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2016

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**ANNUAL STATEMENT**  
**For the Year Ended DECEMBER 31, 2016**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**CENTRAL MUTUAL INSURANCE COMPANY**

NAIC Group Code	0036 (Current Period)	0036 (Prior Period)	NAIC Company Code	20230	Employer's ID Number	34-4202560
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		OH	
Country of Domicile	United States of America					
Incorporated/Organized	04/17/1876		Commenced Business		10/02/1876	
Statutory Home Office	800 SOUTH WASHINGTON STREET (Street and Number)		VAN WERT, OH, US 45891-2357 (City or Town, State, Country and Zip Code)			
Main Administrative Office	800 SOUTH WASHINGTON STREET (Street and Number)		VAN WERT, OH, US 45891-2357 (City or Town, State, Country and Zip Code)		(419)238-1010 (Area Code) (Telephone Number)	
Mail Address	P.O. BOX 351 (Street and Number or P.O. Box)		VAN WERT, OH, US 45891-0351 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	800 SOUTH WASHINGTON STREET (Street and Number)		VAN WERT, OH, US 45891-2357 (City or Town, State, Country and Zip Code)		(419)238-1010 (Area Code) (Telephone Number)	
Statutory Statement Contact	THAD RYAN EIKENBARY (Name)		TEIKENBARY@CENTRAL-INSURANCE.COM (E-Mail Address)		(419)238-5551-2437 (Area Code)(Telephone Number)(Extension)	
					(419)238-7626 (Fax Number)	

**OFFICERS**

Name	Title
FRANCIS WALWORTH PURMORT III	PRESIDENT
STEPHEN KEITH MOORE	SECRETARY
THAD RYAN EIKENBARY	TREASURER

**OTHERS**

BENJAMIN SCOTT FAUROTE, VICE PRESIDENT  
 CYNTHIA MARIE HURLESS, VICE PRESIDENT  
 EVAN PENNINGTON PURMORT, VICE PRESIDENT #  
 TODD EDWARD SIMPSON, VICE PRESIDENT

TRINTIN CHAD GLEN, CHIEF ACTUARY  
 PATRICK JOHN JACKSON, VICE PRESIDENT  
 TIMOTHY LEE RAUCH, VICE PRESIDENT  
 JOHN EWING WHITE, SR. VICE PRESIDENT

**DIRECTORS OR TRUSTEES**

JOSIE LEE COVINGTON II  
 EDWARD JOSEPH NOONAN  
 JOHN EWING WHITE

THOMAS B KEARNEY  
 FRANCIS WALWORTH PURMORT III

State of Ohio  
 County of Van Wert ss

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

(Signature)

FRANCIS WALWORTH PURMORT III

(Printed Name)

1.

PRESIDENT

(Title)

(Signature)

STEPHEN KEITH MOORE

(Printed Name)

2.

SECRETARY

(Title)

(Signature)

THAD RYAN EIKENBARY

(Printed Name)

3.

TREASURER

(Title)

Subscribed and sworn to before me this  
20th day of February, 2017

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

Yes[X] No[ ]

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(Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	766,332,074		766,332,074	750,845,499
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	42,786,358		42,786,358	39,459,864
2.2 Common Stocks .....	420,560,999	2,343,061	418,217,938	374,523,130
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....	42,604,856	297,766	42,307,089	43,941,945
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....	317,238		317,238	309,793
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....19,376,003, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....17,243,131, Schedule DA) .....	36,619,133		36,619,133	32,545,193
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....			25	
8. Other invested assets (Schedule BA) .....	25		25	44
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,309,220,683	2,640,827	1,306,579,856	1,241,625,468
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	8,200,385		8,200,385	17,112,503
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	29,478,861	240,029	29,238,832	28,006,945
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....534,782 earned but unbilled premiums) .....	133,678,092	64,432	133,613,661	125,382,429
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	6,331,449		6,331,449	1,548,423
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				5,040,000
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	44,812,884	17,352,485	27,460,399	30,362,354
19. Guaranty funds receivable or on deposit .....	167,827		167,827	104,839
20. Electronic data processing equipment and software .....	7,262,737	6,506,945	755,793	306,327
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	1,471,763	1,471,763		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$.....0) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	2,161,110	1,119	2,159,990	1,694,121
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,542,785,791	28,277,599	1,514,508,192	1,451,183,408
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	1,542,785,791	28,277,599	1,514,508,192	1,451,183,408
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. PERMANENT TRAVEL ADVANCES .....	200	200		
2502. PREPAID PENSION BENEFIT COSTS .....	5,557,629		5,557,629	9,203,372
2503. OVERFUNDING PENSION ASSETS .....	(5,557,629)		(5,557,629)	(9,203,372)
2598. Summary of remaining write-ins for Line 25 from overflow page .....	2,160,910	919	2,159,990	1,694,121
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,161,110	1,119	2,159,990	1,694,121

## LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	255,102,085	260,050,327
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	101,028,735	101,216,734
4.	Commissions payable, contingent commissions and other similar charges	17,778,405	17,723,404
5.	Other expenses (excluding taxes, licenses and fees)	47,381,416	36,560,377
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	5,620,277	5,455,763
7.1	Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses))	2,236,933	3,448,717
7.2	Net deferred tax liability		
8.	Borrowed money \$.....0 and interest thereon \$.....0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....60,802,385 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)	279,269,173	263,403,060
10.	Advance premiums	4,382,176	3,555,739
11.	Dividends declared and unpaid:		
11.1	Stockholders		
11.2	Policyholders	355,042	290,697
12.	Ceded reinsurance premiums payable (net of ceding commissions)	3,663,768	4,165,044
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	14,882,753	12,203,378
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 8)	40,000	
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	1,647,336	2,251,184
20.	Derivatives		
21.	Payable for securities	456,615	2,391,934
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes \$.....0 and interest thereon \$.....0		
25.	Aggregate write-ins for liabilities	37,615,853	32,664,931
26.	TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25)	771,460,568	745,381,290
27.	Protected cell liabilities		
28.	TOTAL Liabilities (Lines 26 and 27)	771,460,568	745,381,290
29.	Aggregate write-ins for special surplus funds		
30.	Common capital stock		
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus		
35.	Unassigned funds (surplus)	743,047,617	705,802,121
36.	Less treasury stock, at cost:		
36.1	.....0 shares common (value included in Line 30 \$.....0)		
36.2	.....0 shares preferred (value included in Line 31 \$.....0)		
37.	Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39)	743,047,617	705,802,121
38.	TOTALS (Page 2, Line 28, Column 3)	1,514,508,184	1,451,183,411
<b>DETAILS OF WRITE-INS</b>			
2501.	Reserve - Pension Plan Benefits	33,327,888	30,503,209
2502.	Deferred Option Income	2,577,765	585,209
2503.	Reserve for Escheats	1,146,657	1,476,417
2598.	Summary of remaining write-ins for Line 25 from overflow page	563,543	100,097
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	37,615,853	32,664,931
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above)		

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**STATEMENT OF INCOME**

		1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>			
1. Premiums earned (Part 1, Line 35, Column 4) .....		503,437,673	467,598,885
<b>DEDUCTIONS</b>			
2. Losses incurred (Part 2, Line 35, Column 7) .....		285,926,088	234,552,488
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....		36,496,366	35,928,538
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....		174,317,083	163,911,524
5. Aggregate write-ins for underwriting deductions .....			
6. TOTAL Underwriting Deductions (Lines 2 through 5) .....		496,739,536	434,392,549
7. Net income of protected cells .....			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....		6,698,137	33,206,336
<b>INVESTMENT INCOME</b>			
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		32,962,636	34,464,709
10. Net realized capital gains (losses) less capital gains tax of \$.....(93,132) (Exhibit of Capital Gains (Losses)) .....		(172,958)	1,420,621
11. Net investment gain or (loss) (Lines 9 + 10) .....		32,789,678	35,885,330
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....43 amount charged off \$.....416,671) .....		(416,628)	(342,942)
13. Finance and service charges not included in premiums .....		2,078,213	2,115,717
14. Aggregate write-ins for miscellaneous income .....		531,571	561,439
15. TOTAL Other Income (Lines 12 through 14) .....		2,193,156	2,334,215
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....		41,680,971	71,425,880
17. Dividends to policyholders .....		512,797	448,835
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) .....		41,168,173	70,977,046
19. Federal and foreign income taxes incurred .....		8,637,505	13,941,700
20. Net income (Line 18 minus Line 19) (to Line 22) .....		32,530,668	57,035,346
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....		705,801,923	640,095,820
22. Net income (from Line 20) .....		32,530,668	57,035,346
23. Net transfers (to) from Protected Cell accounts .....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....5,619,334 .....		10,435,907	1,495,189
25. Change in net unrealized foreign exchange capital gain (loss) .....			
26. Change in net deferred income tax .....		1,959,852	(2,122,966)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3) .....		(306,931)	5,984,545
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		(40,000)	
29. Change in surplus notes .....			
30. Surplus (contributed to) withdrawn from protected cells .....			
31. Cumulative effect of changes in accounting principles .....			
32. Capital changes:			
32.1 Paid in .....			
32.2 Transferred from surplus (Stock Dividend) .....			
32.3 Transferred to surplus .....			
33. Surplus adjustments:			
33.1 Paid in .....			
33.2 Transferred to capital (Stock Dividend) .....			
33.3 Transferred from capital .....			
34. Net remittances from or (to) Home Office .....			
35. Dividends to stockholders .....			
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1) .....			
37. Aggregate write-ins for gains and losses in surplus .....		(7,334,004)	3,313,989
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....		37,245,492	65,706,103
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....		743,047,415	705,801,923
<b>DETAILS OF WRITE-INS</b>			
0501. .....			
0502. .....			
0503. .....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....			
1401. Miscellaneous Income .....		531,571	561,439
1402. .....			
1403. .....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		531,571	561,439
3701. Gains and Losses in Surplus (SSAP's 92 & 102) .....		(7,334,004)	3,313,989
3702. .....			
3703. .....			
3798. Summary of remaining write-ins for Line 37 from overflow page .....			
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above) .....		(7,334,004)	3,313,989

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**CASH FLOW**

		1 Current Year	2 Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	510,154,703	474,851,046
2.	Net investment income .....	46,769,554	37,561,134
3.	Miscellaneous income .....	2,193,155	2,311,290
4.	<b>TOTAL (Lines 1 through 3)</b> .....	<b>559,117,411</b>	<b>514,723,469</b>
5.	Benefit and loss related payments .....	295,657,357	237,648,149
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	203,061,005	190,152,358
8.	Dividends paid to policyholders .....	448,452	415,825
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	9,756,157	19,257,493
10.	<b>TOTAL (Lines 5 through 9)</b> .....	<b>508,922,971</b>	<b>447,473,826</b>
11.	Net cash from operations (Line 4 minus Line 10) .....	50,194,440	67,249,643
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	109,712,492	131,319,016
12.2	Stocks .....	42,561,347	45,559,719
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	4,307,193	4,297,197
12.8	<b>TOTAL Investment proceeds (Lines 12.1 to 12.7)</b> .....	<b>156,581,033</b>	<b>181,175,933</b>
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	128,118,050	189,002,047
13.2	Stocks .....	72,310,309	64,178,850
13.3	Mortgage loans .....		
13.4	Real estate .....	306,423	68,370
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....	6,114,868	2,799,608
13.7	<b>TOTAL Investments acquired (Lines 13.1 to 13.6)</b> .....	<b>206,849,650</b>	<b>256,048,874</b>
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(50,268,617)	(74,872,942)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	4,148,119	5,129,086
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	4,148,119	5,129,086
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	4,073,942	(2,494,212)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	32,545,194	35,039,405
19.2	End of year (Line 18 plus Line 19.1) .....	36,619,136	32,545,194

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001	.....	.....	.....
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# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....	6,591,700	3,745,550	3,744,325	6,592,924
2. Allied lines .....	8,132,161	4,676,695	4,746,585	8,062,271
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....	127,097,235	67,424,851	70,878,752	123,643,334
5. Commercial multiple peril .....	103,178,824	56,178,321	56,683,381	102,673,764
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....	14,230,411	6,586,788	7,264,832	13,552,367
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....	1,531,933	770,401	846,886	1,455,449
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....	9,936,367	5,516,062	4,905,397	10,547,031
17.1 Other liability - occurrence .....	23,530,501	13,478,676	14,665,836	22,343,341
17.2 Other liability - claims-made .....				
17.3 Excess Workers' Compensation .....				
18.1 Products liability - occurrence .....	14,287,783	6,923,043	6,979,493	14,231,333
18.2 Products liability - claims-made .....				
19.1 19.2 Private passenger auto liability .....	94,151,019	45,538,978	48,338,836	91,351,161
19.3 19.4 Commercial auto liability .....	31,786,914	13,555,444	16,232,153	29,110,205
21. Auto physical damage .....	84,365,142	38,802,420	43,324,885	79,842,677
22. Aircraft (all perils) .....				
23. Fidelity .....	14,412	9,038	5,752	17,698
24. Surety .....	1,304	471	483	1,292
26. Burglary and theft .....	13,358	7,810	8,045	13,124
27. Boiler and machinery .....	(595)	(484)	(781)	(298)
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance-Nonproportional Assumed Property .....				
32. Reinsurance-Nonproportional Assumed Liability .....				
33. Reinsurance-Nonproportional Assumed Financial Lines .....				
34. Aggregate write-ins for other lines of business .....				
35. TOTALS .....	518,848,468	263,214,063	278,624,858	503,437,673
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....				

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire .....	3,744,325				3,744,325
2. Allied lines .....	4,746,585				4,746,585
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....	70,878,752				70,878,752
5. Commercial multiple peril .....	57,318,802		(635,421)		56,683,381
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....	7,264,832				7,264,832
10. Financial guaranty .....					
11.1 Medical professional liability - occurrence .....					
11.2 Medical professional liability - claims-made .....					
12. Earthquake .....	846,886				846,886
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....	4,914,291		(8,894)		4,905,397
17.1 Other liability - occurrence .....	14,665,836				14,665,836
17.2 Other liability - claims-made .....					
17.3 Excess Workers' Compensation .....					
18.1 Products liability - occurrence .....	6,979,493				6,979,493
18.2 Products liability - claims-made .....					
19.1 19.2 Private passenger auto liability .....	48,338,836				48,338,836
19.3 19.4 Commercial auto liability .....	16,232,153				16,232,153
21. Auto physical damage .....	43,324,885				43,324,885
22. Aircraft (all perils) .....					
23. Fidelity .....	5,752				5,752
24. Surety .....	483				483
26. Burglary and theft .....	8,045				8,045
27. Boiler and machinery .....	(781)				(781)
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance-Nonproportional Assumed Property .....					
32. Reinsurance-Nonproportional Assumed Liability .....					
33. Reinsurance-Nonproportional Assumed Financial Lines .....					
34. Aggregate write-ins for other lines of business .....					
35. TOTALS .....	279,269,173		(644,315)		278,624,858
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					644,315
38. Balance (Sum of Lines 35 through 37) .....					279,269,173
<b>DETAILS OF WRITE-INS</b>					
3401. ....					
3402. ....					
3403. ....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....					

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	8,578,798	20,963	24,246	1,255,562	776,745	6,591,700
2. Allied lines .....	10,980,334	49,499	235,065	1,548,983	1,583,754	8,132,161
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....	162,600,053		561,729	24,208,997	11,855,550	127,097,235
5. Commercial multiple peril .....	122,976,189	22,121,519		19,653,109	22,265,775	103,178,824
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....	17,252,670	10,001		2,710,554	321,706	14,230,411
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	1,916,213	2,813		291,797	95,296	1,531,933
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....	8,435,175	3,537,443	1,134,209	1,892,641	1,277,819	9,936,367
17.1 Other liability - occurrence .....	35,023,748	48,986		4,482,001	7,060,232	23,530,501
17.2 Other liability - claims-made .....						
17.3 Excess Workers' Compensation .....						
18.1 Products liability - occurrence .....	15,250,062	1,866,036		2,721,482	106,832	14,287,783
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....	114,469,151			17,933,528	2,384,604	94,151,019
19.3 19.4 Commercial auto liability .....	29,801,174	8,897,670	371,667	6,054,650	1,228,947	31,786,914
21. Auto physical damage .....	97,049,180	3,641,045	120,062	16,069,551	375,594	84,365,142
22. Aircraft (all perils) .....						
23. Fidelity .....	17,124	142		2,745	109	14,412
24. Surety .....	1,562			248	10	1,304
26. Burglary and theft .....	17,406			2,544	1,503	13,358
27. Boiler and machinery .....	397,587			(113)	398,295	(595)
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance-Nonproportional Assumed Property .....	XXX					
32. Reinsurance-Nonproportional Assumed Liability .....	XXX					
33. Reinsurance-Nonproportional Assumed Financial Lines .....	XXX					
34. Aggregate write-ins for other lines of business .....						
35. TOTALS .....	624,766,426	40,196,117	2,446,978	98,828,282	49,732,771	518,848,468

**DETAILS OF WRITE-INS**

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

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

If yes, (1) The amount of such installment premiums \$.....0.

(2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire .....	2,218,534	8,872	579,707	1,647,699	548,601	865,168	1,331,132	20.19
2. Allied lines .....	13,077,797	419,269	7,692,578	5,804,487	1,933,425	2,530,028	5,207,884	64.60
3. Farmowners multiple peril .....								
4. Homeowners multiple peril .....	105,444,305	258,273	20,794,707	84,907,871	22,326,959	20,216,292	87,018,537	70.38
5. Commercial multiple peril .....	63,071,940	9,177,577	17,381,202	54,868,315	48,099,692	51,351,800	51,616,207	50.27
6. Mortgage guaranty .....								
8. Ocean marine .....								
9. Inland marine .....	5,438,234	(20)	1,074,800	4,363,414	2,431,780	1,153,789	5,641,405	41.63
10. Financial guaranty .....								
11.1 Medical professional liability - occurrence .....								
11.2 Medical professional liability - claims-made .....								
12. Earthquake .....	31,380		5,021	26,359		4	26,355	1.81
13. Group accident and health .....								
14. Credit accident and health (group and individual) .....								
15. Other accident and health .....								
16. Workers' compensation .....	5,407,100	3,204,258	2,575,470	6,035,888	47,721,226	54,352,619	(595,505)	(5.65)
17.1 Other liability - occurrence .....	6,497,091		3,055,799	3,441,292	20,254,115	19,607,799	4,087,608	18.29
17.2 Other liability - claims-made .....								
17.3 Excess Workers' Compensation .....								
18.1 Products liability - occurrence .....	2,751,986	266,424	482,820	2,535,590	30,355,703	30,484,917	2,406,375	16.91
18.2 Products liability - claims made .....								
19.1 19.2 Private passenger auto liability .....	67,642,044	2,162	11,208,770	56,435,436	55,010,592	54,701,606	56,744,422	62.12
19.3 19.4 Commercial auto liability .....	11,266,381	4,530,610	2,617,278	13,179,713	22,809,959	21,712,605	14,277,067	49.04
21. Auto physical damage .....	66,155,069	2,985,077	11,511,881	57,628,265	3,610,033	3,073,698	58,164,599	72.85
22. Aircraft (all perils) .....								
23. Fidelity .....								
24. Surety .....								
26. Burglary and theft .....								
27. Boiler and machinery .....	55,890		55,889	1			1	(0.21)
28. Credit .....								
29. International .....								
30. Warranty .....								
31. Reinsurance-Nonproportional Assumed Property .....	X X X							
32. Reinsurance-Nonproportional Assumed Liability .....	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X							
34. Aggregate write-ins for other lines of business .....								
35. TOTALS .....	349,057,751	20,852,502	79,035,923	290,874,330	255,102,085	260,050,327	285,926,088	56.79
<b>DETAILS OF WRITE-INS</b>								
3401. ....								
3402. ....								
3403. ....								
3498. Summary of remaining write-ins for Line 34 from overflow page .....								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....								

# UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....	81,185	3,134	13,491	70,828	696,945	1,481	220,653	548,601	176,096
2. Allied Lines .....	1,297,703	30,101	673,580	654,224	2,779,549	12,171	1,512,518	1,933,425	453,029
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....	21,985,584	64,136	7,432,384	14,617,336	9,539,809		1,830,187	22,326,959	5,710,740
5. Commercial multiple peril .....	29,746,531	10,930,728	11,654,372	29,022,888	21,780,638	4,316,540	7,020,374	48,099,692	26,904,327
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....	3,414,910			1,171,010	2,243,900	291,360	183	103,663	2,431,780
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....									50
13. Group accident & health .....								(a)	
14. Credit accident & health (group & individual) .....									
15. Other accident & health .....								(a)	
16. Workers' compensation .....	24,550,649	13,222,000	12,754,558	25,018,091	28,160,049	6,986,248	12,443,162	47,721,226	11,681,015
17.1 Other liability - occurrence .....	18,338,231	50,005	7,206,869	11,181,368	19,330,918	58,520	10,316,690	20,254,115	5,758,814
17.2 Other liability - claims-made .....									
17.3 Excess Workers' Compensation .....									
18.1 Products liability - occurrence .....	12,962,943	3,112,583	3,973,036	12,102,490	21,050,232	2,947,876	5,744,895	30,355,703	29,629,245
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....	53,626,417			11,202,200	42,424,217	16,363,183	3,776,808	55,010,592	12,685,587
19.3 19.4 Commercial auto liability .....	11,460,525	7,429,051	3,054,467	15,835,110	6,468,848	2,306,176	1,800,175	22,809,959	5,705,372
21. Auto physical damage .....	3,615,067	572,233	704,047	3,483,252	139,596	42,781	55,597	3,610,033	1,527,462
22. Aircraft (all perils) .....									
23. Fidelity .....									6
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....		46,282		46,282					2,092
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
34. Aggregate write-ins for other lines of business .....									
35. TOTALS .....	181,126,028	35,413,972	59,886,296	156,653,703	126,601,127	16,671,976	44,824,722	255,102,085	101,028,735
<b>DETAILS OF WRITE-INS</b>									
3401. ....									
3402. ....									
3403. ....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....									

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	22,845,684			22,845,684
1.2 Reinsurance assumed .....	2,157,507			2,157,507
1.3 Reinsurance ceded .....	5,506,058			5,506,058
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	19,497,133			19,497,133
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		100,681,716		100,681,716
2.2 Reinsurance assumed, excluding contingent .....		5,782,976		5,782,976
2.3 Reinsurance ceded, excluding contingent .....		20,584,680		20,584,680
2.4 Contingent - direct .....		11,708,790		11,708,790
2.5 Contingent - reinsurance assumed .....		819,411		819,411
2.6 Contingent - reinsurance ceded .....		2,457,403		2,457,403
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		95,950,811		95,950,811
3. Allowances to manager and agents .....		717,084		717,084
4. Advertising .....		112,180		112,180
5. Boards, bureaus and associations .....	95,521	3,157,874		3,253,396
6. Surveys and underwriting reports .....		4,800,080		4,800,080
7. Audit of assureds' records .....		236,516		236,516
8. Salary and related items:				
8.1 Salaries .....	8,734,025	23,685,611	862,665	33,282,301
8.2 Payroll taxes .....	643,630	1,631,514	60,736	2,335,880
9. Employee relations and welfare .....	4,148,529	12,587,416	485,264	17,221,209
10. Insurance .....	157,317	444,446	16,071	617,835
11. Directors' fees .....	29,492	81,189	3,013	113,694
12. Travel and travel items .....	367,230	5,141,667	33,451	5,542,348
13. Rent and rent items .....	539,182	2,221,973	166,782	2,927,937
14. Equipment .....	982,917	3,689,704	120,806	4,793,428
15. Cost or depreciation of EDP equipment and software .....	476,335	1,311,299	48,662	1,836,296
16. Printing and stationery .....	37,732	304,384	78,406	420,522
17. Postage, telephone and telegraph, exchange and express .....	818,625	2,237,961	74,427	3,131,014
18. Legal and auditing .....	22,487	354,498	16,596	393,581
19. TOTALS (Lines 3 to 18) .....	17,053,024	62,715,398	1,966,880	81,735,302
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....		14,004,941		14,004,941
20.2 Insurance department licenses and fees .....		591,626		591,626
20.3 Gross guaranty association assessments .....		12,369		12,369
20.4 All other (excluding federal and foreign income and real estate) .....		5,143		5,143
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....		14,614,079		14,614,079
21. Real estate expenses .....			994,164	994,164
22. Real estate taxes .....			296,449	296,449
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	(53,791)	1,036,795	(5,239)	977,765
25. TOTAL expenses incurred .....	36,496,366	174,317,083	3,252,254	(a) 214,065,703
26. Less unpaid expenses - current year .....	101,028,735	70,485,108	294,990	171,808,833
27. Add unpaid expenses - prior year .....	101,216,734	59,444,014	295,530	160,956,278
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	36,684,365	163,275,989	3,252,794	203,213,148

**DETAILS OF WRITE-INS**

2401. Miscellaneous Expenses .....	(53,791)	792,854	(5,239)	733,824
2402. Donations .....		243,941		243,941
2403. .....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	(53,791)	1,036,795	(5,239)	977,765

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

## EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1. U.S. Government bonds .....	(a) .....	535,690	486,908
1.1 Bonds exempt from U.S. tax .....	(a) .....	18,289,749	15,347,676
1.2 Other bonds (unaffiliated) .....	(a) .....	10,432,473	10,153,483
1.3 Bonds of affiliates .....	(a) .....		
2.1 Preferred stocks (unaffiliated) .....	(b) .....	2,371,106	2,219,556
2.11 Preferred stocks of affiliates .....	(b) .....		
2.2 Common stocks (unaffiliated) .....		7,131,911	6,978,175
2.21 Common stocks of affiliates .....			
3. Mortgage loans .....	(c) .....		
4. Real estate .....	(d) .....	2,520,441	2,520,441
5. Contract loans .....			
6. Cash, cash equivalents and short-term investments .....	(e) .....	126,679	131,447
7. Derivative instruments .....	(f) .....		
8. Other invested assets .....			
9. Aggregate write-ins for investment income .....		8,617,310	25,910
10. TOTAL Gross investment income .....		50,025,359	37,863,596
11. Investment expenses .....	(g) .....	2,955,805	
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g) .....	296,449	
13. Interest expense .....	(h) .....		
14. Depreciation on real estate and other invested assets .....	(i) .....	1,648,706	
15. Aggregate write-ins for deductions from investment income .....			
16. TOTAL Deductions (Lines 11 through 15) .....			4,900,960
17. Net Investment income (Line 10 minus Line 16) .....			32,962,636
<b>DETAILS OF WRITE-INS</b>			
0901. INTEREST EARNED FROM STOP LOSS .....		8,591,483	83
0902. MISC INTEREST RECD .....		25,827	25,827
0903. .....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....			
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....		8,617,310	25,910
1501. .....			
1502. .....			
1503. .....			
1598. Summary of remaining write-ins for Line 15 from overflow page .....			
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above) .....			

(a) Includes \$.....134,726 accrual of discount less \$.....3,200,353 amortization of premium and less \$.....206,981 paid for accrued interest on purchases.  
 (b) Includes \$.....14,678 accrual of discount less \$.....195,686 amortization of premium and less \$.....0 paid for accrued dividends on purchases.  
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (d) Includes \$.....2,520,441 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.  
 (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.  
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.  
 (i) Includes \$.....1,648,706 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....	28,851		28,851		
1.1 Bonds exempt from U.S. tax .....	9,515		9,515		
1.2 Other bonds (unaffiliated) .....	108,276		108,276		
1.3 Bonds of affiliates .....					
2.1 Preferred stocks (unaffiliated) .....	10,000		10,000		
2.11 Preferred stocks of affiliates .....					
2.2 Common stocks (unaffiliated) .....	286,039	(128,877)	157,162	10,536,010	
2.21 Common stocks of affiliates .....				6,774,059	
3. Mortgage loans .....					
4. Real estate .....	(8,291)		(8,291)		
5. Contract loans .....					
6. Cash, cash equivalents and short-term investments .....					
7. Derivative instruments .....	(571,602)		(571,602)	(1,254,820)	
8. Other invested assets .....		(2)	(2)	(9)	
9. Aggregate write-ins for capital gains (losses) .....					
10. TOTAL Capital gains (losses) .....	(137,212)	(128,879)	(266,091)	16,055,240	

## DETAILS OF WRITE-INS

0901. .....					
0902. .....					
0903. .....					
0998. Summary of remaining write-ins for Line 9 from overflow page .....					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....					

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....	.....	.....	.....
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.....	.....	.....
2.2 Common stocks .....	..... 2,343,061	..... 2,319,174	..... (23,887)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.....	.....	.....
3.2 Other than first liens .....	.....	.....	.....
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	..... 297,766	..... 20,931	..... (276,835)
4.2 Properties held for the production of income .....	.....	.....	.....
4.3 Properties held for sale .....	.....	.....	.....
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	.....	.....	.....
6. Contract loans .....	.....	.....	.....
7. Derivatives (Schedule DB) .....	.....	.....	.....
8. Other invested assets (Schedule BA) .....	.....	.....	.....
9. Receivables for securities .....	.....	.....	.....
10. Securities lending reinvested collateral assets (Schedule DL) .....	.....	.....	.....
11. Aggregate write-ins for invested assets .....	.....	.....	.....
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	..... 2,640,827	..... 2,340,105	..... (300,722)
13. Title plants (for Title insurers only) .....	.....	.....	.....
14. Invested income due and accrued .....	.....	.....	.....
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	..... 240,029	..... 351,865	..... 111,836
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	..... 64,432	..... 18,900	..... (45,532)
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	.....	.....	.....
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.....	.....	.....
16.2 Funds held by or deposited with reinsured companies .....	.....	.....	.....
16.3 Other amounts receivable under reinsurance contracts .....	.....	.....	.....
17. Amounts receivable relating to uninsured plans .....	.....	.....	.....
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.....	.....	.....
18.2 Net deferred tax asset .....	..... 17,352,485	..... 18,110,012	..... 757,527
19. Guaranty funds receivable or on deposit .....	.....	.....	.....
20. Electronic data processing equipment and software .....	..... 6,506,945	..... 6,177,202	..... (329,742)
21. Furniture and equipment, including health care delivery assets .....	..... 1,471,763	..... 972,384	..... (499,379)
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.....	.....	.....
23. Receivables from parent, subsidiaries and affiliates .....	.....	.....	.....
24. Health care and other amounts receivable .....	.....	.....	.....
25. Aggregate write-ins for other than invested assets .....	..... 1,119	..... 200	..... (919)
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	..... 28,277,599	..... 27,970,668	..... (306,931)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	.....	.....	.....
28. TOTAL (Lines 26 and 27) .....	..... 28,277,599	..... 27,970,668	..... (306,931)
<b>DETAILS OF WRITE-INS</b>			
1101. .....	.....	.....	.....
1102. .....	.....	.....	.....
1103. .....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.....	.....	.....
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.....	.....	.....
2501. PERMANENT TRAVEL ADVANCES .....	..... 200	..... 200	.....
2502. PREPAID PENSION BENEFIT COSTS .....	.....	.....	.....
2503. OVERFUNDING PENSION ASSETS .....	.....	.....	.....
2598. Summary of remaining write-ins for Line 25 from overflow page .....	..... 919	.....	..... (919)
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	..... 1,119	..... 200	..... (919)

# Notes to Financial Statements

## 1. Summary of Significant Accounting Policies

### A. Accounting Practices

The financial statements of Central Mutual Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual - Version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

### 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 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, Central Mutual Insurance Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common stocks are stated at market value except investments in stocks of uncombined subsidiaries and affiliates in which Central Mutual Insurance Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at market value except qualified sinking fund preferreds which are stated at amortized cost.
- (5) Central Mutual Insurance Company has no mortgage loans on real estate.
- (6) Loan-backed securities are stated at amortized cost. Prepayment assumptions for loan-backed bonds and structured securities are obtained from dealer surveys. These assumptions are consistent with the current interest rate and economic environment. The prospective adjustment method is used to value these securities.
- (7) Central Mutual Insurance Company owns 100% of the common stock of All America Insurance Company, a property and casualty insurance company. Central Mutual Insurance Company owns 100% of Security Central, a holding company. Stocks held in all subsidiaries are carried at their Admitted Asset Equivalent.
- (8) Central Mutual Insurance Company has minor ownership interest in a limited liability company. The company carries this interest based upon the underlying audited GAAP equity of the investee.
- (9) Central Mutual Insurance Company's derivatives are carried at fair market value (marked-to-market monthly) on Schedule DB. An unrealized gain or loss is incurred monthly as a result. Derivatives in which the positions are closed (expire, purchased, or exercised) incur a realized gain or loss.
- (10) Central Mutual Insurance Company anticipates 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 are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company did change its capitalization policy in 2016 to increase the threshold for internally developed software from \$10,000 to \$50,000 in the interest of saving time spent tracking projects that fall below that new threshold.
- (13) Central Mutual Insurance Company has no pharmaceutical rebate receivables.

### D. Going Concern

- (1)
  - a. No principal conditions or events have occurred to raise substantial doubt about Central Mutual's ability to continue as a going concern.
  - b. N/A
  - c. N/A
- (2) N/A
- (3) N/A
- (4) N/A

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**Notes to Financial Statements**

**2. Accounting Changes and Correction of Errors**

Changes in accounting principle and/or correction of errors –

During 2016, the Companies changed the methodology regarding the discount rate assumptions used in the actuarial calculation to estimate the pension and other postretirement plan liabilities. Previously, the Companies employed the discount rate annually recommended by the Citigroup Pension Discount Curves, while during 2016, the Companies determined to apply the BPS&M Pension Discount Curves. The Companies determined the BPS&M spot rate yield curves uses a single rate model, whose bond pricing data can be adjusted at any point in time, while providing a better representation of bonds in the market place. The factors used in this model allow the Companies a more practical and precise estimate of discount rate assumptions to use in the calculation of the pension and other postretirement liabilities. The change in estimate resulting from this change in methodology did not result in a significant difference in the actuarially calculated pension and other postretirement liabilities at December 31, 2016, as the discount rate based upon the Companies' previous methodology would have resulted in a lower discount rate in 2016.

**3. Business Combinations and Goodwill**

Central Mutual Insurance Company has not purchased or merged with another entity during the prior two years. No goodwill is recorded in the company's assets.

**4. Discontinued Operations**

- A. Discontinued Operation or Classified as Held for Sale – NONE
- B. Change in Plan of Sale of Discontinued Operation – NONE
- C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal – NONE
- D. Equity Interest Retained in the Discontinued Operation After Disposal - NONE

**5. Investments**

- A. Mortgage Loans, including Mezzanine Real Estate Loans - NONE
- B. Debt Restructuring - NONE
- C. Reverse Mortgages - NONE
- D. Loan-Backed Securities:
  - 1. Prepayment assumptions for loan-backed securities and structured securities were obtained from the amortization schedule contained in the official statement. These are based on scheduled loan payments.
  - 2. NONE
  - 3. NONE
- 4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:
  - a. The aggregate amount of unrealized losses:
    - 1. Less than 12 months \$31,289
    - 2. 12 Months or Longer \$0
  - b. The aggregate related fair values of securities with unrealized losses:
    - 1. Less than 12 months \$968,711
    - 2. 12 Months or Longer \$0
- 5. The security does not meet the criteria per the Company's OTTI procedure to be classified as "other than temporarily impaired".
- E. Repurchase Agreements and/or Securities Lending Transactions - NONE
- F. Real Estate – NO TRANSACTIONS TO REPORT
- G. Investments in low-income housing tax credits (LIHTC) – NONE
- H. Restricted Assets:
 

1. Restricted Assets (including Pledged)	1	2	3	4	5	6	7	8	9	10
	Total General Account	G/A Supporting Protected Cell Acct (a)	Total Protected Cell Account	Protected Cell Account (b)	Total (Col. 1+ Col. 3)	Total From Prior Year	Increase/(Decrease) (Col. 5 - Col. 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
J. On deposit with states	6,747,074				6,747,074	5,939,74	807,360	6,747,074	0.45	0.45
- I. Working Capital Finance Investments - NONE
- J. Offsetting and Netting of Assets and Liabilities - NONE
- K. Structured Notes – NONE
- L. 5\* Securities - NONE

**6. Joint Ventures, Partnerships and Limited Liability Companies**

- A. Central Mutual Insurance Company has no investments in Joint Ventures, Partnerships or Limited Liability companies that exceed 10% of admitted assets.
- B. Consumer Agent Portal (CAP) is an LLC formed through an alliance of the IIABA, Trusted Choice, state associations, and insurance carriers, of which Central Mutual Insurance Company is one. The investment is carried on Schedule BA, Other Invested Assets, and valued at book value per CAP financial statements. Due to initial start-up costs, as well as investments in infrastructure and other project costs, the value of the investment has met the criteria of the Company's OTTI procedure, and has subsequently been written down entirely. The current statement value of the investment is zero (\$0). Central Mutual Insurance Company has invested \$6.607 million in Project CAP since its inception, which has been written down in full. No additional write downs were taken in 2016.

**7. Investment Income**

- A. Due and accrued income was excluded from surplus on the following bases:

## **Notes to Financial Statements**

All income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. No amount was excluded.

### **8. Derivative Instruments**

Central Mutual Insurance Company's derivatives transacted in 2016 included both covered calls and stock warrants. Both would be subject to market risk, specifically, equity risk, as stock prices or implied volatility of the underlying securities change. These derivatives should have no credit risk. Cash requirements would be minimal, since the vast majority of options written are the sale of covered calls, which is a cash inflow. The warrants would entail cash outflows, but are minimal.

The derivatives are written for income generation purposes. The sale of these covered calls, on only a portion of our equity holdings, is to allow some appreciation on the underlying stock, and to recognize a realized gain if the calls are exercised. The covered calls may be purchased back if fundamental changes occur in the stock, and it is advantageous to do so and roll to a higher strike price.

All derivatives are carried at fair market value (marked-to-market monthly) on Schedule DB. An unrealized gain or loss is incurred monthly as a result. Derivatives in which the positions are closed (expire, purchased, or exercised) incur a realized gain or loss.

### **9. Income Taxes**

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**Notes to Financial Statements**

CENTRAL MUTUAL INSURANCE COMPANY  
Income Tax Disclosures Required under SSAP 101  
AS OF DECEMBER 31, 2016

Note 9 - Income Taxes

A. Deferred Tax Asset/Liability

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

	December 31, 2016			December 31, 2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 Ordinary	8 Capital	9 (Col 7+8) Total
	69,547,757	4,632,803	74,180,560	70,454,173	4,628,571	75,082,744	(906,416)	4,232	(902,184)
(a) Gross deferred tax assets	0	0	0	0	0	0	0	0	0
(b) Statutory valuation allowance adjustments	69,547,757	4,632,803	74,180,560	70,454,173	4,628,571	75,082,744	(906,416)	4,232	(902,184)
(c) Adjusted gross deferred tax assets (a1 - 1b)	17,352,485	0	17,352,485	19,222,963	0	19,222,963	(1,870,478)	0	(1,870,478)
(d) Deferred Tax Assets Nonadmitted	52,195,272	4,632,803	56,828,075	51,231,210	4,628,571	55,859,781	964,062	4,232	968,294
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	461,384	28,906,292	29,367,676	1,358,991	25,489,097	26,848,088	(897,607)	3,417,195	2,519,588
(f) Deferred Tax Liabilities	51,733,887	(24,273,489)	27,460,398	49,872,218	(20,860,526)	29,011,692	1,861,669	(3,412,963)	(1,551,294)
(g) Net admitted deferred tax asset/(Net Deferred Tax Liability) (1e - 1f)									

2. Admission Calculation Components

	December 31, 2016			December 31, 2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 Ordinary	8 Capital	9 (Col 7+8) Total
	15,150,444	0	15,150,444	26,145,895	0	26,145,895	(10,995,451)	0	(10,995,451)
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	12,047,455	262,500	12,309,955	2,603,298	262,500	2,865,798	9,444,157	0	9,444,157
(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)	12,047,455	262,500	12,309,955	2,603,298	262,500	2,865,798	9,444,157	0	9,444,157
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	XXX	XXX	102,990,661	XXX	XXX	94,625,805	XXX	XXX	8,364,856
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	24,997,373	4,370,303	29,367,676	22,341,793	4,366,071	26,707,864	2,655,580	4,232	2,659,812
(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	52,195,272	4,632,803	56,828,075	51,090,986	4,628,571	55,719,557	1,104,286	4,232	1,108,518
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))									

3. Other Admissibility Criteria

		2016	2015
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount		1045%	1045%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above		630,902,904	630,902,903

4. Impact of Tax Planning Strategies

	December 31, 2016			December 31, 2015			7 (Col 1 & 4) Ordinary	8 (Col 2 & 5) Capital	9 (Col 7+8) Total
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total			
<b>Impact of Tax Planning Strategies</b>									
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0%	6.3%	6.3%	0.0%	6.2%	6.2%	0.0%	0.1%	0.1%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0%	16.9%	16.9%	0.0%	16.0%	16.0%	0.0%	0.9%	0.9%
(c) Does the Company's tax-planning strategies include the use of reinsurance?	Yes [ ]	No [ X ]							

B. Unrecognized DTLs  
Not applicable

**Notes to Financial Statements**

CENTRAL MUTUAL INSURANCE COMPANY

Income Tax Disclosures Required under SSAP 101

AS OF DECEMBER 31, 2016

**Note 9 - Income Taxes (continued)**

## C. Current Tax and Change in Deferred Tax

## 1. Current income tax

	2016	2015	Change
(a) Federal	7,745,966	13,922,412	(6,176,446)
(b) Foreign	80,948	19,288	61,660
(c) Subtotal	7,826,914	13,941,700	(6,114,786)
(d) Federal income tax on net capital gains	891,003	764,949	126,054
(e) Utilization of capital loss carryforward	0	0	0
(f) Other	0	0	0
Federal and foreign income taxes incurred	8,717,917	14,706,649	(5,988,732)

## 2. Deferred income tax

	2016	2015	Change
(a) Ordinary:			
(1) Discounting of unpaid losses	6,039,914	6,903,050	(863,136)
(2) Unearned premium reserve	19,857,970	18,687,116	1,170,854
(3) Non-Qualifying Pension	3,373,729	2,767,979	605,750
(4) SPP Equalization Plan	1,103,037	913,860	189,177
(5) Post Retirement Expenses	16,013,697	14,954,532	1,059,165
(6) Charitable Contribution Deduction Carryforward	0	0	0
(7) AMT Tax Carryforward	9,017,017	12,918,609	(3,901,592)
(8) Pension Accrual	11,664,761	10,676,123	988,638
(9) Net operating loss carry-forward	0	0	0
(10) Tax credit carry-forward			0
(11) Other (including items <5% of total ordinary tax assets)			0
(12) Other assets – nonadmitted	2,338,242	2,632,904	(294,662)
(99) Subtotal	69,408,367	70,454,173	(1,045,806)
(b) Statutory valuation allowance adjustment			0
(c) Nonadmitted	17,352,485	19,222,963	(1,870,478)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	52,055,882	51,231,210	824,672
(e) Capital			
(1) Investments - Other than temporary impairments (OTTI)	4,632,803	4,628,571	4,232
(2) Net capital loss carry-forward			0
(3) Real estate			0
(4) Other (including items <5% of total capital tax assets)			0
(99) Subtotal	4,632,803	4,628,571	4,232
(f) Statutory valuation allowance adjustment			0
(g) Nonadmitted			0
(h) Admitted capital deferred tax assets (2e99-2f-2g)	4,632,803	4,628,571	4,232
(i) Admitted deferred tax assets (2d+2h)	56,688,685	55,859,781	828,904

## 3. Deferred tax liabilities:

	2016	2015	Change
(a) Ordinary:			
(1) Employee Benefit Trust Fund	0	0	0
(2) Discount on Salvage and Subrogation	167,713	204,750	(37,037)
(3) Acquisition Expense - Advanced Premiums	293,671	248,902	44,769
(4) Tax/Book Depreciation	0	905,339	(905,339)
(5)			0
(6)			0
(7)			0
(99) Subtotal	461,384	1,358,991	(897,607)
(b) Capital			
(1) Investments - Unrealized capital gains - net	28,906,292	25,489,097	3,417,195
(2)			0
(3)			0
(99) Subtotal	28,906,292	25,489,097	3,417,195
(c) Deferred tax liabilities (3a99+3b99)	29,367,676	26,848,088	2,519,588

## 4. Net deferred tax assets/liabilities (2i-3c)

27,321,009 29,011,693 (1,690,684)

**Notes to Financial Statements**

**CENTRAL MUTUAL INSURANCE COMPANY**  
**Income Tax Disclosures Required under SSAP 101**  
**AS OF DECEMBER 31, 2016**

**Note 9 - Income Taxes (continued)****D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

The significant items causing a difference between the statutory federal income tax rate and Central Mutual's effective income tax rate are as follows:

	2016	Effective Tax Rate
Provision computed at statutory rate	14,376,265	35.0%
Change in nonadmitted assets	294,662	0.7%
Tax exempt income deduction	(5,361,876)	-13.1%
Proration of tax exempt investment income	1,013,692	2.5%
Disallowed other permanent non-deductible items	124,258	0.3%
Dividends received deduction	(1,396,072)	-3.4%
Change in deferred tax on pension plan	(988,638)	
Change in statutory valuation allowance		
AMT Credit Utilized	2,290,892	5.6%
Other	(1,626,456)	-4.0%
<b>Totals</b>	<b>8,726,727</b>	<b>23.7%</b>
Federal and foreign income taxes incurred	8,717,917	21.2%
Change in net deferred income taxes	8,810	0.0%
	<b>8,726,727</b>	<b>21.2%</b>

# Notes to Financial Statements

**CENTRAL MUTUAL INSURANCE COMPANY**  
**Income Tax Disclosures Required under SSAP 101**  
**AS OF DECEMBER 31, 2016**

## **Note 9 - Income Taxes (continued)**

### **E. Operating Loss and Tax Credit Carryforwards**

- (1) At December 31, 2016, the Company had no unused operating loss carryforwards available to offset against future taxable income.
- (2) The following is income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses:

Year	Amount
2016	\$8,717,917
2015	\$14,294,124

- (3) The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

### **F. Consolidated Federal Income Tax Return**

- (1) The Company's federal income tax return is consolidated with the following entities:

All America Insurance Company  
CAFCO, Inc.  
Central Insurex Agency  
Security Central

- (2) The method of allocation among companies is subject to a written agreement, approved by the Board of Directors. It is agreed among the companies that the tax liability of the subsidiaries shall be determined as if each was filing an individual tax return and the amount of tax so determined, if any, shall be paid to Central Mutual Insurance Company, which, in turn, shall be responsible for payment of the total tax liability calculated in the consolidated return. In the event the subsidiary produces a tax loss, which is utilized by Central Mutual in the consolidated return to reduce its tax liability, Central Mutual shall pay to the subsidiary the tax cash benefit so utilized in the consolidated tax return.

### **G. Federal or Foreign Federal Income Tax Loss Contingencies**

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

- A., B, & C. There were no transactions with affiliated companies other than reinsurance transactions and cost allocation transactions that are based on generally accepted accounting principles.
- D. At December 31, 2016, Central Mutual Insurance Company reported \$1,645,315 as amounts payable to its subsidiary All America Insurance Company. The terms of the settlement require that these amounts be settled within 30 days.
- E. No guarantees or undertakings have been taken for the benefit of an affiliate or related party that result in a material contingent exposure for Central Mutual Insurance Company.
- F. Central Mutual Insurance Company has an intercompany pooling agreement with its subsidiary All America Insurance Company whereby premiums, losses, underwriting and claims expenses are shared 84%/16% respectively in accordance with the pooling arrangement between the two entities. Investment expenses are allocated based on number of securities held in each company.
- G. Central Mutual Insurance Company owns 100% of the shares of All America Insurance Company which is domiciled in the State of Ohio.
- H. Central Mutual Insurance Company owns no shares of an upstream company.
- I. Central Mutual Insurance Company has no Subsidiary, Controlled or Affiliate companies whose carrying value is equal to or exceeds 10% of admitted assets.
- J. Central Mutual Insurance Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated companies during the statement period.
- K. Central Mutual Insurance Company has no investment in foreign insurance subsidiaries.
- L. Central Mutual Insurance Company does not utilize the look-through approach for the valuation of downstream non-insurance entities. Such entities are non-admitted assets.
- M. Central Mutual Insurance Company does not have any non-insurance Subsidiary, Controlled or Affiliate companies.
- N. Audited statutory equity of investments in insurance Subsidiary, Controlled or Affiliated companies does reflect NAIC statutory accounting practices and procedures.

## **11. Debt**

Central Mutual Insurance Company has no debt obligations.

## Notes to Financial Statements

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

#### A. Defined Benefit Plan

Qualified Pension Plan - Central Mutual Insurance Company sponsors a non-contributory defined benefit pension plan covering substantially all of its employees. A net periodic pension benefit cost of \$3,645,743 was recognized in 2016.

The mortality assumption tables were updated from the RP-2014 Total Dataset mortality tables with MP-2014 projection to the RP-2014 Total Dataset Mortality tables adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2016. The discount rate was decreased from 4.70% to 4.55% based upon the BPS&M Pension Discount curve study as of 12/31.

The Company also sponsors a post-retirement medical plan. A net periodic benefit cost of \$7,273,057 was recognized in 2016 for this plan.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2016 and 2015 and were estimated by measuring employee data as of December 31 and October 1, respectively.

(1) Change in benefit obligation					
a. Pension Benefits		Overfunded		Underfunded	
		2016	2015	2016	2015
1. Benefit obligation at beginning of year		\$ -	\$ -	\$ 146,609,093	\$ 149,799,623
2. Service cost		-	-	4,527,475	4,673,722
3. Interest cost		-	-	6,783,408	6,418,840
4. Contribution by plan participants		-	-	-	-
5. Actuarial gain (loss)		-	-	(1,380,566)	9,922,477
6. Foreign currency exchange rate changes		-	-	-	-
7. Benefits paid		-	-	(4,506,942)	(4,360,615)
8. Plan amendments		-	-	-	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits		-	-	-	-
10 Benefit obligation at end of year		\$ -	\$ -	\$ 154,793,600	\$ 146,609,093

b. Postretirement Benefits		Overfunded		Underfunded	
		2016	2015	2016	2015
1. Benefit obligation at beginning of year		\$ -	\$ -	\$ 60,207,567	\$ 55,913,023
2. Service cost		-	-	3,130,024	3,172,432
3. Interest cost		-	-	2,790,398	2,395,962
4. Contribution by plan participants		-	-	-	-
5. Actuarial gain (loss)		-	-	(8,997,284)	(342,758)
6. Foreign currency exchange rate changes		-	-	-	-
7. Benefits paid		-	-	(1,693,802)	(1,616,608)
8. Plan amendments		-	-	-	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits		-	-	-	-
10 Benefit obligation at end of year		\$ -	\$ -	\$ 73,431,471	\$ 60,207,567

c. Special or Contractual Benefits per SSAP No. 11 – NOT APPLICABLE

# Notes to Financial Statements

(2) Change in plan assets	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2016	2015	2016	2015	2016	2015
a. Fair value of plan assets at beginning of year	\$ 116,105,884	\$ 120,304,563	\$ 15,005,433	\$ 14,738,136	\$ -	\$ -
b. Actual return on plan assets	9,866,770	161,936	1,931,025	267,307	-	-
c. Foreign currency exchange rate changes	-	-	-	-	-	-
d. Reporting entity contribution	-	-	1,693,802	1,616,608	-	-
e. Plan participants' contributions	-	-	-	-	-	-
f. Benefits paid	(4,506,942)	(4,360,615)	(1,693,802)	(1,616,608)	-	-
g. Business combinations, divestitures and settlements	-	-	-	-	-	-
h. Fair value of plan assets at end of year	\$ 121,465,712	\$ 116,105,884	\$ 16,936,458	\$ 15,005,443	\$ -	\$ -

(3) Funded Status	Pension		Postretirement			
	Benefits		Benefits			
	2016	2015	2016	2015		
Overfunded:						
a. Assets (non-admitted in 2012)						
1. Prepaid benefit cost	\$ 5,557,629	9,203,372	-	-		
2. Overfunded plan assets	\$ (5,557,629)	(9,203,372)	-	-		
3. Total assets (non-admitted in 2012)	\$ -	-	-	-		
Underfunded:						
b. Liabilities recognized						
1. Accrued benefit cost	\$ -	-	-	-		
2. Liability for pension benefits	\$ (33,327,888)	(30,503,209)	(56,495,013)	(45,202,134)		
3. Total liabilities recognized	\$ (33,327,888)	(30,503,209)	(56,495,013)	(45,202,134)		
c. Unrecognized liabilities	\$ (38,885,517)	(39,706,581)	(23,180,155)	(17,466,531)		

(4) Components of net periodic benefit cost					Special or Contractual Benefits	
	Pension		Postretirement		per SSAP No. 11	
	2016	2015	2016	2015	2016	2015
a. Service cost	\$ 4,527,475	4,673,722	3,130,024	3,172,432	-	-
b. Interest cost	6,783,408	6,418,840	2,790,398	2,395,962	-	-
c. Expected return on	(9,676,841)	(10,035,481)	(1,200,435)	(1,179,050)	-	-
d. Transition asset or obligation	-	-	4,531,848	4,531,848	-	-
e. Gains and losses	2,011,701	2,064,629	420,629	202,202	-	-
f. Prior service cost or credit	-	389,661	(2,399,407)	(2,399,407)	-	-
g. Gain or loss recognized due to a settlement or curtailment or measurement date adjustment	-	-	-	-	-	-
h. Total net periodic benefit cost	\$ 3,645,743	3,511,371	7,273,057	6,723,987	-	-

## Notes to Financial Statements

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

		Pension		Postretirement	
		Benefits		Benefits	
		2016	2015	2016	2015
a.	Items not yet recognized as a component of net periodic cost - prior year	\$ 39,706,581	42,209,803	17,466,531	18,546,673
b.	Net transition asset or obligation recognized	(2,011,701)	(2,454,290)	(2,553,070)	(2,334,643)
c.	Net prior service cost or credit arising during the period	-	-	-	-
d.	Net prior service cost or credit recognized				
e.	Net gain and loss arising during the period	1,190,637	(48,932)	8,266,694	1,254,501
f.	Net gain and loss recognized	-	-	-	-
	Adjustment to net (gain) loss	-	-	-	-
g.	Items not yet recognized as a component of net periodic cost - current year	\$ 38,885,517	39,706,581	23,180,155	17,466,531

**(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	-	-	4,531,848	4,531,848
b.	Net prior service cost or credit	-	-	(2,399,407)	(2,399,407)
c.	Net recognized gains and losses	1,788,094	2,011,701	1,231,126	420,629

**(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 asset or obligation	-	-	13,595,544	18,127,392
b.	Net prior service cost or credit	-	-	(7,533,675)	(9,933,082)
c.	Net recognized gains and losses	38,885,517	39,706,581	17,118,286	9,272,221

**(8) Weighted-average assumptions used to determine net periodic benefit cost as of December 31:**

	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
(a) Weighted-average discount rate	4.35%	4.70%	4.70%	4.55%
(b) Expected long-term rate of return on plan Assets	8.50%	8.50%	8.00%	8.00%
(c) Rate of compensation increase	3.00%	3.00%	N/A	N/A

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

(d) Weighed-average discount rate	4.70%	4.55%	4.70%	4.55%
(e) Rate of compensation increase	5.50% of base plus 24.1% for bonuses	5.50% of base plus 22.0% for bonuses	N/A	N/A

For measurement purposes, an 8.50% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2016. The rate was assumed to decrease gradually to 6.00% for 2022 and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was \$121,583,356 as of December 31, 2016 and \$116,275,314 as of December 31, 2015.

(10) The Company has a non-pension postretirement benefit plan. The health care plan is contributory, with participants' contributions adjusted annually; the life insurance plan is noncontributory. The accounting for the health care plan does not anticipate future cost-sharing changes to the written plan due to the company's expressed intent not to increase retiree contributions each year in excess of the expected general inflation rate. On March 1, 2013, the company amended the postretirement health care plan to limit eligibility for the benefits to employees that retire within 10 years of their Social Security "normal" retirement date, have completed at least 10 years of service since their most recent hire date, and had the coverage on the day just prior to their retirement date.

## Notes to Financial Statements

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
(a) Effect on total of service and interest rate components	\$ 1,317,358	\$ (1,021,014)
(b) Effect on postretirement benefit obligation	\$ 12,788,815	\$ (10,266,229)

(12) The benefits expected to be paid in each of the next five fiscal years related to the defined benefit pension plan are as follows:

2017	\$4,803,723
2018	\$5,173,590
2019	\$5,578,411
2020	\$6,036,867
2021	\$6,572,117

The aggregate for five fiscal years thereafter are estimated to be: \$39,306,806.

The net benefits expected to be paid in each of the next five fiscal years related to the postretirement plan are as follows:

2016	\$1,932,802
2017	\$2,133,972
2018	\$2,394,126
2019	\$2,641,543
2020	\$2,871,591

The aggregate for five fiscal years thereafter are estimated to be: \$17,752,282.

(13) The Company does not have any regulatory contribution requirements for 2016, and the Company does not intend to make any voluntary contributions to the defined benefit pension plan. The Company expects to contribute \$1,933,000 to the postretirement plan in 2017.

(14) There are no securities of the employer or related parties included in plan assets. There are no future annual benefits of plan participants covered by insurance contracts issued by the employer or related parties. There were no significant transactions between the employer or related parties and the plan during the period.

(15) There were no alternative methods used to amortize prior service amounts or unrecognized net gains and losses.

(16) There were no substantive commitments used as the basis for accounting for the benefit obligation.

(17) There were no costs of providing special or contractual termination benefits during the period.

(18) There were no significant changes in the benefit obligation or plan assets that are not otherwise apparent in the previous disclosures.

(19) There are no plan assets expected to be returned to the Company during the 12-month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented.

(20)		Pension		Postretirement	
		Benefits	Benefits		
		2016	2016		
Accumulated Benefit Obligation	\$	121,583,356	-		
Projected Benefit Obligation		154,793,600	73,431,471		
Fair Value of Plan Assets		121,465,712	16,936,458		
Funded Status - (under)/over		(33,327,888)	(56,495,013)		
(21)		Not applicable			

Non-Qualified Pension Plan - Central Mutual Insurance Company also has a non-qualified pension plan to pay benefits to certain employees whose pension benefits under the qualified plan are limited by Sections 415 and 401(a)(17) of the Internal Revenue Code. The non-qualified plan is unfunded and will pay the difference of (1) the benefit determined by the qualified plan formula with no IRC limits applied less (2) the benefit determined by the qualified plan formula after the IRC limits are applied. Central Mutual's share of this liability as of December 31, 2016 is \$8,096,950.

B. The Investment Policy of the Plan indicates that the asset structure needs to reflect a proper balance

## Notes to Financial Statements

of the Plan's need for liquidity, stability of value, and diversification along with the risk tolerance of Central Mutual Insurance Company. The asset mix that identifies the company's long-term investment objectives for the Plan lies in five major investment categories each with a permissible range.

Those categories are Large Cap Equities (25-50%), Small/Mid Cap Equities (5-15%), International Equities (0-15%), Intermediate-Term Fixed Income (15-40%), and Long-Term Fixed Income (10-30%). The actual

12/31/2016

asset value mix was 40.71% in Large Cap Equities, 10.87% in Small/Mid Cap Equities, 8.34% in International Equities, 24.17% in Intermediate-Term Fixed Income, and 15.91% in Long-Term Fixed Income.

The company analyzes 20 years of return data for 20 asset categories on an annual basis in order to establish its basis for expected long-term rate-of-return on its assets.

The company also runs a monthly asset allocation model taking into consideration the desired asset mix, risk of asset categories, and the maturity needs of the plan's liabilities. This model is used to determine what asset allocation changes need to be made in order to meet the asset mix requirements in the investment policy.

### C. (1) Fair Value Measurements of Plan Assets at Reporting Date

Description of each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Equity Securities (Mutual Funds)	\$ 121,465,712			\$ 121,465,712
<b>Total Plan Assets</b>	<b>\$ 121,465,712</b>			<b>\$ 121,465,712</b>

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

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

Description for each class of plan assets	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
N/A										
<b>Total Plan Assets</b>										

D. An annual study is performed that is designed to evaluate the real rates of return, allocations of investments by asset category, and expected future condition of the Group Pension Plan. This study serves as the basis for the rate of return assumption. Exhibit 1 of this study computes annual real rates of return for large cap equities, small/mid cap equities, international equities, fixed income intermediate maturity investments, and fixed income long-term maturity investments. Thirty years of returns are analyzed and are used to evaluate the reasonableness of the assumptions by asset class that are contained in the Plan's Investment Policy. Exhibit 2 of the study uses the assumptions of the Company's Asset Allocation Model and the payout, interest rate, liability, and asset information from the Plan's actuarial report to develop a modeled allocation for the pension assets. Exhibit 3 of the study develops an expected real rate of return for the portfolio of Plan assets under alternative scenarios. The portfolio real rates of return are then compared to those in the Investment Policy for reasonableness. Exhibit 4 of the study provides long-term annual standard deviations and average returns for various portfolio asset allocations. These average returns are then compared to the assumption the pension actuary uses in the Plan's annual actuarial report. Exhibit 5 of the study attempts to compute and display the expected future condition of the Group Pension Plan over the next 50 years under various market conditions, asset allocations, assumptions and scenarios. This exhibit provides some idea as to the expected level of funding that the Group Pension Plan will require in the future and the probability that the Company will have to do future funding of the Plan that is considerably different than that expected level. The final two exhibits of the study evaluate the ranges of investments by asset class indicated in the Investment Policy. Two alternate scenarios are evaluated: (1) assets are doubled and (2) assets are reduced by 25%.

### E. Defined Contribution Plans

- (1) Qualified Defined-Contribution Plan - Central Mutual Insurance Company has a qualified Savings and Profit Sharing Plan (SPP) for which substantially all employees are eligible. Up to 5% of each employee's savings is matched at 20% by contributions by the company each year. Additionally, 5% of the combined insurance companies' net income before federal income taxes is contributed to the plan each year. Central Mutual Insurance Company's contribution for the plan was \$2.38 million for 2016 and \$3.88 million for 2015, respectively. At December 31, 2016, the fair value of plan assets was \$ 132.8 million.
- (2) Non-Qualified Defined-Contribution Plan - Central Mutual Insurance Company also has a non-qualified Savings and Profit Participation Equalization Plan (Plan), which coordinates with the benefits available under the Central Employees' Savings and Profit Participation Plan (SPP), to provide a supplemental savings program for key executive employees who are limited by Sections 401(a)(17), 415, and 402(g) of the Internal Revenue Code. The non-qualified Plan is unfunded and a participant is eligible to defer compensation under the non-qualified Plan only if he has made the maximum elective contributions which are permitted under the qualified SPP Plan. Central Mutual's share of this liability as of December 31, 2016 is \$3,688,206.

### F. Multiemployer Plans - NONE

## Notes to Financial Statements

G. Consolidated / Holding Company Plans - NONE

H. Post-employment Benefits and Compensated Absences – The Company established a reserve of \$56.5 M for its post-employment health care benefit obligations at 12/31/2016.

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

Central Mutual Insurance Company recognized the impact of Medicare Part D in 2006. It is expected that all retirees will elect to continue coverage with Central Mutual. In 2016, the expected subsidy to Central Mutual for Medicare Part D reduced the statutory reserve by \$10,547,623. Additionally, the company would like to disclose the following:

		Including Subsidy	Excluding Subsidy	Total	Change due to Retirees
Service Cost		3,627,222	4,153,729	526,507	-
Interest Cost		3,297,650	3,773,273	475,623	194,253
Expected Return on Assets		(1,354,917)	(1,354,917)	-	
<i>Amortization of:</i>				-	
Transition		4,531,848	4,531,848	-	-
Prior Service Cost		(2,399,403)	(2,399,403)	-	-
Gain/Loss		1,231,126	2,426,700	1,195,574	494,621
Net Cost		<u>8,933,526</u>	<u>11,131,230</u>	<u>2,197,704</u>	<u>688,874</u>
Expected Cash Cost		1,932,802	2,123,636	190,834	
Benefit Obligation		73,431,471	83,979,094	10,547,623	

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

- (1) Central Mutual Insurance Company is a mutual company with no capital stock outstanding.
- (2) Central Mutual Insurance Company has no preferred stock outstanding.
- (3) Central Mutual Insurance Company has no restrictions on dividends paid to policyholders.
- (4) No ordinary or extraordinary dividends were paid.
- (5) None of the Company's profits will be paid as ordinary dividends. There are no stockholders.
- (6) There are no restrictions placed on Central Mutual Insurance Company's surplus.
- (7) There are no advances on surplus.
- (8) There is no stock of affiliated companies held for special purposes.
- (9) There are no balances held in special surplus funds.
- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

(a) Unrealized gains and losses:	\$ 223,505,555
(b) Nonadmitted asset values	\$ 28,277,599
(c) Provision for reinsurance	\$ 40,000

(11) No surplus debentures or similar obligations exist.

(12) & (13) No quasi-reorganization has taken place.

### **14. Contingencies**

- A. Contingent Commitments/Guarantees - Central Mutual Insurance Company has guaranteed three (3) loans made by Citizens National Bank of Bluffton to independent insurance agents representing the company until 12/2020, in the aggregate amount not to exceed (undiscounted) total of \$310,379 in the event of a loan default by the independent agents. These loans arose out of merger/acquisition and/or perpetuation activities by the agents. Central Mutual is supporting the agents by guaranteeing the loans. Central Mutual will execute a commercial guaranty in favor of Citizens National Bank of Bluffton for repayment of any unpaid portion of the agent's note if the agent should fail to make repayment. In consideration of Central Mutual's guarantee, the agent grants a lien to Central Mutual against all assets, all present and future accounts receivable, and all policy expiration records of the agent evidenced by a security agreement with the Company. Should Central Mutual make payment to the bank pursuant to the commercial guaranty, the agent will immediately indemnify and hold harmless Central Mutual for any payments and expenses incurred. The ultimate financial statement impact if action under the guarantee is required would be \$310,379 and would be recorded as underwriting expense. The agents are current in all payments of principal and interest to the bank. Central Mutual has not recorded liability related to this commercial guarantee since inception and for the year ended December 31, 2016. The loans outstanding total \$310,379 as of December 31, 2016.
- B. Assessments - It is expected that various insolvencies will result in guaranty fund assessments against the company of \$12,370 and have been charged to operations in 2016. An increase in premium tax credits of \$74,986 was incurred in 2016 to offset premium taxes in multiple states over the next ten years. Various other smaller insolvency assessments are accrued for by the company.
- C. Gain Contingencies - NONE
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

## Notes to Financial Statements

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits:

Claims related ECO and bad faith losses paid during the reporting period	Direct
	\$0.00

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period:

(a) 0-25 Claims X	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
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Indicate whether claim count information is disclosed per claim or per claimant:

(f) Per Claim [  ] (g) Per Claimant [  ]

- E. Product Warranties – THE COMPANY DOES NOT OFFER ANY PRODUCT WARRANTIES
- F. Joint and Several Liabilities – THE COMPANY DOES NOT HAVE ANY JOINT AND SEVERAL LIABILITY ARRANGEMENTS
- G. All Other Contingencies - NONE

### **15. Leases**

#### A. Lessee Operating Lease

- (1) a. Central Mutual Insurance Company leases office space under various non-cancelable operating lease agreements that expire through December, 2017. Rental expense for 2016 and 2015 was approximately \$969,816 and \$893,190, respectively.
- b. Central Mutual Insurance Company leases computer hardware and software under various non-cancelable operating lease agreements that expire through December, 2020. Rental expense for 2016 and 2015 was approximately \$732,000 and \$620,000, respectively.
- c. Central Mutual Insurance Company leases automobiles under various non-cancelable operating lease agreements that expire through December, 2017. Rental expense for 2016 and 2015 was approximately \$354,221 and \$348,733, respectively.

- (2) a. At January 1, 2017, the minimum aggregate rental commitments are as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1. 2017	\$740,000
2. 2018	\$758,000
3. 2019	\$766,000
4. 2020	\$644,000
5. 2021	\$424,000
Total	\$3,332,000

- b. None of the property included above is subleased.

- (3) Central Mutual Insurance Company is not involved in any material sales - leaseback transactions.

- B. (1) Lessor Leases - NONE
- (2) Leveraged Leases - NONE

### **16. Information About Financial Instruments with Concentration of Credit Risk**

NONE

### **17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

- A. Transfers of Receivables Reported as Sales - NONE
- B. Transfer of Servicing of Financial Assets - NONE
- C. Wash Sales - NONE

### **18. Gain or Loss from Uninsured A&H Plans and Uninsured Portion of Partially Insured Plans**

The Company does not offer A&H coverages or provide services as an ASO or ASC plan administrator.

### **19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators**

Central Mutual Insurance Company does not write business through managing general agents or third party administrators.

### **20. Fair Value Measurements**

- A. Assets and Liabilities Measured at Fair Value

## Notes to Financial Statements

## 1. Fair Value Measurements at Reporting Date

DESCRIPTION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
a. Assets at Fair Market Value				
<i>Preferred Stock</i>				
Industrial & Miscellaneous	36,875,710	6,432,826		43,308,536
Parent, Subsidiaries				-
Total Preferred Stock	36,875,710	6,432,826	-	43,308,536
<i>Bonds</i>				
US Government	17,608,889			17,608,889
US States	12,601,095			12,601,095
US Political Subdivisions	232,524,864			232,524,864
US Special Revenue	387,355,736			387,355,736
Industrial & Miscellaneous	125,177,009			125,177,009
Other	4,236,945			4,236,945
Parent, Subsidiaries				-
Total Bonds	779,504,538			779,504,538
<i>Common Stocks</i>				
Industrial & Miscellaneous	265,545,613		28,547	265,574,160
Parent, Subsidiaries			154,958,286	154,958,286
Total Common Stocks	265,545,613		154,986,833	420,532,446
<i>Derivative Assets</i>				
Warrants				
Total Derivative Assets				
Total at Fair Market Value	1,081,925,861	6,432,826	154,986,833	1,243,345,520
b. Liabilities at Fair Market Value				
<i>Derivative Liabilities</i>				
Total at Fair Market Value	2,577,765			2,577,765
	LEVEL 1	Active markets/exchanges		
	LEVEL 2	Quoted prices for similar assets in active markets		
	LEVEL 3	Valued at book value of the entity as filed with the NAIC		

## 2. Fair value measurements categorized within Level 3:

	Balance at 01/01/2016	Realized Gain (Loss)	Unrealized Gain (Loss)	Purchases, Issuances, Sales & In (Out)	Transfer Level 3	Balance at 12/31/2016
Equity	148,312,774	-	6,674,059	-	-	154,986,833
Separate Account Assets	-	-	-	-	-	-
Derivative Assets	-	-	-	-	-	-
Derivative Liabilities	-	-	-	-	-	-
Total	148,312,774	-	6,674,059	-	-	154,986,833

- B. NONE
- C. NONE
- D. NONE

21. Other Items

- A. Unusual or Infrequent Items - NONE
- B. Troubled Debt Restructuring: NONE
- C. Other Disclosures

- 1. Assets in the amount of \$6,747,074 and \$5,939,714 at December 31, 2016 and 2015, respectively, were on deposit with government authorities or trustees as required by law. No assets were maintained as compensating balances or pledged as collateral for bank loans or other financing agreements.
- 2. At December 31, 2016 and 2015, the company had admitted assets of \$162,852,493 and \$153,389,374, respectively, in accounts receivable amounts due from agents and insureds. Central Mutual Insurance Company routinely assesses the collectibility of these receivables. Based on Central Mutual's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to Central Mutual's financial condition.
- D. Business Interruption Insurance Recoveries – NONE
- E. State Transferable Tax Credits – NONE

## Notes to Financial Statements

### F. Subprime Mortgage Related Risk Exposure

1. Exposures to subprime mortgage related risk in practice
  - a. Direct investments in subprime mortgage loans: NONE
  - b. Direct investments in securities with underlying subprime exposure, such as residential mortgage backed securities, commercial mortgage backed securities, collateralized debt obligations, structured securities (including principal protected notes), hedge funds, credit default swaps, and special investment vehicles: NONE
  - c. Equity investments in subsidiary, controlled or affiliated entities with significant subprime related risk exposure: NONE
  - d. Underwriting risk on policies issued for Mortgage Guaranty or Financial Guaranty insurance coverage: NONE

G. Possible proceeds as an issuer, ceding insurer, or counterparty of insurance-linked securities - NONE

### 22. Events Subsequent

No subsequent events requiring disclosure occurred.

### 23. Reinsurance

#### A. Unsecured Reinsurance Recoverables

Central Mutual Insurance Company has the following unsecured reinsurance recoverables in excess of 3% of Policyholders' Surplus.

			NAIC #	FED ID#	Amount
All America Insurance Co.			20222	34-0935740	\$ 101,662,000

#### B. Reinsurance Recoverable in Dispute

Reinsurance recoverable on losses from any company in dispute do not exceed 5% of Central Mutual's Policyholders' Surplus.

#### C. Reinsurance Assumed and Ceded

- (1) Maximum amount of return commission which would have been due reinsurers if they or Central Mutual had cancelled all of the company's reinsurance or if Central Mutual or a receiver had cancelled all of the company's insurance assumed as of the end of the period covered by this Annual Statement with the return of the unearned premium reserve.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
a. Affiliates	\$ 19,494,038	3,271,566	\$ 53,071,393	\$ 9,814,509	\$ (33,577,355)	\$ (6,542,943)
b. All Other	1,171,055	144,245	7,608,254	2,116,731	(6,437,199)	(1,972,486)
c. Total	\$ 20,665,093	\$ 3,415,811	\$ 60,679,647	\$ 11,931,240	\$ (40,014,554)	\$ (8,515,429)
d. Direct Unearned Premium Reserve:			\$319,248,784			

- (2) Additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this Annual Statement as a result of existing contractual arrangements are accrued as follows:

	REINSURANCE					Net
	Direct		Assumed		Ceded	
	Premium	Commission	Premium	Commission	Premium	
a. Contingent Commissions	\$ 11,708,790	\$ 819,411	\$ (5,250,204)	\$ 17,778,405		
b. Sliding Scale Adjustments	0	0	0	0	0	0
c. Other Profit Commission Arrangements	0	0	0	0	0	0
d. TOTAL	\$ 11,708,790	\$ 819,411	\$ (5,250,204)	\$ 17,778,405		

#### D. Uncollectible Reinsurance - NONE

#### E. Commutation of Ceded Reinsurance –

On December 30, 2015, the Company entered into a commutation agreement with Munich Reinsurance America, Inc. (formerly, American Re-Insurance Company), Princeton, New Jersey. Under the terms of the agreement, the Company received \$17 million in exchange for the release of Munich's present and future obligations under aggregate excess of loss reinsurance contracts in place from 1996 to 2002 in addition to the settlement of all current outstanding receivables and payables in January, 2016. The commutation was not significant to the Company's financial statements.

#### F. Retroactive Reinsurance - No retroactive reinsurance contracts exist.

#### G. Reinsurance Accounted for as a Deposit – NONE

#### H. Transfer of Property and Casualty Run-off Agreements – NONE

#### I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – NONE

#### J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - NONE

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A.-E. Central Mutual Insurance Company does not issue policies that are retrospectively rated or subject to redetermination.

#### F. Risk Sharing Provisions of the Affordable Care Act (ACA) – N/A

Central Mutual Insurance Company does not write accident and health insurance premium.

# Notes to Financial Statements

## **25. Change to Incurred Losses and Loss Adjustment Expenses**

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by \$41.3 million from \$361.3 million in 2015 to \$320.0 million (\$215.0 million in total net losses and expenses unpaid and \$105.0 million in total net losses and expenses paid) in 2016. To provide further detail, losses & defense and medical cost containment expenses decreased by \$36.3 million from \$319.9 million in 2015 to \$283.6 million (\$186.4 million in total net losses and defense & medical cost containment expenses unpaid and \$97.2 million in total net losses & defense and medical cost containment expenses paid) in 2016. Adjusting and other expenses decreased by \$5.0 million from \$41.4 million in 2015 to \$36.4 million (\$28.6 million in total net adjusting and other expenses unpaid and \$7.8 million in total net adjusting and other expenses paid) in 2016. Included in this change, Central Mutual Insurance Company experienced \$0.0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. Thus, there was no impact to surplus as a result.

## **26. Intercompany Pooling Arrangements**

An intercompany pooling agreement exists between the following companies to share in premiums, losses, expenses and accounts receivable balances according to the percentages shown:

Lead Company:	Central Mutual Insurance Company	20230	84%
Affiliate:	All America Insurance Company	20222	16%

All lines of business are pooled. Each company can make facultative cessions to non-affiliated reinsurers prior to pooling. All treaty cessions are processed through the lead company after cessions are made from the affiliate. Both companies though, have contract rights under all non-affiliated treaty reinsurance contracts.

## **27. Structured Settlements**

Central Mutual Insurance Company has purchased several annuities on which claimants are payees in settlement of claims under the company's policies. The company has obtained releases from the respective claimants acknowledging that receipt of the structured settlement under each annuity is full payment of the claim. Central Mutual has no contingent liability for these annuities since ownership has been transferred to another insurance company.

## **28. Health Care Receivables - NONE**

## **29. Participating Policies - NONE**

## **30. Premium Deficiency Reserves -**

1. Liability carried for premium deficiency reserves	\$0.00
2. Date of the most recent evaluation of this liability	12/31/2016
3. Was anticipated investment income utilized in the calculation?	Yes

## **31. High Deductibles**

Central Mutual Insurance Company does not issue policies subject to high deductibles on claims.

## **32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Central Mutual Insurance Company does not discount the liabilities for unpaid losses or unpaid loss adjustment expenses.

## **33. Asbestos / Environmental Reserves**

A. & D. Does Central Mutual Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to asbestos losses?

Yes(X) No( )

Does Central Mutual Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to environmental losses?

Yes(X) No( )

Central Mutual's exposure arises primarily from the sale of general liability insurance, including the general liability portion of commercial package policies. However, exposure also exists for these lines of insurance: workers' compensation, homeowners, and commercial property.

Central Mutual tries to estimate the full impact of the environmental and asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported loss reserves and allocated loss adjustment reserves based on previous experience.

The previous experience is combined with the other Company experience and analyzed in a combined manner as part of the regular loss reserve analysis.

Central Mutual's systems do not separate environmental and asbestos-related claims. Therefore, only combined environmental and asbestos-related loss data is available for presentation. Environmental claims represent the majority of the exposure included in the following numbers.

Central Mutual's environmental and asbestos-related losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

- (1) Gross of Reinsurance Basis:

**Notes to Financial Statements**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 14,059,352	\$ 17,964,540	\$ 12,678,785	\$ 8,379,569	\$ 7,099,893
b. Incurred losses and loss adjustment expense:	4,618,883	-2,964,914	-3,171,990	-778,900	548,698
c. Calendar year payments for losses and loss adjustment expenses:	713,695	2,321,156	1,127,226	500,776	989,542
d. Ending reserves:	17,964,540	12,678,470	8,379,569	7,099,893	6,659,049

(2) Net of Reinsurance Basis:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Beginning reserves:	\$ 13,088,263	\$ 16,411,034	\$ 11,374,364	\$ 7,834,257	\$ 6,604,573
b. Incurred losses and loss adjustment expense:	4,042,899	-2,715,513	-2,413,132	-728,909	-323,818
c. Calendar year payments for losses and loss adjustment expenses:	720,128	2,321,157	1,126,974	500,775	989,794
d. Ending reserves:	16,411,034	11,374,364	7,834,258	6,604,573	5,290,961

B. &amp; E. The amount of ending reserves for Bulk + IBNR included in A &amp; D (Loss &amp; LAE) is:

1. Gross of Reinsurance Basis: \$ 4,346,031
2. Net of Reinsurance Basis \$ 3,390,097

C. &amp; F. The amount of ending reserves for loss adjustment expenses included in A &amp; D ( Case, Bulk + IBNR):

1. Gross of Reinsurance Basis: \$ 1,815,897
2. Net of Reinsurance Basis \$ 1,539,688

**34. Subscriber Savings Accounts - NONE****35. Multiple Peril Crop Insurance – NONE****36. Financial Guaranty Insurance – Central Mutual does not write Financial Guaranty insurance.**

## GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

## GENERAL

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

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

1.3 State Regulating? .....

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]

2.2 If yes, date of change: .....

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011.....

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. 12/31/2011.....

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). 02/28/2013.....

3.4 By what department or departments?  
OHIO DEPARTMENT OF INSURANCE

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? Yes[ ] No[X]  
4.12 renewals? Yes[ ] No[X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? Yes[ ] No[X]  
4.22 renewals? Yes[ ] No[X]

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

5.2 If yes, provide the name of 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 Name of Entity	2 NAIC Company Code	3 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 ..... 0.000%  
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact) .....

1 Nationality	2 Type of Entity
.....	.....

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

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	..... Yes[ ] No[X] ..			

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PLANTE & MORAN, PLLC 2601 CAMBRIDGE COURT, SUITE 500 AUBURN HILLS, MI 48326-2572

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 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 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?  
T. CHAD GLENN, FCAS, MAAA, CHIEF ACTUARY Central Mutual Insurance Company Van Wert, OH 45891

**GENERAL INTERROGATORIES (Continued)**

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

12.11 Name of real estate holding company  
VENTAS REALTY and NUVEEN REAL ESTATE A

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation  
REITS ARE HELD AS INCOME PRODUCING BOND INVESTMENTS OR IN MUTUAL FUNDS FOR APPRECIATION & DIVERSIFICATION

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

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

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

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

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

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

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

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

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

e. Accountability for adherence to the code.

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

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

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

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

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

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

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

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
	15.2001			

**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 \$..... 0

20.12 To stockholders not officers \$..... 0

20.13 Trustees, supreme or grand (Fraternal only) \$..... 0

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

20.21 To directors or other officers \$..... 0

20.22 To stockholders not officers \$..... 0

20.23 Trustees, supreme or grand (Fraternal only) \$..... 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being 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 \$..... 0

21.22 Borrowed from others \$..... 0

21.23 Leased from others \$..... 0

21.24 Other \$..... 0

22.1 Does this statement include payments for assessments as described in the 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 \$..... 0

22.22 Amount paid as expenses \$..... 0

22.23 Other amounts paid \$..... 0

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$..... 0

**INVESTMENT**

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

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

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

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

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

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

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes[ ] No[ ] N/A[X]

## GENERAL INTERROGATORIES (Continued)

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

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes[ ] No[ ] N/A[X]

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

\$ ..... 0  
 \$ ..... 0  
 \$ ..... 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is 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	\$ ..... 0
25.22 Subject to reverse repurchase agreements	\$ ..... 0
25.23 Subject to dollar repurchase agreements	\$ ..... 0
25.24 Subject to reverse dollar repurchase agreements	\$ ..... 0
25.25 Placed under option agreements	\$ ..... 0
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ ..... 0
25.27 FHLB Capital Stock	\$ ..... 0
25.28 On deposit with states	\$ ..... 6,747,074
25.29 On deposit with other regulatory bodies	\$ ..... 0
25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ ..... 0
25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ ..... 0
25.32 Other	\$ ..... 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

Yes[X] No[ ]

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

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.

\$ ..... 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]

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

1 Name of Custodian(s)	2 Custodian's Address
JP MORGAN CHASE BANK .....	14201 Dallas Pkwy, Mail Code TX1-J182, Dallas, TX 75254 .....

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

Yes[ ] No[X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

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

1 Name of Firm or Individual	2 Affiliation

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.

## GENERAL INTERROGATORIES (Continued)

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

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 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
00888W403	INVESCO CONVERTIBLE A	2,575,570
119804102	BUFFALO SMALL CAP	1,957,958
256206103	DODGE & COX INTL STOCK	4,953,951
256210105	DODGE & COX INCOME	3,902,401
256219106	DODGE & COX STOCK	5,910,683
360802102	FUNDAMENTAL INVESTORS - A	3,793,630
411511306	HARBOR INTERNATIONAL INSTL	4,320,842
56064V205	MAIRS & POWER GROWTH	2,962,060
670678705	NUVEEN REAL ESTATE SEC A	4,261,709
683974109	OPPENHEIMER DEVELOPING MKTS A	1,898,097
74160Q103	PRIMECAP ODYSSEY GROWTH	5,067,457
779562107	T ROWE PRICE NEW HORIZONS	2,327,785
880208103	TEMPLETON GLOBAL BOND A	963,855
921936209	VANGUARD PRIMECAP - ADM	15,125,136
921937843	VANGUARD INTER TERM BOND INDEX - SIG	2,832,399
92203J308	VANGUARD TOTAL INT'L BOND - ADM	1,012,144
922040100	VANGUARD INST'L INDEX	61,280,915
922908835	VANGUARD MID-CAP INDEX INST'L	16,747,248
92828T707	VIRTUS EMERGING MARKETS OPP A	1,790,462
94975J359	WELL FARGO SMALL CO GROWTH	951,469
29.2999 Total		144,635,771

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
INVESCO CONVERTIBLE A	SALESFORCE	46,360	12/31/2016
BUFFALO SMALL CAP	NEVRO	56,781	12/31/2016
DODGE & COX INTL STOCK	SAMSUNG ELECTRIC	222,928	12/31/2016
DODGE & COX INCOME	CHARTER COMMUNICATIONS	78,048	12/31/2016
DODGE & COX STOCK	BANK OF AMERICA	236,427	12/31/2016
FUNDAMENTAL INVESTORS - A	MICROSOFT	170,713	12/31/2016
HARBOR INTERNATIONAL INSTL	LAS VEGAS SANDS	246,288	12/31/2016
MAIRS & POWER GROWTH	US BANCORP	145,141	12/31/2016
NUVEEN REAL ESTATE SEC A	SIMON PROPERTY GROUP	404,862	12/31/2016
OPPENHEIMER DEVELOPING MKTS A	ALIBABA GROUP	89,211	12/31/2016
PRIMECAP ODYSSEY GROWTH	SEATTLE GENETICS	217,901	12/31/2016
T ROWE PRICE NEW HORIZONS	VAIL RESORTS	62,850	12/31/2016
TEMPLETON GLOBAL BOND A	UNITED MEXICAN STATES	66,506	12/31/2016
VANGUARD PRIMECAP - ADM	BIOGEN IDEC	816,757	12/31/2016
VANGUARD INTER TERM BOND INDEX - SIG	US TREASURY NOTE 1.75%	79,307	12/31/2016
VANGUARD TOTAL INT'L BOND - ADM	GOVT OF JAPAN	7,591	12/31/2016
VANGUARD INST'L INDEX	APPLE INC	1,960,989	12/31/2016
VANGUARD MID-CAP INDEX - INST'L	EQUINIX	133,978	12/31/2016
VIRTUS EMERGING MARKETS OPP A	BRITISH AMERICAN TOBACCO	105,637	12/31/2016
WELLS FARGO SMALL CO GROWTH	S S & C TECHNOLOGIES	15,224	12/31/2016

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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	769,272,121	779,504,538	10,232,417
30.2 Preferred stocks	42,786,356	43,308,536	522,180
30.3 Totals	812,058,477	822,813,074	10,754,597

30.4 Describe the sources or methods utilized in determining the fair values:  
ALL BONDS ARE PRICED INDEPENDENTLY THROUGH INTERACTIVE DATA CORP

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

Yes[ ] No[X]

**GENERAL INTERROGATORIES (Continued)**

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?  
 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:  
 EITHER NAIC OR INTERACTIVE DATA CORP PRICES WERE USED

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?  
 32.2 If no, list exceptions:

**OTHER**

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?  
 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$ ..... 2,493,330

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE .....	2,138,654

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

\$ ..... 99,791

1 Name	2 Amount Paid
.....	.....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?  
 35.2 List the name of 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.

\$ ..... 71,891

1 Name	2 Amount Paid
PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA .....	58,542

## GENERAL INTERROGATORIES (Continued)

## PART 2 - PROPERTY &amp; CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes[ ] No[X]
1.2 If yes, indicate premium earned on U.S. business only.	\$..... 0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$..... 0
1.31 Reason for excluding:	
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$..... 0
1.5 Indicate total incurred claims on all Medicare Supplement insurance.	\$..... 0
1.6 Individual policies	
Most current three years:	
1.61 Total premium earned	\$..... 0
1.62 Total incurred claims	\$..... 0
1.63 Number of covered lives	..... 0
All years prior to most current three years:	
1.64 Total premium earned	\$..... 0
1.65 Total incurred claims	\$..... 0
1.66 Number of covered lives	..... 0
1.7 Group policies	
Most current three years:	
1.71 Total premium earned	\$..... 0
1.72 Total incurred claims	\$..... 0
1.73 Number of covered lives	..... 0
All years prior to most current three years:	
1.74 Total premium earned	\$..... 0
1.75 Total incurred claims	\$..... 0
1.76 Number of covered lives	..... 0

## 2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	.....	.....
2.2 Premium Denominator .....	503,437,673	467,598,885
2.3 Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4 Reserve Numerator .....	.....	.....
2.5 Reserve Denominator .....	635,399,993	624,670,120
2.6 Reserve Ratio (2.4 / 2.5) .....	.....	.....

3.1 Does the reporting entity issue both participating and non-participating policies?	Yes[ ] No[X]
3.2 If yes, state the amount of calendar year premiums written on:	
3.21 Participating policies	\$..... 0
3.22 Non-participating policies	\$..... 0
4. For Mutual reporting entities and Reciprocal Exchanges only:	
4.1 Does the reporting entity issue assessable policies?	Yes[ ] No[X] N/A[ ]
4.2 Does the reporting entity issue non-assessable policies?	Yes[X] No[ ] N/A[ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	0%
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$..... 0
5. For Reciprocal Exchanges Only:	
5.1 Does the exchange appoint local agents?	Yes[ ] No[ ] N/A[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[ ] N/A[X]
5.5 If yes, give full information:	
6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: THE COMPANY HAS A CASUALTY EXCESS REINSURANCE PROGRAM	
6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: THE CATALYST CATASTROPHE RISK ANALYSIS AND IRAS HURRICANE MODELS ARE RUN ANNUALLY	
6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss: THE COMPANY HAS PURCHASED CATASTROPHE REINSURANCE COVERAGE	
6.4 Does the reporting entity carry catastrophic 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] 0
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[ ] N/A[X]
8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes[ ] No[X]
8.2 If yes, give full information.	
9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results: (a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;	

## GENERAL INTERROGATORIES (Continued)

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

(c) Aggregate stop loss reinsurance coverage;

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

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

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

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

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

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

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

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

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

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

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

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

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

(a) The entity does not utilize reinsurance; or

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such 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?

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

11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses \$ ..... 0

12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0

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

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From 0.000%

12.42 To 0.000%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

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

12.61 Letters of Credit \$ ..... 0

12.62 Collateral and other funds \$ ..... 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 1,500,000

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?

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. ..... 10

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes[ ] No[X]

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

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes[ ] No[ ] N/A[X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes[ ] No[ ] N/A[X]

14.5 If the answer to 14.4 is no, please explain

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes[ ] No[X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes[ ] No[X]

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

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

\* Disclose type of coverage:

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

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

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 \$ ..... 0

17.12 Unfunded portion of Interrogatory 17.11 \$ ..... 0

**GENERAL INTERROGATORIES (Continued)**

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$.....	0
17.14 Case reserves portion of Interrogatory 17.11	\$.....	0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$.....	0
17.16 Unearned premium portion of Interrogatory 17.11	\$.....	0
17.17 Contingent commission portion of Interrogatory 17.11	\$.....	0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.		
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$.....	0
17.19 Unfunded portion of Interrogatory 17.18	\$.....	0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$.....	0
17.21 Case reserves portion of Interrogatory 17.18	\$.....	0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$.....	0
17.23 Unearned premium portion of Interrogatory 17.18	\$.....	0
17.24 Contingent commission portion of Interrogatory 17.18	\$.....	0
18.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]	
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:	\$.....	0
18.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]	
18.4 If yes, please provide the balance of the funds administered as of the reporting date:	\$.....	0

## FIVE - YEAR HISTORICAL DATA

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

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4) .....	218,835,321	204,185,593	188,190,125	172,346,086	165,742,143
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....	139,898,295	128,680,953	118,054,978	111,395,728	106,159,138
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	308,657,077	297,529,144	274,277,493	249,773,841	228,347,146
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	18,828	25,914	40,253	39,385	36,412
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....					
6. TOTAL (Line 35) .....	667,409,521	630,421,605	580,562,849	533,555,040	500,284,839
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	173,692,584	161,371,051	147,177,273	135,356,416	129,301,608
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....	114,864,705	105,356,348	95,911,002	89,168,499	83,858,632
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	230,275,464	221,244,204	204,500,169	177,698,201	156,671,869
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	15,716	21,725	32,037	30,871	27,911
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....					
12. TOTAL (Line 35) .....	518,848,468	487,993,328	447,620,481	402,253,987	369,860,019
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8) .....	6,698,137	33,206,336	27,112,615	27,291,348	(13,130,211)
14. Net investment gain or (loss) (Line 11) .....	32,789,678	35,885,330	32,998,942	33,043,479	32,905,092
15. TOTAL other income (Line 15) .....	2,193,156	2,334,215	2,272,265	2,368,859	2,501,110
16. Dividends to policyholders (Line 17) .....	512,797	448,835	395,725	403,600	224,863
17. Federal and foreign income taxes incurred (Line 19) .....	8,637,505	13,941,700	11,548,798	(579,797)	(931,542)
18. Net income (Line 20) .....	32,530,668	57,035,346	50,439,300	62,879,883	22,982,670
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....	1,514,508,192	1,451,183,408	1,359,557,442	1,266,041,120	1,184,196,877
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1) .....	29,238,832	28,006,945	26,018,564	23,345,893	23,709,400
20.2 Deferred and not yet due (Line 15.2) .....	133,613,661	125,382,429	114,739,863	105,891,340	97,012,813
20.3 Accrued retrospective premiums (Line 15.3) .....					
21. TOTAL liabilities excluding protected cell business (Page 3, Line 26) .....	771,460,568	745,381,290	719,461,428	646,631,253	673,740,060
22. Losses (Page 3, Line 1) .....	255,102,085	260,050,327	262,107,653	262,243,502	294,071,113
23. Loss adjustment expenses (Page 3, Line 3) .....	101,028,735	101,216,734	98,952,782	105,586,622	118,880,734
24. Unearned premiums (Page 3, Line 9) .....	279,269,173	263,403,060	243,008,615	223,204,912	208,328,995
25. Capital paid up (Page 3, Lines 30 & 31) .....					
26. Surplus as regards policyholders (Page 3, Line 37) .....	743,047,617	705,802,121	640,096,008	619,409,852	510,456,804
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	50,194,440	67,249,643	65,674,880	32,125,920	(484,592)
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital .....	743,047,617	705,802,121	640,096,008	619,409,852	510,456,804
29. Authorized control level risk-based capital .....	68,924,003	64,830,805	60,347,367	57,482,707	58,325,260
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
(Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1) .....	58.7	60.5	59.5	62.4	64.3
31. Stocks (Lines 2.1 & 2.2) .....	35.3	33.3	33.5	31.2	28.2
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....					
33. Real estate (Lines 4.1, 4.2 & 4.3) .....	3.3	3.6	3.9	4.4	4.9
34. Cash, cash equivalents and short-term investments (Line 5) .....	2.8	2.6	3.0	2.0	2.4
35. Contract loans (Line 6) .....					
36. Derivatives (Line 7) .....					0.0
37. Other invested assets (Line 8) .....	0.0	0.0	0.0	0.0	0.2
38. Receivables for securities (Line 9) .....					
39. Securities lending reinvested collateral assets (Line 10) .....					
40. Aggregate write-ins for invested assets (Line 11) .....					
41. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1) .....					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....	154,958,286	148,284,227	137,021,600	126,924,429	116,121,815
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10) .....					
46. Affiliated mortgage loans on real estate .....					
47. All other affiliated .....					
48. TOTAL of above Lines 42 to 47 .....	154,958,286	148,284,227	137,021,600	126,924,429	116,121,815
49. TOTAL investment in parent included in Lines 42 to 47 above .....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0) .....	20.9	21.0	21.4	20.5	22.7

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....	10,435,907	1,495,189	15,092,755	27,202,150	10,729,717
52. Dividends to stockholders (Line 35) .....	.....	.....	.....	.....	.....
53. Change in surplus as regards policyholders for the year (Line 38) .....	37,245,492	65,706,103	20,686,160	108,953,066	52,633,380
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	101,568,056	93,867,685	97,898,614	101,808,388	104,245,314
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	90,334,212	69,461,875	63,702,325	57,940,177	61,471,562
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	178,007,985	125,255,445	133,348,746	132,718,119	167,168,628
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	.....	.....	6,353	.....	.....
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	.....	.....	.....	.....	.....
59. TOTAL (Line 35) .....	369,910,253	288,585,005	294,956,038	292,466,683	332,885,504
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	81,627,919	76,587,053	77,687,897	79,595,213	86,013,196
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	69,470,224	58,043,145	51,941,311	48,623,249	50,522,323
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	139,776,187	101,979,616	100,634,466	107,881,086	127,301,005
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....	.....	.....	5,336	.....	.....
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	.....	.....	.....	.....	.....
65. TOTAL (Line 35) .....	290,874,330	236,609,814	230,269,012	236,099,549	263,836,524
<b>Operating Percentages (Page 4)</b>					
(Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	56.8	50.2	53.8	52.7	61.9
68. Loss expenses incurred (Line 3) .....	7.2	7.7	6.1	5.7	8.7
69. Other underwriting expenses incurred (Line 4) .....	34.6	35.1	33.8	34.5	32.9
70. Net underwriting gain (loss) (Line 8) .....	1.3	7.1	6.3	7.0	(3.6)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	33.2	33.1	31.8	32.7	32.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	64.0	57.8	59.8	58.4	70.7
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	69.8	69.1	69.9	64.9	72.5
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	(34,481)	(29,834)	(22,964)	(36,896)	(22,380)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) .....	(4.9)	(4.7)	(3.7)	(7.2)	(4.9)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(55,581)	(47,782)	(67,078)	(70,434)	(64,166)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(8.7)	(7.7)	(13.1)	(15.4)	(13.7)

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[ ] N/A[X]

If no, please explain::

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX	2,952	1,175	947	706	525	41	246	2,501	XXX	
2. 2007	492,164	28,563	463,601	247,047	26,294	16,073	170	26,588	776	11,122	262,467	XXX	
3. 2008	492,794	35,906	456,888	362,678	90,258	15,295	213	30,307	3,596	11,667	314,213	XXX	
4. 2009	493,692	40,999	452,693	293,241	11,199	12,789	1,310	24,819	229	13,742	318,112	XXX	
5. 2010	483,486	50,238	433,248	313,602	23,735	10,033	2	23,633	319	13,195	323,212	XXX	
6. 2011	439,211	45,839	393,372	332,343	31,043	9,054	111	22,829	727	12,836	332,344	XXX	
7. 2012	420,929	51,980	368,949	248,688	3,874	8,157	0	17,881	129	11,202	270,723	XXX	
8. 2013	434,648	47,225	387,423	219,725	11,319	6,223	29	17,755	118	10,650	232,237	XXX	
9. 2014	468,912	40,951	427,961	223,533	6,624	4,465	3	19,151	255	11,306	240,269	XXX	
10. 2015	510,295	42,696	467,599	212,576	4,974	3,172	14	19,825	43	12,318	230,540	XXX	
11. 2016	546,774	43,336	503,438	223,001	18,623	663	4	17,781	247	7,364	222,571	XXX	
12. Totals	XXX	XXX	XXX	2,679,385	229,119	86,870	2,562	221,094	6,479	115,648	2,749,189	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed			
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR									
	13	14	15	16	17	18	19	20	21	22						
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded						
1. Prior	20,847	4,530	19,508	6,318			5,748	1,115	4,902	318		38,724	XXX			
2. 2007	5,191	2,379	6,744	1,931			1,728	252	1,676	128		10,648	XXX			
3. 2008	2,420		4,448	1,241			1,933	253	1,369	119		8,556	XXX			
4. 2009	2,890	828	3,914	1,211			2,254	674	1,278	73		7,549	XXX			
5. 2010	6,867	2,296	2,347	217			2,356	241	1,414	69		10,161	XXX			
6. 2011	3,771		2,486	662			1,949	217	1,355	89		8,594	XXX			
7. 2012	2,469		5,000	873			3,921	484	1,741	71		11,702	XXX			
8. 2013	11,278	694	3,770	432			5,061	465	2,383	83		20,817	XXX			
9. 2014	15,872	136	8,203	2,387			9,177	766	4,156	186		20,063	XXX			
10. 2015	34,396	4,309	17,297	4,162			13,862	782	8,328	277		3,630	XXX			
11. 2016	79,774	13,949	50,345	6,179			17,254	1,177	15,595	571		9,419	141,092			
12. Totals	185,776	29,123	124,063	25,614			65,243	6,426	44,196	1,983		18,523	356,131			

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount		
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35	36	
										Losses Unpaid	Loss Expenses Unpaid	
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX				XXX	29,507	
2. 2007	305,045	31,931	273,114	62.0	111.8	58.9				84.0	7,624	
3. 2008	418,450	95,681	322,769	84.9	266.5	70.6				84.0	5,627	
4. 2009	341,185	15,524	325,661	69.1	37.9	71.9				84.0	4,765	
5. 2010	360,252	26,879	333,373	74.5	53.5	76.9				84.0	6,701	
6. 2011	373,787	32,848	340,938	85.1	71.7	86.7				84.0	5,596	
7. 2012	287,856	5,431	282,425	68.4	10.4	76.5				84.0	6,596	
8. 2013	266,195	13,140	253,054	61.2	27.8	65.3				84.0	13,921	
9. 2014	284,558	10,356	274,202	60.7	25.3	64.1				84.0	21,552	
10. 2015	309,455	14,562	294,893	60.6	34.1	63.1				84.0	43,222	
11. 2016	404,413	40,750	363,663	74.0	94.0	72.2				84.0	109,991	
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX				XXX	255,102	
											101,029	

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.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year	
1. Prior	233,508	244,356	239,564	226,427	211,540	218,951	201,515	200,258	195,047	188,801	(6,246)	(11,457)	
2. 2007	265,120	266,997	261,135	273,023	256,608	251,274	249,955	244,649	244,399	245,755	1,357	1,106	
3. 2008	XXX	319,065	317,580	314,716	321,335	306,821	300,957	298,254	296,997	294,808	(2,190)	(3,446)	
4. 2009	XXX	XXX	324,103	333,962	319,349	321,783	310,308	304,475	302,365	299,866	(2,499)	(4,609)	
5. 2010	XXX	XXX	XXX	XXX	344,392	336,703	329,524	322,710	311,247	309,007	308,714	(293)	(2,533)
6. 2011	XXX	XXX	XXX	XXX	XXX	335,116	329,918	324,772	323,849	320,440	317,570	(2,870)	(6,279)
7. 2012	XXX	XXX	XXX	XXX	XXX	XXX	262,945	274,103	271,406	267,477	263,003	(4,474)	(8,403)
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	238,522	245,740	239,328	233,117	(6,212)	(12,623)
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	258,672	253,656	251,335	(2,321)	(7,336)
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	275,794	267,061	(8,733)	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	331,105	XXX	XXX
12. TOTALS											(34,481)	(55,581)	

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016		
1. Prior	000	59,463	98,940	120,826	130,518	139,295	147,135	150,589	152,643	154,661	XXX	XXX
2. 2007	131,002	177,536	200,958	216,916	225,435	230,340	232,106	233,327	234,674	236,656	XXX	XXX
3. 2008	XXX	165,966	224,060	251,824	269,450	275,974	280,025	282,208	286,706	287,501	XXX	XXX
4. 2009	XXX	XXX	182,099	244,334	267,050	279,246	286,368	291,115	293,101	293,521	XXX	XXX
5. 2010	XXX	XXX	XXX	197,330	258,566	281,438	291,705	296,789	298,356	299,898	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	218,397	269,790	289,511	300,032	307,866	310,242	XXX	XXX
7. 2012	XXX	XXX	XXX	XXX	XXX	170,961	220,317	238,092	248,059	252,971	XXX	XXX
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	149,334	192,887	206,971	214,600	XXX	XXX
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	151,949	201,008	221,372	XXX	XXX
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	155,234	210,759	XXX	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	205,037	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior	109,779	91,090	77,343	59,630	43,709	49,353	31,250	30,201	25,344	17,824
2. 2007	71,562	47,269	26,330	32,115	16,206	13,873	11,503	6,976	5,462	6,288
3. 2008	XXX	85,655	50,486	30,114	27,966	19,110	11,041	8,027	6,923	4,886
4. 2009	XXX	XXX	74,769	50,592	25,820	28,393	15,147	8,816	6,762	4,283
5. 2010	XXX	XXX	XXX	77,110	36,326	25,917	18,641	8,486	6,004	4,245
6. 2011	XXX	XXX	XXX	XXX	48,350	22,422	11,177	9,209	7,072	3,557
7. 2012	XXX	XXX	XXX	XXX	XXX	30,043	22,182	16,538	12,473	7,563
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	37,456	27,101	14,517	7,933
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55,761	26,142	14,228
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	61,482	26,215
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60,243

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	Active Status	1 Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama (AL) .....	N .....								
2. Alaska (AK) .....	N .....								
3. Arizona (AZ) .....	L .....	23,117,581	22,624,434		9,909,075	9,163,774	10,435,259	100,610	
4. Arkansas (AR) .....	L .....				6,499	185,075	1,278,416		
5. California (CA) .....	L .....				8,578,834	10,574,933	5,057,758	36,534	
6. Colorado (CO) .....	L .....	12,491,336	11,879,780		81,121	11,441,697	14,207,123	18,507,961	164,600
7. Connecticut (CT) .....	L .....	32,930,066	31,814,803						
8. Delaware (DE) .....	L .....								
9. District of Columbia (DC) .....	N .....								
10. Florida (FL) .....	N .....				3,520	(18,543)	718,882		
11. Georgia (GA) .....	L .....	72,340,489	68,395,337		37,162,756	40,529,052	34,164,726	229,303	
12. Hawaii (HI) .....	N .....								
13. Idaho (ID) .....	L .....								
14. Illinois (IL) .....	L .....	19,543,376	18,804,412		12,827,326	2,872,368	17,972,897	68,523	
15. Indiana (IN) .....	L .....	24,667,807	23,856,937		12,014,450	12,730,797	10,920,855	102,758	
16. Iowa (IA) .....	L .....								
17. Kansas (KS) .....	N .....								
18. Kentucky (KY) .....	L .....	2,526,512	1,881,100		368,373	544,475	286,440	4,780	
19. Louisiana (LA) .....	N .....								
20. Maine (ME) .....	L .....								
21. Maryland (MD) .....	L .....	759,940	309,989		15,999	84,332	69,200	368	
22. Massachusetts (MA) .....	L .....	10,243,194	10,240,003		3,018,969	309,735	10,036,796	37,121	
23. Michigan (MI) .....	L .....	23,824,786	23,115,279		11,910,363	13,935,368	9,873,006	94,186	
24. Minnesota (MN) .....	L .....								
25. Mississippi (MS) .....	L .....								
26. Missouri (MO) .....	N .....								
27. Montana (MT) .....	L .....								
28. Nebraska (NE) .....	N .....								
29. Nevada (NV) .....	L .....		38			(3,481)	5,832		
30. New Hampshire (NH) .....	L .....	11,823,872	11,409,826	37,348	4,181,307	3,664,658	8,774,752	37,730	
31. New Jersey (NJ) .....	L .....				1,042,750	265,611	13,169,748		
32. New Mexico (NM) .....	L .....	14,354,178	13,881,259		9,466,624	12,656,326	12,372,101	48,536	
33. New York (NY) .....	L .....	20,437,717	20,119,728		9,870,606	6,096,124	14,715,545	95,643	
34. North Carolina (NC) .....	L .....	73,065,083	71,627,066		38,399,683	40,990,120	28,541,171	286,594	
35. North Dakota (ND) .....	N .....								
36. Ohio (OH) .....	L .....	78,250,661	77,465,631		29,210,869	29,581,604	28,097,830	356,498	
37. Oklahoma (OK) .....	L .....	11,153,007	11,507,283		3,981,561	3,373,712	5,579,825	26,139	
38. Oregon (OR) .....	L .....								
39. Pennsylvania (PA) .....	L .....	84,228	87,606		8,645	5,720	26,299	488	
40. Rhode Island (RI) .....	N .....								
41. South Carolina (SC) .....	L .....	14,135,269	13,923,929		5,799,059	6,693,452	7,515,617	37,258	
42. South Dakota (SD) .....	N .....								
43. Tennessee (TN) .....	L .....	19,380,006	18,752,139		8,473,701	8,168,108	6,469,863	70,248	
44. Texas (TX) .....	L .....	136,879,764	132,212,413		118,140,311	121,957,847	52,181,320	469,700	
45. Utah (UT) .....	L .....								
46. Vermont (VT) .....	L .....								
47. Virginia (VA) .....	L .....	22,757,554	22,541,786		13,224,773	11,434,616	10,955,058	118,646	
48. Washington (WA) .....	L .....								
49. West Virginia (WV) .....	N .....								
50. Wisconsin (WI) .....	L .....								
51. Wyoming (WY) .....	N .....								
52. American Samoa (AS) .....	N .....								
53. Guam (GU) .....	N .....								
54. Puerto Rico (PR) .....	N .....								
55. U.S. Virgin Islands (VI) .....	N .....								
56. Northern Mariana Islands (MP) .....	N .....								
57. Canada (CAN) .....	N .....								
58. Aggregate other alien (OT) .....	X X X								
59. TOTALS .....	(a) 37	624,766,426	606,450,778	118,469	349,057,750	350,002,906	307,727,157	2,386,263	

**DETAILS OF WRITE-INS**

58001. ....	X X X								
58002. ....	X X X								
58003. ....	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page .....	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above) .....	X X X								

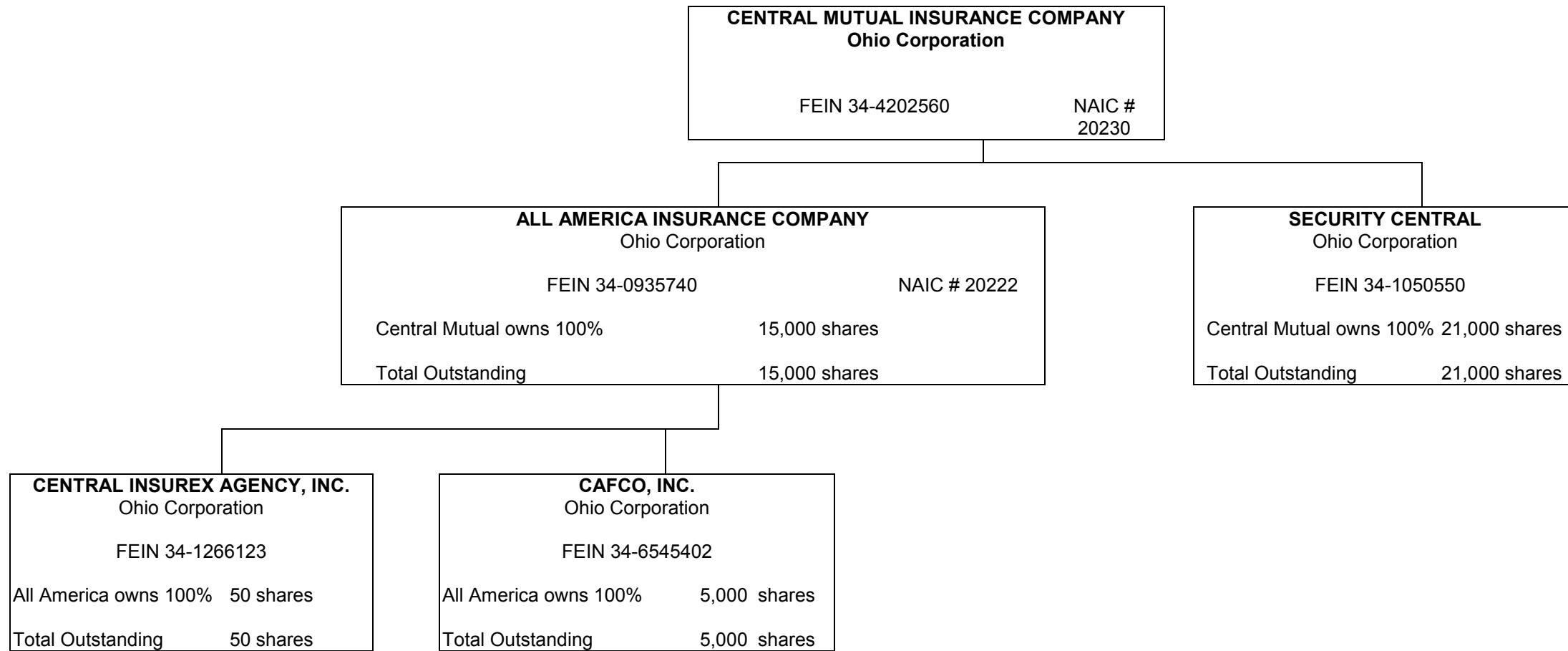
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

Explanation of basis of allocation of premiums by states, etc.: PREMIUMS ARE ALLOCATED ACCORDING TO THE FOLLOWING: WORKERS' COMPENSATION-THE LOCATIONS OF THE INSURED'S OPERATIONS; AUTOMOBILE LIABILITY AND AUTOMOBILE PHYSICAL DAMAGE-THE LOCATION OF THE PRINCIPAL GARAGE; GROUP ACCIDENT AND HEALTH AND OTHER ACCIDENT AND HEALTH-THE ADDRESS OF THE INSURED'S RESIDENCE; FIDELITY-THE LOCATION OF THE EMPLOYER OR INSURED; SURETY-THE PRINCIPAL, THE COURT, THE OBLIGEE, OR WORK. ALL OTHER PREMIUMS-THE LOCATIONS OF THE RISK.

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

96



# INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Assets .....	2
Cash Flow .....	5
Exhibit of Capital Gains (Losses) .....	12
Exhibit of Net Investment Income .....	12
Exhibit of Nonadmitted Assets .....	13
Exhibit of Premiums and Losses (State Page) .....	19
Five-Year Historical Data .....	17
General Interrogatories .....	15
Jurat Page .....	1
Liabilities, Surplus and Other Funds .....	3
Notes To Financial Statements .....	14
Overflow Page for Write-ins .....	100
Schedule A - Part 1 .....	E01
Schedule A - Part 2 .....	E02
Schedule A - Part 3 .....	E03
Schedule A - Verification Between Years .....	SI02
Schedule B - Part 1 .....	E04
Schedule B - Part 2 .....	E05
Schedule B - Part 3 .....	E06
Schedule B - Verification Between Years .....	SI02
Schedule BA - Part 1 .....	E07
Schedule BA - Part 2 .....	E08
Schedule BA - Part 3 .....	E09
Schedule BA - Verification Between Years .....	SI03
Schedule D - Part 1 .....	E10
Schedule D - Part 1A - Section 1 .....	SI05
Schedule D - Part 1A - Section 2 .....	SI08
Schedule D - Part 2 - Section 1 .....	E11
Schedule D - Part 2 - Section 2 .....	E12
Schedule D - Part 3 .....	E13
Schedule D - Part 4 .....	E14
Schedule D - Part 5 .....	E15
Schedule D - Part 6 - Section 1 .....	E16
Schedule D - Part 6 - Section 2 .....	E16
Schedule D - Summary By Country .....	SI04
Schedule D - Verification Between Years .....	SI03
Schedule DA - Part 1 .....	E17
Schedule DA - Verification Between Years .....	SI10
Schedule DB - Part A - Section 1 .....	E18
Schedule DB - Part A - Section 2 .....	E19
Schedule DB - Part A - Verification Between Years .....	SI11
Schedule DB - Part B - Section 1 .....	E20
Schedule DB - Part B - Section 2 .....	E21
Schedule DB - Part B - Verification Between Years .....	SI11
Schedule DB - Part C - Section 1 .....	SI12
Schedule DB - Part C - Section 2 .....	SI13
Schedule DB - Part D - Section 1 .....	E22
Schedule DB - Part D - Section 2 .....	E23
Schedule DB - Verification .....	SI14
Schedule DL - Part 1 .....	E24
Schedule DL - Part 2 .....	E25
Schedule E - Part 1 - Cash .....	E26
Schedule E - Part 2 - Cash Equivalents .....	E27
Schedule E - Part 3 - Special Deposits .....	E28
Schedule E - Verification Between Years .....	SI15
Schedule F - Part 1 .....	20
Schedule F - Part 2 .....	21
Schedule F - Part 3 .....	22
Schedule F - Part 4 .....	23
Schedule F - Part 5 .....	24

# INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule F - Part 6 - Section 1 .....	25
Schedule F - Part 6 - Section 2 .....	26
Schedule F - Part 7 .....	27
Schedule F - Part 8 .....	28
Schedule F - Part 9 .....	29
Schedule H - Accident and Health Exhibit - Part 1 .....	30
Schedule H - Parts 2, 3, and 4 .....	31
Schedule H - Part 5 - Health Claims .....	32
Schedule P - Part 1 - Summary .....	33
Schedule P - Part 1A - Homeowners/Farmowners .....	35
Schedule P - Part 1B - Private Passenger Auto Liability/Medical .....	36
Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical .....	37
Schedule P - Part 1D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	38
Schedule P - Part 1E - Commercial Multiple Peril .....	39
Schedule P - Part 1F - Section 1 - Medical Professional Liability - Occurrence .....	40
Schedule P - Part 1F - Section 2 - Medical Professional Liability - Claims-Made .....	41
Schedule P - Part 1G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	42
Schedule P - Part 1H - Section 1 - Other Liability - Occurrence .....	43
Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made .....	44
Schedule P - Part 1I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) .....	45
Schedule P - Part 1J - Auto Physical Damage .....	46
Schedule P - Part 1K - Fidelity/Surety .....	47
Schedule P - Part 1L - Other (Including Credit, Accident and Health) .....	48
Schedule P - Part 1M - International .....	49
Schedule P - Part 1N - Reinsurance - Nonproportional Assumed Property .....	50
Schedule P - Part 1O - Reinsurance - Nonproportional Assumed Liability .....	51
Schedule P - Part 1P - Reinsurance - Nonproportional Assumed Financial Lines .....	52
Schedule P - Part 1R - Section 1 - Products Liability - Occurrence .....	53
Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made .....	54
Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty .....	55
Schedule P - Part 1T - Warranty .....	56
Schedule P - Part 2, Part 3 and Part 4 - Summary .....	34
Schedule P - Part 2A - Homeowners/Farmowners .....	57
Schedule P - Part 2B - Private Passenger Auto Liability/Medical .....	57
Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical .....	57
Schedule P - Part 2D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	57
Schedule P - Part 2E - Commercial Multiple Peril .....	57
Schedule P - Part 2F - Section 1 - Medical Professional Liability - Occurrence .....	58
Schedule P - Part 2F - Section 2 - Medical Professional Liability - Claims-Made .....	58
Schedule P - Part 2G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	58
Schedule P - Part 2H - Section 1 - Other Liability - Occurrence .....	58
Schedule P - Part 2H - Section 2 - Other Liability - Claims - Made .....	58
Schedule P - Part 2I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) .....	59
Schedule P - Part 2J - Auto Physical Damage .....	59
Schedule P - Part 2K - Fidelity, Surety .....	59
Schedule P - Part 2L - Other (Including Credit, Accident and Health) .....	59
Schedule P - Part 2M - International .....	59
Schedule P - Part 2N - Reinsurance - Nonproportional Assumed Property .....	60
Schedule P - Part 2O - Reinsurance - Nonproportional Assumed Liability .....	60
Schedule P - Part 2P - Reinsurance - Nonproportional Assumed Financial Lines .....	60
Schedule P - Part 2R - Section 1 - Products Liability - Occurrence .....	61
Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made .....	61
Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty .....	61
Schedule P - Part 2T - Warranty .....	61
Schedule P - Part 3A - Homeowners/Farmowners .....	62
Schedule P - Part 3B - Private Passenger Auto Liability/Medical .....	62
Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical .....	62
Schedule P - Part 3D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	62
Schedule P - Part 3E - Commercial Multiple Peril .....	62
Schedule P - Part 3F - Section 1 - Medical Professional Liability - Occurrence .....	63
Schedule P - Part 3F - Section 2 - Medical Professional Liability - Claims-Made .....	63
Schedule P - Part 3G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	63
Schedule P - Part 3H - Section 1 - Other Liability - Occurrence .....	63
Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made .....	63

# INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule P - Part 3I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) .....	64
Schedule P - Part 3J - Auto Physical Damage .....	64
Schedule P - Part 3K - Fidelity/Surety .....	64
Schedule P - Part 3L - Other (Including Credit, Accident and Health) .....	64
Schedule P - Part 3M - International .....	64
Schedule P - Part 3N - Reinsurance - Nonproportional Assumed Property .....	65
Schedule P - Part 3O - Reinsurance - Nonproportional Assumed Liability .....	65
Schedule P - Part 3P - Reinsurance - Nonproportional Assumed Financial Lines .....	65
Schedule P - Part 3R - Section 1 - Products Liability - Occurrence .....	66
Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made .....	66
Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty .....	66
Schedule P - Part 3T - Warranty .....	66
Schedule P - Part 4A - Homeowners/Farmowners .....	67
Schedule P - Part 4B - Private Passenger Auto Liability/Medical .....	67
Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical .....	67
Schedule P - Part 4D Workers' Compensation (Excluding Excess Workers' Compensation) .....	67
Schedule P - Part 4E - Commercial Multiple Peril .....	67
Schedule P - Part 4F - Section 1 - Medical Professional Liability - Occurrence .....	68
Schedule P - Part 4F - Section 2 - Medical Professional Liability - Claims-Made .....	68
Schedule P - Part 4G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	68
Schedule P - Part 4H - Section 1 - Other Liability - Occurrence .....	68
Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made .....	68
Schedule P - Part 4I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) .....	69
Schedule P - Part 4J - Auto Physical Damage .....	69
Schedule P - Part 4K - Fidelity/Surety .....	69
Schedule P - Part 4L - Other (Including Credit, Accident and Health) .....	69
Schedule P - Part 4M - International .....	69
Schedule P - Part 4N - Reinsurance - Nonproportional Assumed Property .....	70
Schedule P - Part 4O - Reinsurance - Nonproportional Assumed Liability .....	70
Schedule P - Part 4P - Reinsurance - Nonproportional Assumed Financial Lines .....	70
Schedule P - Part 4R - Section 1 - Products Liability - Occurrence .....	71
Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made .....	71
Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty .....	71
Schedule P - Part 4T - Warranty .....	71
Schedule P - Part 5A - Homeowners/Farmowners .....	72
Schedule P - Part 5B - Private Passenger Auto Liability/Medical .....	73
Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical .....	74
Schedule P - Part 5D - Workers' Compensation (Excluding Excess Worker' Compensation) .....	75
Schedule P - Part 5E - Commercial Multiple Peril .....	76
Schedule P - Part 5F - Medical Professional Liability - Claims-Made .....	78
Schedule P - Part 5F - Medical Professional Liability - Occurrence .....	77
Schedule P - Part 5H - Other Liability - Claims-Made .....	80
Schedule P - Part 5H - Other Liability - Occurrence .....	79
Schedule P - Part 5R - Products Liability - Claims-Made .....	82
Schedule P - Part 5R - Products Liability - Occurrence .....	81
Schedule P - Part 5T - Warranty .....	83
Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical .....	84
Schedule P - Part 6D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	84
Schedule P - Part 6E - Commercial Multiple Peril .....	85
Schedule P - Part 6H - Other Liability - Claims-Made .....	86
Schedule P - Part 6H - Other Liability - Occurrence .....	85
Schedule P - Part 6M - International .....	86
Schedule P - Part 6N - Reinsurance - Nonproportional Assumed Property .....	87
Schedule P - Part 6O - Reinsurance - Nonproportional Assumed Liability .....	87
Schedule P - Part 6R - Products Liability - Claims-Made .....	88
Schedule P - Part 6R - Products Liability - Occurrence .....	88
Schedule P - Part 7A - Primary Loss Sensitive Contracts .....	89
Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts .....	91
Schedule P Interrogatories .....	93
Schedule T - Exhibit of Premiums Written .....	94
Schedule T - Part 2 - Interstate Compact .....	95

## INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule Y - Part 1 - Information Concerning Activities of Insurer Members of a Holding Company Group .....	96
Schedule Y - Part 1A - Detail of Insurance Holding Company System .....	97
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	98
Statement of Income .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	99
Underwriting and Investment Exhibit Part 1 .....	6
Underwriting and Investment Exhibit Part 1A .....	7
Underwriting and Investment Exhibit Part 1B .....	8
Underwriting and Investment Exhibit Part 2 .....	9
Underwriting and Investment Exhibit Part 2A .....	10
Underwriting and Investment Exhibit Part 3 .....	11