

AMENDED FILING EXPLANATION

The original filing of the Q2 2018 Quarterly statement did not include the full Notes To Financial (pages Q06...) due to a system glitch. We also made a few changes to the Asset (page Q02) for 2018 for Stocks and Real Estate lines, and the Statement of Income (Page Q04) to show a line by line breakout of lines 1401-1498.

The glitch has been fixed and the Notes are attached in the Amended Filing.



QUARTERLY STATEMENT

As of June 30, 2018
of the Condition and Affairs of the

Safe Auto Insurance Company

NAIC Group Code..... 0, 0 (Current Period) (Prior Period)	NAIC Company Code.... 25405	Employer's ID Number.... 31-1379882
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... May 28, 1993	Commenced Business..... August 25, 1993	
Statutory Home Office	4 Easton Oval .. Columbus .. OH .. 43219 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	4 Easton Oval .. Columbus .. OH .. (Street and Number) (City or Town, State, Country and Zip Code)	614-231-0200 (Area Code) (Telephone Number)
Mail Address	4 Easton Oval .. Columbus .. OH .. (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	4 Easton Oval .. Columbus .. OH .. (Street and Number) (City or Town, State, Country and Zip Code)	614-231-0200 (Area Code) (Telephone Number)
Internet Web Site Address	www.safeauto.com	
Statutory Statement Contact	Thomas Happensack (Name) thomas.happensack@safeauto.com (E-Mail Address)	614-944-7680 (Area Code) (Telephone Number) (Extension) 614-559-5357 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Gregory A Sutton	Chief Financial Officer & Treasurer	2. Kelly A Armstrong	Chief Legal Officer & Secretary
3. Thomas J Happensack	Controller	4. Ronald H Davies	Chief Executive Officer & President
Mark LeMaster	Claims Leader	Evan McKee	Product Leader
Partha Srinivasa	Chief Information Officer	Charles Kordes	Customer Demand & Experience Leader

OTHER

DIRECTORS OR TRUSTEES

Charles Bryan	Ryan Conlon	Ronald Davies	Ari Deshe
Elie Deshe	Jon Diamond	Gabriel Gliksberg	William Graves
Oded Gur-Arie			

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

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

(Signature) Gregory A Sutton 1. (Printed Name) Chief Financial Officer & Treasurer (Title)	(Signature) Kelly A Armstrong 2. (Printed Name) Chief Legal Officer & Secretary (Title)	(Signature) Thomas J Happensack 3. (Printed Name) Controller (Title)
Subscribed and sworn to before me This <u>16th</u> day of <u>August 2018</u>	a. Is this an original filing? b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <hr/> <hr/>

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	240,299,408		240,299,408	228,236,857
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	689,500		689,500	689,500
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	26,845,380		26,845,380	27,240,219
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$....19,071,120), cash equivalents (\$....2,333,906) and short-term investments (\$.....0).....	21,405,026		21,405,026	13,377,308
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....	14,522,245		14,522,245	13,897,140
9. Receivables for securities.....	2,000,000		2,000,000	3,359,668
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	305,761,559	0	305,761,559	286,800,692
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	1,822,053		1,822,053	1,819,439
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	22,046,667		22,046,667	18,390,607
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	59,255,304		59,255,304	53,184,827
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	279,434		279,434	
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	4,640,672		4,640,672	3,561,973
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	5,966,183	3,850,509	2,115,674	2,101,026
21. Furniture and equipment, including health care delivery assets (\$.....0).....	685,527	685,527	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	4,926,431		4,926,431	431,686
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	18,045,254	1,249,748	16,795,506	16,088,513
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	423,429,084	5,785,784	417,643,300	382,378,764
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	423,429,084	5,785,784	417,643,300	382,378,764

DETAILS OF WRITE-INS

1101.....				0
1102.....				0
1103.....				0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Corporate owned life insurance.....	8,502,459		8,502,459	7,950,487
2502. Deferred compensation life insurance.....	8,242,782		8,242,782	7,130,060
2503. Prepaid expenses.....	1,158,333	1,158,333	(0)	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	141,680	91,415	50,265	1,007,966
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	18,045,254	1,249,748	16,795,506	16,088,513

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$....209,086,673).....	195,855,944	173,768,731	346,621,265
1.2 Assumed..... (written \$.....0).....		76,869	77,783
1.3 Ceded..... (written \$....26,750).....	26,750	24,367	48,366
1.4 Net..... (written \$....209,059,923).....	195,829,194	173,821,233	346,650,682
DEDUCTIONS:			
2. Losses incurred (current accident year \$....108,515,805):			
2.1 Direct.....	108,633,367	98,363,623	199,053,417
2.2 Assumed.....	49,693	187,984	677,992
2.3 Ceded.....			
2.4 Net.....	108,683,060	98,551,607	199,731,409
3. Loss adjustment expenses incurred.....	15,873,194	17,308,278	35,073,230
4. Other underwriting expenses incurred.....	74,750,336	65,186,207	119,930,730
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	199,306,590	181,046,092	354,735,369
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(3,477,396)	(7,224,859)	(8,084,687)
INVESTMENT INCOME			
9. Net investment income earned.....	3,604,283	3,745,321	7,499,365
10. Net realized capital gains (losses) less capital gains tax of \$....0.....	136,104	633,630	8,784,518
11. Net investment gain (loss) (Lines 9 + 10).....	3,740,387	4,378,952	16,283,883
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$....3,496,412).....	(3,496,412)	(4,538,777)	(7,547,527)
13. Finance and service charges not included in premiums.....	14,672,946	13,941,608	27,517,902
14. Aggregate write-ins for miscellaneous income.....	4,425,320	3,064,088	10,688,157
15. Total other income (Lines 12 through 14).....	15,601,854	12,466,919	30,658,532
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	15,864,845	9,621,012	38,857,727
17. Dividends to policyholders.....			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	15,864,845	9,621,012	38,857,727
19. Federal and foreign income taxes incurred.....	4,252,817	4,340,421	5,034,826
20. Net income (Line 18 minus Line 19) (to Line 22).....	11,612,027	5,280,591	33,822,901
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	136,705,250	164,738,530	164,738,534
22. Net income (from Line 20).....	11,612,027	5,280,591	33,822,901
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....130,744.....	491,848	897,841	(6,406,340)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	1,179,743	1,895,738	(6,542,639)
27. Change in nonadmitted assets.....	317,142	(268,948)	1,666,647
28. Change in provision for reinsurance.....			
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.....		(50,573,853)	(50,573,853)
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	13,600,760	(42,768,631)	(28,033,284)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	150,306,010	121,969,899	136,705,250

DETAILS OF WRITE-INS

0501.....			
0502.....			
0503.....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Miscellaneous income.....	191,991	178,623	643,637
1402. Lead Fee Income.....	3,692,559	2,120,765	4,431,435
1403. Change in Cash Surrender Value of Life Insurance.....	540,770	764,700	1,613,085
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	4,000,000
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	4,425,320	3,064,088	10,688,157
3701.....			
3702.....			
3703.....			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	0

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

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

		SSAP#	F/S Page	Current Period	2017
Net Income					
(1) Safe Auto Insurance Company, Ohio basis Page 4, Line 20, Columns 1 & 2		XXXXX	XXXXX	11,612,027	33,822,902
(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)		XXXXX	XXXXX	<u>11,612,027</u>	<u>33,822,902</u>
Surplus					
(5) Safe Auto Insurance Company, Ohio basis Page 3, Line 37, Columns 1 & 2		XXXXX	XXXXX	150,306,010	136,705,251
(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)		XXXXX	XXXXX	<u>150,306,010</u>	<u>136,705,251</u>

C. Accounting Policies

6. Loan-backed securities are stated at either amortized cost or the lower of amortized costs or fair value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.

D. Going Concern

Not Applicable

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

No significant changes

3. BUSINESS COMBINATIONS AND GOODWILL

None

4. DISCONTINUED OPERATIONS

None

5. INVESTMENTS**D. Loan-Backed Securities**

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

2. The Company recognized no OTTI on loan backed securities in the second quarter of 2018.

3. None

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

a. The aggregate amount of unrealized losses:

1) Less Than 12 Months	\$	1,095,442
2) Greater Than 12 Months	\$	1,065,373

b. The aggregate related fair value of securities

with unrealized losses:	1) Less Than 12 Months	\$	64,326,488
	2) Greater Than 12 Months	\$	23,689,424

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

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

None

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

None

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

None

Statement for June 30, 2018 of the **Safe Auto Insurance Company**
NOTES TO FINANCIAL STATEMENTS

H. Repurchase Agreements Transactions Accounted for as a Sale
 None

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
 None

M. Working Capital Finance Investments
 None

N. Offsetting and Netting of Assets and Liabilities
 None

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

No significant changes

7. INVESTMENT INCOME

No significant changes

8. DERIVATIVE INSTRUMENTS

No significant changes

9. INCOME TAXES

No significant changes

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

No significant changes

11. DEBT

A. None

B. FHLB (Federal Home Loan Bank) Agreements

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

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Period

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

2. Prior Year

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

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

Membership Stock	1 Current Period Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less than 6 months	4 6 months to Less Than 1 Year	5 1 to Less Than 3 years	6 3 to 5 Years
1. Class A	\$ -					
2. Class B	\$ 550,947	\$ 550,947				

3. No collateral pledged to FHLB in 2018 or 2017.

4. The Company did not borrow from FHLB in 2018 or 2017.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, AND POSTEMPLOYMENT BENEFITS

A. Defined Benefit Plan

None

NOTES TO FINANCIAL STATEMENTS**13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

No significant changes

14. LIABILITIES, CONTINGENCIES, and ASSESSMENTS

A. No significant changes

B. No significant changes

C. No significant changes

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

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

During the second quarter of 2018 and 2017, the Company paid \$2,000,000 and \$0, respectively, net of reimbursements relating to less than 25 extra-contractual or bad faith claims.

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

E. Not applicable

F. Not applicable

G. No significant changes

15. LEASES

No significant changes

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

Not applicable

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

None

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

None

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

No significant changes

20. FAIR VALUE MEASUREMENT

A. Inputs Used for Assets and Liabilities Measured at Fair Value

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total	Net Asst Value (NAV)	Included in Level 2
Assets at fair value						
Perpetual Preferred Stock	\$ -	\$ -	\$ -	\$ -	\$ -	
Industrial and Misc						
Parent, Subsidiaries, and Affiliates	-	-	-	-	-	
Total Perpetual Preferred Stocks	\$ -	\$ -	\$ -	\$ -	\$ -	
Bonds						
U.S. Governments	-	-	-	-	-	
Industrial and Misc	-	-	-	-	-	
Hybrid Securities	-	-	-	-	-	
Parent, Subsidiaries, and Affiliates	-	-	-	-	-	
Total Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	
Common Stock						
Industrial and Misc	-	689,500	-	689,500	-	
Parent, Subsidiaries, and Affiliates	-	-	-	-	-	
Total Common Stock	\$ -	\$ 689,500	\$ -	\$ 689,500	\$ -	
Cash Equivalents						
Other Money Market Mutual Funds	\$ 82,130	\$ -	\$ -	82,130	-	
Total Cash Equivalents	\$ 82,130	\$ -	\$ -	\$ 82,130	\$ -	
Total assets at fair value	\$ 82,130	\$ 689,500	\$ -	\$ 771,630	\$ -	
Liabilities						
Derivatives	-	-	-	-	-	
Total Liabilities at fair value	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

2. Roll forward of Level 3 items

	Beginning Balance at 1/1/2018	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses)		Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/18
				Included in Net Income	Included in Surplus					
a. Assets										
Foreign Governments	700,000	-	-	-	-	-	-	-	-	700,000
Other Loan-Backed and Structures Securities	536,784	-	-	-	(20,380)	-	-	-	-	516,404
Total	1,236,784	-	-	-	(20,380)	-	-	-	-	1,216,404
b. Liabilities										
Derivatives	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

3. Policy on Transfers Into and out of Level3

No significant change

4. No significant change

5. Not Applicable

B. Not Applicable

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

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practical	included in Level 2	Net Asset Value (NAV)
Financial instruments - assets								
Bonds	\$ 239,556,998	\$ 240,299,408	\$ 4,697,584	\$ 233,643,009	\$ 1,216,404	\$ -	\$ -	
Preferred Stocks	-	-	-	-	-	-	-	
Common Stocks	689,500	689,500	-	689,500	-	-	-	
Cash, cash equivalents and short-term investments	21,405,027	21,405,019	21,405,027	-	-	-	-	
Total assets	\$ 261,651,524	\$ 262,393,927	\$ 26,102,611	\$ 234,332,509	\$ 1,216,404	\$ -	\$ -	
Financial Instruments - liabilities								
Derivatives	-	-	-	-	-	-	-	
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

There were no financial liabilities as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

D. Not Applicable

21. OTHER ITEMS

No significant changes.

22. EVENTS SUBSEQUENT

On July 23, 2018, the board approved an ordinary dividend of \$20,000,000 to be paid to the Parent, on or after September 29, 2018.

23. REINSURANCE

No significant changes.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

None

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Current year changes in estimates of the costs of prior year losses and loss adjustment expenses (LAE) affect the current year Statement of Income. Increases in those estimates increase current year expense and are referred to as unfavorable development. Decreases in those estimates decrease current year expense and are referred to as favorable development. Current year losses and LAE of \$124,556,253 were lower by \$254,887 because of favorable development of prior year estimates. This favorable development was approximately 0.2% of the prior years' reserves for unpaid losses and LAE.

The decrease in prior years' estimates is a result of ongoing analysis of recent loss and expense trends. The decrease in prior years' estimated LAE of \$422,029 is primarily a result lower than expected defense costs for accident year 2016. This was offset by an increase in estimated losses for prior years of \$167,142, which is primarily a result of greater than expected severity on PD and Collision on accident year 2017.

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

26. INTERCOMPANY POOLING ARRANGEMENTS

None

27. STRUCTURE SETTLEMENTS

None

28. HEALTH CARE RECEIVABLES

None

29. PARTICIPATING POLICIES

None

30. PREMIUM DEFICIENCY RESERVES

No significant changes.

31. HIGH DEDUCTIBLES

None

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

No significant changes.

33. ASBESTOS/ENVIRONMENTAL RESERVES

None

34. SUBSCRIBER SAVINGS ACCOUNTS

None

35. MULTIPLE PERIL CROP INSURANCE

None

36. FINANCIAL GUARANTY INSURANCE

None