | (28) |
| 6. 2011 | XXX | XXX | XXX | XXX | 575,970 | 558,701 | 560,554 | 564,962 | 565,556 | 566,135 | 578 | 1,173 |
| 7. 2012 | XXX | XXX | XXX | XXX | XXX | 547,333 | 542,133 | 544,860 | 542,828 | 541,253 | (1,576) | (3,607) |
| 8. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 542,787 | 541,078 | 548,923 | 545,338 | (3,585) | 4,260 |
| 9. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 590,497 | 599,389 | 590,078 | (9,311) | (420) |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 610,531 | 602,360 | (8,171) | XXX |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 546,686 | XXX | XXX |
| | | | | | | | | | | 12. Totals | (20,062) | 5,454 |

# SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) | | | | | | | | | | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1<br>2007 | 2<br>2008 | 3<br>2009 | 4<br>2010 | 5<br>2011 | 6<br>2012 | 7<br>2013 | 8<br>2014 | 9<br>2015 | 10<br>2016 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| 1. Prior | 000 | 82,629 | 123,059 | 140,828 | 149,474 | 153,836 | 156,229 | 160,957 | 162,388 | 163,972 | XXX | XXX |
| 2. 2007 | 342,420 | 439,342 | 482,425 | 508,066 | 514,827 | 519,344 | 522,023 | 523,611 | 524,125 | 524,431 | XXX | XXX |
| 3. 2008 | XXX | 361,342 | 472,547 | 509,056 | 530,916 | 538,641 | 546,032 | 548,457 | 550,455 | 551,710 | XXX | XXX |
| 4. 2009 | XXX | XXX | 383,950 | 497,664 | 534,300 | 554,601 | 566,212 | 570,051 | 572,744 | 573,237 | XXX | XXX |
| 5. 2010 | XXX | XXX | XXX | 396,591 | 500,359 | 538,262 | 565,386 | 580,653 | 585,523 | 588,589 | XXX | XXX |
| 6. 2011 | XXX | XXX | XXX | XXX | 374,348 | 469,591 | 506,798 | 535,993 | 549,560 | 556,902 | XXX | XXX |
| 7. 2012 | XXX | XXX | XXX | XXX | XXX | 356,737 | 446,166 | 485,390 | 515,241 | 525,601 | XXX | XXX |
| 8. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 332,062 | 429,172 | 478,952 | 508,181 | XXX | XXX |
| 9. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 367,882 | 470,779 | 515,577 | XXX | XXX |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 350,085 | 454,087 | XXX | XXX |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 311,459 | XXX | XXX |

# SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1<br>2007 | 2<br>2008 | 3<br>2009 | 4<br>2010 | 5<br>2011 | 6<br>2012 | 7<br>2013 | 8<br>2014 | 9<br>2015 | 10<br>2016 |
| 1. Prior | 86,821 | 42,554 | 20,107 | 8,171 | 3,736 | 2,787 | 1,522 | 1,081 | 1,084 | 1,964 |
| 2. 2007 | 94,996 | 45,595 | 19,959 | 8,217 | 3,522 | 2,484 | 1,123 | 977 | 1,022 | 944 |
| 3. 2008 | XXX | 91,910 | 41,887 | 17,558 | 7,266 | 4,164 | 1,679 | 1,404 | 1,275 | 1,497 |
| 4. 2009 | XXX | XXX | 98,299 | 44,095 | 17,391 | 6,895 | 3,833 | 2,344 | 1,945 | 1,544 |
| 5. 2010 | XXX | XXX | XXX | 101,958 | 40,155 | 17,591 | 7,442 | 4,796 | 3,185 | 2,377 |
| 6. 2011 | XXX | XXX | XXX | XXX | 92,148 | 36,560 | 17,961 | 9,736 | 5,901 | 3,779 |
| 7. 2012 | XXX | XXX | XXX | XXX | XXX | 90,984 | 42,766 | 22,269 | 11,533 | 6,849 |
| 8. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 90,970 | 47,505 | 27,270 | 15,915 |
| 9. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 103,983 | 62,224 | 33,700 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 121,497 | 66,709 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 114,717 |

# 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 2 Direct Premiums Written | 3 Direct Premiums Earned | 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 Col. 2) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. Alabama | AL | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 2. Alaska | AK | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 3. Arizona | AZ | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 4. Arkansas | AR | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 5. California | CA | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 6. Colorado | CO | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 7. Connecticut | CT | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 8. Delaware | DE | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 9. Dist. Columbia | DC | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 10. Florida | FL | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 11. Georgia | GA | L | 37,730,590 | 38,471,276 | 0 | 20,282,141 | 19,708,597 | 28,116,112 | 482,372 | |
| 12. Hawaii | HI | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 13. Idaho | ID | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 14. Illinois | IL | L | 21,620,115 | 22,409,848 | 0 | 8,640,632 | 7,684,090 | 27,545,162 | 267,135 | |
| 15. Indiana | IN | L | 17,202,600 | 17,696,226 | 0 | 7,732,317 | 5,945,191 | 12,944,421 | 211,513 | |
| 16. Iowa | IA | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 17. Kansas | KS | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 18. Kentucky | KY | L | 28,597,895 | 29,278,798 | 0 | 17,795,526 | 11,242,740 | 17,350,155 | 359,693 | |
| 19. Louisiana | LA | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 20. Maine | ME | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 21. Maryland | MD | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 22. Massachusetts | MA | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 23. Michigan | MI | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 24. Minnesota | MN | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 25. Mississippi | MS | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 26. Missouri | MO | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 27. Montana | MT | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 28. Nebraska | NE | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 29. Nevada | NV | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 30. New Hampshire | NH | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 31. New Jersey | NJ | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 32. New Mexico | NM | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 33. New York | NY | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 34. No.Carolina | NC | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 35. No.Dakota | ND | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 36. Ohio | OH | L | 309,145,219 | 317,454,435 | 0 | 138,645,311 | 126,106,687 | 105,701,813 | 6,021,518 | |
| 37. Oklahoma | OK | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 38. Oregon | OR | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 39. Pennsylvania | PA | L | 14,849,912 | 13,009,711 | 0 | 6,267,938 | 7,069,838 | 10,256,610 | 159,055 | |
| 40. Rhode Island | RI | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 41. So. Carolina | SC | L | 4,029,827 | 4,288,922 | 0 | 3,896,301 | 4,034,759 | 2,140,634 | 156,060 | |
| 42. So. Dakota | SD | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 43. Tennessee | TN | L | 33,392,331 | 34,879,768 | 0 | 13,981,017 | 13,129,927 | 18,669,142 | 401,532 | |
| 44. Texas | TX | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 45. Utah | UT | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 46. Vermont | VT | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 47. Virginia | VA | L | 4,318,092 | 4,280,391 | 0 | 2,628,569 | 2,520,050 | 1,039,954 | 222,062 | |
| 48. Washington | WA | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 49. West Virginia | WV | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 50. Wisconsin | WI | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 51. Wyoming | WY | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 52. American Samoa | AS | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 53. Guam | GU | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 54. Puerto Rico | PR | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 55. U.S. Virgin Islands | VI | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 56. Northern Mariana Islands | MP | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 57. Canada | CAN | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 58. Aggregate other alien | OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Totals | | (a) 15 | 470,886,581 | 481,769,376 | 0 | 219,869,752 | 197,441,878 | 223,764,002 | 8,280,940 | 0 |
| **DETAILS OF WRITE-INS** | | | | | | | | | | |
| 58001. | | XXX | | | | | | | | |
| 58002. | | XXX | | | | | | | | |
| 58003. | | XXX | | | | | | | | |
| 58998. Sum. of remaining write-ins for Line 58 from overflow page | | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above) | | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

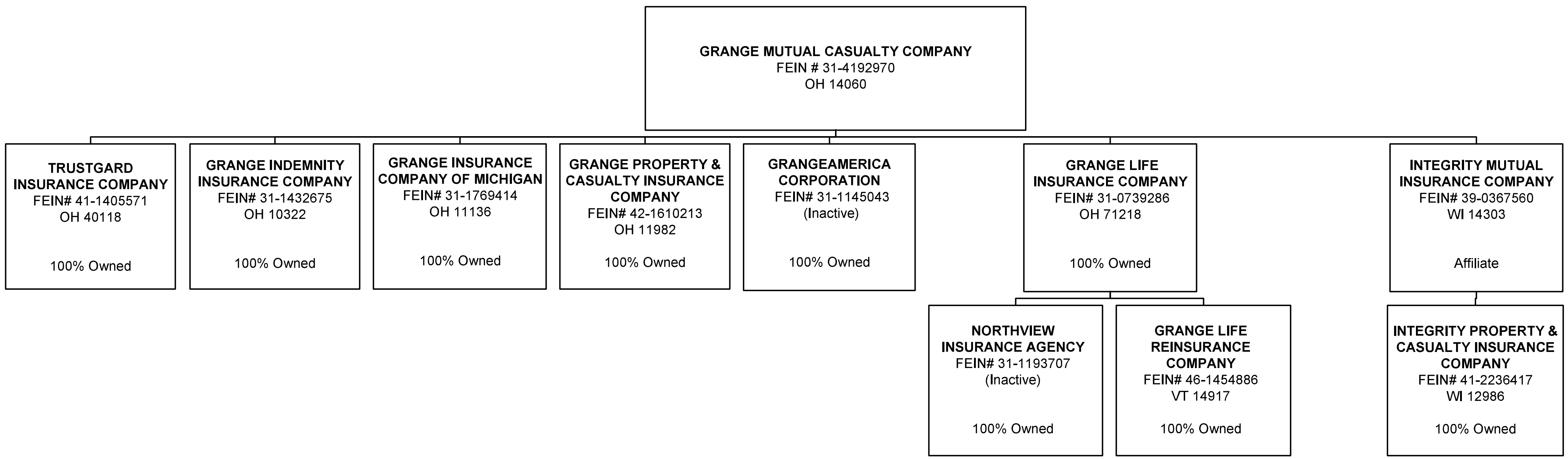
**Explanation of basis of allocation of premiums by states, etc.**

Location of the risk.

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

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

## PART 1 – ORGANIZATIONAL CHART



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