

Notes amended per NAIC request.



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

**ANNUAL STATEMENT**  
**For the Year Ended December 31, 2017**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**Ohio Indemnity Company**

NAIC Group Code	00000 (Current Period)	00000 (Prior Period)	NAIC Company Code	26565	Employer's ID Number	31-0620146
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	02/11/1956		Commenced Business	07/24/1956		
Statutory Home Office	250 E. Broad St., 7th Floor (Street and Number)			Columbus, OH, US 43215-0000 (City or Town, State, Country and Zip Code)		
Main Administrative Office	250 E. Broad St., 7th Floor (Street and Number)		Columbus, OH, US 43215-0000 (City or Town, State, Country and Zip Code)	614-228-2800 (Area Code) (Telephone Number)		
Mail Address	250 E. Broad St., 7th Floor (Street and Number or P.O. Box)			Columbus, OH, US 43215-0000 (City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	250 E. Broad St., 7th Floor (Street and Number)		Columbus, OH, US 43215-0000 (City or Town, State, Country and Zip Code)	614-228-2800 (Area Code) (Telephone Number)		
Internet Web Site Address	www.ohioindemnity.com					
Statutory Statement Contact	Matt C Nolan (Name)		614-220-5207 (Area Code) (Telephone Number) (Extension)			
	Mnolan@ohioindemnity.com (E-Mail Address)		614-228-5552 (Fax Number)			

**OFFICERS**

Name	Title	Name	Title
John Scott Sokol	CEO and President	Matthew Christopher Nolan	Vice President, CFO, Treasurer and Secretary
Daniel John Stephan	Senior Vice President	Stephen John Toth	Vice President
Margaret Ann Noreen	Vice President		
<b>OTHER OFFICERS</b>			
Kenton Robert Bowen	Annemarie LoConti	Robert W Price	John Scott Sokol
Matthew Douglas Walter			

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

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

John Scott Sokol CEO and President	Matthew Christopher Nolan Vice President, CFO, Treasurer and Secretary	Matthew Christopher Nolan Vice President, CFO, Treasurer and Secretary
Subscribed and sworn to before me this 20th day of February, 2018	a. Is this an original filing? Yes [ ] No [ X ] b. If no: 1. State the amendment number 2. Date filed 1 3. Number of pages attached 05/04/2018	

Iris A. Arnold, Notary  
12/29/2021

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

## NOTES TO FINANCIAL STATEMENTS

### SECTION A

#### 1. Summary of Significant Accounting Policies:

##### A. Accounting Practices:

The financial statements of Ohio Indemnity Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department ("the Department").

The 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 its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual has been adopted as a component of prescribed or permitted practices by the state of Ohio.

	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2017</u>	<u>2016</u>
<b>NET INCOME</b>					
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX.....	XXX.....	XXX.....	\$ 9,904,390	\$ 9,060,834
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:				\$	\$
(3) State Permitted Practices that increase/(decrease) NAIC SAP:				\$	\$
(4) NAIC SAP (1-2-3=4)	XXX.....	XXX.....	XXX.....	\$ 9,904,390	\$ 9,060,834
<b>\</b>					
<b>SURPLUS</b>					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX.....	XXX.....	XXX.....	\$ 45,462,613	\$ 45,555,469
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:				\$	\$
(7) State Permitted Practices that increase/(decrease) NAIC SAP:				\$	\$
(8) NAIC SAP (5-6-7=8)	XXX.....	XXX.....	XXX.....	\$ 45,462,613	\$ 45,555,649

##### 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 as of the date of the financial statements and revenue and expenses for the period then ended. It also requires estimates in the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ materially from these estimates.

##### C. Accounting Policy:

Ohio Indemnity's insurance premiums are earned over the terms of the related insurance policies and reinsurance contracts. For certain of our lender service products, premiums are earned over the contract period in proportion to the amount of insurance protection provided as the amount of insurance protection declines according to a predetermined schedule. For all other products, premiums are earned pro rata over the contract period. The portion of premiums written applicable to the unexpired portion of insurance policies is recorded in the balance sheet as unearned premiums.

Certain lender service policies are eligible for premium adjustments based on loss experience. For certain policies, return premiums are calculated and settled on an annual basis. Certain other policies are eligible for an experience rating adjustment that is calculated and adjusted from period to period and settled upon cancellation of the policy. These balances are presented in the accompanying balance sheet as unearned premiums.

SSAP No. 65, "Property and Casualty Contracts," requires a separate test for unearned premiums for policies with coverage periods equal to or in excess of thirteen months. Depending on the results of this test, a reporting entity may be required to record additional unearned premiums on a statutory basis that are not recorded on a GAAP basis. As of December 31, 2017 and 2016, we recorded \$1,577,288 and \$1,614,032, respectively, of additional unearned premiums under SSAP No. 65 for our GAP product line.

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 commissions received or receivable.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost. Money market investments are reflected at cost.
- (2) Bonds not backed by other loans are stated at amortized value using the scientific interest method.
- (3) Redeemable preferred stocks are stated at amortized cost.
- (4) Common stocks, non-redeemable preferred stocks and mutual funds are stated at market values based upon prices prescribed by the NAIC.
- (5) Realized gains and losses on disposal of investments are determined by the specific identification method and are included in investment income. The carrying value of investments is revised and the amount of revision is charged to net realized losses on investments when management determines that a decline in the value of an investment is other-than-temporary.

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

## NOTES TO FINANCIAL STATEMENTS

We continually monitor the difference between the book value and the estimated fair value of our investments, which involves judgment as to whether declines in value are temporary in nature. If we believe the decline in any investment is "other-than-temporarily impaired," we record the decline as a realized loss through the income statement. If our judgment changes in the future, we may ultimately record a realized loss for a security after having originally concluded that the decline in value was temporary. We begin to monitor a security for other-than-temporary impairment when its fair value to book value ratio falls below 80%. Our assessment as to whether a security is other-than-temporarily impaired depends on, among other things: (1) the length of time and extent to which the estimated fair value has been less than book value; (2) whether the decline appears to be related to general market or industry conditions or is issuer specific; (3) our current judgment as to the financial condition and future prospects of the entity that issued the investment security; and (4) our intent to sell the security or the likelihood that we will be required to sell the security before its anticipated recovery.

(6) Unpaid losses and loss adjustment expenses ("LAE") include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

LAE is classified into two broad categories in the annual statement in schedule P: Defense and Cost Containment (DCC) and Adjusting and Other (A&O). Previously, the annual statement classified LAE into the following two categories before the change to DCC and A&O: Allocated Loss Adjustment Expense (ALAE) and Unallocated Loss Adjustment Expense (ULAE). The Company reports LAE based on the old statutory definitions. Thus, what the Company reports as DCC in the annual statement is ALAE and what the Company reports as A&O is ULAE.

Assumed reinsurance is a line of business with inherent volatility. Since the length of time required for the losses to be reported through the reinsurance system can be quite long, unexpected events are more difficult to predict. Ultimate loss experience for assumed reinsurance is based primarily on reports received by the Company from the underlying ceding insurers.

- D. Going concern: not applicable.
- 2. Accounting Changes and Corrections of Errors: Not applicable.
- 3. Business Combinations and Goodwill: Not applicable.
- 4. Discontinued Operations: Not applicable.
- 5. Investments:
  - A. Mortgage Loans: Not applicable.
  - B. Debt Restructuring: Not applicable.
  - C. Reverse Mortgages: Not applicable.
  - D. Loan-Backed Securities: Not applicable.
  - E. Dollar Repurchase Agreements and/or Securities Lending: Not applicable.
  - F. Repurchase Agreements Transactions Accounted for as Secured borrowing: Not applicable.
  - G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing: Not applicable.
  - H. Repurchase Agreements Transactions Accounted for as a Sale: Not applicable
  - 1. Reverse Repurchase Agreements Transactions Accounted for as a Sale: Not applicable
  - J. Real Estate: Not applicable
  - K. Low-Income housing Tax Credits(LIHTC): Not applicable
- L. Restricted Assets:
  - 1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6	7 Increase/ (Decrease) (5 minus 6)
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)		
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$ 0	\$ 0	\$ 0
b. Collateral held							

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company**

**NOTES TO FINANCIAL STATEMENTS**

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6	7 Increase/ (Decrease) (5 minus 6)
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)		
under security lending agreements					0	0	0
c. Subject to repurchase agreements					0	0	0
d. Subject to reverse repurchase agreements					0	0	0
e. Subject to dollar repurchase agreements					0	0	0
f. Subject to dollar reverse repurchase agreements					0	0	0
g. Placed under option contracts					0	0	0
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock					0	0	0
i. FHLB capital stock					0	0	0
j. On deposit with states	5,237,647				5,237,647	5,279,679	(42,032)
k. On deposit with other regulatory bodies					0	0	0
l. Pledged as collateral to FHLB (including assets backing funding agreements)					0	0	0
m. Pledged as collateral not captured in other categories					0	0	0
n. Other restricted assets					0	0	0
o. Total Restricted Assets	\$ 5,237,647	\$ 0	\$ 0	\$ 0	\$ 5,237,647	\$ 5,279,679	\$ (42,032)

(a) Subset of column 1

(b) Subset of column 3

Restricted Asset Category	Current Year			
	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)	Percentage	
			10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$ 0	\$ 0	0.0 %	0.0 %
b. Collateral held under security lending agreements		0	0.0	0.0
c. Subject to repurchase agreements		0	0.0	0.0
d. Subject to reverse repurchase agreements		0	0.0	0.0
e. Subject to dollar repurchase agreements		0	0.0	0.0
f. Subject to dollar reverse repurchase agreements		0	0.0	0.0
g. Placed under option contracts		0	0.0	0.0
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock		0	0.0	0.0
i. FHLB capital stock	0	0	0.0	0.0
j. On deposit with states	5,237,647	3.4	3.4	3.4
k. On deposit with other regulatory bodies	0	0	0.0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company**

**NOTES TO FINANCIAL STATEMENTS**

Restricted Asset Category	Current Year			
	8	9	Percentage	
	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
I. Pledged as collateral to FHLB (including assets backing funding agreements)		0	0.0	0.0
m. Pledged as collateral not captured in other categories		0	0.0	0.0
n. Other restricted assets		0	0.0	0.0
o. Total Restricted Assets	\$ 0	\$ 5,237,647	3.4 %	3.4 %

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

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

2. Details of Assets Pledged as Collateral Not Captured in Other Categories(Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, Are Reported in the Aggregate): Not applicable

3. Details of Other Restricted Assets(Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, Are Reported in the Aggregate) : Not applicable

4. Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements: Not applicable

M. Working Capital Finance Investments: Not applicable

N. Offsetting and Netting of Assets and Liabilities: Not applicable

O. Structured Notes: Not applicable

P. 5\* Securities: None

Q. Short Sales: Not applicable

R. Prepayment Penalty and Acceleration Fees: Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies: Not applicable

7. Investment Income:

A. Accrued Investment Income: The Company non-admits investment income due and accrued if amounts are not received within 15 days of the settlement date.

B. Amounts Nonadmitted: Not applicable.

8. Derivative Instruments: Not applicable.

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company**

**NOTES TO FINANCIAL STATEMENTS**

**9. Income Taxes:**

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

1.

	12/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$.....2,218,852	\$.....34,108	\$.....2,252,960
(b) Statutory Valuation Allowance Adjustments	\$.....0	\$.....0	\$.....0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$.....2,218,852	\$.....34,108	\$.....2,252,960
(d) Deferred Tax Assets Nonadmitted	\$.....0	\$.....0	\$.....0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$.....2,218,852	\$.....34,108	\$.....2,252,960
(f) Deferred Tax Liabilities	\$.....37,065	\$.....615,175	\$.....652,240
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$.....2,181,787	\$.....(581,067)	\$.....1,600,720

	12/31/2016		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$.....4,026,840	\$.....85,267	\$.....4,112,107
(b) Statutory Valuation Allowance Adjustments	\$.....0	\$.....0	\$.....0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$.....4,026,840	\$.....85,267	\$.....4,112,107
(d) Deferred Tax Assets Nonadmitted	\$.....0	\$.....0	\$.....0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$.....4,026,840	\$.....85,267	\$.....4,112,107
(f) Deferred Tax Liabilities	\$.....63,356	\$.....632,549	\$.....695,905
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$.....3,963,484	\$.....(547,282)	\$.....3,416,202

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$.....(1,807,987)	\$.....(51,159)	\$.....(1,859,146)
(b) Statutory Valuation Allowance Adjustments	\$.....0	\$.....0	\$.....0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$.....(1,807,987)	\$.....(51,159)	\$.....(1,859,146)
(d) Deferred Tax Assets Nonadmitted	\$.....0	\$.....0	\$.....0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$.....(1,807,987)	\$.....(51,159)	\$.....(1,859,146)
(f) Deferred Tax Liabilities	\$.....(26,290)	\$.....(17,374)	\$.....(43,664)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$.....(1,781,697)	\$.....(33,785)	\$.....(1,815,482)

2.

Admission Calculation Components SSAP No. 101

- (a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.
- (b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)
  - 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.
  - 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.
- (c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.
- (d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.

Total (2(a) + 2(b) + 2(c))

	12/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
\$.....3,257,754	\$.....	\$.....	\$.....3,257,754

\$.....(2,309,275) \$.....\$.....\$.....(2,309,275)

\$.....(1,004,793) \$.....\$.....\$.....(1,004,793)

XXX XXX \$.....6,579,284

\$.....37,066 \$.....615,175 \$.....652,241

\$.....985,545 \$.....615,175 \$.....1,600,720

	12/31/2016		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
\$.....3,772,052	\$.....	\$.....	\$.....3,772,052

\$.....(1,051,755) \$.....\$.....\$.....(1,051,755)

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

## NOTES TO FINANCIAL STATEMENTS

1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$.....680,109	\$.....0	\$.....680,109
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	<u>XXX</u>	<u>XXX</u>	\$.....6,320,890
(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.	\$.....63,356	\$.....632,549	\$.....695,905
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.	\$.....2,783,653	\$.....632,549	\$.....3,416,202
Total (2(a) + 2(b) + 2(c))			

Change		
(7)	(8)	(9)
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total

(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$.....(514,298)	\$.....0	\$.....(514,298)
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$.....(1,257,520)	\$.....0	\$.....(1,257,520)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$.....(1,684,902)	\$.....0	\$.....(1,684,902)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	<u>XXX</u>	<u>XXX</u>	\$.....258,394
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$.....(26,290)	\$.....(17,374)	\$.....(43,664)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.	\$.....(1,798,108)	\$.....(17,374)	\$.....(1,815,482)
Total (2(a) + 2(b) + 2(c))			

3.

(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	.....15%	.....15%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$.....43,861,893	\$.....42,139,268

4.

12/31/2017	
(1)	(2)
Ordinary	Capital

### Impact of Tax-Planning Strategies

(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.	.....2,218,853	.....34,108
1. Adjusted Gross DTAs Amount From Note 9A1(c)	.....0.0	.....0.0
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	.....2,218,853	.....34,108
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	.....0.0	.....0.0
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	.....2,218,853	.....34,108

12/31/2016	
(3)	(4)
Ordinary	Capital

(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.	.....4,026,840	.....85,267
1. Adjusted Gross DTAs Amount From Note 9A1(c)	.....0.0	.....0.0
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	.....4,026,840	.....85,267
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	.....0.0	.....0.0
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	.....4,026,840	.....85,267

Change	
(5)	(6)
(Col 1-3) Ordinary	(Col 2-4) Capital

(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.	.....(1,807,987)	.....(51,159)
1. Adjusted Gross DTAs Amount From Note 9A1(c)	.....0.0	.....0.0
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	.....(1,807,987)	.....(51,159)
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	.....0.0	.....0.0
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	.....(1,807,987)	.....(51,159)

(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes..... No..... X.....

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

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company**

**NOTES TO FINANCIAL STATEMENTS**

(1)	(2)	(3)
12/31/2017	12/31/2016	(Col 1-2) Change

1. Current Income Tax			
(a) Federal	\$ 2,957,313	\$ 3,703,741	\$ (746,428)
(b) Foreign	\$ 0	\$ 0	\$ 0
(c) Subtotal	\$ 2,957,313	\$ 3,703,741	\$ (746,428)
(d) Federal income tax on net capital gains	\$ 301,475	\$ (255,546)	\$ 557,021
(e) Utilization of capital loss carry-forwards	\$ 0	\$ 0	\$ 0
(f) Other	\$ 0	\$ 0	\$ 0
(g) Federal and foreign income taxes incurred	\$ 3,258,788	\$ 3,448,195	\$ (189,407)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 0	\$ 0	\$ 0
(2) Unearned premium reserve	\$ 2,139,345	\$ 3,841,737	\$ (1,702,392)
(3) Policyholder reserves	\$ 79,473	\$ 123,832	\$ (44,359)
(4) Investments	\$ 0	\$ 0	\$ 0
(5) Deferred acquisition costs	\$ 0	\$ 0	\$ 0
(6) Policyholder dividends accrual	\$ 0	\$ 0	\$ 0
(7) Fixed assets	\$ 0	\$ 0	\$ 0
(8) Compensation and benefits accrual	\$ 0	\$ 0	\$ 0
(9) Pension accrual	\$ 0	\$ 0	\$ 0
(10) Receivables - nonadmitted	\$ 0	\$ 0	\$ 0
(11) Net operating loss carry-forward	\$ 0	\$ 0	\$ 0
(12) Tax credit carry-forward	\$ 0	\$ 0	\$ 0
(13) Other (including items <5% of total ordinary tax assets)	\$ 34	\$ 61,271	\$ (61,237)
(99) Subtotal	\$ 2,218,852	\$ 4,026,840	\$ (1,807,988)
(b) Statutory valuation allowance adjustment	\$ 0	\$ 0	\$ 0
(c) Nonadmitted	\$ 0	\$ 0	\$ 0
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 2,218,852	\$ 4,026,840	\$ (1,807,988)
(e) Capital:			
(1) Investments	\$ 34,108	\$ 85,267	\$ (51,159)
(2) Net capital loss carry-forward	\$ 0	\$ 0	\$ 0
(3) Real estate	\$ 0	\$ 0	\$ 0
(4) Other (including items <5% of total capital tax assets)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 34,108	\$ 85,267	\$ (51,159)
(f) Statutory valuation allowance adjustment	\$ 0	\$ 0	\$ 0
(g) Nonadmitted	\$ 0	\$ 0	\$ 0
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 34,108	\$ 85,267	\$ (51,159)
(i) Admitted deferred tax assets (2d + 2h)	\$ 2,252,960	\$ 4,112,107	\$ (1,859,147)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ 37,065	\$ 63,356	\$ (26,291)
(2) Fixed assets	\$ 0	\$ 0	\$ 0
(3) Deferred and uncollected premium	\$ 0	\$ 0	\$ 0
(4) Policyholder reserves	\$ 0	\$ 0	\$ 0
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 37,065	\$ 63,356	\$ (26,291)
(b) Capital:			
(1) Investments	\$ 615,175	\$ 632,549	\$ (17,374)
(2) Real estate	\$ 0	\$ 0	\$ 0
(3) Other (including items <5% of total capital tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 615,175	\$ 632,549	\$ (17,374)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 652,240	\$ 695,905	\$ (43,665)
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 1,600,720	\$ 3,416,202	\$ (1,815,482)

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

## NOTES TO FINANCIAL STATEMENTS

D. Federal income tax expense differs from the amount computed by applying the normal tax rate of 34% to income before federal Income tax as follows:

	<u>2017</u>	<u>2016</u>
Expected federal income tax expense	\$4,475,483	\$4,253,070
Change in unearned premium reserves	(410,908)	228,789
Book over tax reserves	45,292	45,135
Book to tax return adjustments	(19,130)	(154,109)
Tax exempt interest and dividends received deduction	(768,502)	(837,719)
Other-than-temporary impairments on investments	(30,044)	(148,787)
Other	<u>(33,403)</u>	<u>61,816</u>
Federal income tax expense	<u>\$3,258,788</u>	<u>\$3,448,195</u>

E. Operating Loss and Tax Credit Carryforwards:

At December 31, 2017, the Company had \$0 of net operating loss carryforward. The Company also had \$0 alternative minimum tax credit at December 31, 2017.

The following is income tax expense for 2017, 2016 and 2015 that is available for recoupelement in the event of future net losses:

2017 (current year)	\$ 3,258,788
2016 (current - 1)	3,448,195
2015 (current - 2)	4,230,251

F. Consolidated Federal Income Tax Return: The Company's federal income tax return is consolidated with Bancinsurance Corporation.

The Company files a consolidated federal income tax return with its parent, Bancinsurance Corporation. The Company has a tax sharing agreement, as approved by the Board of Directors, with its parent whereby federal income tax expense is determined as if the Company filed a separate federal income tax return and payments for this liability are made to the parent.

G. Federal or Foreign Income Tax Loss Contingencies: Not applicable

10. Information Concerning Parent, Subsidiaries and Affiliates:

A. Ohio Indemnity is a wholly-owned subsidiary of Bancinsurance Corporation, an insurance holding company domiciled in the State of Ohio. See Schedule Y, Part 1 Organizational Chart.

B. The Company has no investment in parent or affiliates. The Company has no subsidiaries or affiliated insurers.

C. There are no guarantees or undertakings for the benefit of an affiliate which result in a material contingent exposure of the Company's net assets to liabilities.

D - L. Other Disclosures: In 2005, the Company entered into a cost sharing agreement with Bancinsurance. During 2017 and 2016, the amount of expenses (benefit) the Company allocated to Bancinsurance under this agreement were \$(63,258) and \$(22,730), respectively, which have been recorded in the accompanying statements of income.

In 2007, the Company entered into an intercompany agreement (the "Agreement") by and between the Company, Bancinsurance and USA (collectively, the "Parties"). Pursuant to the terms of the agreement, amounts owed relating to transactions between the Parties during each quarter shall be settled within forty-five days after quarter end. In accordance with SSAP No. 96, amounts owed to the Company over ninety days from the due date in the Agreement shall be nonadmitted. As of December 31, 2017, the Company had no amounts owed to it by the Parties greater than ninety days from the due date in the Agreement.

Effective October 27, 2010, Fenist and Bancinsurance (collectively, the "Borrowers") entered into a credit agreement (the "Credit Agreement") with a lender. As of December 31, 2017, the Credit Agreement consists of a \$5.5 million senior secured revolving credit facility, of which zero is borrowed as of December 31, 2017. The Borrowers' obligations under the Credit Agreement are secured by a first priority lien on substantially all of the assets of the Borrowers and by a pledge by Bancinsurance of 100% of the stock of Ohio Indemnity, subject to the restrictions on the exercise of remedies under applicable insurance law. As of December 31, 2017, the Borrowers and were in compliance with all covenants under the Credit Agreement.

The Company pays certain fees and commissions to its affiliate, Ultimate Services Agency, LLC, a property and casualty insurance agency. During 2017 and 2016, the amount of commissions and fees incurred by the Company related to USA were \$6,839,105 and \$11,122,184, respectively.

During 2002 and 2003, Bancinsurance Corporation entered into an arrangement with BIC Statutory Trust I ("BIC Trust I"), a Connecticut special purpose business trust, and BIC Statutory Trust II ("BIC Trust II"), a Delaware special purpose business trust (collectively, the "Trusts"), whereby the Trusts issued and Bancinsurance Corporation purchased approximately \$8 million and \$7 million respectively, of floating rate trust preferred capital securities in exchange for junior subordinated debentures of Bancinsurance Corporation. Bancinsurance Corporation has fully and unconditionally guaranteed the obligations of the Trusts with respect to the floating rate trust preferred capital securities. The floating rate trust preferred capital securities, and the junior subordinated debentures issued in connection therewith, pay dividends and interest, as applicable, on a quarterly basis, are redeemable at par and mature in 2032 (for BIC Trust I) and 2033 (for BIC Trust II). Dividends paid by Ohio Indemnity to Bancinsurance Corporation can be a source of funds used to pay interest and any principal payments, if applicable, on the junior

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

## NOTES TO FINANCIAL STATEMENTS

subordinated debentures by Bancinsurance Corporation.

M. SCA Investments: Not applicable.

N. Investment in Insurance SCA's: Not applicable.

11. Debt:

A. Debt: Not applicable.

B. FHLB Agreements: Not applicable.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other post retirement Benefit Plans:

Defined Benefit Plan(A - D):

A. Reconciliation: Not applicable

B. Description: Not applicable

C. Fair Value: Not applicable

D. Narrative Description of Basis: Not applicable

E. Defined Contribution Plan: The Company provides a qualified 401(k) profit sharing plan, available to full-time employees who meet the plan's eligibility requirements. The Company matches 100% of the qualified employee's contribution up to 3% of salary and 50% of the qualified employee's contribution between 3% and 5% of salary. The total cost of the matching contribution was \$143,375 and \$143,213 for the years ended December 31, 2017 and 2016, respectively.

F. Multiemployer Plans: Not applicable.

G. Consolidated/Holding Company Plans: Not applicable.

H. Post employment Benefits and Compensated Absences: Not applicable.

I. Impact of Medicare Modernization Act: Not applicable

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

(1) The Company has 40,000 common shares authorized, 37,332 common shares issued and 37,332 common shares outstanding. All shares are Class A shares. The Company has 5,000 non-voting preferred shares authorized, none issued and outstanding.

(2) Dividend Rate of Preferred Stock: Not applicable.

(3) Dividend Restrictions: Generally, the Company is restricted by the insurance laws of the State of Ohio as to amounts that can be transferred to the parent in the form of dividends, loans, or advances without the approval of the Department to the greater of (a) 10 percent of statutory surplus as of December 31 of the year preceding the dividend, loan or advancement or (b) 100 percent of statutory net income for the year ended December 31 preceding the dividend, loan or advancement. Under the above restrictions, during 2018, dividends, loans or advances in excess of \$9,904,390 will require the approval of the Department.

(4) The following dividends were declared by Ohio Indemnity to Bancinsurance Corporation during 2017 and 2016:

- On October 27, 2017, Ohio Indemnity's board of directors declared a cash dividend in an aggregate amount of \$9,500,000 that was paid to Bancinsurance Corporation during the fourth quarter of 2017; and
- On October 28, 2016, Ohio Indemnity's board of directors declared a cash dividend in an aggregate amount of \$9,500,000 that was paid to Bancinsurance Corporation during the fourth quarter of 2016.

The Company is subject to a risk-based capital ("RBC") test applicable to property and casualty insurers. The RBC test serves as a benchmark of insurance enterprises' solvency by state insurance regulators by establishing statutory surplus targets which will require certain Company level or regulatory level actions. Based on the Company's analysis, the Company's total adjusted capital was in excess of all required action levels at December 31, 2017.

All insurance companies must file annual financial statements (prepared in accordance with statutory accounting rules) in states where they are authorized to do business and are subject to regular and special examinations by the regulatory agencies of those states. In 2017, the Department initiated its financial examination of Ohio Indemnity covering the period from January 1, 2012 through December 31, 2016. On November 17, 2017, the Department issued its examination report. No adjustments to Ohio Indemnity's previously filed statutory financial statements were required as a result of the examination.

(5) Portion of the Company's Profits that may be paid as Ordinary Dividends to Stockholders: See Note 13(3) above.

(6) Restrictions Placed on the Unassigned Funds, Including for Whom the Surplus is Being Held: Not applicable.

(7) Mutual Surplus Advances: Not applicable.

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

## NOTES TO FINANCIAL STATEMENTS

(8) Company Stock Held for Special Purposes: See Note 10

(9) Changes in Special Surplus Funds: Not applicable.

(10) Changes in Unassigned Funds:

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

(a) Unrealized gains and losses, net of tax:	\$ 1,042,427
(b) Nonadmitted asset value:	188,386
(c) Deferred income tax:	(1,728,059)
(d) Dividends to stockholders:	(9,500,000)

(11) Surplus Notes: Not applicable.

(12) Impact of Restatement Due to Quasi Reorganizations: Not applicable.

(13) Effective Date of Quasi Reorganizations: Not applicable.

14. Liabilities, Contingencies and Assessments:

A. Contingent Commitments: Not applicable.

B. Assessments: Not applicable.

C. Gain Contingencies: Not applicable.

D. Claims related extra Contractual Obligation and bad faith losses stemming from lawsuits: Not applicable

E. Contingencies related to product warranties: Not applicable

F. Joint and Several Liabilities: Not applicable

G. All Other Contingencies:

We are involved in legal proceedings arising in the ordinary course of business which are routine in nature and incidental to our business. We currently believe that none of these matters, either individually or in the aggregate, is reasonably likely to have a material adverse effect on our financial condition, results of operations or liquidity. However, because litigation is subject to inherent uncertainties and the outcome of such matters cannot be predicted with certainty, future developments could cause any one or more of these matters to have a material adverse effect on our financial condition, results of operations and liquidity.

15. Leases:

A. Lessee Operating Lease: As of December 31, 2017, we leased approximately 11,700 square feet in Columbus, Ohio for our headquarters pursuant to a lease that commenced on January 1, 2009, as amended April 1, 2015, and expires on December 31, 2020. Rent expense is recognized evenly over the lease term ending December 31, 2020. Rental expenses, which primarily include expenses for our office lease, were \$260,990 and \$266,580 for the years ended December 31, 2017 and 2016, respectively.

The future minimum lease payments required under operating leases for the next five fiscal years are as follows:

2018	204,750
2019	207,675
2020	<u>210,600</u>
Total	<u>\$ 623,025</u>

B. Lessor Leases:

1. Operating Leases: Not applicable

2. Leveraged leases: Not applicable.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk: Not applicable.

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

A. Transfers of Receivables Reported as Sales: Not applicable.

B. Transfers and Servicing of Financial Assets: Not applicable.

C. Wash Sales: Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans: Not applicable.

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company**

**NOTES TO FINANCIAL STATEMENTS**

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

The Company uses several managing general agents to write and administer its lender services products in specified territories. The following are the Company's managing general agents and their respective direct premiums written for 2017 and 2016:

Name and Address	FEI Number	Exclusive Contract	Type of Business Written	Type of Authority Granted	2017 Direct Premiums Written	2016 Direct Premiums Written
Southwest Business Corporation 9311 San Pedro, Suite 600 San Antonio, TX 78216	75-1553739	No	Credit & Auto Physical Damage	C, CA, P, U	\$ 48,986,358	\$ 35,112,254
American Risk Services, LLC 11135 Kenwood Road Cincinnati, OH 45242	38-3773191	No	Credit	C, CA, R, P, U	27,631,458	24,137,840
Lee & Mason Financial Services, Inc. P.O. Box 270 Route 30 Northville, NY 12134	14-1722170	No	Credit	C, CA, P, U	15,031,686	12,501,376
Allied Solutions LLC 1320 City Center Dr. Suite 300 Carmel, Indiana 46032	35-2125376	No	Credit & Auto Physical Damage	C, CA, P, U	7,564,749	5,174,769
Berkshire Risk Services, LLC 7400 W. 132 <sup>nd</sup> St., Suite 200 Overland Park, KS 66213	20-8682003	No	Credit	C, CA, R, P, U	7,266,744	4,602,997
HUB International of Midwest Limited 265 East Parkway, Suite 100 Coppell, TX 75019	35-0672425	No	Credit	C, CA, P, U	7,223,598	6,811,887
Financial GAP Administrator, LLC 1670 Fenpark Drive Fenton, MO 63026	45-4777616	No	Credit, Auto Physical Damage & Other Liability	C, CA, P, U	4,995,740	11,502,498
				Total	<u>\$ 118,700,333</u>	<u>\$ 99,843,621</u>

C - Claims Payment,  
CA - Claims Adjustment  
R - Reinsurance Ceding  
B - Binding Authority  
P - Premium Collection  
U - Underwriting

**20. Fair Value Measurement:**

A. The following table summarizes the Company's financial assets measured at fair value on a recurring basis as of December 31:

**1. Fair Value Measurements at Reporting Date**

# ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Preferred Stocks	\$ -	-	-	\$ -
Common Stocks	\$ 12,226,700	-	\$ -	\$ 12,226,700
Total assets at fair value	\$ 12,226,700	-	\$ -	\$ 12,226,700

December 31, 2016

Assets at fair value	(Level 1)	(Level 2)	(Level 3)	Total
Preferred Stocks	\$ -	-	-	\$ -
Common Stocks	\$ 9,894,396	-	\$ -	\$ 9,894,396
Total assets at fair value	\$ 9,894,396	-	\$ -	\$ 9,894,396

### B. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy: None

The Company has categorized its assets into the three-level hierarchy based upon the priority of the inputs to the respective valuation technique. The following summarizes the type of assets included within the three-level hierarchy presented in the table above:

- *Level 1* – This category includes exchange-traded preferred stocks, common stocks and mutual funds. Certain preferred stocks (redeemable preferred stocks and preferred stocks with an NAIC rating of 3 through 6) are carried at the lower of cost or fair value. The preferred stocks and common stocks listed in the above table are carried at fair value.
- *Level 2* – This category includes bonds. Bonds with an NAIC rating of 3 through 6 are carried at the lower of amortized cost or fair value. The company has no level 2 assets or liabilities.
- *Level 3* – The Company has no Level 3 assets or liabilities.

As of December 31, 2017 and 2016, the Company had no financial liabilities that were measured at fair value and no financial assets that were measured at fair value on a non-recurring basis. The Company also did not have any non-financial assets or non-financial liabilities that were measured at fair value on a recurring or non-recurring basis.

C. The carrying amount and estimated fair value of financial instruments subject to disclosure requirements were as follows as of December 31:

December 31, 2017						
Type of Class of Financial Instrument	Fair Value	Admitted			Not Practicable (Carrying Value)	
		Aggregate	Assets	Level 1	Level 2	Level 3
Bonds	100,775,357	97,298,013	-	100,775,357	-	-
Common Stocks	12,226,700	12,226,700	12,226,700	-	-	-
Short-Term Investments	-	-	-	-	-	-
Cash and cash equivalents	14,660,427	14,660,427	14,660,427	-	-	-

  

December 31, 2016						
Type of Class of Financial Instrument	Fair Value	Aggregate	Admitted			Not Practicable (Carrying Value)
			Assets	Level 1	Level 2	
Bonds	102,897,771	100,495,456	-	102,897,771	-	-
Common Stocks	9,894,396	9,894,396	9,894,396	-	-	-
Short-Term Investments	895,610	895,610	895,610	-	-	-
Cash and cash equivalents	13,548,618	13,548,618	13,548,618	-	-	-

### D. Not Practicable Estimated Fair Values: None

#### 21. Other Items:

A. Extraordinary Items: Not applicable.

B. Troubled Debt Restructuring: Not applicable.

C. Other Disclosures and unusual items: The Company elected to use rounding in reporting amounts in this Annual Statement. The Company files the Annual Statement in accordance with NAIC validation tolerance levels.

D.. Business Interruption Insurance recoveries: Not applicable.

E. State Transferable Tax Credits: Not applicable.

F. Subprime-Mortgage-Related Risk Exposure: Not applicable

**ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company**

**NOTES TO FINANCIAL STATEMENTS**

G. Insurance-Linked securities: Not applicable

22. Events Subsequent:

A. Accident and Health Insurance subject to the Section 910 of the Affordable Health Act (ACA): Not applicable

B. ACA fee assessment payable for the upcoming year: None

C. ACA fee assessment paid: None

D. Premium written subject to ACA 9010 assessment: None

E. Total Adjusted Capital before surplus adjustment(Five-Year Historical Line 28): \$45,462,613

F. Total Adjusted Capital after surplus adjustment(Five-Year Historical Line 28 minus 22B above): \$45,462,613

G. Authorized Control Level(Five-Year Historical Line 29): \$11,124,811

H. Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level(YES/NO): No

23. Reinsurance:

A. Unsecured Reinsurance Recoverables: Not applicable.

B. Reinsurance Recoverable in Dispute: Not applicable.

C. Reinsurance Assumed and Ceded:

(1)The following table summarizes assumed and ceded unearned premiums and the related commission equity at December 31, 2017 and December 31, 2016 stated in dollars.

December 31, 2017

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....0	\$ .....0
b. All Other	\$ 1,734,957	\$ 785,646	\$ 179,772,290	\$ 12,377,874	\$ (178,037,333)	\$ (11,592,228)
c. TOTAL	\$ 1,734,957	\$ 785,646	\$ 179,772,290	\$ 12,377,874	\$ (178,037,333)	\$ (11,592,228)
d. Direct Unearned Premium Reserve			\$ 234,892,022			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

December 31, 2016

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....0	\$ .....0
b. All Other	\$ 2,381,123	\$ 841,822	\$ 144,239,525	\$ 10,292,090	\$ (141,858,402)	\$ (9,450,268)
c. TOTAL	\$ 2,381,123	\$ 841,822	\$ 144,239,525	\$ 10,292,090	\$ (141,858,402)	\$ (9,450,268)
d. Direct Unearned Premium Reserve			\$ 204,825,195			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

2. The 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: Not applicable.

D. Uncollectible Reinsurance: Not applicable.

E. Commutation of Ceded Reinsurance: Not applicable.

F. Retroactive Reinsurance: Not applicable.

G. Reinsurance Accounted For As A Deposit: Not applicable.

H. Disclosures for the transfer of Property and Casualty run-off agreements: Not applicable

I. Certified Reinsurer Rating Downgraded or Status subject to Revocation: Not applicable

J. Reinsurance Agreements Qualifying for Reinsurance Aggregation: Not applicable

24. Retrospectively and Experience Rated Contracts and Contracts Subject to Redetermination:

## ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Ohio Indemnity Company

### NOTES TO FINANCIAL STATEMENTS

The Company estimates accrued retrospective and experience rated premium adjustments through the review of each individual retrospectively or experience rated risk, comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective and experience rated premium.

Net premiums written of \$1,934,516 and \$910,603 were subject to retrospective and experience rating features during 2017 and 2016, respectively. This represented approximately 1% and 1%, respectively, of total net premiums written.

A -E. Not applicable

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

1. The Company did not write Accident and Health insurance Premium that is subject to the health care Risk-Sharing provisions.
2. Impact on Risk-Sharing provisions of the Affordable Care Act on Admitted assets, Liabilities and Revenue for the Current year: None
3. Rollover of prior year ACA risk-sharing provisions: None

25. Change in incurred Losses and Loss Adjustment Expenses:

As a result of changes in estimates of insured events in prior years, the provision for unpaid loss and LAE decreased by approximately \$0.3 million and \$3.5 million for the years ended December 31, 2017 and 2016, respectively. The decreases in 2017 and 2016 were primarily due to favorable loss development for our lender services and WIP product lines. The majority of our losses are short-tail in nature and adjustments to reserve amounts occur rather quickly. Conditions that affected redundancies in reserves may not necessarily occur in the future. Accordingly, it may not be appropriate to extrapolate this redundancy to future periods.

As of December 31, 2017 and 2016 no additional premiums or return premiums have been accrued as a result of the prior-year reserve effects.

26. Intercompany Pooling Arrangements: Not applicable.

27. Structured Settlements: Not applicable.

28. Health Care Receivables: Not applicable.

29. Participating Policies: Not applicable.

30. Premium Deficiency Reserves:

1. Liability carried for premium deficiency reserves	\$0
2. Date of the most recent evaluation of this liability	12/31/2017
3. Was anticipated investment income utilized in the calculation?	no

31. High Deductibles: Not applicable.

32. Discounting of Liabilities for Unpaid Losses of Unpaid Loss Adjustment Expenses: Not applicable.

33. Asbestos/Environmental Reserves: Not applicable.

34. Subscriber Savings Accounts: Not applicable.

35. Multiple Peril Crop Insurance: Not applicable.

36. Financial guaranty Insurance: Not applicable