



# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2018  
OF THE CONDITION AND AFFAIRS OF THE

## BCS Insurance Company

NAIC Group Code 00023 (Current Period) , 00023 (Prior Period) NAIC Company Code 38245 Employer's ID Number 36-6033921

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

Country of Domicile United States

Incorporated/Organized 12/05/1950 Commenced Business 11/30/1952

Statutory Home Office 6740 North High Street (Street and Number) Worthington, OH, US 43085 (City or Town, State, Country and Zip Code)

Main Administrative Office 2 Mid America Plaza, Suite 200 (Street and Number) Oakbrook Terrace, IL, US 60181 (City or Town, State, Country and Zip Code) 630-472-7700 (Area Code) (Telephone Number)

Mail Address 2 Mid America Plaza, Suite 200 (Street and Number or P.O. Box) Oakbrook Terrace, IL, US 60181 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2 Mid America Plaza, Suite 200 (Street and Number) Oakbrook Terrace, IL, US 60181 (City or Town, State, Country and Zip Code) 630-472-7700 (Area Code) (Telephone Number)

Internet Web Site Address www.bcsins.com

Statutory Statement Contact Susan A. Pickar (Name) 630-472-7863 (Area Code) (Telephone Number) (Extension)  
630-472-7837 (Fax Number)

spickar@bcscf.com (E-Mail Address)

### OFFICERS

Name	Title	Name	Title
<u>Howard Francis Beacham III</u>	<u>Chairman, President &amp; Chief Executive Officer</u>	<u>Terry Michael Hackett</u>	<u>General Counsel &amp; Secretary</u>
<u>Susan Ann Pickar</u>	<u>Chief Financial Officer &amp; Treasurer</u>		

### OTHER OFFICERS

<u>Peter Lorin Costello</u>	<u>Chief Operating Officer</u>	<u>David John Jacobs</u>	<u>Chief Actuary</u>
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### DIRECTORS OR TRUSTEES

<u>Howard Francis Beacham III</u>	<u>Peter Lorin Costello</u>	<u>Terry Michael Hackett</u>	<u>David John Jacobs</u>
<u>Susan Ann Pickar</u>			

State of Illinois

County of DuPage

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.

Howard Francis Beacham III Terry Michael Hackett Susan Ann Pickar  
Chairman, President & Chief Executive Officer General Counsel & Secretary Chief Financial Officer & Treasurer

Subscribed and sworn to before me this  
12th day of November, 2018

Danielle Walters  
Danielle Walters, Notary Public  
01/27/2021

a. Is this an original filing? Yes [X] No [ ]

b. If no:  
1. State the amendment number 0  
2. Date filed \_\_\_\_\_  
3. Number of pages attached 0



STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

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 .....	184,416,561		184,416,561	183,841,647
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	15,586,268		15,586,268	15,066,176
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ ..... (5,159,443) ), cash equivalents (\$ ..... 7,775,662 ) and short-term investments (\$ ..... 0 ) .....	2,616,219		2,616,219	931,403
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....	0		0	0
8. Other invested assets .....	34,738,082	5,836,000	28,902,082	28,832,481
9. Receivables for securities .....	803,605		803,605	8,740
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	238,160,736	5,836,000	232,324,736	228,680,447
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	1,533,396		1,533,396	1,707,440
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	48,450,332	230,384	48,219,948	21,180,480
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums (\$ ..... 6,945,572 ) and contracts subject to redetermination (\$ ..... ) .....	6,945,572		6,945,572	7,686,772
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	9,482,639		9,482,639	12,126,564
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....	1,495,891	1,089,732	406,159	595,090
19. Guaranty funds receivable or on deposit .....	1,317,662		1,317,662	1,295,169
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	2,409,576		2,409,576	181,655
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other-than-invested assets .....	3,752,745	0	3,752,745	3,191,372
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	313,548,549	7,156,116	306,392,433	276,644,989
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	313,548,549	7,156,116	306,392,433	276,644,989
<b>DETAILS OF WRITE-INS</b>				
1101. ....			0	0
1102. ....			0	0
1103. ....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Unapplied Claim Payments .....	2,655,800		2,655,800	2,757,941
2502. Intercompany Reinsurance Asset .....	0		0	0
2503. Continuity Credit Receivable .....	0		0	8,094
2598. Summary of remaining write-ins for Line 25 from overflow page .....	1,096,945	0	1,096,945	425,337
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	3,752,745	0	3,752,745	3,191,372

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....18,238,317 ) .....	23,110,521	24,941,067
2. Reinsurance payable on paid losses and loss adjustment expenses .....		0
3. Loss adjustment expenses .....	3,819,714	4,626,444
4. Commissions payable, contingent commissions and other similar charges .....	473,360	107,439
5. Other expenses (excluding taxes, licenses and fees) .....	333,292	534,345
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	1,672,723	1,962,064
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	2,621,218	2,433,292
7.2 Net deferred tax liability .....		0
8. Borrowed money \$ .....30,000,000 and interest thereon \$ .....53,773 .....	30,053,773	8,016,035
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....41,274,636 and including warranty reserves of \$ .....0 and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....	8,036,267	8,685,809
10. Advance premium .....		0
11. Dividends declared and unpaid:		
11.1 Stockholders .....		0
11.2 Policyholders .....		0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	61,156,512	33,700,058
13. Funds held by company under reinsurance treaties .....	5,158,932	5,468,058
14. Amounts withheld or retained by company for account of others .....		0
15. Remittances and items not allocated .....	1,009,954	3,724,128
16. Provision for reinsurance (including \$ ..... certified) .....	4,615,000	4,615,000
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		0
18. Drafts outstanding .....		0
19. Payable to parent, subsidiaries and affiliates .....	7,641,949	28,276,926
20. Derivatives .....	0	0
21. Payable for securities .....	1,739,712	0
22. Payable for securities lending .....		0
23. Liability for amounts held under uninsured plans .....		0
24. Capital notes \$ ..... and interest thereon \$ .....		0
25. Aggregate write-ins for liabilities .....	2,545,304	2,581,910
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	153,988,231	129,672,575
27. Protected cell liabilities .....		0
28. Total liabilities (Lines 26 and 27) .....	153,988,231	129,672,575
29. Aggregate write-ins for special surplus funds .....	0	324,392
30. Common capital stock .....	3,000,000	3,000,000
31. Preferred capital stock .....		0
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....		0
34. Gross paid in and contributed surplus .....	36,484,581	36,484,581
35. Unassigned funds (surplus) .....	112,919,621	107,163,441
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... ) .....		0
36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) .....	152,404,202	146,972,414
38. Totals (Page 2, Line 28, Col. 3)	306,392,433	276,644,989
<b>DETAILS OF WRITE-INS</b>		
2501. Allowance for Doubtful Accounts .....	1,363,000	1,363,000
2502. Retroactive Reinsurance Reserve Assumed .....	182,304	212,304
2503. Escheat Liabilities .....	0	6,606
2598. Summary of remaining write-ins for Line 25 from overflow page .....	1,000,000	1,000,000
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,545,304	2,581,910
2901. Special Surplus for ACA Taxes .....		324,392
2902. ....		0
2903. ....		0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	324,392
3201. ....		0
3202. ....		0
3203. ....		0
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 271,518,109 )	268,959,097	259,498,710	337,836,475
1.2 Assumed (written \$ 43,949,846 )	30,356,167	11,561,319	16,827,990
1.3 Ceded (written \$ 244,809,283 )	228,007,051	195,806,395	254,732,263
1.4 Net (written \$ 70,658,672 )	71,308,213	75,253,634	99,932,202
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 43,371,581 ):			
2.1 Direct	162,412,518	146,067,285	360,655,319
2.2 Assumed	19,870,240	12,581,867	15,784,098
2.3 Ceded	141,833,886	117,454,004	321,725,837
2.4 Net	40,448,872	41,195,148	54,713,580
3. Loss adjustment expenses incurred	1,160,816	2,066,192	3,185,560
4. Other underwriting expenses incurred	21,501,655	21,423,193	27,842,370
5. Aggregate write-ins for underwriting deductions	0	500,000	1,000,000
6. Total underwriting deductions (Lines 2 through 5)	63,111,343	65,184,533	86,741,510
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	8,196,870	10,069,101	13,190,692
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	4,381,656	4,564,797	6,018,546
10. Net realized capital gains (losses) less capital gains tax of \$ 13,214	511,151	462,098	565,339
11. Net investment gain (loss) (Lines 9 + 10)	4,892,807	5,026,895	6,583,885
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ )	0	0	0
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	250,257	(105,049)	143,186
15. Total other income (Lines 12 through 14)	250,257	(105,049)	143,186
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	13,339,934	14,990,947	19,917,763
17. Dividends to policyholders	0	0	0
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)	13,339,934	14,990,947	19,917,763
19. Federal and foreign income taxes incurred	2,579,117	4,729,224	5,980,508
20. Net income (Line 18 minus Line 19)(to Line 22)	10,760,817	10,261,723	13,937,255
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	146,972,414	155,153,162	155,153,162
22. Net income (from Line 20)	10,760,817	10,261,723	13,937,255
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 20,710	77,911	1,117,810	655,773
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	(328,561)	(544,964)	(61,619)
27. Change in nonadmitted assets	921,621	1,268,023	(5,719,157)
28. Change in provision for reinsurance	0	0	(1,493,000)
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	(6,000,000)	(7,000,000)	(15,500,000)
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	5,431,788	5,102,592	(8,180,748)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	152,404,202	160,255,754	146,972,414
<b>DETAILS OF WRITE-INS</b>			
0501. Market Conduct Administrative Payment	0	500,000	1,000,000
0502.	0	0	0
0503.	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	500,000	1,000,000
1401. Allowance for Doubtful Accounts	0	0	107,000
1402. Miscellaneous (Expense) Income	250,257	(105,049)	46,873
1403. Retroactive Reinsurance Assumed	0	0	(10,687)
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	250,257	(105,049)	143,186
3701.	0	0	0
3702.	0	0	0
3703.	0	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	72,578,138	77,533,045	99,638,087
2. Net investment income .....	5,263,682	5,594,757	7,179,340
3. Miscellaneous income .....	250,257	(105,049)	143,185
4. Total (Lines 1 to 3) .....	78,092,077	83,022,753	106,960,612
5. Benefit and loss related payments .....	39,635,493	39,221,500	58,433,616
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	23,612,326	25,598,324	35,071,717
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	2,404,405	8,064,046	8,064,049
10. Total (Lines 5 through 9) .....	65,652,224	72,883,870	101,569,382
11. Net cash from operations (Line 4 minus Line 10) .....	12,439,853	10,138,883	5,391,230
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	35,958,272	30,109,540	38,544,886
12.2 Stocks .....	0	9,965,686	10,125,265
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	1,313	462	(1,019)
12.7 Miscellaneous proceeds .....	944,847	2,296,526	61,643
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	36,904,432	42,372,215	48,730,775
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	36,862,829	29,754,219	37,832,528
13.2 Stocks .....	350,200	25,878	25,878
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	22,000,000
13.6 Miscellaneous applications .....	1	4	70,383
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	37,213,030	29,780,101	59,928,788
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(308,598)	12,592,113	(11,198,013)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	22,037,738	250,000	266,035
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	6,000,000	7,000,000	15,500,000
16.6 Other cash provided (applied).....	(26,484,177)	(6,555,091)	21,067,149
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(10,446,439)	(13,305,091)	5,833,184
<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) .....	1,684,816	9,425,905	26,400
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	931,403	905,003	905,003
19.2 End of period (Line 18 plus Line 19.1) .....	2,616,219	10,330,908	931,403

## NOTES TO FINANCIAL STATEMENTS

## 1. Summary of Significant Accounting Policies

## A. Accounting Practices and Going Concern

The accompanying financial statements of the Company have been prepared on the basis of accounting procedures prescribed or permitted by the Ohio Insurance Department. The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the Ohio Insurance Department.

	SSAP #	F/S Page	F/S Line #	2018	2017
<b>Net Income</b>					
<hr/>					
BCS Insurance Company State Basis (Page 4, Line 20, Columns 1 & 3)				\$ 10,760,817	\$ 13,937,255
State Prescribed Practices that increase/(decrease)					
NAIC SAP:					
None				-	-
State Permitted Practices that increase/(decrease)					
NAIC SAP:					
None				-	-
NAIC SAP (1-2-3=4)				<u>10,760,817</u>	<u>13,937,255</u>
 <b>Surplus</b>					
<hr/>					
BCS Insurance Company State Basis (Page 3, Line 37, Columns 1 & 2)				\$ 152,404,202	\$ 146,972,414
State Prescribed Practices that increase/(decrease)					
NAIC SAP:					
None				-	-
State Permitted Practices that increase/(decrease)					
NAIC SAP:					
None				-	-
NAIC SAP (5-6-7=8)				<u>\$ 158,240,202</u>	<u>\$ 152,808,414</u>

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

No Change

## C. Accounting Policy

No Change

## D. Going Concern

No Change

## 2. Accounting Changes and Corrections of Errors

No Change

## 3. Business Combinations and Goodwill

## A. Statutory Purchase Method

None

## B. Statutory Merger

None

## C. Impairment Loss

None

## 4. Discontinued Operations

Not Applicable

## 5. Investments

## A. Mortgage Loans, including Mezzanine Real Estate Loans

No Change

## B. Debt Restructuring

No Change

## C. Reverse Mortgages

No Change

## NOTES TO FINANCIAL STATEMENTS

## D. Loan-Backed Securities

1. Anticipated prepayments for loan-backed and structured securities are used to determine the effective yield of an issue at purchase. Changes in the estimated cash flows of the issue are incorporated when determining the statement value at the end of each quarter and year-end. The Company calculates prepayment speeds for fixed-rate agency mortgage-backed securities utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, the Company utilizes prepayment assumptions from Moody's Analytics. Moody's applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody's projections are not available, the Company uses data from Reuters, which utilizes the median prepayment speed from contributors' models. These assumptions are consistent with the current interest rate and economic environment. The retrospective scientific method is used to value most loan-backed and structured securities. For structured securities deemed to be high-risk, meaning the Company might not recover substantially all of its recorded investment due to unanticipated prepayment events, changes in investment yields due to changes in estimated future cash flows are accounted for on a prospective basis.

2. The Company has the following recognized other-than-temporary impairments on loan-backed securities:

None

3. Securities, by CUSIP, with a recognized other-than-temporary impairment, currently held by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

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	\$768,992
2. 12 Months or Longer	\$494,236

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months	\$37,698,797
2. 12 Months or Longer	\$10,724,723

5. No Change

## 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

## H. Repurchase Agreements Transactions Accounted for as a Sale

None

## I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

None

## J. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features

None

## K. Low Income Housing Tax Credits

None

## NOTES TO FINANCIAL STATEMENTS

## L. Restricted Assets

## 1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
b. Collateral held under security lending arrangements	-	-	-	-	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-	-	-	-	-
i. FHLB capital stock	932,000	-	-	-	932,000	581,800	350,200	-	932,000	0.3%	0.3%
j. On deposit with states	4,725,369	-	-	-	4,725,369	4,724,266	1,103	-	4,725,369	15%	15%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB (including assets backing funding agreements)	32,776,550	-	-	-	32,776,550	17,396,413	15,380,137	-	32,776,550	10.5%	10.7%
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-	-	-	-	-
<b>o. Total restricted assets</b>	<b>\$ 38,433,919</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,433,919</b>	<b>\$ 22,702,479</b>	<b>\$ 15,731,440</b>	<b>\$ -</b>	<b>\$ 38,433,919</b>	<b>12.3%</b>	<b>12.5%</b>

(a) Subset of column 1

(b) Subset of column 2

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

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

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

None

## 3. Detail of Other Restricted Assets

None

## 4. Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

None

## M. Working Capital Finance Investments

None

## N. Offsetting and Netting of Assets and Liabilities

None

## O. Structured Notes

No Material Change

## P. 5\* Securities

Not Applicable

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

## A. Detail for Those Greater than 10% of Admitted Assets

Not Applicable

## B. Write-downs for Impairments

Not Applicable

## 7. Investment Income

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

The Company non-admits investment income due and accrued if amounts are over 90 days past due.

## NOTES TO FINANCIAL STATEMENTS

## B. Amounts Non-admitted

The total amount excluded was \$0.

## 8. Derivative Instruments

None

## 9. Income Taxes

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

1. The change between years by tax character (ordinary and capital) for the year 2018 and 2017:

	9/30/2018		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 1,931,180	\$ 330,884	\$ 2,262,064
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	1,931,180	330,884	2,262,064
(d) Deferred Tax Assets Nonadmitted	1,089,732	-	1,089,732
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	841,448	330,884	1,172,332
(f) Deferred Tax Liabilities	481,139	285,034	766,173
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$ 360,309	\$ 45,850	\$ 406,159

	12/31/2017		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 2,162,838	\$ 361,162	\$ 2,524,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	2,162,838	361,162	2,524,000
(d) Deferred Tax Assets Nonadmitted	1,250,072	-	1,250,072
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	912,766	361,162	1,273,928
(f) Deferred Tax Liabilities	317,676	361,162	678,838
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$ 595,090	\$ -	\$ 595,090

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (231,658)	\$ (30,278)	\$ (261,936)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	(231,658)	(30,278)	(261,936)
(d) Deferred Tax Assets Nonadmitted	(160,340)	-	(160,340)
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	(71,318)	(30,278)	(101,596)
(f) Deferred Tax Liabilities	163,463	(76,128)	87,335
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	\$ (234,781)	\$ 45,850	\$ (188,931)

9A2 – A4. No Material Change

9B – 9C. No Material Change

## NOTES TO FINANCIAL STATEMENTS

D. Among the more significant book to tax adjustments were the following:

	September 30, 2018	Effective Tax Rate
Provision computed at statutory rate	\$ 2,804,169	21%
Nondeductible expense for meals, lobbying and penalties	14,438	0%
Tax exempt interest	(126,846)	-1%
Nondeductible health insurance tax	69,262	1%
Change in nonadmitted balances	159,869	2%
Total income tax reported	<u>\$ 2,920,892</u>	<u>23%</u>
Federal and foreign income taxes incurred	\$ 2,579,117	20%
Realized capital gains (losses) tax	13,214	0%
Change in net deferred income taxes	328,561	3%
Total income tax	<u>\$ 2,920,892</u>	<u>23%</u>

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- As of September 30, 2018 and December 31, 2017, the Company did not have any unused operating loss carry forwards available to offset against future taxable income.
- The income tax expense of \$2,592,331 from 2018 and \$6,294,128 from 2017 is available for recoupment in the event of future net losses.
- The reporting entity has a total of \$0 protective deposits which are on deposit with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.

F. Consolidated Federal Income Tax Return

- The Company's federal income tax return is consolidated with its parent, BCS Financial Corporation (BCSF).
- The method of allocation between companies is subject to written agreement, approved by the Board of Directors. Intercompany tax balances are settled annually. Allocation is based upon separate return calculations, with credit for net losses being obtained when utilized.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any 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, Affiliates, and Other Related Parties

A. B. & C. Nature of Relationships

No Change

D. Amounts Due to or from Related Parties

At September 30, 2018 the Company reported \$7,641,949 due to affiliates and \$2,409,576 receivable from affiliates. The amounts due to affiliates is comprised of \$2,517,816 payable to BCS Insurance Agency, \$2,724,133 payable to BCS Financial Corporation, and \$2,400,000 payable to Plans' Liability Insurance Company. The receivable from affiliates is comprised of \$2,400,000 receivable from BCS Re and the remaining balance of \$9,576 is receivable from other affiliates.

E. Guarantees or Contingencies for Related Parties

No Change

F. Management or Service Contracts and Cost Sharing Arrangements

No Change

G. Nature of Control Relationship

No Change

H. Amount Deducted for Investment in Upstream Company

No Change

I. Investments in SCA Entities Disclosures

No Change

**NOTES TO FINANCIAL STATEMENTS**

J. Investments in Impaired SCA Entities Disclosures

No Change

K. Foreign Insurance Subsidiary

No Change

L. Downstream Noninsurance Company

No Change

M. All SCA Investments

Not Applicable

N. Investment in Insurance SCAs

Not Applicable

11. Debt

A. Debt & Holding Company Obligations

Not Applicable

B. Federal Home Loan Bank (FHLB) Agreements

1. The Company is a member of Federal Home Loan Bank (FHLB) of Cincinnati. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds for general operations. The Company has determined the actual/estimated maximum borrowing capacity as \$30,170,316. The Company calculated this amount in accordance with its investment in FHLB capital stock and pledged collateral.

2. FHLB Capital Stock

a. Aggregate Totals

	1 Total 2+3	2 General Account	3 Separate Account
1. Current Year			
(a) Membership Stock - Class A	-	-	-
(b) Membership Stock - Class B	331,973	331,973	-
(c) Activity Stock	600,027	600,027	-
(d) Excess Stock	-	-	-
(e) Aggregate Total (a+b+c)	932,000	932,000	-
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	30,170,316	XXX	XXX
2. Prior Year-end Year			
(a) Membership Stock - Class A	-	-	-
(b) Membership Stock - Class B	323,299	323,299	-
(c) Activity Stock	258,501	258,501	-
(d) Excess Stock	-	-	-
(e) Aggregate Total (a+b+c)	581,800	581,800	-
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	13,086,336	XXX	XXX

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

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

b. Membership Stock (Class A and B) Eligible for Redemption

Membership Stock	1	2	Eligible for Redemption			
	Current Year Total (2+3+4+5+6)	Not 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	331,973	331,973	-	-	-	-

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

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

## NOTES TO FINANCIAL STATEMENTS

## 3. Collateral Pledged to FHLB

## a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	32,172,032	32,776,550	30,000,000
2. Current Year General Account Total Collateral Pledged	32,172,032	32,776,550	30,000,000
3. Current Year Protected Cell Accounts Total Collateral Pledged	-	-	-
4. Prior Year-end Total General and Separate Accounts Total Collateral Pledged	17,717,497	17,396,413	8,000,000

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

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

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

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

## b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total General and Separate Accounts Maximum Collateral Pledged (Lines 2+3)	33,471,608	33,691,597	30,000,000
2. Current Year General Account Maximum Collateral Pledged	33,471,608	33,691,597	30,000,000
3. Current Year Separate Accounts Maximum Collateral Pledged	-	-	-
4. Prior year-end Total General and Separate Accounts Maximum Collateral Pledged	17,717,497	17,396,413	8,000,000

## 4. Borrowing from FHLB

## c. Amounts as of the Reporting Date

	1 Total 2+3	2 General Account	3 Separate Account	4 Funding Agreements Reserves Established
1. Current Year				
(a) Debt	-	-	-	XXX
(b) Funding	-	-	-	-
(c) Other	30,000,000	30,000,000	-	-
(d) Aggregate Total (a+b+c)	30,000,000	30,000,000	-	XXX
2. Prior Year-end				
(a) Debt	-	-	-	XXX
(b) Funding	-	-	-	-
(c) Other	8,000,000	8,000,000	-	-
(d) Aggregate Total (a+b+c)	8,000,000	8,000,000	-	XXX

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

	1 Total 2+3	2 General Account	3 Separate Account
1. Debt	-	-	-
2. Funding	-	-	-
3. Other	30,000,000	30,000,000	-
4. Aggregate Total (Lines 1+2+3)	30,000,000	30,000,000	-

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

## NOTES TO FINANCIAL STATEMENTS

e. FHLB – Prepayments Obligations

None

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

A. Defined Benefit Plan

No Change

B. Investment Policies & Strategies

No Change

C. Fair Value of Each Class of Plan Assets

No Change

D. Basis Used to Determine the Overall Expected Long-Term Rate-of-Return-on-Assets

No Change

E. Defined Contribution Plans

No Change

F. Multiemployer Plans

No Change

G. Consolidated/Holding Company Plans

No Change

H. Postemployment Benefits and Compensated Absences

No Change

I. Impact of Medicare Modernization Act on Postretirement Benefits

No Change

13. Capital and Surplus, Shareholders' Dividend Restrictions, and Quasi-Reorganizations

1. Outstanding Shares

No Change

2. Dividend Rate of Preferred Stock

Not Applicable

3., 4., & 5. Dividend Restrictions

All dividends require notification to the Director of the Ohio Department of Insurance. The amount of dividends that can be paid by insurance companies domiciled in Ohio without prior approval of the Director of the Ohio Department of Insurance is subject to restriction and cannot exceed the greater of ten percent of prior year end surplus or the prior year's net income. The amount of dividends that could be paid in 2018 without prior approval was \$14,697,241. A dividend of \$6,000,000 was paid during the nine months ending September 30, 2018.

6. Surplus Restriction

None

7. Mutual Surplus Advances

Not Applicable

8. Company Stock Held for Special Purposes

Not Applicable

9. Changes in Special Surplus Funds

As of September 30, 2018, the Company is not subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). As a result, there is no amount reflected in the write-in for special surplus on Page 3 of this statement for the current quarter.

## NOTES TO FINANCIAL STATEMENTS

## 10. Changes in Unassigned Funds

The portion of unassigned funds represented or increased by each item below is as follows:

Description	<u>Cumulative Increase (Decrease) in Surplus</u>
1. Unrealized loss on Affiliated stock	\$ (1,005,547)
2. Unrealized gain on Bonds & Stocks	2,597,876
Total	<u>\$ 1,592,329</u>

## 11. Surplus Notes

No Change

## 12. &amp; 13. Quasi Reorganizations

Not Applicable

## 14. Liabilities, Contingencies and Assessments

## A. Contingent Commitments

No Change

## B. Assessments

No Change

## C. Gain Contingencies

No Change

## D. Claims Related to Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

No Change

## E. Product Warranties

No Change

## F. Joint and Several Liabilities

No Change

## G. All Other Contingencies

No Change

## 15. Leases

No Change

## 16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

No Change

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

## A. Transfer of Receivables Reported as Sales

No Change

## B. Transfer and Servicing of Financial Assets

No Change

## C. Wash Sales

No Change

## 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

## A. Administrative Services Only (ASO) Plans

No Change

## NOTES TO FINANCIAL STATEMENTS

## B. Administrative Services Contract (ASC) Plans

No Change

## C. Medicare or Similarly Structured Cost Based Reimbursement Contracts

No Change

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

Name and Address of Managing General Agent or Third Party Administration	FEIN Number	Exclusive Contract	Types of Business Written	Types of Authority Granted	Total Direct Premium Written/Produced By
AGA Service Company 2805 North Parham Road Richmond, VA 23294	54-1545622	N	Group Travel	C, CA, P, U, B	86,745,892
Planned Administrators, Inc. 8906 Two Notch Road, Suite 200 Columbia, SC 29223	57-0718839	N	Accident & Health Dental, AD & D Disability	C, CA, P	58,430,881
Risk Placement Services, Inc. 2850 Golf Road, 5th Floor Rolling Meadows, IL 60008	36-3110841	N	Other Liability	P, U, B	20,723,200
RGA Reinsurance Company 16600 Swingley Ridge Road Chesterfield, MO 63017-1706	43-1235868	N	Accident & Health	C, CA, B, P, U	12,448,557
All Other TPA Premium					9,563,949

## 20. Fair Value Measurements

## A. Input used for assets measured and reported at Fair Value

## 1. Items measured and reported at Fair Value by Levels 1, 2, and 3

Statutory accounting principles define the fair value of a financial instrument as the amount at which that asset could be bought or sold in a current transaction between willing parties that is other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties. Certain financial instruments and all nonfinancial instruments are excluded from statutory disclosure requirements. Therefore, the aggregate fair value amounts presented below do not represent the underlying fair value of the Company.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporation of current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology model or input used.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy as defined by SSAP No. 100, Fair Value Measurements. 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 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 as follows:

*Level 1* – Management's valuations are unadjusted quoted prices for identical, unrestricted assets and liabilities in active markets accessible at the measurement date. Since valuations are based on quoted prices that are readily available in an active market, valuation of these assets does not involve any meaningful degree of judgment. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 financial assets and liabilities generally include common stocks and U.S. government debt securities, where management's valuations are based on quoted market prices.

*Level 2* – Management's valuations are based on quoted prices where such markets are not deemed to be sufficiently "active." In such circumstances, additional valuations metrics will be used, which involve direct or indirect observable market inputs. Level 2 financial assets and liabilities generally include debt securities other than debt issued by the U.S. government. 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.

## NOTES TO FINANCIAL STATEMENTS

*Level 3* – Management’s valuations are based on inputs that are unobservable (supported by little or no market activity) and significant to the fair value measurement. Valuations under Level 3 generally involve a significant degree of judgment on the part of management.

**Assets Measured at Fair Value**

Certain financial assets are measured at fair value, such as certain bonds valued at the lower of cost or fair value, or investments that are impaired during the reporting period and recorded at fair value on the balance sheet at September 30, 2018. The following table summarizes assets measured at fair value:

Description of each class of assets	(Level 1)	(Level 2)	(Level 3)	(Total)
Assets at fair value				
Bonds				
U.S. Treasury	\$ -	\$ -	\$ -	\$ -
U.S. Government agency States, territories, and possessions	-	-	-	-
Mortgage-backed	-	532,162	-	532,162
Asset-backed	-	-	-	-
Corporate	-	1,246,396	-	1,246,396
Total bonds	-	1,778,558	-	1,778,558
Common stock				
Vanguard	8,913,375	-	-	8,913,375
Artisan	5,386,236	-	-	5,386,236
Federal Home Loan Bank	-	932,000	-	932,000
Total common stock	14,299,611	932,000	-	15,231,611
Total bonds and stocks	<u>\$ 14,299,611</u>	<u>\$ 2,710,558</u>	<u>\$ -</u>	<u>\$ 17,010,169</u>

Bonds measured at fair value are those bonds that were determined to be other-than-temporarily impaired at September 30, 2018 and bonds valued at the lower of cost or fair value at December 31, 2017. NAIC 3 – 6 rated bonds are valued at the lower of cost or market. The Company does not have any investment commitments at September 30, 2018.

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

None

## 3. Policy on Transfers into and out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

## 4. Inputs and techniques used for level 2 and level 3 Fair Values

Bonds carried at fair value categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations as quoted markets prices for similar instruments in an active market were utilized. This was accomplished by the use of matrix pricing. Matrix pricing takes quoted prices of bonds with similar features and applies analytic methods to determine the fair value of bonds held. Features that are inputs into the analysis include duration, credit quality, tax status and call and sinking fund features.

Investments categorized as Level 3 had key unobservable inputs. Also, the investments are less liquid, and there is limited trading activity. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or the general lack of transparency in the process to develop the valuation estimates generally causing these investments to be classified in Level 3.

## 5. Derivative Fair Values

Not Applicable

## B. Other Fair Value Disclosures

Not Applicable

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

NOTES TO FINANCIAL STATEMENTS

C. Fair Value for all financial instruments by levels 1, 2, and 3

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
<b>Bonds</b>						
U.S. Treasury	\$ 18,808,552	\$ 19,248,212	\$ -	\$ 18,808,552	\$ -	\$ -
States, territories, and possessions	47,169,132	46,334,955	-	47,169,132	-	-
Mortgage-backed	49,935,933	50,862,258	-	49,935,933	-	-
Asset-backed	9,448,105	9,516,793	-	9,448,105	-	-
Corporate	57,909,877	58,454,343	-	57,909,877	-	-
Total bonds	183,271,599	184,416,561	-	183,271,599	-	-
<b>Common stock</b>						
Vanguard	8,913,375	8,913,375	8,913,375	-	-	-
Artisan	5,386,236	5,386,236	5,386,236	-	-	-
Federal Home Loan Bank	932,000	932,000	-	932,000	-	-
Plans' Liability Insurance Company	-	354,657	-	-	-	-
Total common stock	15,231,611	15,586,268	14,299,611	932,000	-	-
<b>Other invested assets</b>						
Babson	-	6,069,695	-	-	-	-
Eaton Vance	-	6,668,387	-	-	-	-
Plans' Liability Insurance Company	22,000,000	16,164,000	-	-	22,000,000	-
Total other invested assets	22,000,000	28,902,082	-	-	22,000,000	-
Cash, cash equivalents and short-term investments	2,616,219	2,616,219	2,616,219	-	-	-
Total assets	<u>\$ 223,119,429</u>	<u>\$ 231,521,130</u>	<u>\$ 16,915,830</u>	<u>\$ 184,203,599</u>	<u>\$ 22,000,000</u>	<u>\$ -</u>

D. Financial instruments for which not practicable to Estimate Fair Value

Not Applicable

21. Other Items

A. Unusual or Infrequent Items

None

B. Troubled Debt Restructuring: Debtors

None

C. Other Disclosures

None

D. Business Interruption Insurance Recoveries

None

E. State Transferable and Non-transferable Tax Credits

None

F. Subprime-Mortgage-Related Risk Exposure

1. The Company has identified securities with the following characteristics as having subprime mortgage risk:

- First lien mortgages where borrowers have a FICO scores less than 650
- First lien mortgages with loan-to-value ratios greater than 95%
- Second lien mortgages where borrowers have FICO scores less than 675
- Borrowers with less than conventional documentation of their income and/or net assets and FICO scores less than 650

2. Direct Exposure through investments in subprime mortgage loans

None

3. The following summarizes the Company's investments in securities with underlying subprime exposure at September 30, 2018:

Investment Type	Actual Cost	Book Adjusted Carrying Value (excluding interest)	Fair Value	Other-than-Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ 839,032	\$ 821,290	\$ 851,374	\$ 672,564
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$ 839,032	\$ 821,290	\$ 851,374	\$ 672,564

## NOTES TO FINANCIAL STATEMENTS

4. Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage

None

- G. Insurance-Linked Securities (ILS) Contracts

Not Applicable

22. Events Subsequent

Subsequent events have been considered through November 12, 2018 for the statutory statement issued on November 15, 2018. The Company does not have any subsequent events to report.

23. Reinsurance

- A. Unsecured Reinsurance Recoverable

Calculated Annually

- B. Reinsurance Recoverable in Dispute

None

- C. Reinsurance Assumed and Ceded

Calculated Annually

- D. Uncollectible Reinsurance

None

- E. Commutation of Ceded Reinsurance

None

## NOTES TO FINANCIAL STATEMENTS

## F. Retroactive Reinsurance

## 1. Reported Company

	As: September 30, 2018	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	\$ (316,695)	\$ -
2. Adjustments - Prior Year(s)	104,391	-
3. Adjustments - Current Year	30,000	-
4. Current Total	<u>(182,304)</u>	<u>-</u>
b. Consideration (Paid) or Received:		
1. Initial Consideration	316,695	-
2. Adjustments - Prior Year(s)	10,219	-
3. Adjustments - Current Year	-	-
4. Current Total	<u>326,914</u>	<u>-</u>
c. Paid Losses (Reimbursed) or Recovered:		
1. Prior Year(s)	(973,000)	-
2. Current Year	(30,000)	-
3. Current Total	<u>(1,003,000)</u>	<u>-</u>
d. Special Surplus from Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	-	-
2. Adjustments - Prior Year(s)	(207,390)	-
3. Adjustments - Current Year	-	-
4. Current Year Restricted Surplus	<u>(207,390)</u>	<u>-</u>
5. Cumulative Total Transferred to Unassigned Funds	<u>\$ (858,390)</u>	<u>\$ -</u>

## e. All cedents and reinsurers involved in all transactions included in summary totals above:

Company	Assumed Amount	Ceded Amount
Allianz Life Insurance Company of North America	\$ (182,304)	\$ -
Total	<u>\$ (182,304)</u>	<u>\$ -</u>

## f. Total Paid Loss/LAE amounts recoverable (for authorized, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for authorized, unauthorized and certified reinsurers) as respects amounts recoverable from unauthorized reinsurers:

## 1. Authorized Reinsurers:

Calculated Annually

## 2. Unauthorized Reinsurers:

Calculated Annually

## 3. Certified Reinsurers:

Calculated Annually

## 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 Reinsurer Aggregation

Not Applicable

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

## A. Methods Used to Estimate

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

## NOTES TO FINANCIAL STATEMENTS

B. Method used to Record

The Company records accrued retrospective premium as an adjustment to written premium.

C. Amount and Percent of Net Retrospective Premiums

None

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

None

E. Calculation of Non-Admitted Retrospective Premiums

None

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

Not Applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated savings on loss and loss adjustment expenses attributable to insured events of prior years is \$4,404,000 for the nine months ending September 30, 2018.

26. Intercompany Pooling Arrangements

No Change

27. Structured Settlements

No Change

28. Health Care Receivables

None

29. Participating Policies

None

30. Premium Deficiency Reserves

No Change

31. High Deductibles

No Change

32. Discounting of Liabilities for Unpaid Losses and Loss Adjustment Expenses

A. Tabular Basis

Not Applicable

B. Non-Tabular Basis

Not Applicable

C. Changes in Discount Assumptions

Not Applicable

33. Asbestos/ Environmental Reserves

Not Applicable

34. Subscriber Savings Accounts

Not Applicable

35. Multiple Peril Crop Insurance

None

36. Financial Guaranty Insurance

Not Applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes  No
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes  No
- 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
- 2.2 If yes, date of change: .....
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes  No   
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes  No
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
.....
- 3.4 Is the reporting entity publicly traded or a member of a publicly traded group? ..... Yes  No
- 3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes  No
- 4.2 If yes, provide the name of 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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes  No  NA   
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2013
- 6.2 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. ....12/31/2013
- 6.3 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). ....10/31/2014
- 6.4 By what department or departments?  
Ohio.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes  No  NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes  No  NA
- 7.1 Has this 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
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes  No
- 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
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

**GENERAL INTERROGATORIES**

9.1 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  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.

9.11 If the response to 9.1 is No, please explain:  
 .....

9.2 Has the code of ethics for senior managers been amended? ..... Yes  No

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

BCSF made updates to the Code of Business Conduct that added instant messaging to the electronic communications section and a new section addressing plagiarism and copyright infringement for the purpose of defining acceptable use of copyrighted materials.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes  No

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
 .....

**FINANCIAL**

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes  No

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

**INVESTMENT**

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes  No

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

The carrying value of bonds on deposit with FHLB to secure line of credit is \$32,776,550.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....

13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes  No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....674,972	\$ .....354,657
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....22,000,000	\$ .....22,000,000
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....22,674,972	\$ .....22,354,657
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes  No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No

If no, attach a description with this statement.

**GENERAL INTERROGATORIES**

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
  - 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
  - 16.3 Total payable for securities lending reported on the liability page \$.....0

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

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

1 Name of Custodian(s)	2 Custodian Address
State Street Bank & Trust Company Boston.....	1 Lincoln Street, Boston, MA 02111.....
Federal Home Loan Bank of Cincinnati.....	221 East Fourth Street, Suite 600, Cincinnati, OH 45202.....

17.2 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)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes  No

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

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

17.5 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
Asset Allocation & Management Company, LLC.....	U.....
Wellington Management Company, LLP.....	U.....

17.5097 For those firms/individuals listed in the table for Question 17.5, 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

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? ..... Yes  No

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
109875.....	Asset Allocation & Management Company, LLC.....		Securities Exchange Commission.....	NO.....
106595.....	Wellington Management Company, LLP.....	549300YHP12TEZNLX41.....	Securities Exchange Commission.....	NO.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? ..... Yes  No

18.2 If no, list exceptions:  
.....

19. By self-designating 5\*GI securities, the reporting entity is certifying the following elements for each self-designated 5\*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5\*GI securities?..... Yes  No

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

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [X] NA [ ]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [X] No [ ]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.  
 .....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? ..... Yes [ ] No [ ]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent ..... 63.4 %  
 5.2 A&H cost containment percent ..... 0.2 %  
 5.3 A&H expense percent excluding cost containment expenses ..... 34.6 %

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

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

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

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

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? ..... Yes [X] No [ ]

7.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? ..... Yes [ ] No [ ]

**STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company**

**GENINTPT2 - Attachment**

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BCS Insurance Company ("BCSI") entered into a Reinsurance Assumption and Novation Agreement effective July 1, 2018 with Plans' Liability Insurance Company ("PLIC") and BCS Re Inc. ("BCS Re") whereby BCS Re assumed all of PLIC's reinsurance obligations to BCSI relating to a professional liability line of business. The Ohio Department of Insurance and the Vermont Department of Financial Regulation approved the transaction.



STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date – Allocated by States and Territories

States, etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	L	18,922,634	16,712,227	18,923,956	15,976,732	28,047,823	18,473,558
2. Alaska	AK	L	92,430	66,407	65,135	16,132	(66,108)	21,454
3. Arizona	AZ	L	3,724,783	2,968,944	1,072,978	815,500	(545,607)	976,004
4. Arkansas	AR	L	2,395,297	2,386,124	465,850	330,613	10,460,760	1,405,298
5. California	CA	L	16,850,007	15,988,510	7,997,505	7,381,994	36,381,359	11,891,134
6. Colorado	CO	L	3,720,203	3,806,940	795,500	800,179	1,181,612	1,351,034
7. Connecticut	CT	L	8,454,776	7,099,843	2,550,258	2,467,228	1,544,356	1,358,381
8. Delaware	DE	L	663,115	495,944	165,751	164,070	143,267	79,638
9. Dist. Columbia	DC	L	151,551	186,127	52,429	601,498	82,933	208,936
10. Florida	FL	L	9,701,920	9,588,824	3,637,623	4,463,628	12,127,016	2,950,328
11. Georgia	GA	L	4,992,958	6,094,451	3,044,639	1,704,474	1,409,583	2,241,017
12. Hawaii	HI	L	67,549	65,442	17,008	18,252	29,869	25,210
13. Idaho	ID	L	1,894,403	840,291	76,997	143,936	224,021	397,959
14. Illinois	IL	L	13,995,890	16,249,883	8,251,326	22,403,796	19,263,121	14,735,843
15. Indiana	IN	L	9,070,136	8,876,039	2,744,577	2,382,472	13,437,153	12,340,196
16. Iowa	IA	L	1,477,975	2,064,828	381,034	419,527	620,350	1,363,698
17. Kansas	KS	L	2,023,189	1,559,768	982,953	519,812	728,699	669,967
18. Kentucky	KY	L	1,399,660	1,089,107	356,701	209,733	383,811	288,140
19. Louisiana	LA	L	9,914,107	12,098,474	5,997,134	9,134,224	4,251,383	8,459,407
20. Maine	ME	L	442,378	603,944	186,351	174,889	102,697	125,754
21. Maryland	MD	L	2,034,220	1,525,424	564,497	431,298	512,676	486,302
22. Massachusetts	MA	L	2,428,057	2,772,383	1,129,163	1,106,212	950,330	975,889
23. Michigan	MI	L	5,365,866	6,379,798	4,001,021	6,262,783	20,139,940	12,478,704
24. Minnesota	MN	L	2,139,393	3,343,282	891,309	585,742	23,968,915	3,346,913
25. Mississippi	MS	L	2,155,407	2,686,153	574,906	947,956	1,596,450	2,792,675
26. Missouri	MO	L	3,272,506	3,819,553	5,184,311	4,445,460	19,869,118	8,108,832
27. Montana	MT	L	325,505	760,454	106,139	442,969	113,228	398,878
28. Nebraska	NE	L	2,025,769	2,474,078	1,636,259	2,552,870	12,523,695	7,698,783
29. Nevada	NV	L	806,824	840,551	387,121	247,835	183,994	228,033
30. New Hampshire	NH	L	2,526,532	2,527,122	1,116,880	743,581	517,531	636,034
31. New Jersey	NJ	L	4,426,077	5,469,074	2,139,136	2,415,031	2,656,884	3,425,770
32. New Mexico	NM	L	311,708	870,281	87,471	434,468	109,849	354,561
33. New York	NY	L	39,914,527	37,243,120	16,191,025	14,835,041	13,245,666	9,971,414
34. No. Carolina	NC	L	7,863,313	7,801,639	2,737,866	2,539,642	24,800,031	3,205,566
35. No. Dakota	ND	L	76,628	182,356	13,875	25,766	856,242	1,957,055
36. Ohio	OH	L	6,139,089	4,772,147	3,552,686	1,479,302	1,718,082	983,199
37. Oklahoma	OK	L	3,286,769	2,984,161	1,178,827	1,723,594	1,238,858	1,328,042
38. Oregon	OR	L	2,275,179	1,026,366	423,832	274,218	793,010	1,258,014
39. Pennsylvania	PA	L	9,124,032	10,745,443	2,086,595	3,016,351	20,097,228	8,562,836
40. Rhode Island	RI	L	1,316,882	1,314,349	20,456,725	288,453	1,802,083	2,826,697
41. So. Carolina	SC	L	6,874,547	5,497,874	3,282,198	5,748,830	9,258,159	2,499,159
42. So. Dakota	SD	L	766,794	732,467	126,497	209,163	321,692	329,676
43. Tennessee	TN	L	5,318,495	5,459,456	1,600,732	1,122,637	2,099,753	3,521,179
44. Texas	TX	L	29,248,714	31,071,737	22,541,746	19,800,740	12,654,081	14,384,244
45. Utah	UT	L	1,358,345	1,003,260	375,795	300,314	433,268	254,894
46. Vermont	VT	L	1,675,556	1,587,856	694,572	1,864,203	4,252,929	3,818,781
47. Virginia	VA	L	4,462,079	4,235,851	1,755,525	2,011,481	16,344,194	1,473,000
48. Washington	WA	L	8,588,732	1,856,192	301,514	457,869	10,123,173	4,129,398
49. West Virginia	WV	L	884,537	271,649	641,110	66,012	336,265	56,139
50. Wisconsin	WI	L	1,702,992	1,682,711	581,184	457,292	473,623	455,687
51. Wyoming	WY	L	1,885,921	2,218,792	1,749,900	2,168,580	951,913	1,265,820
52. American Samoa	AS	N	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0
54. Puerto Rico	PR	L	982,148	696,175	422,666	156,593	332,726	451,384
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	XXX		271,518,105	264,693,871	156,298,785	149,290,975	335,083,683	183,026,514
<b>DETAILS OF WRITE-INS</b>								
58001.	XXX							
58002.	XXX							
58003.	XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	0	0	0	0	0

(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG .....52 R – Registered – Non-domiciled RRGs ..... 0  
 E – Eligible – Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile – See DSLI) ..... 0 Q – Qualified – Qualified or accredited reinsurer ..... 0  
 D – Domestic Surplus Lines Insurer (DSLII) – Reporting entities authorized to write surplus lines in the state of domicile ..... 0 N – None of the above – Not allowed to write business in the state .....5

For group accident and health business BCS Insurance Company allocates premium by either the group situs state or by the insured member state depending upon the specific type of accident and health business. The group is the entity, usually an employer that the policy is issued to and the insured member is the participant, usually an employee, to whom a certificate is issued to. For travel accident business the premium is allocated by state based upon the insured state of residence. The insured is the individual that purchases the travel accident coverage through a particular entity. For professional liability business the premium is allocated by the group situs state. The group is a corporate entity that purchases the policy.

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

**PART 1 – ORGANIZATIONAL CHART**



STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

**SCHEDULE Y**  
**PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
00023	BCS Financial Corporation	38245	36-6033921				BCS Insurance Company	.OH	.RE	BCS Financial Corporation	Ownership	100.0	BCS Financial Corporation	N	.0
00023	BCS Financial Corporation	80985	36-2149353				4 Ever Life Insurance Company	.IL	.IA	BCS Financial Corporation	Ownership	100.0	BCS Financial Corporation	N	.0
00023	BCS Financial Corporation	26794	36-3503382				Plans' Liability Insurance Company	.OH	.DS	BCS Insurance Company	Ownership	6.6	BCS Insurance Company	N	.0
00023	BCS Financial Corporation	00000	36-4247278				BCS Financial Corporation	.DE	.UDP	N/A	Board	0.0	N/A	N	.0
00023	BCS Financial Corporation	00000	36-4303124				BCS Financial Services Corporation	.DE	.NIA	BCS Financial Corporation	Ownership	100.0	BCS Financial Corporation	N	.0
00023	BCS Financial Corporation	00000	36-3120811				BCS Insurance Agency, Inc	.IL	.NIA	BCS Financial Corporation	Ownership	100.0	BCS Financial Corporation	N	.0
00023	BCS Financial Corporation	00000	37-1732732				Ancilyze Technologies LLC	.DE	.NIA	BCS Financial Corporation	Ownership	100.0	BCS Financial Corporation	N	.0
00023	BCS Financial Corporation	00000	46-4945044				Ancilyze Insurance Agency LLC	.IL	.OTH	Ancilyze Technologies LLC	Ownership	100.0	Ancilyze Technologies LLC	N	.1
00023	BCS Financial Corporation	00000	32-0485937				BCS Re Inc	.VT	.IA	BCS Financial Corporation	Ownership	100.0	BCS Financial Corporation	N	.0
00023	BCS Financial Corporation	00000	98-1353021				4 Ever Life International Limited	.BMU	.IA	BCS Financial Corporation	Ownership	100.0	BCS Financial Corporation	N	.0
00023	BCS Financial Corporation	00000	75-0956156				LifeSecure Holdings Corporation	.MI	.NIA	BCS Financial Corporation	Ownership	20.0	BCS Financial Corporation	N	.0

12

Asterisk	Explanation
1	Ancilyze Insurance Agency LLC is owned by Ancilyze Technologies LLC

**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire			0.0	0.0
2. Allied lines			0.0	0.0
3. Farmowners multiple peril			0.0	0.0
4. Homeowners multiple peril			0.0	0.0
5. Commercial multiple peril	23,364,428	4,475,314	19.2	36.1
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine	78,980,556	31,922,227	40.4	40.0
10. Financial guaranty			0.0	0.0
11.1 Medical professional liability -occurrence			0.0	0.0
11.2 Medical professional liability -claims made	83,353	0	0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health	128,281,026	87,863,125	68.5	63.2
14. Credit accident and health			0.0	0.0
15. Other accident and health	2,615	1,344	51.4	43.2
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence	22,350,197	11,937,962	53.4	80.0
17.2 Other liability-claims made	15,893,679	26,281,395	165.4	63.6
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability			0.0	0.0
19.3,19.4 Commercial auto liability			0.0	0.0
21. Auto physical damage			0.0	0.0
22. Aircraft (all perils)			0.0	0.0
23. Fidelity	3,243	(68,849)	(2,123.0)	(134.9)
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery			0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	268,959,097	162,412,518	60.4	56.3
<b>DETAILS OF WRITE-INS</b>				
3401.			0.0	0.0
3402.			0.0	0.0
3403.			0.0	0.0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	0		0
2. Allied lines	0		0
3. Farmowners multiple peril	0		0
4. Homeowners multiple peril	0		0
5. Commercial multiple peril	6,393,987	26,651,686	26,353,101
6. Mortgage guaranty	0		0
8. Ocean marine	0		0
9. Inland marine	24,376,325	80,293,295	65,607,126
10. Financial guaranty	0		0
11.1 Medical professional liability-occurrence	0		0
11.2 Medical professional liability-claims made	0	111,450	96,702
12. Earthquake	0		0
13. Group accident and health	42,656,976	127,306,416	133,899,345
14. Credit accident and health	0		0
15. Other accident and health	263	972	1,445
16. Workers' compensation	0		0
17.1 Other liability occurrence	7,450,497	22,776,382	16,846,964
17.2 Other liability-claims made	2,671,376	14,377,908	21,871,594
17.3 Excess Workers' Compensation	0		0
18.1 Products liability-occurrence	0		0
18.2 Products liability-claims made	0		0
19.1,19.2 Private passenger auto liability	0		0
19.3,19.4 Commercial auto liability	0		0
21. Auto physical damage	0		0
22. Aircraft (all perils)	0		0
23. Fidelity	0	0	17,594
24. Surety	0		0
26. Burglary and theft	0		0
27. Boiler and machinery	0		0
28. Credit	0		0
29. International	0		0
30. Warranty	0		0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	83,549,423	271,518,109	264,693,871
<b>DETAILS OF WRITE-INS</b>			
3401.	0		0
3402.	0		0
3403.	0		0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2018 Loss and LAE Payments on Claims Reported as of Prior Year-End	2018 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2018 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2015 + Prior .....	2,457	1,177	3,634	1,465		1,465	684		750	1,434	(308)	(427)	(735)
2. 2016 .....	357	2,696	3,053	239		239	197		1,793	1,990	79	(903)	(824)
3. Subtotals 2016 + prior .....	2,814	3,873	6,687	1,704	0	1,704	881	0	2,543	3,424	(229)	(1,330)	(1,559)
4. 2017 .....	751	22,132	22,883	16,251		16,251	444		3,343	3,787	15,944	(18,789)	(2,845)
5. Subtotals 2017 + prior .....	3,565	26,005	29,570	17,955	0	17,955	1,325	0	5,886	7,211	15,715	(20,119)	(4,404)
6. 2018 .....	XXX	XXX	XXX	XXX	26,292	26,292	XXX	322	19,398	19,720	XXX	XXX	XXX
7. Totals .....	3,565	26,005	29,570	17,955	26,292	44,247	1,325	322	25,284	26,931	15,715	(20,119)	(4,404)
8. Prior Year-End Surplus As Regards Policy-holders	146,972												
											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 440.8	2. (77.4)	3. (14.9)
													Col. 13, Line 7 Line 8
													4. (3.0)

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

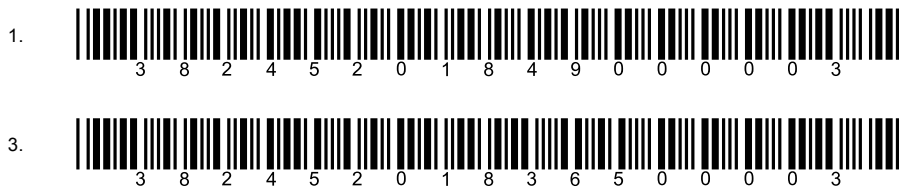
The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	<u>Response</u>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	.....YES.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....YES.....

**Explanation:**

- 1. Business not written
- 3. Business not written

**Bar Code:**



**OVERFLOW PAGE FOR WRITE-INS**

PQ002 Additional Aggregate Lines for Page 02 Line 25.

\*ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
2504. State Income Tax & Premium Tax Recoverable.....	132,404		132,404	117,195
2505. Miscellaneous Accounts Receivable.....	939,541		939,541	108,142
2506. Loan Receivable.....	25,000		25,000	200,000
2507. ....			0	0
2597. Summary of remaining write-ins for Line 25 from Page 02	1,096,945	0	1,096,945	425,337

PQ003 Additional Aggregate Lines for Page 03 Line 25.

\*LIAB

	1	2
	Current Statement Date	December 31, Prior Year
2504. Proposed Market Conduct Administrative Payment.....	1,000,000	1,000,000
2505. ....		0
2597. Summary of remaining write-ins for Line 25 from Page 03	1,000,000	1,000,000

**SCHEDULE A – VERIFICATION**

**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Current year change in encumbrances .....	0	0
4. Total gain (loss) on disposals .....	0	0
5. Deduct amounts received on disposals .....	0	0
6. Total foreign exchange change in book/adjusted carrying value .....	0	0
7. Deduct current year's other-than-temporary impairment recognized .....	0	0
8. Deduct current year's depreciation .....	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	0	0
10. Deduct total nonadmitted amounts .....	0	0
11. Statement value at end of current period (Line 9 minus Line 10) .....	0	0

NONE

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....	0	0
10. Deduct current year's other-than-temporary impairment recognized .....	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....	0	0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14) .....	0	0

NONE

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	34,668,481	12,703,787
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	22,000,000
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	69,602	(35,307)
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and depreciation .....	0	0
9. Total foreign exchange change in book/adjusted carrying value .....	0	0
10. Deduct current year's other-than-temporary impairment recognized .....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	34,738,082	34,668,481
12. Deduct total nonadmitted amounts .....	5,836,000	5,836,000
13. Statement value at end of current period (Line 11 minus Line 12) .....	28,902,082	28,832,481

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	198,907,830	209,381,919
2. Cost of bonds and stocks acquired .....	37,213,029	37,858,405
3. Accrual of discount .....	90,771	97,163
4. Unrealized valuation increase (decrease) .....	28,867	652,234
5. Total gain (loss) on disposals .....	523,205	914,645
6. Deduct consideration for bonds and stocks disposed of .....	35,958,272	48,670,151
7. Deduct amortization of premium .....	802,594	1,264,742
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other-than-temporary impairment recognized .....	0	61,643
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees .....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10) .....	200,002,835	198,907,830
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	200,002,835	198,907,830

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	147,785,399	13,247,214	9,880,039	(513,996)	145,796,275	147,785,399	150,638,577	153,792,992
2. NAIC 2 (a).....	32,210,447	2,807,315	3,003,627	(78,382)	30,741,914	32,210,447	31,935,752	28,184,712
3. NAIC 3 (a).....	1,151,014		5,553	414,975	1,756,288	1,151,014	1,560,435	1,281,507
4. NAIC 4 (a).....	184,281		6,086	(120,451)	401,983	184,281	57,743	426,364
5. NAIC 5 (a).....	0		1,473	90,013	0	0	88,540	0
6. NAIC 6 (a).....	139,811		6,987	2,691	144,455	139,811	135,514	156,074
7. Total Bonds	181,470,951	16,054,528	12,903,766	(205,152)	178,840,915	181,470,951	184,416,562	183,841,647
<b>PREFERRED STOCK</b>								
8. NAIC 1.....	0				0	0	0	0
9. NAIC 2.....	0				0	0	0	0
10. NAIC 3.....	0				0	0	0	0
11. NAIC 4.....	0				0	0	0	0
12. NAIC 5.....	0				0	0	0	0
13. NAIC 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	181,470,951	16,054,528	12,903,766	(205,152)	178,840,915	181,470,951	184,416,562	183,841,647

S102

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ ..... ; NAIC 2 \$ ..... ;  
NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

**SCHEDULE DA - PART 1**

Short-Term Investments

	1 Book/adjusted Carrying value	2 Prior Year Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	<b>NONE</b>				
		XXX			

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	1,248,818
2. Cost of short-term investments acquired .....	0	0
3. Accrual of discount .....	0	0
4. Unrealized valuation increase (decrease).....	0	11
5. Total gain (loss) on disposals .....	0	0
6. Deduct consideration received on disposals .....	0	1,248,828
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other-than-temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

**SCHEDULE E – PART 2 – VERIFICATION**

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	5,371,683	0
2. Cost of cash equivalents acquired .....	157,669,121	147,255,624
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease) .....	153	(930)
5. Total gain (loss) on disposals.....	1,160	(99)
6. Deduct consideration received on disposals .....	155,266,454	141,882,912
7. Deduct amortization of premium .....		0
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	7,775,662	5,371,683
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	7,775,662	5,371,683

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE BCS Insurance Company

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912810-SC-3	UNITED STATES TREASURY		07/31/2018	FED BUY	XXX	201,844	200,000	1,325	1
912828-2R-0	UNITED STATES TREASURY		07/16/2018	FED BUY	XXX	713,763	750,000	7,132	1
912828-4V-9	UNITED STATES TREASURY		09/28/2018	FED BUY	XXX	172,409	175,000	656	1
<b>0599999 - Bonds - U.S. Governments</b>						1,088,016	1,125,000	9,113	XXX
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>									
346843-PK-5	FORT BEND TEX INDPT SCH DIST		08/01/2018	JEFFERIES & COMPANY, INC	XXX	746,165	750,000	3,835	1FE
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>						746,165	750,000	3,835	XXX
<b>Bonds - U.S. Special Revenue</b>									
3132L9-2Z-7	FH V84392 - RMBS		09/21/2018	FED BUY	XXX	1,015,419	982,119	1,228	1
3132QW-MK-2	FH Q39361 - RMBS		09/13/2018	FED BUY	XXX	711,123	716,609	906	1
3132XV-4U-4	FH Q53534 - RMBS		09/01/2018	FED BUY	XXX	290,528	298,131	99	1
3136B2-TU-6	FNR 1855C PA - CMO/RMBS		07/13/2018	FED BUY	XXX	250,664	250,000	729	1
3137FD-ES-7	FHMS K1504 A2 - CMB		07/30/2018	INTL FCSTONE FINANCIAL INC	XXX	734,648	750,000	2,140	1
3140Q7-2C-0	FN CA0770 - RMBS		07/01/2018	FED BUY	XXX	97	(5,521)	(97)	1
31418C-R8-9	FN MA3210 - RMBS		07/01/2018	FED BUY	XXX	97	(6,247)	(97)	1
419794-ZZ-8	HAWAII ST ARPTS SYS REV		08/10/2018	Morgan Stanley	XXX	484,128	430,000		1FE
73209M-AG-2	POMONA CALIF REDEV AGY SUCCESSOR AGY TAX		09/27/2018	B C ZEIGLER & CO	XXX	150,000	150,000		1FE
74442P-DZ-5	PUBLIC FIN AUTH WIS REV		08/01/2018	VARIOUS	XXX	529,135	550,000	1,633	1FE
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>						4,165,841	4,115,091	6,540	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
00928Q-AR-2	AIRCASLE LTD		09/20/2018	GOLDMAN SACHS AND CO	XXX	104,823	105,000		2FE
05491Y-AA-8	BAMLL 18PARK A - CMB		08/23/2018	MERRILL LYNCH PIERCE FENNER & SMITH INC	XXX	336,381	325,000		1Z
05565E-BE-4	BMW US CAPITAL LLC	C	08/09/2018	VARIOUS	XXX	651,631	650,000		1FE
06051G-FB-0	BANK OF AMERICA CORP		08/15/2018	VARIOUS	XXX	102,380	100,000	269	1FE
06367T-7H-7	BANK OF MONTREAL		07/10/2018	BMO CAPITAL MARKETS CORP	XXX	149,822	150,000		1FE
13976M-AE-4	AFIN 181 B - ABS		07/23/2018	CITIGROUP GLOBAL MKTS/SALOMON	XXX	174,234	175,000	75	1FE
14313F-AF-6	CARMX 183 B - ABS		07/18/2018	BARCLAYS CAPITAL INC	XXX	249,980	250,000		1FE
20605F-AH-4	CONCHO RESOURCES INC		07/02/2018	BARCLAYS CAPITAL INC	XXX	626,022	650,000	6,365	2FE
23636A-AP-6	DANSKE BANK A/S	C	07/01/2018	TORONTO DOMINION SECS USA INC	XXX	199,124	200,000		1FE
24422E-UE-7	JOHN DEERE CAPITAL CORP		09/05/2018	GOLDMAN SACHS AND CO	XXX	129,670	130,000	2,205	1FE
34528Q-FL-3	FORDT 171 B - ABS		07/23/2018	BNP Paribas	XXX	172,061	175,000	109	1FE
349553-AM-9	FORTIS INC	C	09/26/2018	GOLDMAN SACHS AND CO	XXX	595,940	650,000	9,598	2FE
361886-AT-1	GFORT 171 B - ABS		07/23/2018	RBC CAPITAL MARKETS, LLC	XXX	173,558	175,000	125	1FE
36255J-AF-1	GMICAR 183 B - ABS		07/11/2018	J.P. Morgan Securities LLC	XXX	149,965	150,000		1FE
40573L-AS-5	HALFMOON PARENT INC		09/07/2018	Morgan Stanley	XXX	648,374	650,000		2FE
452308-AX-7	ILLINOIS TOOL WORKS INC		07/11/2018	Cantor Fitzgerald & Co	XXX	450,953	485,000	2,071	1FE
459506-AK-7	INTERNATIONAL FLAVORS & FRAGRANCES INC		09/24/2018	Morgan Stanley	XXX	89,921	90,000		2FE
460690-BP-4	INTERPUBLIC GROUP OF COMPANIES INC		09/18/2018	CITIGROUP GLOBAL MKTS/SALOMON	XXX	104,649	105,000		2FE
62854A-AN-4	MYLAN NV		09/13/2018	Jefferies High Yield Trading LLC	XXX	166,098	175,000	1,767	2FE
641062-AF-1	NESTLE HOLDINGS INC	C	09/18/2018	MERRILL LYNCH PIERCE FENNER & SMITH INC	XXX	695,470	700,000		1FE
65557C-AY-9	NORDEA BANK AB	C	08/22/2018	GOLDMAN SACHS AND CO	XXX	199,730	200,000		1FE
665859-AT-1	NORTHERN TRUST CORP		07/31/2018	Morgan Stanley	XXX	749,063	750,000		1FE
68784C-AB-8	OSCAR 181 A2A - ABS	D	09/14/2018	INTL FCSTONE FINANCIAL INC	XXX	474,954	475,185		1FE
81745L-AC-7	SEMT 144 A3 - CMO/RMBS		07/24/2018	J.P. Morgan Securities LLC	XXX	627,453	650,000	1,580	1FM
853254-BM-1	STANDARD CHARTERED PLC	C	09/27/2018	MERRILL LYNCH PIERCE FENNER & SMITH INC	XXX	400,000	400,000		1FE
913017-DD-8	UNITED TECHNOLOGIES CORP		08/14/2018	Morgan Stanley	XXX	471,489	470,000		2FE
91412N-BC-3	UNIVERSITY OF CHICAGO		09/06/2018	Wells Fargo Securities LLC	XXX	475,000	475,000		1FE
914744-AB-3	UNIVERSITY OF NOTRE DAME DU LAC		08/03/2018	MERRILL LYNCH,PIERCE,FENNER & SMITH	XXX	316,148	275,000	5,839	1FE
92348N-AA-5	VZOT 171 A - ABS		07/12/2018	VARIOUS	XXX	247,188	250,000	372	1FE
94974B-GA-2	WELLS FARGO & CO		08/13/2018	Wells Fargo Securities LLC	XXX	122,429	125,000	1,788	1FE
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						10,054,507	10,160,185	32,162	XXX
<b>8399997 - Subtotals - Bonds - Part 3</b>						16,054,528	16,150,276	51,651	XXX
<b>8399999 - Subtotals - Bonds</b>						16,054,528	16,150,276	51,651	XXX
<b>9999999 Totals</b>						16,054,528	XXX	51,651	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....









Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**





Supp "A" to T - Physicians

**NONE**

Supp "A" to T - Hospitals

**NONE**



**SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2018 OF THE BCS Insurance Company**

Designate the type of health care providers reported on this page.

Other Health Care Professionals

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA	111,450	83,353						175,000
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CAN								
58. Aggregate other alien OT	0	0	0	0	0	0	0	0
59. Totals	111,450	83,353	0	0	0	0	0	175,000
<b>DETAILS OF WRITE-INS</b>								
58001.								
58002.								
58003.								
58998. Sum. of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	0	0	0	0	0	0	0	0



**SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2018 OF THE BCS Insurance Company**

Designate the type of health care providers reported on this page.  
Other Health Care Facilities

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CAN								
58. Aggregate other alien OT	0	0	0	0	0	0	0	0
59. Totals	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>								
58001.								
58002.								
58003.								
58998. Sum. of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	0	0	0	0	0	0	0	0

**NONE**



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2018 OF THE BCS Insurance Company

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2018

NAIC Group Code 00023

NAIC Company Code 38245

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ 3,181,329	\$ 5,245,634	\$ 24,153,974

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes [ ] No [X]

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [ ] No [X]

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$ .....

2.32 Amount estimated using reasonable assumptions: \$ .....

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$ .....