* 2 4 1 2 0 2 0 1 8 2 0 1 0 0 1 0 0 *

# ANNUAL STATEMENT

**For the Year Ended December 31, 2018**

of the Condition and Affairs of the

# Westfield National Insurance Company

NAIC Group Code..... 0228, 0228 (Current Period) (Prior Period)
NAIC Company Code..... 24120
Employer's ID Number..... 34-1022544

Organized under the Laws of OH
State of Domicile or Port of Entry OH
Country of Domicile US

Incorporated/Organized..... April 11, 1968
Commenced Business..... April 11, 1968

| | | |
|---|---|---|
| Statutory Home Office | One Park Circle .. Westfield Center .. OH .. US .. 44251-5001<br>*(Street and Number) (City or Town, State, Country and Zip Code)* | |
| Main Administrative Office | One Park Circle .. Westfield Center .. OH .. US .. 44251-5001<br>*(Street and Number) (City or Town, State, Country and Zip Code)* | 330-887-0101<br>*(Area Code) (Telephone Number)* |
| Mail Address | P. O. Box 5001 .. Westfield Center .. OH .. US .. 44251-5001<br>*(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)* | |
| Primary Location of Books and Records | One Park Circle .. Westfield Center .. OH .. US .. 44251-5001<br>*(Street and Number) (City or Town, State, Country and Zip Code)* | 330-887-0101<br>*(Area Code) (Telephone Number)* |
| Internet Web Site Address | www.westfieldgrp.com | |
| Statutory Statement Contact | Jeffrey Scott Gillentine<br>*(Name)* | 330-887-0101<br>*(Area Code) (Telephone Number) (Extension)* |
| | FinancialReporting@westfieldgrp.com<br>*(E-Mail Address)* | 330-887-7626<br>*(Fax Number)* |

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| 1. Edward James Largent III | President, CEO, and Board Chair | 2. Joseph Christian Kohmann | Chief Financial Officer and Treasurer |
| 3. Frank Anthony Carrino | Chief Legal Officer and Secretary | | |

## OTHER

| | | | |
|---|---|---|---|
| Dennis Paul Baus | National Surety Leader | Robert William Bowers | National Claims Leader |
| Carrie Lee Busic | National SBA Sales and UW Ldr | Jeffrey Scott Gillentine | Controller |
| Robyn Renee Hahn # | President, Small Business Segment | Terry Lee McClaskey Jr | National PL UW and Sales Ldr |
| James Robert Merz | Chief Actuarial and Analytic Officer | Kristine Lynn Neate | National Underwriting Office Leader |
| Christopher Michael Paterakis | Chief Human Resources Officer | Tracey Lynn Petkovic # | Chief Information Officer |
| Michael Joseph Prandi | Chief Insurance Operations Officer | Stuart Wayne Rosenberg # | Chief Innovation and Strategy Officer |
| Peter Robert Schwanke | Chief Risk Officer | Craig David Welsh | Chief Distribution Officer |
| George Krieg Wiswesser | Chief Investment Officer | | |

## DIRECTORS OR TRUSTEES

| | | | |
|---|---|---|---|
| Cheryl Lila Carlisle | Fariborz Ghadar | Gary Dean Hallman | Susan Jane Insley |
| John Patrick Lanigan Jr | Edward James Largent III | Craig David Pfeiffer | Billie Kay Rawot |
| John Lewis Watson | | | |

State of........ Ohio
County of..... Medina

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

| | | |
|---|---|---|
| (Signature) | (Signature) | (Signature) |
| Edward James Largent III | Joseph Christian Kohmann | Frank Anthony Carrino |
| 1. (Printed Name) | 2. (Printed Name) | 3. (Printed Name) |
| President, CEO, and Board Chair | Chief Financial Officer and Treasurer | Chief Legal Officer and Secretary |
| (Title) | (Title) | (Title) |

Subscribed and sworn to before me
This 15th day of February 2019

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

# ASSETS

| | Current Year 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | Prior Year 4 Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds (Schedule D) | 449,481,040 | 0 | 449,481,040 | 438,087,284 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 | 0 |
| 2.2 Common stocks | 135,486,435 | 0 | 135,486,435 | 155,943,215 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | 0 | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less $.........0 encumbrances) | 0 | 0 | 0 | 0 |
| 4.2 Properties held for the production of income (less $.........0 encumbrances) | 0 | 0 | 0 | 0 |
| 4.3 Properties held for sale (less $.........0 encumbrances) | 0 | 0 | 0 | 0 |
| 5. Cash ($.....2,361, Schedule E-Part 1), cash equivalents ($.....4,481,130, Schedule E-Part 2) and short-term investments ($.........0, Schedule DA) | 4,483,491 | 0 | 4,483,491 | 2,958,483 |
| 6. Contract loans (including $.........0 premium notes) | 0 | 0 | 0 | 0 |
| 7. Derivatives (Schedule DB) | 0 | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 6,733,824 | 0 | 6,733,824 | 8,121,845 |
| 9. Receivables for securities | 0 | 0 | 0 | 31,250 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | 0 | 0 | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 596,184,790 | 0 | 596,184,790 | 605,142,077 |
| 13. Title plants less $.........0 charged off (for Title insurers only) | 0 | 0 | 0 | 0 |
| 14. Investment income due and accrued | 5,555,464 | 0 | 5,555,464 | 5,454,859 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 13,480,866 | 1,585,987 | 11,894,879 | 12,246,422 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....217,575 earned but unbilled premiums) | 68,474,296 | 21,757 | 68,452,539 | 71,769,636 |
| 15.3 Accrued retrospective premiums ($.........0) and contracts subject to redetermination ($.........0) | 0 | 0 | 0 | 0 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 0 | 0 | 0 | 0 |
| 16.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 125,355 | 0 | 125,355 | 0 |
| 18.2 Net deferred tax asset | 0 | 0 | 0 | 0 |
| 19. Guaranty funds receivable or on deposit | 0 | 0 | 0 | 0 |
| 20. Electronic data processing equipment and software | 0 | 0 | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets ($.........0) | 0 | 0 | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 1,346,352 | 0 | 1,346,352 | 1,940,152 |
| 24. Health care ($.........0) and other amounts receivable | 0 | 0 | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 0 | 0 | 0 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 685,167,123 | 1,607,744 | 683,559,379 | 696,553,146 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 | 0 |
| 28. TOTAL (Lines 26 and 27) | 685,167,123 | 1,607,744 | 683,559,379 | 696,553,146 |

**DETAILS OF WRITE-INS**

| | | | | |
|---|---|---|---|---|
| 1101. | 0 | 0 | 0 | 0 |
| 1102. | 0 | 0 | 0 | 0 |
| 1103. | 0 | 0 | 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. | 0 | 0 | 0 | 0 |
| 2502. | 0 | 0 | 0 | 0 |
| 2503. | 0 | 0 | 0 | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 0 | 0 | 0 | 0 |

# LIABILITIES, SURPLUS AND OTHER FUNDS

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 1. | Losses (Part 2A, Line 35, Column 8) | 177,191,233 | 178,634,166 |
| 2. | Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) | 0 | 0 |
| 3. | Loss adjustment expenses (Part 2A, Line 35, Column 9) | 52,425,470 | 50,113,106 |
| 4. | Commissions payable, contingent commissions and other similar charges | 14,465,658 | 14,478,303 |
| 5. | Other expenses (excluding taxes, licenses and fees) | 11,343,051 | 8,694,756 |
| 6. | Taxes, licenses and fees (excluding federal and foreign income taxes) | 3,258,506 | 3,645,054 |
| 7.1 | Current federal and foreign income taxes (including $..........0 on realized capital gains (losses)) | 0 | 288,015 |
| 7.2 | Net deferred tax liability | 481,989 | 4,205,979 |
| 8. | Borrowed money $..........0 and interest thereon $..........0 | 0 | 0 |
| 9. | Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....165,478,242 and including warranty reserves of $..........0 and accrued accident and health experience rating refunds including $..........0 for medical loss ratio rebate per the Public Health Service Act) | 117,536,895 | 118,219,159 |
| 10. | Advance premium | 0 | 0 |
| 11. | Dividends declared and unpaid: | | |
| | 11.1 Stockholders | 0 | 0 |
| | 11.2 Policyholders | 0 | 43,931 |
| 12. | Ceded reinsurance premiums payable (net of ceding commissions) | 1,060,738 | 1,006,172 |
| 13. | Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) | 0 | 0 |
| 14. | Amounts withheld or retained by company for account of others | 0 | 0 |
| 15. | Remittances and items not allocated | 0 | 0 |
| 16. | Provision for reinsurance (including $..........0 certified) (Schedule F, Part 3, Column 78) | 0 | 0 |
| 17. | Net adjustments in assets and liabilities due to foreign exchange rates | 0 | 0 |
| 18. | Drafts outstanding | 0 | 0 |
| 19. | Payable to parent, subsidiaries and affiliates | 0 | 0 |
| 20. | Derivatives | 0 | 0 |
| 21. | Payable for securities | 2,361 | 0 |
| 22. | Payable for securities lending | 0 | 0 |
| 23. | Liability for amounts held under uninsured plans | 0 | 0 |
| 24. | Capital notes $..........0 and interest thereon $..........0 | 0 | 0 |
| 25. | Aggregate write-ins for liabilities | 0 | 0 |
| 26. | Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 377,765,901 | 379,328,641 |
| 27. | Protected cell liabilities | 0 | 0 |
| 28. | Total liabilities (Lines 26 and 27) | 377,765,901 | 379,328,641 |
| 29. | Aggregate write-ins for special surplus funds | 45,522,718 | 68,337,231 |
| 30. | Common capital stock | 3,000,000 | 3,000,000 |
| 31. | Preferred capital stock | 0 | 0 |
| 32. | Aggregate write-ins for other-than-special surplus funds | 0 | 0 |
| 33. | Surplus notes | 0 | 0 |
| 34. | Gross paid in and contributed surplus | 1,000,000 | 750,000 |
| 35. | Unassigned funds (surplus) | 256,270,760 | 245,137,274 |
| 36. | Less treasury stock, at cost: | | |
| | 36.1 ..........0.000 shares common (value included in Line 30 $..........0) | 0 | 0 |
| | 36.2 ..........0.000 shares preferred (value included in Line 31 $..........0) | 0 | 0 |
| 37. | Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) | 305,793,478 | 317,224,505 |
| 38. | TOTAL (Page 2, Line 28, Col. 3) | 683,559,379 | 696,553,146 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 2501. | | 0 | 0 |
| 2502. | | 0 | 0 |
| 2503. | | 0 | 0 |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 |
| 2599. | Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 0 | 0 |
| 2901. | General voluntary reserve | 45,522,718 | 68,337,231 |
| 2902. | | 0 | 0 |
| 2903. | | 0 | 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) | 45,522,718 | 68,337,231 |
| 3201. | | 0 | 0 |
| 3202. | | 0 | 0 |
| 3203. | | 0 | 0 |
| 3298. | Summary of remaining write-ins for Line 32 from overflow page | 0 | 0 |
| 3299. | Totals (Lines 3201 through 3203 plus 3298) (Line 32 above) | 0 | 0 |

# STATEMENT OF INCOME

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| | **UNDERWRITING INCOME** | | |
| 1. | Premiums earned (Part 1, Line 35, Column 4) | 239,095,508 | 238,552,273 |
| | DEDUCTIONS: | | |
| 2. | Losses incurred (Part 2, Line 35, Column 7) | 139,033,713 | 145,246,607 |
| 3. | Loss adjustment expenses incurred (Part 3, Line 25, Column 1) | 31,050,408 | 30,005,352 |
| 4. | Other underwriting expenses incurred (Part 3, Line 25, Column 2) | 87,609,145 | 85,356,696 |
| 5. | Aggregate write-ins for underwriting deductions | 0 | 0 |
| 6. | Total underwriting deductions (Lines 2 through 5) | 257,693,266 | 260,608,655 |
| 7. | Net income of protected cells | 0 | 0 |
| 8. | Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) | (18,597,758) | (22,056,382) |
| | **INVESTMENT INCOME** | | |
| 9. | Net investment income earned (Exhibit of Net Investment Income, Line 17) | 19,785,180 | 18,986,926 |
| 10. | Net realized capital gains (losses) less capital gains tax of $.....1,317,037 (Exhibit of Capital Gains (Losses)) | 4,954,566 | 7,045,169 |
| 11. | Net investment gain (loss) (Lines 9 + 10) | 24,739,746 | 26,032,095 |
| | **OTHER INCOME** | | |
| 12. | Net gain (loss) from agents' or premium balances charged off (amount recovered $.....950,944 amount charged off $.....1,367,246) | (416,302) | (254,132) |
| 13. | Finance and service charges not included in premiums | 932,701 | 868,268 |
| 14. | Aggregate write-ins for miscellaneous income | 11 | 2,091 |
| 15. | Total other income (Lines 12 through 14) | 516,410 | 616,227 |
| 16. | Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 6,658,398 | 4,591,940 |
| 17. | Dividends to policyholders | 630,843 | 643,036 |
| 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) | 6,027,555 | 3,948,904 |
| 19. | Federal and foreign income taxes incurred | (1,388,876) | (1,826,836) |
| 20. | Net income (Line 18 minus Line 19) (to Line 22) | 7,416,431 | 5,775,740 |
| | **CAPITAL AND SURPLUS ACCOUNT** | | |
| 21. | Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) | 317,224,505 | 300,380,320 |
| 22. | Net income (from Line 20) | 7,416,431 | 5,775,740 |
| 23. | Net transfers (to) from Protected Cell accounts | 0 | 0 |
| 24. | Change in net unrealized capital gains or (losses) less capital gains tax of $.....(4,791,048) | (18,023,465) | 17,367,017 |
| 25. | Change in net unrealized foreign exchange capital gain (loss) | 0 | 0 |
| 26. | Change in net deferred income tax | (1,067,058) | (5,989,116) |
| 27. | Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) | (6,935) | (309,456) |
| 28. | Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) | 0 | 0 |
| 29. | Change in surplus notes | 0 | 0 |
| 30. | Surplus (contributed to) withdrawn from Protected Cells | 0 | 0 |
| 31. | Cumulative effect of changes in accounting principles | 0 | 0 |
| 32. | Capital changes: | | |
| | 32.1 Paid in | 0 | 0 |
| | 32.2 Transferred from surplus (Stock Dividend) | 0 | 0 |
| | 32.3 Transferred to surplus | 0 | 0 |
| 33. | Surplus adjustments: | | |
| | 33.1 Paid in | 250,000 | 0 |
| | 33.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| | 33.3. Transferred from capital | 0 | 0 |
| 34. | Net remittances from or (to) Home Office | 0 | 0 |
| 35. | Dividends to stockholders | 0 | 0 |
| 36. | Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) | 0 | 0 |
| 37. | Aggregate write-ins for gains and losses in surplus | 0 | 0 |
| 38. | Change in surplus as regards policyholders for the year (Lines 22 through 37) | (11,431,027) | 16,844,185 |
| 39. | Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) | 305,793,478 | 317,224,505 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 0501. | | 0 | 0 |
| 0502. | | 0 | 0 |
| 0503. | | 0 | 0 |
| 0598. | Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 |
| 0599. | Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | 0 | 0 |
| 1401. | Net other interest income | 11 | 2,091 |
| 1402. | | 0 | 0 |
| 1403. | | 0 | 0 |
| 1498. | Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 |
| 1499. | Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 11 | 2,091 |
| 3701. | | 0 | 0 |
| 3702. | | 0 | 0 |
| 3703. | | 0 | 0 |
| 3798. | Summary of remaining write-ins for Line 37 from overflow page | 0 | 0 |
| 3799. | Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | 0 | 0 |

# CASH FLOW

| | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|
| **CASH FROM OPERATIONS** | | |
| 1. Premiums collected net of reinsurance | 242,129,517 | 241,641,773 |
| 2. Net investment income | 24,552,363 | 24,782,366 |
| 3. Miscellaneous income | 516,409 | 616,227 |
| 4. Total (Lines 1 through 3) | 267,198,289 | 267,040,366 |
| 5. Benefit and loss related payments | 140,476,645 | 126,914,146 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 113,759,559 | 115,729,402 |
| 8. Dividends paid to policyholders | 674,774 | 599,105 |
| 9. Federal and foreign income taxes paid (recovered) net of $.....1,317,037 tax on capital gains (losses) | 341,532 | 2,320,705 |
| 10. Total (Lines 5 through 9) | 255,252,510 | 245,563,358 |
| 11. Net cash from operations (Line 4 minus Line 10) | 11,945,779 | 21,477,008 |
| **CASH FROM INVESTMENTS** | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 45,882,582 | 45,608,367 |
| 12.2 Stocks | 16,698,836 | 28,420,688 |
| 12.3 Mortgage loans | 0 | 0 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 |
| 12.7 Miscellaneous proceeds | 33,611 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 62,615,029 | 74,029,055 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 62,426,366 | 78,818,012 |
| 13.2 Stocks | 11,453,233 | 14,754,214 |
| 13.3 Mortgage loans | 0 | 0 |
| 13.4 Real estate | 0 | 0 |
| 13.5 Other invested assets | 0 | 0 |
| 13.6 Miscellaneous applications | 0 | 520,587 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 73,879,599 | 94,092,813 |
| 14. Net increase (decrease) in contract loans and premium notes | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14) | (11,264,570) | (20,063,758) |
| **CASH FROM FINANCING AND MISCELLANEOUS SOURCES** | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 250,000 | 0 |
| 16.3 Borrowed funds | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | 0 | 0 |
| 16.5 Dividends to stockholders | 0 | 0 |
| 16.6 Other cash provided (applied) | 593,799 | 1,063,166 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | 843,799 | 1,063,166 |
| **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 1,525,008 | 2,476,416 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 2,958,483 | 482,067 |
| 19.2 End of year (Line 18 plus Line 19.1) | 4,483,491 | 2,958,483 |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

| | | |
|---|---|---|
| 20.0001 | 0 | 0 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

| | Line of Business | 1<br>Net Premiums Written per Column 6, Part 1B | 2<br>Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1 | 3<br>Unearned Premiums December 31 Current Year- per Col. 5, Part 1A | 4<br>Premiums Earned During Year (Cols. 1 + 2 - 3) |
|---|---|---|---|---|---|
| 1. | Fire | 2,016,321 | 998,993 | 1,026,693 | 1,988,621 |
| 2. | Allied lines | 2,082,162 | 1,031,300 | 1,056,477 | 2,056,985 |
| 3. | Farmowners multiple peril | 8,874,297 | 4,247,625 | 4,396,541 | 8,725,381 |
| 4. | Homeowners multiple peril | 33,893,344 | 17,233,712 | 18,099,529 | 33,027,527 |
| 5. | Commercial multiple peril | 49,678,260 | 24,007,325 | 23,948,636 | 49,736,949 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 7,251,086 | 3,570,221 | 3,403,544 | 7,417,763 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | 0 | 0 | 0 |
| 11.2 | Medical professional liability - claims-made | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 535,016 | 311,269 | 321,750 | 524,535 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 |
| 16. | Workers' compensation | 10,026,563 | 5,762,976 | 4,653,071 | 11,136,468 |
| 17.1 | Other liability - occurrence | 17,292,111 | 8,724,684 | 8,899,944 | 17,116,851 |
| 17.2 | Other liability - claims-made | 203,009 | 94,897 | 92,691 | 205,215 |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 |
| 18.1 | Products liability - occurrence | 507,075 | 222,105 | 248,134 | 481,046 |
| 18.2 | Products liability - claims-made | 0 | 0 | 0 | 0 |
| 19.1, 19.2 | Private passenger auto liability | 28,101,721 | 13,795,766 | 14,808,907 | 27,088,580 |
| 19.3, 19.4 | Commercial auto liability | 25,358,139 | 14,013,653 | 11,621,528 | 27,750,264 |
| 21. | Auto physical damage | 37,582,916 | 17,962,531 | 18,324,278 | 37,221,169 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 205,694 | 100,591 | 89,142 | 217,143 |
| 24. | Surety | 8,437,346 | 4,323,353 | 4,717,241 | 8,043,458 |
| 26. | Burglary and theft | 23,085 | 12,286 | 11,117 | 24,254 |
| 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 | 6,167,626 | 1,057,511 | 1,081,457 | 6,143,680 |
| 32. | Reinsurance - nonproportional assumed liability | 0 | 0 | 0 | 0 |
| 33. | Reinsurance - nonproportional assumed financial lines | 177,472 | 748,361 | 736,214 | 189,619 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 238,413,243 | 118,219,159 | 117,536,894 | 239,095,508 |

### DETAILS OF WRITE-INS

| | | | | | |
|---|---|---|---|---|---|
| 3401. | | 0 | 0 | 0 | 0 |
| 3402. | | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

| | Line of Business | 1<br>Amount Unearned (Running One Year or Less from Date of Policy) (a) | 2<br>Amount Unearned (Running More Than One Year from Date of Policy) (a) | 3<br>Earned But Unbilled Premium | 4<br>Reserve for Rate Credits and Retrospective Adjustments Based on Experience | 5<br>Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4 |
|---|---|---|---|---|---|---|
| 1. | Fire | 1,026,693 | 0 | 0 | 0 | 1,026,693 |
| 2. | Allied lines | 1,056,477 | 0 | 0 | 0 | 1,056,477 |
| 3. | Farmowners multiple peril | 4,396,541 | 0 | 0 | 0 | 4,396,541 |
| 4. | Homeowners multiple peril | 18,099,529 | 0 | 0 | 0 | 18,099,529 |
| 5. | Commercial multiple peril | 23,948,636 | 0 | 0 | 0 | 23,948,636 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 3,403,544 | 0 | 0 | 0 | 3,403,544 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | 0 | 0 | 0 | 0 |
| 11.2 | Medical professional liability - claims-made | 0 | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 321,750 | 0 | 0 | 0 | 321,750 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 | 0 |
| 16. | Workers' compensation | 4,653,071 | 0 | 0 | 0 | 4,653,071 |
| 17.1 | Other liability - occurrence | 8,899,944 | 0 | 0 | 0 | 8,899,944 |
| 17.2 | Other liability - claims-made | 92,691 | 0 | 0 | 0 | 92,691 |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 | 0 |
| 18.1 | Products liability - occurrence | 247,789 | 345 | 0 | 0 | 248,134 |
| 18.2 | Products liability - claims-made | 0 | 0 | 0 | 0 | 0 |
| 19.1, 19.2 | Private passenger auto liability | 14,808,893 | 14 | 0 | 0 | 14,808,907 |
| 19.3, 19.4 | Commercial auto liability | 11,621,528 | 0 | 0 | 0 | 11,621,528 |
| 21. | Auto physical damage | 18,324,277 | 1 | 0 | 0 | 18,324,278 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 89,142 | 0 | 0 | 0 | 89,142 |
| 24. | Surety | 1,381,930 | 3,335,311 | 0 | 0 | 4,717,241 |
| 26. | Burglary and theft | 11,117 | 0 | 0 | 0 | 11,117 |
| 27. | Boiler and machinery | 0 | 0 | 0 | 0 | 0 |
| 28. | Credit | 0 | 0 | 0 | 0 | 0 |
| 29. | International | 0 | 0 | 0 | 0 | 0 |
| 30. | Warranty | 0 | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | 1,081,457 | 0 | 0 | 0 | 1,081,457 |
| 32. | Reinsurance - nonproportional assumed liability | 0 | 0 | 0 | 0 | 0 |
| 33. | Reinsurance - nonproportional assumed financial lines | 736,214 | 0 | 0 | 0 | 736,214 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 114,201,223 | 3,335,671 | 0 | 0 | 117,536,894 |
| 36. | Accrued retrospective premiums based on experience | | | | | 0 |
| 37. | Earned but unbilled premiums | | | | | 0 |
| 38. | Balance (sum of Lines 35 through 37) | | | | | 117,536,894 |

### DETAILS OF WRITE-INS

| | | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 3401. | | 0 | 0 | 0 | 0 | 0 |
| 3402. | | 0 | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 |

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

| | Line of Business | 1 Direct Business (a) | Reinsurance Assumed 2 From Affiliates | Reinsurance Assumed 3 From Non-Affiliates | Reinsurance Ceded 4 To Affiliates | Reinsurance Ceded 5 To Non-Affiliates | 6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5) |
|---|---|---|---|---|---|---|---|
| 1. | Fire | 671,152 | 2,016,321 | 0 | 655,719 | 15,433 | 2,016,321 |
| 2. | Allied lines | 843,784 | 2,082,162 | 0 | 843,784 | 0 | 2,082,162 |
| 3. | Farmowners multiple peril | 0 | 8,874,297 | 0 | 0 | 0 | 8,874,297 |
| 4. | Homeowners multiple peril | 84,141,254 | 33,893,344 | 0 | 81,751,160 | 2,390,094 | 33,893,344 |
| 5. | Commercial multiple peril | 61,358,672 | 49,678,260 | 0 | 59,948,678 | 1,409,994 | 49,678,260 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 8,653,562 | 7,251,086 | 0 | 8,558,875 | 94,687 | 7,251,086 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.2 | Medical professional liability - claims-made | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 1,538,970 | 535,016 | 0 | 1,265,014 | 273,956 | 535,016 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 | 0 | 0 |
| 16. | Workers' compensation | 17,481,891 | 10,026,562 | 107,458 | 16,095,094 | 1,494,254 | 10,026,563 |
| 17.1 | Other liability - occurrence | 21,836,438 | 17,292,111 | 0 | 19,605,722 | 2,230,716 | 17,292,111 |
| 17.2 | Other liability - claims-made | 939,012 | 203,009 | 0 | 299,273 | 639,739 | 203,009 |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 | 0 | 0 |
| 18.1 | Products liability - occurrence | 357,788 | 507,075 | 0 | 357,788 | 0 | 507,075 |
| 18.2 | Products liability - claims-made | 0 | 0 | 0 | 0 | 0 | 0 |
| 19.1, 19.2 | Private passenger auto liability | 57,183,735 | 28,101,721 | 0 | 57,183,735 | 0 | 28,101,721 |
| 19.3, 19.4 | Commercial auto liability | 22,281,896 | 25,358,139 | 33,041 | 21,955,748 | 359,189 | 25,358,139 |
| 21. | Auto physical damage | 62,529,545 | 37,582,916 | 0 | 62,329,448 | 200,097 | 37,582,916 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 249,338 | 205,694 | 0 | 249,338 | 0 | 205,694 |
| 24. | Surety | 1,124,511 | 8,437,346 | 0 | 1,124,511 | 0 | 8,437,346 |
| 26. | Burglary and theft | 30,122 | 23,085 | 0 | 30,122 | 0 | 23,085 |
| 27. | Boiler and machinery | 1,167,921 | 0 | 0 | 0 | 1,167,921 | 0 |
| 28. | Credit | 0 | 0 | 0 | 0 | 0 | 0 |
| 29. | International | 0 | 0 | 0 | 0 | 0 | 0 |
| 30. | Warranty | 0 | 0 | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | 6,167,626 | 0 | 0 | 0 | 6,167,626 |
| 32. | Reinsurance - nonproportional assumed liability | XXX | 0 | 0 | 0 | 0 | 0 |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | 177,472 | 0 | 0 | 0 | 177,472 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 342,389,591 | 238,413,242 | 140,499 | 332,254,009 | 10,276,080 | 238,413,243 |

### DETAILS OF WRITE-INS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3401. | | 0 | 0 | 0 | 0 | 0 | 0 |
| 3402. | | 0 | 0 | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 |

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

If yes: 1. The amount of such installment premiums $..........0.

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

| | | Losses Paid Less Salvage | | | | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | | | | |
| | Line of Business | Direct Business | Reinsurance Assumed | Reinsurance Recovered | Net Payments (Cols. 1 + 2 - 3) | Net Losses Unpaid Current Year (Part 2A, Col. 8) | Net Losses Unpaid Prior Year | Losses Incurred Current Year (Cols. 4 + 5 - 6) | Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1) |
| 1. | Fire | 50,047 | 781,347 | 50,047 | 781,347 | 166,644 | 261,134 | 686,857 | 34.5 |
| 2. | Allied lines | 113,505 | 984,856 | 113,505 | 984,856 | 279,622 | 178,342 | 1,086,136 | 52.8 |
| 3. | Farmowners multiple peril | 0 | 4,595,776 | 0 | 4,595,776 | 1,308,626 | 1,058,895 | 4,845,507 | 55.5 |
| 4. | Homeowners multiple peril | 36,648,530 | 15,153,036 | 36,648,530 | 15,153,036 | 4,148,990 | 4,052,692 | 15,249,334 | 46.2 |
| 5. | Commercial multiple peril | 32,258,073 | 26,085,527 | 32,258,073 | 26,085,527 | 41,052,081 | 40,741,107 | 26,396,501 | 53.1 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 9. | Inland marine | 2,027,956 | 3,070,866 | 2,027,956 | 3,070,866 | 850,719 | 2,269,299 | 1,652,286 | 22.3 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 11.1 | Medical professional liability - occurrence | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 11.2 | Medical professional liability - claims-made | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 12. | Earthquake | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 16. | Workers' compensation | 8,266,887 | 6,858,302 | 8,308,813 | 6,816,376 | 20,119,558 | 23,005,757 | 3,930,177 | 35.3 |
| 17.1 | Other liability - occurrence | 15,967,750 | 8,141,553 | 16,188,530 | 7,920,773 | 28,850,567 | 26,685,878 | 10,085,462 | 58.9 |
| 17.2 | Other liability - claims-made | 32,463 | 3,242 | 32,463 | 3,242 | 52,920 | 117,236 | (61,074) | (29.8) |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 18.1 | Products liability - occurrence | 0 | 83,785 | 0 | 83,785 | 2,630,986 | 2,492,215 | 222,556 | 46.3 |
| 18.2 | Products liability - claims-made | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 19.1, 19.2 | Private passenger auto liability | 37,618,587 | 17,753,242 | 37,618,587 | 17,753,242 | 20,491,303 | 18,241,947 | 20,002,598 | 73.8 |
| 19.3, 19.4 | Commercial auto liability | 8,283,241 | 27,066,035 | 8,300,349 | 27,048,927 | 43,175,096 | 43,536,783 | 26,687,240 | 96.2 |
| 21. | Auto physical damage | 32,495,658 | 20,884,518 | 32,495,658 | 20,884,518 | 3,061,453 | 2,790,773 | 21,155,198 | 56.8 |
| 22. | Aircraft (all perils) | 0 | 4 | 0 | 4 | 48 | 52 | 0 | 0.0 |
| 23. | Fidelity | 108,007 | 115,408 | 108,007 | 115,408 | 246,779 | 578,355 | (216,168) | (99.6) |
| 24. | Surety | 0 | 831,041 | 0 | 831,041 | 506,728 | 810,634 | 527,135 | 6.6 |
| 26. | Burglary and theft | 7,336 | 23,534 | 7,336 | 23,534 | 3,567 | 2,496 | 24,605 | 101.4 |
| 27. | Boiler and machinery | 465,469 | 0 | 465,469 | 0 | 0 | 0 | 0 | 0.0 |
| 28. | Credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 29. | International | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 30. | Warranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | 8,324,387 | 0 | 8,324,387 | 10,148,324 | 11,770,235 | 6,702,476 | 109.1 |
| 32. | Reinsurance - nonproportional assumed liability | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | 0 | 0 | 0 | 97,220 | 40,335 | 56,885 | 30.0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 35. | TOTALS | 174,343,509 | 140,756,459 | 174,623,323 | 140,476,645 | 177,191,231 | 178,634,165 | 139,033,711 | 58.1 |

### DETAILS OF WRITE-INS

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|
| 3401. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3402. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3403. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

# UNDERWRITING AND INVESTMENT EXHIBIT

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

| | | Reported Losses | | | | Incurred But Not Reported | | | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| | Line of Business | Direct | Reinsurance Assumed | Deduct Reinsurance Recoverable | Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | Direct | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. | Fire | 0 | 120,814 | 0 | 120,814 | 11,331 | 45,830 | 11,331 | 166,644 | 24,500 |
| 2. | Allied lines | 4,597 | 135,548 | 4,597 | 135,548 | 50,082 | 144,074 | 50,082 | 279,622 | 44,507 |
| 3. | Farmowners multiple peril | 0 | 915,402 | 0 | 915,402 | 0 | 393,224 | 0 | 1,308,626 | 181,151 |
| 4. | Homeowners multiple peril | 5,949,081 | 2,971,986 | 5,949,081 | 2,971,986 | 2,856,021 | 1,177,004 | 2,856,021 | 4,148,990 | 692,419 |
| 5. | Commercial multiple peril | 20,029,826 | 21,502,979 | 20,029,826 | 21,502,979 | 16,321,509 | 19,549,102 | 16,321,509 | 41,052,081 | 23,837,440 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 118,134 | 692,626 | 118,134 | 692,626 | 181,310 | 158,093 | 181,310 | 850,719 | 77,274 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.2 | Medical professional liability - claims-made | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (a) 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (a) 0 | 0 |
| 16. | Workers' compensation | 11,056,587 | 11,040,313 | 11,121,585 | 10,975,315 | 9,777,750 | 9,169,323 | 9,802,830 | 20,119,558 | 3,573,206 |
| 17.1 | Other liability - occurrence | 11,918,271 | 9,952,864 | 12,088,397 | 9,782,738 | 20,824,679 | 19,067,829 | 20,824,679 | 28,850,567 | 7,661,001 |
| 17.2 | Other liability - claims-made | 175,000 | 38,350 | 175,000 | 38,350 | 0 | 14,570 | 0 | 52,920 | 33,830 |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18.1 | Products liability - occurrence | 0 | 538,973 | 20,000 | 518,973 | 127,900 | 2,112,013 | 127,900 | 2,630,986 | 1,085,550 |
| 18.2 | Products liability - claims-made | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19.1, 19.2 | Private passenger auto liability | 33,173,090 | 14,333,188 | 33,173,090 | 14,333,188 | 12,722,040 | 6,158,115 | 12,722,040 | 20,491,303 | 4,388,940 |
| 19.3, 19.4 | Commercial auto liability | 9,492,955 | 23,378,150 | 9,506,526 | 23,364,579 | 13,795,817 | 19,822,998 | 13,808,298 | 43,175,096 | 9,814,195 |
| 21. | Auto physical damage | 1,819,046 | 1,289,318 | 1,819,046 | 1,289,318 | 2,642,496 | 1,772,135 | 2,642,496 | 3,061,453 | 508,358 |
| 22. | Aircraft (all perils) | 0 | 48 | 0 | 48 | 0 | 0 | 0 | 48 | 0 |
| 23. | Fidelity | 75,000 | 72,379 | 75,000 | 72,379 | 164,575 | 174,400 | 164,575 | 246,779 | 38,413 |
| 24. | Surety | 1 | (57,767) | 1 | (57,767) | 6 | 564,495 | 6 | 506,728 | 464,238 |
| 26. | Burglary and theft | 0 | 2,028 | 0 | 2,028 | 1,774 | 1,539 | 1,774 | 3,567 | 439 |
| 27. | Boiler and machinery | 139,587 | 0 | 139,587 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28. | Credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 29. | International | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30. | Warranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | 991,089 | 0 | 991,089 | XXX | 9,157,235 | 0 | 10,148,324 | 0 |
| 32. | Reinsurance - nonproportional assumed liability | XXX | 0 | 0 | 0 | XXX | 0 | 0 | 0 | 0 |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | 0 | 0 | 0 | XXX | 97,220 | 0 | 97,220 | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 93,951,175 | 87,918,288 | 94,219,870 | 87,649,593 | 79,477,290 | 89,579,199 | 79,514,851 | 177,191,231 | 52,425,468 |

### DETAILS OF WRITE-INS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 3401. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3402. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

| | 1<br>Loss Adjustment Expenses | 2<br>Other Underwriting Expenses | 3<br>Investment Expenses | 4<br>Total |
|---|---|---|---|---|
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | 11,968,584 | 0 | 0 | 11,968,584 |
| 1.2 Reinsurance assumed | 9,614,426 | 0 | 0 | 9,614,426 |
| 1.3 Reinsurance ceded | 12,114,217 | 0 | 0 | 12,114,217 |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) | 9,468,793 | 0 | 0 | 9,468,793 |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct, excluding contingent | 0 | 46,829,558 | 0 | 46,829,558 |
| 2.2 Reinsurance assumed, excluding contingent | 0 | 35,298,901 | 0 | 35,298,901 |
| 2.3 Reinsurance ceded, excluding contingent | 0 | 46,862,436 | 0 | 46,862,436 |
| 2.4 Contingent - direct | 0 | 10,085,907 | 0 | 10,085,907 |
| 2.5 Contingent - reinsurance assumed | 0 | 6,244,720 | 0 | 6,244,720 |
| 2.6 Contingent - reinsurance ceded | 0 | 10,085,907 | 0 | 10,085,907 |
| 2.7 Policy and membership fees | 0 | 0 | 0 | 0 |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) | 0 | 41,510,743 | 0 | 41,510,743 |
| 3. Allowances to manager and agents | 0 | 558,535 | 0 | 558,535 |
| 4. Advertising | 0 | 266,115 | 0 | 266,115 |
| 5. Boards, bureaus and associations | 325,819 | 1,243,959 | 0 | 1,569,778 |
| 6. Surveys and underwriting reports | 0 | 1,192,764 | 0 | 1,192,764 |
| 7. Audit of assureds' records | 0 | 95,521 | 0 | 95,521 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | 7,602,950 | 14,233,332 | 319,270 | 22,155,552 |
| 8.2 Payroll taxes | 590,893 | 1,043,497 | 21,459 | 1,655,849 |
| 9. Employee relations and welfare | 2,217,829 | 4,240,228 | 97,289 | 6,555,346 |
| 10. Insurance | 0 | 380,805 | 0 | 380,805 |
| 11. Directors' fees | 0 | 0 | 0 | 0 |
| 12. Travel and travel items | 399,563 | 714,188 | 10,960 | 1,124,711 |
| 13. Rent and rent items | 814,324 | 1,559,592 | 23,055 | 2,396,971 |
| 14. Equipment | 91,481 | 233,156 | 2,476 | 327,113 |
| 15. Cost or depreciation of EDP equipment and software | 1,538,167 | 641,117 | 3,842 | 2,183,126 |
| 16. Printing and stationery | 67,692 | 186,377 | 3,555 | 257,624 |
| 17. Postage, telephone and telegraph, exchange and express | 180,835 | 744,965 | 30,273 | 956,073 |
| 18. Legal and auditing | 65,478 | 651,255 | 42,318 | 759,051 |
| 19. Totals (Lines 3 to 18) | 13,895,031 | 27,985,406 | 554,497 | 42,434,934 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of $.....9,858 | 0 | 4,579,496 | 0 | 4,579,496 |
| 20.2 Insurance department licenses and fees | 0 | 222,393 | 0 | 222,393 |
| 20.3 Gross guaranty association assessments | 0 | 27,746 | 0 | 27,746 |
| 20.4 All other (excluding federal and foreign income and real estate) | 0 | 60,586 | 0 | 60,586 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) | 0 | 4,890,221 | 0 | 4,890,221 |
| 21. Real estate expenses | 0 | 0 | 0 | 0 |
| 22. Real estate taxes | 0 | 0 | 0 | 0 |
| 23. Reimbursements by uninsured plans | 0 | 0 | 0 | 0 |
| 24. Aggregate write-ins for miscellaneous expenses | 7,686,584 | 13,222,775 | 209,908 | 21,119,267 |
| 25. Total expenses incurred | 31,050,408 | 87,609,145 | 764,405 | (a) 119,423,958 |
| 26. Less unpaid expenses - current year | 52,425,470 | 28,442,222 | 624,993 | 81,492,685 |
| 27. Add unpaid expenses - prior year | 50,113,106 | 25,854,592 | 963,521 | 76,931,219 |
| 28. Amounts receivable relating to uninsured plans, prior year | 0 | 0 | 0 | 0 |
| 29. Amounts receivable relating to uninsured plans, current year | 0 | 0 | 0 | 0 |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) | 28,738,044 | 85,021,515 | 1,102,933 | 114,862,492 |

**DETAILS OF WRITE-INS**

| | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| 2401. Electronic data processing service | 2,235,361 | 11,531,338 | 89,419 | 13,856,118 |
| 2402. Unallocated LAE reserve change and other ULAE | 4,830,856 | 0 | 0 | 4,830,856 |
| 2403. Management fee | 348,125 | 1,190,668 | 96,285 | 1,635,078 |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 272,242 | 500,769 | 24,204 | 797,215 |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) | 7,686,584 | 13,222,775 | 209,908 | 21,119,267 |

(a) Includes management fees of $.....1,635,078 to affiliates and $..........0 to non-affiliates.

# EXHIBIT OF NET INVESTMENT INCOME

| | | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|---|---|---|
| 1. | U.S. government bonds | (a) 2,099,295 | 2,164,218 |
| 1.1 | Bonds exempt from U.S. tax | (a) 2,368,125 | 2,074,957 |
| 1.2 | Other bonds (unaffiliated) | (a) 10,984,060 | 11,258,843 |
| 1.3 | Bonds of affiliates | (a) 0 | 0 |
| 2.1 | Preferred stocks (unaffiliated) | (b) 0 | 0 |
| 2.11 | Preferred stocks of affiliates | (b) 0 | 0 |
| 2.2 | Common stocks (unaffiliated) | 4,418,754 | 4,472,821 |
| 2.21 | Common stocks of affiliates | 0 | 0 |
| 3. | Mortgage loans | (c) 0 | 0 |
| 4. | Real estate | (d) 0 | 0 |
| 5. | Contract loans | 0 | 0 |
| 6. | Cash, cash equivalents and short-term investments | (e) 78,180 | 78,180 |
| 7. | Derivative instruments | (f) 0 | 0 |
| 8. | Other invested assets | 500,566 | 500,566 |
| 9. | Aggregate write-ins for investment income | 0 | 0 |
| 10. | Total gross investment income | 20,448,980 | 20,549,585 |
| 11. | Investment expenses | | (g) 764,405 |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes | | (g) 0 |
| 13. | Interest expense | | (h) 0 |
| 14. | Depreciation on real estate and other invested assets | | (i) 0 |
| 15. | Aggregate write-ins for deductions from investment income | | 0 |
| 16. | Total deductions (Lines 11 through 15) | | 764,405 |
| 17. | Net investment income (Line 10 minus Line 16) | | 19,785,180 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 0901. | | 0 | 0 |
| 0902. | | 0 | 0 |
| 0903. | | 0 | 0 |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 0 | 0 |
| 1501. | | | 0 |
| 1502. | | | 0 |
| 1503. | | | 0 |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page | | 0 |
| 1599. | Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) | | 0 |

(a) Includes $.....71,370 accrual of discount less $.....5,277,687 amortization of premium and less $.....431,431 paid for accrued interest on purchases.
(b) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued dividends on purchases.
(c) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(d) Includes $..........0 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $..........0 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $..........0 depreciation on real estate and $..........0 depreciation on other invested assets.

# EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1<br>Realized Gain (Loss) on Sales or Maturity | 2<br>Other Realized Adjustments | 3<br>Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4<br>Change in Unrealized Capital Gain (Loss) | 5<br>Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|---|---|---|---|---|---|---|
| 1. | U.S. government bonds | 0 | 0 | 0 | 0 | 0 |
| 1.1 | Bonds exempt from U.S. tax | (81,555) | 0 | (81,555) | 0 | 0 |
| 1.2 | Other bonds (unaffiliated) | 137,844 | 0 | 137,844 | 0 | 0 |
| 1.3 | Bonds of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.1 | Preferred stocks (unaffiliated) | 0 | 0 | 0 | 0 | 0 |
| 2.11 | Preferred stocks of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.2 | Common stocks (unaffiliated) | 6,354,644 | (139,330) | 6,215,314 | (21,426,491) | 0 |
| 2.21 | Common stocks of affiliates | 0 | 0 | 0 | 0 | 0 |
| 3. | Mortgage loans | 0 | 0 | 0 | 0 | 0 |
| 4. | Real estate | 0 | 0 | 0 | 0 | 0 |
| 5. | Contract loans | 0 | 0 | 0 | 0 | 0 |
| 6. | Cash, cash equivalents and short-term investments | 0 | 0 | 0 | 0 | 0 |
| 7. | Derivative instruments | 0 | 0 | 0 | 0 | 0 |
| 8. | Other invested assets | 0 | 0 | 0 | (1,388,022) | 0 |
| 9. | Aggregate write-ins for capital gains (losses) | 0 | 0 | 0 | 0 | 0 |
| 10. | Total capital gains (losses) | 6,410,933 | (139,330) | 6,271,603 | (22,814,513) | 0 |

**DETAILS OF WRITE-INS**

| | | | | | | |
|---|---|---|---|---|---|---|
| 0901. | | 0 | 0 | 0 | 0 | 0 |
| 0902. | | 0 | 0 | 0 | 0 | 0 |
| 0903. | | 0 | 0 | 0 | 0 | 0 |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 0 | 0 | 0 | 0 | 0 |

# EXHIBIT OF NONADMITTED ASSETS

| | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---|---|---|---|
| 1. Bonds (Schedule D) | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 0 | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 0 | 0 | 0 |
| 4.2 Properties held for the production of income | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) | 0 | 0 | 0 |
| 6. Contract loans | 0 | 0 | 0 |
| 7. Derivatives (Schedule DB) | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 0 | 0 | 0 |
| 9. Receivables for securities | 0 | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | 0 | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 0 | 0 | 0 |
| 13. Title plants (for Title insurers only) | 0 | 0 | 0 |
| 14. Investment income due and accrued | 0 | 0 | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 1,585,987 | 1,579,634 | (6,353) |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | 21,757 | 21,176 | (581) |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination | 0 | 0 | 0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 16.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 18.2 Net deferred tax asset | 0 | 0 | 0 |
| 19. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 20. Electronic data processing equipment and software | 0 | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets | 0 | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 24. Health care and other amounts receivable | 0 | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 0 | 0 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25) | 1,607,744 | 1,600,810 | (6,934) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 |
| 28. TOTALS (Lines 26 and 27) | 1,607,744 | 1,600,810 | (6,934) |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 1101. | 0 | 0 | 0 |
| 1102. | 0 | 0 | 0 |
| 1103. | 0 | 0 | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 |
| 2501. | 0 | 0 | 0 |
| 2502. | 0 | 0 | 0 |
| 2503. | 0 | 0 | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 0 | 0 | 0 |

# NOTES TO FINANCIAL STATEMENTS

**Note 1 – Summary of Significant Accounting Policies and Going Concern**

A. Accounting Practices

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

The Ohio Department of Insurance recognizes only statutory accounting practices (SAP) prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

The Company has not implemented any prescribed or permitted accounting practices by the State of Ohio that differ from those found in NAIC SAP.

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

| | SSAP # | F/S Page | F/S Line # | 2018 | 2017 |
|---|---|---|---|---|---|
| **NET INCOME** | | | | | |
| (1) Company state basis (Page 4, Line 20, Columns 1 & 2) | XXX | XXX | XXX | $ 7,416,431 | $ 5,775,740 |
| (2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ 0 | $ 0 |
| (3) State Permitted Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ 0 | $ 0 |
| (4) NAIC SAP (1 – 2 – 3 = 4) | XXX | XXX | XXX | $ 7,416,431 | $ 5,775,740 |
| **SURPLUS** | | | | | |
| (5) Company state basis (Page 3, Line 37, Columns 1 & 2) | XXX | XXX | XXX | $ 305,793,478 | $ 317,224,505 |
| (6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ 0 | $ 0 |
| (7) State Permitted Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | $ 0 | $ 0 |
| (8) NAIC SAP (5 – 6 – 7 = 8) | XXX | XXX | XXX | $ 305,793,478 | $ 317,224,505 |

B. Use of Estimates in the Preparation of the Financial Statement
The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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

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

In addition, the Company uses the following accounting policies:

(1) Short-term investments are reported in the same manner as similar long-term investments per Statements of Statutory Accounting Principles (SSAP) No.2.
(2) Bonds not backed by other loans are stated at amortized cost using the scientific interest method per SSAP No.26.
(3) Common stocks are stated at market per SSAP No. 30, except for investments in stocks of uncombined subsidiaries in which the Company has an interest of 20% or more, which are carried on the equity basis per SSAP No.97.
(4) Preferred Stocks - Not applicable
(5) Mortgage Loans - Not applicable
(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities. If a security has been written down due to an other-than-temporary impairment, the prospective adjustment method is used subsequent to the loss recognition in accordance with SSAP No.43R.
(7) Investments in Subsidiaries, Controlled and Affiliated Entities - Not Applicable
(8) The Company has minor ownership interests in partnerships. These have underlying characteristics of common stock and are carried at market value per SSAP No.30.
(9) Derivative Instruments - Not applicable
(10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined. The Company has limited exposure to asbestos and environmental claims and management believes the reserve for such claims is adequate.
(12) The Company has not modified its capitalization policy from the prior period
(13) Pharmaceutical rebate receivables are applicable to health insurance entities. The Company does not offer health insurance policies.

D. Going Concern
Management continuously monitors the Company's financial results and compliance with regulatory requirements and finds no reason to expect the Company to not continue as a going concern.

# NOTES TO FINANCIAL STATEMENTS

**Note 2 – Accounting Changes and Correction of Errors**

The Company did not have any material changes in accounting principles or correction of errors during the year.

**Note 3 – Business Combinations and Goodwill**

Not applicable

**Note 4 – Discontinued Operations**

No events or transactions occurred during the year that would give rise to discontinued operations.

**Note 5 – Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans
The Company does not invest in mortgage loans. No mezzanine real estate loans are held.

B. Debt Restructuring
The Company is not a creditor for any loans that have been restructured.

C. Reverse Mortgages - Not applicable

D. Loan-Backed Securities

(1) Prepayment assumptions for single class and multi class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates. The Company used Interactive Data Corp. in determining the market value of its loan-backed securities.

(2-3) No other-than-temporary impairments have been recognized on loan-backed securities.

(4) Impaired loan-backed securities for which an other-than-temporary impairment has not been recognized as of December 31, 2018 are summarized below:

| | | | |
|---|---|---|---|
| a. The aggregate amount of unrealized losses: | 1. Less than 12 Months | $ | (327) |
| | 2. 12 Months or Longer | $ | (2,521,056) |
| b. The aggregate related fair value of securities with unrealized losses: | 1. Less than 12 Months | $ | 25,717 |
| | 2. 12 Months or Longer | $ | 42,196,325 |

(5) In concluding that the impairments are not other-than-temporary, the Company has considered the following general categories of information:

- Length of time and extent to which the fair value has been less than cost
- Issuer credit quality
- Industry sector considerations
- General interest rate environment
- Probability of collecting future cash flows

E. Dollar Repurchase Agreements and/or Securities Lending Transactions - Not applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not applicable

H. Repurchase Agreements Transactions Accounted for as a Sale - Not applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - Not applicable

J. Real Estate - Not applicable

K. Low-Income Housing Tax Credits (LIHTC) - Not applicable

# NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

| | Gross (Admitted & Nonadmitted) Restricted | | | | | | | Current Year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | 6 | 7 | 8 | 9 | Percentage | |
| | 1 | 2 | 3 | 4 | 5 | | | | | 10 | 11 |
| Restricted Asset Category | Total General Account (G/A) | G/A Supporting Protected Cell Account Activity (a) | Total Protected Cell Account Restricted Assets | Protected Cell Account Assets Supporting G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total 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 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | 0.0% | 0.0% |
| b. Collateral held under security lending arrangements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| c. Subject to repurchase agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| d. Subject to reverse repurchase agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| e. Subject to dollar repurchase agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| f. Subject to dollar reverse repurchase agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| g. Placed under option contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| h. Letter stock or securities restricted as to sale – excluding FHLB capital stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| i. FHLB capital stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| j. On deposit with states | 5,363,140 | 0 | 0 | 0 | 5,363,140 | 5,440,778 | (77,638) | 0 | 5,363,140 | 0.8% | 0.8% |
| k. On deposit with other regulatory bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| l. Pledged as collateral to FHLB (including assets backing funding agreements) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| m. Pledged as collateral not captured in other categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| n. Other restricted assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| o. Total Restricted Assets | $ 5,363,140 | $ 0 | $ 0 | $ 0 | $ 5,363,140 | $ 5,440,778 | $ (77,638) | $ 0 | $ 5,363,140 | 0.8% | 0.8% |

(a) Subset of column 1
(b) Subset of column 3
(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate) - Not applicable

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate) - Not applicable

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements - Not applicable

M. Working Capital Finance Investments - Not applicable

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

O. Structured Notes - Not applicable

P. 5GI Securities - Not applicable

Q. Short Sales - Not applicable

R. Prepayment Penalty and Acceleration Fees - Not applicable

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

Not applicable

**Note 7 – Investment Income**

Not applicable

**Note 8 – Derivative Instruments**

Not applicable

**Note 9 – Income Taxes**

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

| | 2018 | 2017 | Change |
|---|---|---|---|

# NOTES TO FINANCIAL STATEMENTS

| | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
|---|---|---|---|---|---|---|---|---|---|
| a. Gross deferred tax assets | $ 11,544,963 | $ 3,048,010 | $ 14,592,973 | $ 10,832,894 | $ 3,259,390 | $ 14,092,284 | $ 712,069 | $ (211,380) | $ 500,689 |
| b. Statutory valuation allowance adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. Adjusted gross deferred tax assets (1a-1b) | $ 11,544,963 | $ 3,048,010 | $ 14,592,973 | $ 10,832,894 | $ 3,259,390 | $ 14,092,284 | $ 712,069 | $ (211,380) | $ 500,689 |
| d. Deferred tax assets nonadmitted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Subtotal net admitted deferred tax asset (1c-1d) | $ 11,544,963 | $ 3,048,010 | $ 14,592,973 | $ 10,832,894 | $ 3,259,390 | $ 14,092,284 | $ 712,069 | $ (211,380) | 500,689 |
| f. Deferred tax liabilities | 2,461,136 | 12,613,826 | 15,074,962 | 1,088,563 | 17,209,700 | 18,298,263 | 1,372,573 | (4,595,874) | (3,223,301) |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | $ 9,083,827 | $ (9,565,816) | $ (481,989) | $ 9,744,331 | $(13,950,310) | $ (4,205,979) | $ (660,504) | $ 4,384,494 | $ 3,723,990 |

2. Admission Calculation Components SSAP No. 101

| | 2018 | | | 2017 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks | $ 0 | $ 492,800 | $ 492,800 | $ 6,629,073 | $ 511,217 | $ 7,140,290 | $ (6,629,073) | $ (18,417) | $ (6,647,490) |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below) | 1,864,664 | 0 | 1,864,664 | 118,773 | 0 | 118,773 | 1,745,891 | 0 | 1,745,891 |
| 1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date | 1,864,664 | 0 | 1,864,664 | 118,773 | 0 | 118,773 | 1,745,891 | 0 | 1,745,891 |
| 2. Adjusted gross deferred tax assets allowed per limitation threshold | | | 45,869,022 | | | 47,583,676 | | | (1,714,654) |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities | 9,680,299 | 2,555,210 | 12,235,509 | 4,085,048 | 2,748,173 | 6,833,221 | 5,595,251 | (192,963) | 5,402,288 |
| d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)) | $ 11,544,963 | $ 3,048,010 | $ 14,592,973 | $ 10,832,894 | $ 3,259,390 | $ 14,092,284 | $ 712,069 | $ (211,380) | $ 500,689 |

3. Other Admissibility Criteria

| | | 2018 | 2017 |
|---|---|---|---|
| a. | Ratio percentage used to determine recovery period and threshold limitation amount | 951.0% | 985.8% |
| b. | Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | $ 305,793,478 | $ 317,224,505 |

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

| | 2018 | | 2017 | | Change | |
|---|---|---|---|---|---|---|
| | 1<br>Ordinary | 2<br>Capital | 3<br>Ordinary | 4<br>Capital | 5<br>(Col. 1-3)<br>Ordinary | 6<br>(Col. 2-4)<br>Capital |
| 1. Adjusted gross DTAs amount from Note 9A1(c) | $ 11,544,963 | $ 3,048,010 | $ 10,832,894 | $ 3,259,390 | $ 712,069 | $ (211,380) |

# NOTES TO FINANCIAL STATEMENTS

| | 2018 | | 2017 | | Change | |
|---|---|---|---|---|---|---|
| | 1<br>Ordinary | 2<br>Capital | 3<br>Ordinary | 4<br>Capital | 5<br>(Col. 1-3)<br>Ordinary | 6<br>(Col. 2-4)<br>Capital |
| 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e) | $ 11,544,963 | $ 3,048,010 | $ 10,832,894 | $ 3,259,390 | $ 712,069 | $ (211,380) |
| 4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized

1. The types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable are:
There are no temporary differences for which deferred tax liabilities are not recorded.

2. The cumulative amount of each type of temporary difference is:
Not Applicable

3. The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable are:
Not Applicable

4. The amount of the DTL for temporary differences other than those in item (3) above that is not recognized is:
Not Applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

| | 1<br>2018 | 2<br>2017 | 3<br>(Col 1-2)<br>Change |
|---|---|---|---|
| a. Federal | $ 360,233 | $ 1,825,051 | $ (1,464,818) |
| b. Foreign | $ 3,600 | $ 0 | $ 3,600 |
| c. Subtotal | $ 363,833 | $ 1,825,051 | $ (1,461,218) |
| d. Federal income tax on net capital gains | $ (1,317,037) | $ (3,793,552) | $ 2,476,515 |
| e. Utilization of capital loss carry-forwards | $ 0 | $ 0 | $ 0 |
| f. Other | $ (435,672) | $ 141,665 | $ (577,337) |
| g. Federal and Foreign income taxes incurred | $ (1,388,876) | $ (1,826,836) | $ 437,960 |

2. Deferred Tax Assets

| | 1<br>2018 | 2<br>2017 | 3<br>(Col 1-2)<br>Change |
|---|---|---|---|
| a. Ordinary: | | | |
| 1. Discounting of unpaid losses | $ 3,670,285 | $ 2,407,135 | $ 1,263,150 |
| 2. Unearned premium reserve | 5,163,258 | 5,191,913 | (28,655) |
| 3. Policyholder reserves | 0 | 0 | 0 |
| 4. Investments | 38,125 | 38,125 | 0 |
| 5. Deferred acquisition costs | 0 | 0 | 0 |
| 6. Policyholder dividends accrual | 0 | 0 | 0 |
| 7. Fixed assets | 123,046 | 123,046 | 0 |
| 8. Compensation and benefits accrual | 0 | 0 | 0 |
| 9. Pension accrual | 1,444,574 | 1,438,005 | 6,569 |
| 10. Receivables - nonadmitted | 0 | 0 | 0 |
| 11. Net operating loss carry-forward | 0 | 0 | 0 |
| 12. Tax credit carry-forward | 0 | 260,000 | (260,000) |
| 13. Other (items <=5% and >5% of total ordinary tax assets) | 1,105,675 | 1,374,670 | (268,995) |
| Other (items listed individually >5%of total ordinary tax assets) | | | |
| Guaranty fund accrual | 100,266 | 113,980 | (13,714) |
| Salvage and subrogation | 988,701 | 1,223,481 | (234,780) |
| Other | 16,708 | 37,209 | (20,501) |
| 99. Subtotal | 11,544,963 | 10,832,894 | 712,069 |
| b. Statutory valuation allowance adjustment | 0 | 0 | 0 |
| c. Nonadmitted | 0 | 0 | 0 |

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| d. Admitted ordinary deferred tax assets (2a99-2b-2c) | 11,544,963 | 10,832,894 | 712,069 |
| e. Capital: | | | |
| 1. Investments | $ 2,839,122 | $ 3,053,525 | $ (214,403) |
| 2. Net capital loss carry-forward | 0 | 0 | 0 |
| 3. Real estate | 0 | 0 | 0 |
| 4. Other (items <=5% and >5% of total capital tax assets) | 208,888 | 205,865 | 3,023 |
| Other (items listed individually >5% of total capital tax assets) | | | |
| Other | 208,888 | 205,865 | 3,023 |
| 99. Subtotal | $ 3,048,010 | $ 3,259,390 | $ (211,380) |
| f. Statutory valuation allowance adjustment | 0 | 0 | 0 |
| g. Nonadmitted | 0 | 0 | 0 |
| h. Admitted capital deferred tax assets (2e99-2f-2g) | 3,048,010 | 3,259,390 | (211,380) |
| i. Admitted deferred tax assets (2d+2h) | $ 14,592,973 | $ 14,092,284 | $ 500,689 |

3. Deferred Tax Liabilities

| | 1<br>2018 | 2<br>2017 | 3<br>(Col 1-2)<br>Change |
|---|---|---|---|
| a. Ordinary: | | | |
| 1. Investments | $ 15,920 | $ 4,566 | $ 11,354 |
| 2. Fixed assets | 0 | 0 | 0 |
| 3. Deferred and uncollected premium | 1,218,500 | 1,040,599 | 177,901 |
| 4. Policyholder reserves | 0 | 0 | 0 |
| 5. Other (items <=5% and >5% of total ordinary tax liabilities) | 1,226,716 | 43,398 | 1,183,318 |
| Other (items listed individually >5% of total ordinary tax liabilities) | | | |
| Pension accrual | 0 | 0 | 0 |
| Other | 1,226,716 | 43,398 | 1,183,318 |
| 99. Subtotal | 2,461,136 | 1,088,563 | 1,372,573 |
| b. Capital: | | | |
| 1. Investments | 2,208,089 | 2,012,914 | 195,175 |
| 2. Real estate | 0 | 0 | 0 |
| 3. Other (Items <=5% and >5% of total capital tax liabilities) | 10,405,737 | 15,196,786 | (4,791,049) |
| Other (items listed individually >5% of total capital tax liabilities) | | | |
| Unrealiized gain/(loss) | 10,405,737 | 15,196,786 | (4,791,049) |
| 99. Subtotal | 12,613,826 | 17,209,700 | (4,595,874) |
| c. Deferred tax liabilities (3a99+3b99) | $ 15,074,962 | $ 18,298,263 | $ (3,223,301) |
| 4. Net Deferred Tax Assets (2i – 3c) | $ (481,989) | $ (4,205,979) | $ 3,723,990 |

On December 22, 2017, the President of the United States signed into law the "Tax Cuts and Jobs Act". The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, repealing the alternative minimum tax for corporations, and implementing several specific changes to provisions for taxation of insurance companies. The "Tax Cuts and Jobs Act" permanently reduces the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. The Company has recognized the provisional tax impacts related to the revaluation of deferred tax assets and liabilities and included these amounts in its financial statements for the year ended December 31, 2017. The total impact to deferred taxes for the newly enacted corporate tax rate was a reduction in the Company's deferred tax liability of 2,977,320. The Company also had to make some estimates in its analysis for its deferred tax calculation, specifically as it relates to the SSAP 101 "with and without" calculation and its tax reserve discounting on its loss reserves. The ultimate impact may differ from these provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued, and actions the Company may take as a result of the "Tax Cuts and Jobs Act". The accounting was completed when the 2017 U.S. corporate income tax return was filed in 2018, resulting in an additional reduction in the Company's deferred tax liability for the change in tax rate of 212,049.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

| | Amount | Effective Tax Rate (%) |
|---|---|---|
| **Permanent Differences:** | | |
| Provision computed at statutory rate | $ 1,542,364 | 21.0% |
| Proration of tax exempt investment income | 161,315 | 2.2% |
| Tax exempt income deduction | (296,356) | (4.0)% |
| Dividends received deduction | (348,906) | (4.8)% |
| Disallowed travel and entertainment | 96,685 | 1.3% |
| Other permanent differences | 6,349 | 0.1% |
| **Temporary Differences:** | | |
| Total ordinary DTAs | (287,961) | (3.9)% |
| Total ordinary DTLs | 7,964 | 0.1% |
| Total capital DTAs | (123,977) | (1.7)% |
| Total capital DTLs | (88,036) | (1.2)% |
| **Other:** | | |
| Statutory valuation allowance adjustment | 0 | 0% |
| Accrual adjustment – prior year | (435,672) | (5.9)% |
| Other | 0 | 0% |
| Totals | 233,769 | 3.2% |
| Federal and foreign income taxes incurred | (1,388,876) | (18.9)% |
| Realized capital gains (losses) tax | 1,317,037 | 17.9% |
| Change in net deferred income taxes | 492,010 | 6.7% |
| Total statutory income taxes | $ 420,171 | 5.7% |

# NOTES TO FINANCIAL STATEMENTS

E. Operating Loss Carryfowards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

| Description (Operating Loss or Tax Credit Carry Forward) | Amounts | Origination Dates | Expiration Dates |
|---|---|---|---|
| N/A | $0 | | |

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

| Year | Amounts |
|---|---|
| 2018/12/31 | $1,317,037 |
| 2017/12/31 | $3,464,273 |
| 2016/12/31 | $1,523,088 |

3. The Company's aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code: The company did not have any protective tax deposits under Section 6603 of the Internal Revenue Service Code.

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:
   Ohio Farmers Insurance Company (parent company)
   Westfield Insurance Company
   American Select Insurance Company
   Old Guard Insurance Company
   Westfield Management Company
   Westfield Champion Insurance Company
   Westfield Premier Insurance Company
   Westfield Superior Insurance Company
   Westfield Touchstone Insurance Company
   Westfield Services, Inc.
   Westfield Bancorp, Inc.
   Westfield Bank, FSB
   Westfield Credit Corp.
   COIN Financial, Inc.

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:
   Each company in the consolidation has agreed to share any tax or recovery of tax based on their individual taxable income or loss. Each company's current taxable income or loss will be adjusted by any prior taxable income or loss which can be carried forward to the current year.

G. Federal or Foreign Federal Income Tax Loss Contingencies:
None

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

1a Has the entity fully remitted the RTT? YES

1b If yes, list the amount of the RTT paid. 0

If no, list the future installments to satisfy the RTT:

| | | |
|---|---|---|
| 1 | Installment 1 | 0 |
| 2 | Installment 2 | 0 |
| 3 | Installment 3 | 0 |
| 4 | Installment 4 | 0 |
| 5 | Installment 5 | 0 |
| 6 | Installment 6 | 0 |
| 7 | Installment 7 | 0 |
| 8 | Installment 8 | 0 |
| 9 | Total | 0 |

I. Alternative Minimum Tax (AMT Credit)

Was the AMT Credit recognized as a current year recoverable or Deferred Tax Asset (DTA)? DTA

Gross AMT Credit Recognized as:

| | | |
|---|---|---|
| 1a | Current year recoverable | 0 |
| 1b | Deferred tax asset (DTA) | 0 |
| 2 | Beginning Balance of AMT Credit Carryforward | 0 |
| 3 | Amounts Recovered | 21,895 |
| 4 | Adjustments | (21,895) |
| 5 | Ending Balance of AMT Credit Carryforward (5=2-3-4) | 0 |
| 6 | Reduction for Sequestration | 0 |
| 7 | Nonadmltted by Reporting Entity | 0 |
| 8 | Reporting Entity Ending Balance (8=5-6-7) | 0 |

# NOTES TO FINANCIAL STATEMENTS

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

A. The Company is owned and operated by its parent company, Ohio Farmers Insurance Company.

B. On November 30, 2018, the Company received $250,000 of capital in the form of cash from its parent, Ohio Farmers Insurance Company.

C. Dollar Amounts of Transactions - Not applicable

D. Affiliated balances due to the Company at 12/31/2018 and 12/31/2017 respectively were:

| | 12/31/2018 | 12/31/2017 |
|---|---|---|
| Ohio Farmers Insurance Company | $ 1,346,352 | $ 1,940,152 |
| Affiliated Receivable | $ 1,346,352 | $ 1,940,152 |

Every ninety (90) days the affiliated balances are reviewed and settled in either cash or the transfer of securities.

E. Guarantees or Undertakings
The Company did not make any guarantees for the benefit of an affiliate or related party resulting in material contingent exposure.

F. Material Management or Service Contracts and Cost-Sharing Arrangements - Not applicable

G. The Company is owned and operated by its parent company, Ohio Farmers Insurance Company.

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned - Not applicable

I. The Company did not have any investments in subsidiaries or affiliates that exceeded 10% of its admitted assets.

J. Investments in Impaired SCAs - Not applicable

K. Investment in Foreign Insurance Subsidiary - Not applicable

L. Investment in Downstream Noninsurance Holding Company - Not applicable

M. All SCA Investments - Not applicable

N. Investment in Insurance SCAs - Not applicable

O. SCA Loss Tracking - Not applicable

**Note 11 – Debt**

A. Debt, Including Capital Notes - Not applicable

B. FHLB (Federal Home Loan Bank) Agreements - Not applicable

**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

A. Defined Benefit Plan

The Company's parent, Ohio Farmers Insurance Company, sponsors a non-contributory defined benefit pension plan covering U. S. employees. As of December 31, 2018, there was accrued, in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization, amounts representing the present value of future benefit obligations.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans is as follows at December 31, 2018 and 2017:

(1) Change in Benefit Obligation

| | Overfunded | | Underfunded | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| a. Pension Benefits | | | | |
| 1. Benefit obligation at beginning of year | $ 0 | $ 0 | $ 586,496,602 | $ 522,643,158 |
| 2. Service cost | 0 | 0 | 18,705,821 | 15,468,913 |
| 3. Interest cost | 0 | 0 | 22,560,406 | 22,921,281 |
| 4. Contribution by plan participants | 0 | 0 | 0 | 0 |
| 5. Actuarial gain (loss) | 0 | 0 | (57,109,353) | 44,582,356 |
| 6. Foreign currency exchange rate changes | 0 | 0 | 0 | 0 |
| 7. Benefits paid | 0 | 0 | 19,823,533 | 19,119,106 |
| 8. Plan amendments | 0 | 0 | 0 | 0 |
| 9. Business combinations, divestitures, curtailments, settlements and special termination benefits | 0 | 0 | 0 | 0 |
| 10. Benefit obligation at end of year | $ 0 | $ 0 | $ 550,829,943 | $ 586,496,602 |
| | Overfunded | | Underfunded | |
| b. Postretirement Benefits | 2018 | 2017 | 2018 | 2017 |
| 1. Benefit obligation at beginning of year | $ 0 | $ 0 | $ 46,256,220 | $ 41,931,461 |
| 2. Service cost | 0 | 0 | 910,492 | 851,408 |
| 3. Interest cost | 0 | 0 | 1,716,359 | 1,817,109 |
| 4. Contribution by plan participants | 0 | 0 | 2,221,224 | 1,981,975 |

# NOTES TO FINANCIAL STATEMENTS

| | Overfunded | | Underfunded | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| 5. Actuarial gain (loss) | 0 | 0 | (3,944,716) | 3,972,530 |
| 6. Foreign currency exchange rate changes | 0 | 0 | 0 | 0 |
| 7. Benefits paid | 0 | 0 | 4,228,122 | 4,298,263 |
| 8. Plan amendments | 0 | 0 | 0 | 0 |
| 9. Business combinations, divestitures, curtailments, settlements and special termination benefits | 0 | 0 | 0 | 0 |
| 10. Benefit obligation at end of year | $ 0 | $ 0 | $ 42,931,457 | $ 46,256,220 |

| | Overfunded | | Underfunded | |
|---|---|---|---|---|
| c. Special or Contractual Benefits per SSAP No. 11 | 2018 | 2017 | 2018 | 2017 |
| 1. Benefit obligation at beginning of year | $ 0 | $ 0 | $ 0 | $ 0 |
| 2. Service cost | 0 | 0 | 0 | 0 |
| 3. Interest cost | 0 | 0 | 0 | 0 |
| 4. Contribution by plan participants | 0 | 0 | 0 | 0 |
| 5. Actuarial gain (loss) | 0 | 0 | 0 | 0 |
| 6. Foreign currency exchange rate changes | 0 | 0 | 0 | 0 |
| 7. Benefits paid | 0 | 0 | 0 | 0 |
| 8. Plan amendments | 0 | 0 | 0 | 0 |
| 9 Business combinations, divestitures, curtailments, settlements and special termination benefits | 0 | 0 | 0 | 0 |
| 10. Benefit obligation at end of year | $ 0 | $ 0 | $ 0 | $ 0 |

(2) Change in Plan Assets

| | Pension Benefits | | Postretirement Benefits | | Special or Contractual Benefits per SSAP No. 11 | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| a. Fair value of plan assets at beginning of year | $ 410,056,037 | $ 357,924,047 | $ 29,730,163 | $ 28,370,107 | $ 0 | $ 0 |
| b. Actual return on plan assets | (14,900,863) | 49,228,963 | (1,623,782) | 3,842,733 | 0 | 0 |
| c. Foreign currency exchange rate changes | 0 | 0 | 0 | 0 | 0 | 0 |
| d. Reporting entity contribution | 24,463,427 | 22,022,133 | 144,054 | 133,611 | 0 | 0 |
| e. Plan participants' contributions | 0 | 0 | 2,221,224 | 1,981,975 | 0 | 0 |
| f. Benefits paid | 19,823,533 | 19,119,106 | 4,528,122 | 4,598,263 | 0 | 0 |
| g. Business combinations, divestitures and settlements | 0 | 0 | 0 | 0 | 0 | 0 |
| h. Fair value of plan assets at end of year | $ 399,795,068 | $ 410,056,037 | $ 25,943,537 | $ 29,730,163 | $ 0 | $ 0 |

(3) Funded Status

| | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| a. Components | | | | |
| 1. Prepaid benefit costs | $ 62,213,066 | $ 56,053,816 | $ 0 | $ 0 |
| 2. Overfunded plans assets | $ (62,213,066) | $ (56,053,816) | $ 0 | $ 0 |
| 3. Accrued benefit costs | $ 64,430,424 | $ 64,104,292 | $ 1,382,260 | $ 100,471 |
| 4. Liability for pension benefits | $ 86,604,451 | $ 112,336,273 | $ 15,605,660 | $ 16,425,587 |
| b. Assets and liabilities recognized | | | | |
| 1. Assets (nonadmitted) | $ 0 | $ 0 | $ 0 | $ 0 |
| 2. Liabilities recognized | $ 151,034,875 | $ 176,440,565 | $ 16,987,920 | $ 16,526,058 |
| c. Unrecognized liabilities | $ 0 | $ 0 | $ 0 | $ 0 |

(4) Components of Net Periodic Benefit Cost

| | Pension Benefits | | Postretirement Benefits | | Special or Contractual Benefits per SSAP No. 11 | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| a. Service cost | $ 18,705,821 | $ 15,468,913 | $ 910,492 | $ 851,408 | $ 0 | $ 0 |
| b. Interest cost | 22,560,406 | 22,921,281 | 1,716,359 | 1,817,109 | 0 | 0 |
| c. Expected return on plan assets | (34,000,464) | (30,540,192) | (2,469,945) | (2,406,521) | 0 | 0 |
| d. Transition asset or obligation | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Gains and losses | 10,235,296 | 9,160,952 | 563,962 | 517,000 | 0 | 0 |
| f. Prior service cost or credit | 1,129,250 | 1,142,713 | 387,574 | 413,732 | 0 | 0 |
| g. Gain or loss recognized due to a settlement curtailment | 0 | 0 | 0 | 0 | 0 | 0 |
| h. Total net periodic benefit cost | $ 18,630,309 | $ 18,153,667 | $ 1,108,442 | $ 1,192,728 | $ 0 | $ 0 |

# NOTES TO FINANCIAL STATEMENTS

(5) Amounts in Unassigned Funds (Surplus) Recognized as Components of Net Periodic Benefit Cost

| | | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| a. | Items not yet recognized as a component of net periodic cost – prior year | $ (168,390,089) | $ (152,800,169) | $ (16,425,587) | $ (14,822,167) |
| b. | Net transition asset or obligation recognized | 0 | 0 | 0 | 0 |
| c. | Net prior service cost or credit arising during the period | 0 | 0 | 0 | 0 |
| d. | Net prior service cost or credit recognized | 1,129,250 | 1,142,713 | 387,574 | 413,732 |
| e. | Net gain and loss arising during the period | 8,208,026 | (25,893,585) | (131,609) | (2,534,152) |
| f. | Net gain and loss recognized | 10,235,296 | 9,160,952 | 563,962 | 517,000 |
| g. | Items not yet recognized as a component of net periodic cost – current period | $ (148,817,517) | $ (168,390,089) | $ (15,605,660) | $ (16,425,587) |

(6) Amounts in Unassigned Funds (Surplus) Expected to be Recognized in the Next Fiscal Year as Components of Net Periodic Benefit Cost

| | | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| a. | Net transition asset or obligations | $ 0 | $ 0 | $ 0 | $ 0 |
| b. | Net prior service cost or credit | $ 1,074,415 | $ 1,129,250 | $ 387,574 | $ 387,574 |
| c. | Net recognized gains and losses | $ 8,225,581 | $ 9,617,965 | $ 546,189 | $ 559,266 |

(7) Amounts in Unassigned Funds (Surplus) that have not yet been Recognized as Components of Net Periodic Benefit Cost

| | | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| a. | Net transition asset or obligations | $ 0 | $ 0 | $ 0 | $ 0 |
| b. | Net prior service cost or credit | $ 3,813,625 | $ 4,942,875 | $ 4,244,020 | $ 4,631,594 |
| c. | Net recognized gains and losses | $ 145,003,892 | $ 163,447,214 | $ 11,361,640 | $ 11,793,993 |

(8) Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost as of December 31

| | | 2018 | 2017 |
|---|---|---|---|
| a. | Weighted-average discount rate | 3.8% | 4.3% |
| b. | Expected long-term rate of return on plan assets | 8.2% | 8.4% |
| c. | Rate of compensation increase | 3.0% | 3.0% |
| Weighted-average assumptions used to determine projected benefit obligations as of December 31 | | | |
| d. | Weighted-average discount rate | 4.4% | 3.8% |
| e. | Rate of compensation increase | 3.0% | 3.0% |

For measurement purposes, a 7.25% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2018 (7.50% for 2017). The rate is assumed to decrease gradually to 5.00% for 2027, and remain at that level thereafter.

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

(9) The amount of the accumulated benefit obligation for the defined benefit Pension Plan was $411,702,196 for 2018 and $431,537,540 for 2017. The amount of the accumulated benefit obligation for the Nonqualified Plan was $80,849,560 for 2018 and $89,831,781 for 2017.

(10) In addition to pension benefits, Ohio Farmers Insurance Company and its subsidiaries provide certain health care and life insurance benefits for retired employees and their eligible dependents via the Ohio Farmers Insurance Company Group Health Benefit Plan and Ohio Farmers Insurance Company Group Life Insurance Plan (Postretirement Benefit Plans). Employees who meet the requirements for retirement and other eligibility prerequisites are eligible for these benefits. Ohio Farmers Insurance Company's future obligation for annual medical and dental costs is generally limited to between $1,500 and $6,500 per covered individual based on age and years of service. New employees hired on January 1, 2002 or after are not eligible for the postretirement benefits under the Ohio Farmers Insurance Company Group Health Benefit Plan.

The Ohio Farmers Insurance Company Group Life Plan provides a flat $15,000 postretirement life insurance benefit for all current and future retirees. The cost of postretirement benefits is accrued during the years after retirement eligibility occurs.

Ohio Farmers Insurance Company also sponsors a nonqualified Supplemental Executive Retirement Plan (SERP) and Supplemental Executive Retirement Compensation Plan (SERC). The SERP and SERC, which are unfunded, provide benefits to eligible senior leadership positions based on average earnings, years of service, and age at retirement.

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

| | | 1 Percentage Point Increase | 1 Percentage Point Decrease |
|---|---|---|---|
| a. | Effect on total of service and interest cost components | $ 4,069 | $ (18,450) |
| b. | Effect on postretirement benefit obligation | $ 339,010 | $ (171,125) |

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:

| | Year(s) | Amount |
|---|---|---|
| a. | 2019 | $ 24,150,099 |
| b. | 2020 | $ 25,307,198 |
| c. | 2021 | $ 26,511,439 |

| Year(s) | Amount |
|---|---|
| d. 2022 | $ 27,531,811 |
| e. 2023 | $ 28,664,620 |
| f. 2024 through 2028 | $ 164,225,186 |

(13) Ohio Farmers Insurance Company may have regulatory pension plan contribution requirements for 2019; and Ohio Farmers Insurance Company currently intends to make voluntary contributions of approximately $20,500,000 to the defined benefit pension plan with reference to Ohio Farmers Insurance Company's contribution funding guidelines.

Ohio Farmers Insurance Company's contribution funding guidelines address the contribution and funding limitations as adjusted by the Pension Protection Act of 2006. The guidelines provide that Ohio Farmers Insurance Company will generally contribute an amount equal to the value of benefits earned each year regardless of whether or not a minimum contribution is required with an option to not fund in years where a minimum contribution is not projected during the subsequent five (5) years. Minimum required contributions are made at the direction of the Employee Benefits Administrative Committee (EBAC) and will always be funded. Contributions in excess of the minimum required contribution are at the final discretion of the EBAC.

Ohio Farmers Insurance Company's postretirement health care plan is contributory, with participants' contributions adjusted annually; the life insurance plan is non-contributory.

(14) Amounts and Types of Securities Included in Plan Assets - Not applicable

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

(16) Substantive Commitment Used to Account for Benefit Obligation - Not applicable

(17) Cost of Providing Special or Contractual Termination Benefits Recognized - Not applicable

(18) Significant Change in the Benefit Obligation or Plan Assets - Not applicable

(19) Amount and Time Plan Assets Expected to be Returned - None

(20) Accumulated Postretirement and Pension Benefit Obligation and Fair Value of Plan Assets for Defined Postretirement and Pension Benefit Plans - Not applicable

(21) Full Transition Surplus Impact of SSAP 102 - Not applicable

B. Investment Policies and Strategies

The defined benefit pension plan asset allocation as of the measurement date, December 31, and the target allocation, and the target asset allocations, presented as a percentage of total plan assets were as follows:

| | 2018 | 2017 | Target Allocation |
|---|---|---|---|
| a. Debt securities | 39% | 36% | 35% - 45% |
| b. Equity securities | 60% | 63% | 55% - 65% |
| c. Real estate | 0% | 0% | 0% |
| d. Other | 1% | 1% | 0% |
| e. Total | 100% | 100% | |

Ohio Farmers Insurance Company's policy of investment is based on a standard plan and formula. The investment plan and formula states that all assets of the pension trust except dividends and interest received from portfolio securities will be a part of the investment fund (formula). The investment fund will normally consist of debt instruments, including those of governments, government agencies and publicly owned corporations and properly diversified number of common and/or preferred stocks of publicly owned corporations. The investment fund will be divided between these two normal portions. The debt instruments comprise the Bond Fund and shall be considered normal when it is 40% of the investment fund and is generally maintained in a range of 35.0% to 45.0% of the fund. The equities comprise the Stock Fund and shall be considered normal when it is 60% of the investment fund and is generally maintained in a range of 55.0% to 65.0% of the fund. The measurement date for these funds is December 31, annually.

The investments fund portfolio will have the following overall characteristics:

(1) Complies with provisions of the Ohio Farmers Pension Trust Investment Plan and Formula
(2) Above average financial quality
(3) Broadly diversified
(4) Liquidity requirements minimal
(5) Fully invested (minimal cash reserves)
(6) Growing investment income
(7) Long term time horizon

Additionally the following constraints are placed on individual investments within the portfolio. In the case of equity investments, no equity shall be held unless:

(1) Dividends are paid (except in the case of mutual funds), and
(2) Foreign common stock may not exceed 15% of the common stock portfolio.

In the case of debt instruments, no debt shall be held unless:

(1) Straight bonds will have a duration range of 7-10 years and be of BBB-/AAA quality,
(2) Foreign bonds may not exceed 15% of the bond fund, and
(3) Convertible bonds may not exceed 20% of the bond fund and be of BBB- or higher quality, unless company is held in other portfolios.

The funds shall be managed by the EBAC, utilizing investment advice provided under an agreement with Ohio Farmers Insurance Company. The EBAC annually reviews the investment plan and formula.

# NOTES TO FINANCIAL STATEMENTS

C. Fair Value of Plan Assets

(1) Fair Value Measurements of Plans Assets at Reporting Date

| Description for each class of plan assets | (Level 1) | (Level 2) | (Level 3) | Total |
|---|---|---|---|---|
| Investments held for pension benefit obligations: | | | | |
| U.S. Government and agency obligations | $ 32,364,409 | $ 25,695,899 | $ 0 | $ 58,060,308 |
| Corporate bonds | 0 | 56,762,263 | 0 | 56,762,263 |
| Other Government obligations | 0 | 3,808,080 | 0 | 3,808,080 |
| Mortgage-backed securities | 0 | 36,181,160 | 0 | 36,181,160 |
| Common stocks | 187,091,466 | 0 | 0 | 187,091,466 |
| Mutual funds | 33,191,393 | 0 | 0 | 33,191,393 |
| Money market funds | 0 | 2,036,307 | 0 | 2,036,307 |
| OFIC Group Health Benefit Plan 401(h): | | | | |
| Mutual funds | 21,184,984 | 0 | 0 | 21,184,984 |
| OFIC Group Health Benefit Plan Retiree Life: | | | | |
| Mutual funds | 4,983,066 | 0 | 0 | 4,983,066 |
| Money market funds | 0 | 17,008 | 0 | 17,008 |
| Total Plan Assets | $ 278,815,318 | $ 124,500,717 | $ 0 | $ 403,316,035 |

(2) Ohio Farmers Insurance Company determines the fair value of its defined benefit pension plan and postretirement plan assets with a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs) and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The hierarchy level assigned to each security is based on management's assessment of the transparency and reliability of the inputs used in the valuation of such instruments at the measurement date.

Ohio Farmers Insurance Company's policy for determining when a transfer between levels is required is based upon change in the inputs used to determine fair value measurement. If an input changes, Ohio Farmers Insurance Company evaluates the new input(s) and makes the determination whether or not a transfer between levels is appropriate. If an asset or liability is transferred between levels, it is Ohio Farmers Insurance Company's policy to record the transfer as of the beginning of the reporting period in which the transfer occurs.

There were no transfers into or out of Level 1, 2 or 3 during 2018.

D. Basis Used to Determine Expected Long-Term Rate-of-Return

The long-term rates of return were determined using a combination of actual results and published market data. The rates are within the high and low ends of an expected return range. The low end of the range was calculated by multiplying the percentage of portfolio composition of each asset category by published historical return data for the category. The high end of the range was calculated by combining the published market data with actual historical returns for the pension plan weighting the percentages, 80% published and 20% historical.

The investment approach for Postretirement Benefit Plans follows the same conservative investment strategies as for the Pension Plan. In light of the shorter duration, however, more emphasis is placed on investments that provide a stable return to fund more current needs.

E. Defined Contribution Plans

The Company's employees are covered by a qualified defined contribution pension plan (under IRC Section 401(k)) sponsored by the Ohio Farmers Insurance Company. The plan began operation on January 1, 2000, in accordance with "Safe Harbor" Treasury regulations.

Contributions of three percent (3%) of each employee's eligible compensation are made during the year. The Company's non-elective contribution for the plan was $690,720 and $674,975 for 2018 and 2017, respectively.

At December 31, 2018, the total fair market value of the defined contribution plan assets was $298,205,080, including unrealized gains and losses and participant loans.

F. Multiemployer Plans - Not applicable

G. Consolidated/Holding Company Plans - Not applicable

H. Postemployment Benefits and Compensated Absences - Not applicable

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

(1) Recognition of the Existence of the Act - Not applicable

(2) Effects of the Subsidy in Measuring the Net Postretirement Benefit Cost - Not applicable

(3) Disclosure of Gross Benefit Payments

# NOTES TO FINANCIAL STATEMENTS

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Medical | $ | 1,372,325 | $ | 1,767,966 |
| Prescription | | 2,020,676 | | 2,045,810 |
| Dental premiums | | 302,490 | | 324,946 |
| Life insurance premiums | | 600,497 | | 232,614 |
| Administrative fees | | 232,134 | | 226,927 |
| Gross benefits paid | $ | 4,528,122 | $ | 4,598,263 |

Future gross benefit payments are expected to increase, as life insurance premiums are expected to increase $300,000 in 2019.

| | | | | |
|---|---|---|---|---|
| Subsidy received during calendar year (for plan years 2016 and 2015, respectively) | $ | 317,401 | $ | 302,167 |
| Expected subsidy receivable (for plan years 2018/2017 and 2017/2016, respectively) | $ | 600,000 | $ | 600,000 |

**Note 13 – Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations**

(1-10) The Company is 100% owned and operated by its parent, Ohio Farmers Insurance Company. Dividend restrictions are provided by the Insurance Regulations of the Ohio Revised Code. The Company does not have any cumulative unrealized gains or losses in unassigned funds.

(11) Surplus Notes - Not applicable

(12-13) Quasi-Reorganizations - Not applicable

**Note 14 – Liabilities, Contingencies and Assessments**

A. Contingent Commitments - Not applicable

B. Assessments

(1) Nature of Any Assets That Could Have a Material Financial Effect
At this time, the Company is unaware of any new insolvencies and no insolvencies were brought to the Company's attention in 2018 that will have a retrospective premium-based guaranty fund assessment cost.

The Company has accrued $542,791 for guaranty fund and other assessments. This represents management's best estimates on the information received from the states in which the Company writes business and may change due to many factors including the Company's share in the ultimate cost of current insolvencies.

(2) Assets Recognized From Paid and Accrued Premium Tax Offsets and Policy Surcharges

| | | | | |
|---|---|---|---|---|
| a. | Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year –end | | $ | 9,008 |
| b. | Decreases current year: | | $ | 407 |
| c. | Increases current year: | | $ | 1,257 |
| d. | Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end | | $ | 9,858 |

(3) Undiscounted and Discounted Guaranty Fund Assessments - Not applicable

C. Gain Contingencies - Not applicable

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

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

| | Direct |
|---|---|
| Claims related ECO and bad faith losses paid during the reporting period | $ 5,408 |

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

| (a) 0-25 Claims | (b) 26-50 Claims | (c) 51-100 Claims | (d) 101-500 Claims | (e) More than 500 Claims |
|---|---|---|---|---|
| X | | | | |

Indicate whether claim count information is disclosed per claim or per claimant:
(f) Per Claim [ X ] (g) Per Claimant [ ]

E. Product Warranties - Not applicable

F. Joint and Several Liabilities - Not applicable

G. All Other Contingencies
Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company. There are no contingent liabilities arising from litigation.

At December 31, 2018 and 2017, the Company had admitted assets of $80,347,418 and $84,016,058, respectively, in accounts receivable for Agents' Balances or Uncollected Premiums. The Company routinely assesses the collectability of these receivables. Based upon company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

# NOTES TO FINANCIAL STATEMENTS

**Note 15 – Leases**

The Company does not have any material lease obligations.

**Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

Not applicable

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales
The Company has not sold or transferred any receivables to any other parties.

B. Transfer and Servicing of Financial Assets - Not applicable

C. Wash Sales - Not applicable

**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable

**Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not applicable

**Note 20 – Fair Value Measurements**

A. Fair Value Measurements

For assets that are measured and reported at fair value or net asset value (NAV) in the statement of financial position after initial recognition, the valuation techniques and the inputs used to develop those measurements are as follows:

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

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

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

The Company has no liabilities that are measured at fair value in the statement of financial position.

(1) Fair Value Measurements at Reporting Date

| Description for Each Type of Asset or Liability | Level 1 | Level 2 | Level 3 | Net Asset Value (NAV) | Total |
|---|---|---|---|---|---|
| Assets at Fair Value | | | | | |
| CS - Industrial and Miscellaneous - Unaffiliated | $ 135,486,435 | $ 0 | $ 0 | $ 0 | $ 135,486,435 |
| CE - Money Market Mutual Funds | $ 0 | $ 0 | $ 0 | $ 4,481,130 | $ 4,481,130 |
| OIA - Joint Venture, Ptr or LLC, char. of Com Stks - Unaffiliated | $ 6,733,824 | $ 0 | $ 0 | $ 0 | $ 6,733,824 |
| Total | $ 142,220,259 | $ 0 | $ 0 | $ 4,481,130 | $ 146,701,389 |
| Liabilities at Fair Value | | | | | |
| | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Total | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

(2) At December 31, 2018, the Company held no investments in assets or liabilities measured and reported at fair value that were classified as Level 3.

(3) The Company's policy for determining when transfers between levels is required is based upon change in the inputs used to determine fair value measurement. If an input changes, the Company evaluates the new input(s) and makes the determination whether or not a transfer between levels is appropriate. If an asset or liability is transferred between levels, it is the Company's policy to record the transfer as of the beginning of the quarter in which the transfer occurs. The Company held no assets or liabilities categorized as Level 1, 2 or 3 during the reporting period that were transferred into or out of the level categorization held at January 1, 2018.

(4) As of December 31, 2018, the Company held no investments in assets or liabilities measured and reported at fair value that were classified as Level 2 or Level 3. Historically, fair values in the Level 2 category are provided by independent pricing services. Where independent pricing services provide fair values, the Company has obtained an understanding of the methods, models and inputs used in pricing and has controls in place to validate that amounts provided represent current fair values. Estimated fair values of investments categorized as Level 3 generally include inputs for which no readily observable inputs are available and require management judgment.

(5) As of December 31, 2018, the Company had no holdings classified as either a derivative asset or liability.

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements - Not required

C. Fair Value Level

The method(s) and significant assumptions used to estimate the fair value of financial instruments are as follows:

# NOTES TO FINANCIAL STATEMENTS

*Investment Securities* - Fair values for bonds are based on the values prescribed by an independent pricing service or from brokers. For bonds that are not actively traded, estimated fair values are based on values of bonds of comparable yield and credit quality. The fair values for common stocks are based on quoted market prices, where available, which are provided to the Company by an independent pricing service.

*Cash equivalents* - Cash equivalents include money market mutual funds, which are reported at net asset value (NAV) as a practical expedient. Such money market mutual funds are separately identified in a NAV column. NAV is defined as the amount of net assets attributable to each share outstanding at the close of the period.

*Uncollected premiums and agents' balances in the course of collection, Deferred premiums, agents' balances and installments booked but deferred and not yet due, and Payable for securities* - The carrying amounts reported as admitted assets or liabilities for these financial instruments approximate their fair values due to the short-term nature of these financial instruments.

*Other Invested Assets* - The estimated fair value of publicly traded limited partnerships is based on the values prescribed by an independent pricing service.

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|---|---|---|---|---|---|---|---|
| Bonds | $ 457,886,972 | $ 449,481,040 | $ 64,849,379 | $ 393,037,593 | $ 0 | $ 0 | $ 0 |
| Common stocks | $ 135,486,435 | $ 135,486,435 | $ 135,486,435 | $ 0 | $ 0 | $ 0 | $ 0 |
| Cash equivalents | $ 4,481,130 | $ 4,481,130 | $ 0 | $ 0 | $ 0 | $ 4,481,130 | $ 0 |
| Other invested assets | $ 6,733,824 | $ 6,733,824 | $ 6,733,824 | $ 0 | $ 0 | $ 0 | $ 0 |
| Uncollected premiums and agents' balances in the course of collection | $ 11,894,879 | $ 11,894,879 | $ 0 | $ 11,894,879 | $ 0 | $ 0 | $ 0 |
| Deferred premiums, agents' balances and installments booked but deferred and not yet due | $ 68,452,539 | $ 68,452,539 | $ 0 | $ 68,452,539 | $ 0 | $ 0 | $ 0 |
| Payable for securities | $ 2,361 | $ 2,361 | $ 0 | $ 2,361 | $ 0 | $ 0 | $ 0 |

D. Not Practicable to Estimate Fair Value - Not applicable

E. NAV Practical Expedient Investments

At December 31, 2018, the investments held by the Company which are being reported at net asset value (NAV) consist entirely of money market mutual funds. There are no significant restrictions that apply in the liquidation of any of these investments. They are also not likely to be sold below NAV.

**Note 21 – Other Items**

A. Unusual or Infrequent Items - Not applicable

B. Troubled Debt Restructuring Debtors - Not applicable

C. Other Disclosures - Not applicable

D. Business Interruption Insurance Recoveries
The Company had no business interruption insurance recoveries in 2018.

E. State Transferable and Non-Transferable Tax Credits
The Company does not have state transferable or non-transferable tax credits.

F. Subprime Mortgage Related Risk Exposure

(1) The subprime lending sector is the sector of the mortgage lending industry which lends to borrowers who do not qualify for prime market interest rates because of poor or insufficient credit history. The term also applies to paper taken on property that cannot be sold on the primary market, including loans on certain types of investment properties and certain types of self-employed individuals.

For purposes of this disclosure, subprime exposure is defined as the potential for financial loss through direct investment, or underwriting risk associated with the risk from the subprime lending sector. This includes any direct risk through investments in debt securities, asset backed or structured securities, hedge funds, subsidiaries and affiliates, and insurance product issuance. The Company views the following features as common characteristics of subprime mortgage loans:

- An interest rate above prime to borrowers who do not qualify for prime rate
- Borrowers with low credit ratings (FICO scores)
- Interest-only or negative amortizing loans
- Unconventionally high initial loan-to-value ratios
- Low initial payments based on a fixed introductory rate that expires after a short initial period, then adjusts to a variable rate plus a margin for the remaining term of the loan
- Borrowers with less than conventional documentation of their home and/or assets
- Very high or no limits on how much the payment amount or the interest rate may increase at reset periods, potentially causing a substantial increase in the monthly payment amount
- Include substantial prepayment penalties

The Company's strategy to manage or mitigate subprime exposure is to avoid making direct investments in, or insuring any of the sources of risk identified above.

(2) The Company has no direct exposure through investments in subprime mortgage loans.

(3) The Company has no direct exposure through other investments.

(4) The Company has no underwriting exposure to subprime mortgage related risk.

G. Insurance-Linked Securities (ILS) Contracts - Not applicable

# NOTES TO FINANCIAL STATEMENTS

**Note 22 – Events Subsequent**

Subsequent events have been considered through February 15, 2019 for the statutory statements issued as of December 31, 2018. No events or transactions have occurred that would give rise to a Type I or Type II subsequent event.

**Note 23 – Reinsurance**

A. Unsecured Reinsurance Recoverables
The Company has an intercompany recoverable with an affiliated company that has an unsecured aggregate recoverable for paid and unpaid losses, including IBNR, loss adjustment expenses, and unearned premium that exceeds 3% of the Company's policyholder surplus with the following reinsurer:

| | NAIC Group Code | FEIN | Unsecured Recoverables |
|---|---|---|---|
| Ohio Farmers Insurance Company | 228 | 34-0438190 | $ 372,190,443 |

B. Reinsurance Recoverable in Dispute
The Company has no material recoverable to disclose.

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

| | Assumed Reinsurance | | Ceded Reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| a. Affiliates | $ 117,536,896 | $ 17,386,026 | $ 164,167,406 | $ 22,758,352 | $ (46,630,510) | $ (5,372,326) |
| b. All Other | 42,232 | 9,883 | 1,310,836 | 102,358 | (1,268,604) | (92,475) |
| c. Total | $ 117,579,128 | $ 17,395,909 | $ 165,478,242 | $ 22,860,710 | $ (47,899,114) | $ (5,464,801) |

| | |
|---|---|
| d. Direct Unearned Premium Reserves | $ 165,436,009 |

(2) Additional or Return Commission
The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements is accrued as follows:

| | Direct | Assumed | Ceded | Net |
|---|---|---|---|---|
| a. Contingent commission | $ 0 | $ 0 | $ 105,487 | $ (105,487) |
| b. Sliding scale adjustments | 0 | 0 | 0 | 0 |
| c. Other profit commission arrangements | 0 | 0 | 0 | 0 |
| d. Total | $ 0 | $ 0 | $ 105,487 | $ (105,487) |

The above figures do not include the intercompany pooling of Agents' Contingent Commission in the Assumed and Ceded columns.

(3) Types of Risks Attributed to Protected Cell - Not applicable

D. Uncollectible Reinsurance - Not applicable

E. Commutation of Ceded Reinsurance - Not applicable

F. Retroactive Reinsurance - Not applicable

G. Reinsurance Accounted for as a Deposit - Not applicable

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements - Not applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - Not applicable

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not applicable

**Note 25 – Change in Incurred Losses and Loss Adjustment Expenses**

Reserves as of December 31, 2017 were $228.7 million. In calendar year 2018, $86.7 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $139.4 million. Therefore, there has been a $2.6 million favorable prior-year development from December 31, 2017 to December 31, 2018. The favorable development is principally from decreases in the estimates of loss and loss adjustment expenses for the following lines of business: workers' compensation, other liability, auto physical damage and reinsurance (nonproportional assumed property).This change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. The estimates are not affected by prior year loss development on retrospectively rated policies, as the Company does not write this type of policy.

**Note 26 – Intercompany Pooling Arrangements**

Effective December 25, 2018, the reinsurance pooling agreement was amended to include four newly created affiliated property and casualty companies (Westfield Champion Insurance Company, Westfield Premier Insurance Company, Westfield Superior Insurance Company, and Westfield Touchstone Insurance Company). The new companies were included at 0% participation and no other participation rates were changed. This amendment was approved by the Ohio Department of Insurance in December, 2018.

A. The lead company, Ohio Farmers Insurance Company, and its property-casualty companies participate in a single 100% reinsurance pooling arrangement.

# NOTES TO FINANCIAL STATEMENTS

The following companies are participants:

| Company | NAIC Number | Percent |
|---|---|---|
| Ohio Farmers Insurance Company | 24104 | 19.0% |
| Westfield Insurance Company | 24112 | 54.0% |
| Westfield National Insurance Company | 24120 | 13.0% |
| American Select Insurance Company | 19992 | 5.0% |
| Old Guard Insurance Company | 17558 | 9.0% |
| Westfield Champion Insurance Company | 16447 | 0.0% |
| Westfield Premier Insurance Company | 16450 | 0.0% |
| Westfield Superior Insurance Company | 16449 | 0.0% |
| Westfield Touchstone Insurance Company | 16448 | 0.0% |

B. Each participating company shares in all lines and types of business.

C. Any cession to non-affiliated reinsurers is prior to the cession of pooling business from the affiliated pool member to the lead company.

D. All pool members have contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

E. No discrepancies exist between pooled business entries on the assumed and ceded reinsurance schedule of the lead company and corresponding entries on the assumed and ceded reinsurance schedules of other pool participants.

F. The Provision for Reinsurance is recorded on a direct basis.

G. Affiliated balances due to the Company at 12/31/2018 and 12/31/2017 respectively were:

| | 12/31/2018 | 12/31/2017 |
|---|---|---|
| Ohio Farmers Insurance Company* | $ 1,346,352 | $ 1,940,152 |
| Affiliated Receivable | $ 1,346,352 | $ 1,940,152 |

*Ohio Farmers Insurance Company is included in the intercompany pooling arrangement.

**Note 27 – Structured Settlements**

A. Reserves No Longer Carried
The amount of reserves no longer carried by the Company due to purchased annuities with the claimant as payee and the extent to which the reporting entity is contingently liable for such amounts as of December 31, 2018 is presented below:

| Loss Reserves Eliminated by Annuities | Unrecorded Loss Contingencies |
|---|---|
| $ 1,456,751 | $ 1,456,751 |

B. Annuities Which Equal or Exceed 1% of Policyholders' Surplus
The Company has purchased annuities of which the claimant is payee but for which the Company is contingently liable. However, the total value of all annuities due from any single life insurer does not equal or exceed 1% of the Company's policyholder surplus.

**Note 28 – Health Care Receivables**

Not applicable

**Note 29 – Participating Policies**

Not applicable

**Note 30 – Premium Deficiency Reserves**

1. Liability carried for premium deficiency reserve: $0

2. Date of most recent evaluation of this liability: December 31, 2018

3. Was anticipated investment income utilized in the calculation? Yes [ X ] No [ ]

**Note 31 – High Deductibles**

Not applicable

**Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

The Company does not discount the liabilities for unpaid losses or unpaid loss adjustment expenses for Workers' Compensation or any other line of business.

**Note 33 – Asbestos/Environmental Reserves**

The Company's exposure to asbestos and environmental claims arises from general liability and commercial multiple peril lines of business. The Company tries to estimate the full impact of the asbestos and environmental exposure by establishing full case basis reserves on all known claims and computing incurred but not reported losses based on market share tempered by previous experience. In addition, reserves are held for future allocated loss adjustment expenses including coverage dispute costs.

In 2018, the Company elected to move $390,000 from environmental IBNR reserves to asbestos IBNR reserves. The Company still believes that the total reserves held for asbestos and environmental claims make a reasonable provision for unpaid claims.

# NOTES TO FINANCIAL STATEMENTS

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

The Company's asbestos related losses (including coverage dispute costs) for each of the five most recent years were as follows after intercompany pooling:

(1) Direct

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE) | $ 5,555,126 | $ 4,419,252 | $ 4,093,645 | $ 3,717,504 | $ 3,238,794 |
| b. Incurred losses and loss adjustment expense | (780,000) | 0 | 0 | 0 | 390,000 |
| c. Calendar year payments for losses and loss adjustment expenses | 355,874 | 325,607 | 376,141 | 478,710 | 299,148 |
| d. Ending reserves (including Case, Bulk + IBNR Loss & LAE) | $ 4,419,252 | $ 4,093,645 | $ 3,717,504 | $ 3,238,794 | $ 3,329,646 |

(2) Assumed Reinsurance

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| b. Incurred losses and loss adjustment expense | 0 | 0 | 0 | 0 | 0 |
| c. Calendar year payments for losses and loss adjustment expenses | 0 | 0 | 0 | 0 | 0 |
| d. Ending reserves (including Case, Bulk + IBNR Loss & LAE) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

(3) Net of Ceded Reinsurance

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE) | $ 5,555,124 | $ 4,419,250 | $ 4,093,643 | $ 3,717,503 | $ 3,238,794 |
| b. Incurred losses and loss adjustment expense | (780,000) | 0 | 0 | 0 | 390,000 |
| c. Calendar year payments for losses and loss adjustment expenses | 355,874 | 325,607 | 376,140 | 478,709 | 299,148 |
| d. Ending reserves (including Case, Bulk + IBNR Loss & LAE) | $ 4,419,250 | $ 4,093,643 | $ 3,717,503 | $ 3,238,794 | $ 3,329,646 |

B. State the amount of the ending reserves for Bulk and IBNR included in A (Loss and LAE)

| | |
|---|---|
| (1) Direct basis | $ 2,763,936 |
| (2) Assumed reinsurance basis | 0 |
| (3) Net of ceded reinsurance basis | $ 2,763,936 |

C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk and IBNR)

| | |
|---|---|
| (1) Direct basis | $ 804,763 |
| (2) Assumed reinsurance basis | 0 |
| (3) Net of ceded reinsurance basis | $ 804,763 |

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

The Company's environmental related losses (including coverage dispute costs) for each of the five most recent years were as follows after intercompany pooling:

(1) Direct

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves | $ 849,713 | $ 1,437,615 | $ 1,408,025 | $ 1,375,728 | $ 1,366,317 |
| b. Incurred losses and loss adjustment expense | 780,000 | 0 | 0 | 0 | (390,000) |
| c. Calendar year payments for losses and loss adjustment expenses | 192,098 | 29,590 | 32,297 | 9,411 | 23,997 |
| d. Ending reserves | $ 1,437,615 | $ 1,408,025 | $ 1,375,728 | $ 1,366,317 | $ 952,320 |

(2) Assumed Reinsurance

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| b. Incurred losses and loss adjustment expense | 0 | 0 | 0 | 0 | 0 |
| c. Calendar year payments for losses and loss adjustment expenses | 0 | 0 | 0 | 0 | 0 |
| d. Ending reserves | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

(3) Net of Ceded Reinsurance

| | 2014 | 201 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves | $ 849,713 | $ 1,437,615 | $ 1,408,025 | $ 1,375,727 | $ 1,366,316 |
| b. Incurred losses and loss adjustment expense | 780,000 | 0 | 0 | 0 | (390,000) |
| d. Calendar year payments for losses and loss adjustment expenses | 192,098 | 29,590 | 32,298 | 9,411 | 23,996 |

# NOTES TO FINANCIAL STATEMENTS

| | 2014 | 201 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| d. Ending reserves | $ 1,437,615 | $ 1,408,025 | $ 1,375,727 | $ 1,366,316 | $ 952,320 |

E. State the amount of the ending reserves for Bulk and IBNR included in D (Loss and LAE)

| | | |
|---|---|---|
| (1) | Direct basis | $ 748,195 |
| (2) | Assumed reinsurance basis | 0 |
| (3) | Net of ceded reinsurance basis | $ 748,195 |

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk and IBNR)

| | | |
|---|---|---|
| (1) | Direct basis | $ 586,448 |
| (2) | Assumed reinsurance basis | 0 |
| (3) | Net of ceded reinsurance basis | $ 586,448 |

**Note 34 – Subscriber Savings Accounts**

Not applicable

**Note 35 – Multiple Peril Crop Insurance**

Not applicable

**Note 36 – Financial Guaranty Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

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

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

1.3 State regulating? Ohio

1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes [ ] No [ X ]

1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

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

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/02/2014

3.4 By what department or departments?
Ohio

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

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

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

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

4.12 renewals? Yes [ ] No [ X ]

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

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

4.22 renewals? Yes [ ] No [ X ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
If the answer is YES, complete and file the merger history data file with the NAIC.

5.2 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---|---|---|
| | 0 | |

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

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]

7.2 If yes,

7.21 State the percentage of foreign control 0.0%

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

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

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

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

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

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

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| Ohio Farmers Insurance Company | Westfield Center, Ohio | Yes | No | No | No |
| Westfield Bancorp, Inc. | Westfield Center, Ohio | Yes | No | No | No |
| Westfield Bank, FSB | Westfield Center, Ohio | No | Yes | No | No |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, 191 West Nationwide Blvd., Suite 500, Columbus, OH 43215

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [ X ] No [ ] N/A [ ]

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Scott Weinstein, FCAS, KPMG LLP, 303 Peachtree St., Suite 2000, Atlanta, GA 30308-3210

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

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation

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

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

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

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

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

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

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

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

(c) Compliance with applicable governmental laws, rules and regulations;

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

(e) Accountability for adherence to the code.

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
Minor changes to the Business Conduct and Ethics Guide approved 10/25/2018.

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

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

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

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

| 1<br>American Bankers Association (ABA) Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger the Letter of Credit | 4<br>Amount |
|---|---|---|---|
| 0 | | | $ 0 |

## BOARD OF DIRECTORS

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

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

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

## FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers $ 0

20.12 To stockholders not officers $ 0

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

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

20.21 To directors or other officers $ 0

20.22 To stockholders not officers 0

20.23 Trustees, supreme or grand (Fraternal only) 0

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

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

21.21 Rented from others $ 0

21.22 Borrowed from others $ 0

21.23 Leased from others $ 0

21.24 Other $ 0

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $ 0

22.22 Amount paid as expenses $ 0

22.23 Other amounts paid $ 0

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 1,346,352

## INVESTMENT

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

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The Company has no securities lending agreements as of December 31, 2018.

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs $ 0

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

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

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

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.103 Total payable for securities lending reported on the liability page: $ 0

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

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

| | | |
|---|---|---|
| 25.21 | Subject to repurchase agreements | $ 0 |
| 25.22 | Subject to reverse repurchase agreements | $ 0 |
| 25.23 | Subject to dollar repurchase agreements | $ 0 |
| 25.24 | Subject to reverse dollar repurchase agreements | $ 0 |
| 25.25 | Placed under option agreements | $ 0 |
| 25.26 | Letter stock or securities restricted as sale – excluding FHLB Capital Stock | $ 0 |
| 25.27 | FHLB Capital Stock | $ 0 |
| 25.28 | On deposit with states | $ 5,363,140 |
| 25.29 | On deposit with other regulatory bodies | $ 0 |
| 25.30 | Pledged as collateral – excluding collateral pledged to an FHLB | $ 0 |
| 25.31 | Pledged as collateral to FHLB – including assets backing funding agreements | $ 0 |
| 25.32 | Other | $ 0 |

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|---|---|---|
| | | $ 0 |

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year: $ 0

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

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---|---|
| BNY Mellon | One Wall Street, New York, NY 10286 |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [ X ]

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

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

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

| 1 | 2 |
|---|---|

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

| Name of Firm or Individual | Affiliation |
|---|---|
| George Wiswesser | I |
| Ronald Stephonic | I |
| Krishna Patel | I |
| Scott Richter | I |
| Richard Nash | I |
| Chris Giampietro | I |

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [ X ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [ X ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

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

29.2 If yes, complete the following schedule:

| 1<br>CUSIP | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---|---|---|
| | | $ 0 |
| 29.2999 TOTAL | | $ 0 |

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

| 1<br>Name of Mutual Fund (from above table) | 2<br>Name of Significant Holding of the Mutual Fund | 3<br>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4<br>Date of Valuation |
|---|---|---|---|
| | | $ 0 | |

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

| | | 1<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|---|---|---|---|---|
| 30.1 | Bonds | $ 453,962,170 | $ 462,368,102 | $ 8,405,932 |
| 30.2 | Preferred Stocks | $ 0 | $ 0 | $ 0 |
| 30.3 | Totals | $ 453,962,170 | $ 462,368,102 | $ 8,405,932 |

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

Interactive Data Corp (IDC), Bloomberg Financial Services

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [ X ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [ X ] No [ ]

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.

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 5GI securities? Yes [ ] No [ X ]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [ ] No [ X ]

## OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 1,109,397

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| INSURANCE SERVICES OFFICES INC. | $ 711,880 |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

36.1 Amount of payments for legal expenses, if any? $ 591,063

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| FOX ROTHSCHILD LLP | $ 544,387 |

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 25,140

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| | $ 0 |

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

2. Health Test:

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 2.1 | Premium Numerator | $ 0 | $ 0 |
| 2.2 | Premium Denominator | $ 239,095,508 | $ 238,552,273 |
| 2.3 | Premium Ratio (2.1/2.2) | 0.0% | 0.0% |
| 2.4 | Reserve Numerator | $ 0 | $ 0 |
| 2.5 | Reserve Denominator | $ 347,153,598 | $ 346,966,431 |
| 2.6 | Reserve Ratio (2.4/2.5) | 0.0% | 0.0% |

| | | |
|---|---|---|
| 3.1 | Does the reporting entity issue both participating and non-participating policies? | Yes [ X ] No [ ] |
| 3.2 | If yes, state the amount of calendar year premiums written on: | |
| | 3.21 Participating policies | $ 2,095,238 |
| | 3.22 Non-participating policies | $ 340,294,353 |
| 4. | FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY: | |
| | 4.1 Does the reporting entity issue assessable policies? | Yes [ ] No [ ] |
| | 4.2 Does the reporting entity issue non-assessable policies? | Yes [ ] No [ ] |
| | 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? | 0.0% |
| | 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. | $ 0 |
| 5. | FOR RECIPROCAL EXCHANGES ONLY: | |
| | 5.1 Does the exchange appoint local agents? | Yes [ ] No [ ] |
| | 5.2 If yes, is the commission paid: | |
| | 5.21 Out of Attorney's-in-fact compensation | Yes [ ] No [ ] N/A [ X ] |
| | 5.22 As a direct expense of the exchange | Yes [ ] No [ ] N/A [ X ] |
| | 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact? | |
| | 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? | Yes [ ] No [ ] |
| | 5.5 If yes, give full information: | |

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
Reinsurance protection was provided by three agreements: the Multiple Line Excess of Loss with three layers ($4.5M x $3M), ($7.5M x $7.5M) and ($10M x $15M); the Casualty Clash and Contingency Excess with two layers ($15M x $25M); ($30M x $40M); and the Top Layer Casualty Clash and Contingency Excess ($30M x $70M). These three contracts total $97M above a $3M retention per occurrence.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The modeled all perils probable maximum loss at the 250 year return time is $288M. This is a 50%/50% blend of RMS RiskLink v17.0 and AIR Touchstone v5 and includes hurricane, earthquake and severe convective storm. The locations of concentrations are southeastern PA, DE, GA and FL for hurricane; OH for severe convective storm; and IN, KY and OH for earthquake. The reinsurance broker, Aon Benfield, models the insured exposures on the Company's behalf.

6.3 What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The property catastrophe reinsurance program consisted of four layers with varying retentions. The first layer has two automatic reinstatements; the second, third, and fourth layers have one automatic reinstatement for additional premium. The total amount of coverage for a single loss occurrence was $350 million excess of the Company's $50 million net retention per loss occurrence.

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

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 1

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ X ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [ X ]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

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

(c) Aggregate stop loss reinsurance coverage;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [ X ]

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

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ X ] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No [ X ]

11.2 If yes, give full information

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

12.11 Unpaid losses $ 0

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

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ X ] N/A [ ]

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

12.41 From 0.0%

12.42 To 0.0%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [ X ]

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

12.61 Letters of Credit $ 0

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

12.62 Collateral and other funds $ 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 3,000,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ X ] No [ ]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 5

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Ohio Farmers Insurance Company and its insurance subsidiaries are covered under each reinsurance contract.

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

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

14.5 If the answer to 14.4 is no, please explain:

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

15.2 If yes, give full information

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

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

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [ ] No [ X ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance $ 0

17.12 Unfunded portion of Interrogatory 17.11 $ 0

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 $ 0

17.14 Case reserves portion of Interrogatory 17.11 $ 0

17.15 Incurred but not reported portion of Interrogatory 17.11 $ 0

17.16 Unearned premium portion of Interrogatory 17.11 $ 0

17.17 Contingent commission portion of Interrogatory 17.11 $ 0

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

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. $ 0

19. Is the reporting entity licensed or charted, registered, qualified, eligible, or writing business in at least 2 states? Yes [ X ] No [ ]

19.1 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 [ ]

# FIVE-YEAR HISTORICAL DATA

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

| | 1<br>2018 | 2<br>2017 | 3<br>2016 | 4<br>2015 | 5<br>2014 |
|---|---|---|---|---|---|
| **Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)** | | | | | |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 201,709,876 | 207,413,697 | 192,845,457 | 189,052,706 | 184,085,407 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 123,757,721 | 123,559,168 | 119,403,953 | 117,831,222 | 119,051,157 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 239,113,748 | 234,800,744 | 219,897,675 | 210,359,712 | 205,791,189 |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 10,016,889 | 9,663,509 | 8,318,000 | 7,273,197 | 6,776,775 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 6,345,098 | 6,414,807 | 6,530,791 | 5,007,602 | 5,998,814 |
| 6. Total (Line 35) | 580,943,332 | 581,851,925 | 546,995,876 | 529,524,439 | 521,703,342 |
| **Net Premiums Written (Page 8, Part 1B, Col. 6)** | | | | | |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 81,488,618 | 87,401,137 | 85,953,771 | 86,133,128 | 84,423,685 |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 49,490,586 | 48,963,158 | 47,170,730 | 45,739,045 | 44,083,455 |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 92,445,901 | 90,737,313 | 88,042,018 | 86,064,206 | 84,305,395 |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 8,643,040 | 7,924,984 | 7,542,309 | 7,044,088 | 6,486,356 |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 6,345,098 | 6,414,807 | 6,530,791 | 5,007,602 | 5,998,814 |
| 12. Total (Line 35) | 238,413,243 | 241,441,399 | 235,239,619 | 229,988,069 | 225,297,705 |
| **Statement of Income (Page 4)** | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | (18,597,758) | (22,056,382) | 3,431,169 | 6,828,837 | 4,638,288 |
| 14. Net investment gain (loss) (Line 11) | 24,739,746 | 26,032,095 | 20,618,731 | 16,614,905 | 18,717,059 |
| 15. Total other income (Line 15) | 516,410 | 616,227 | 635,094 | 639,476 | 749,977 |
| 16. Dividends to policyholders (Line 17) | 630,843 | 643,036 | 206,457 | 288,185 | 522,422 |
| 17. Federal and foreign income taxes incurred (Line 19) | (1,388,876) | (1,826,836) | 6,162,307 | 7,327,074 | 6,982,977 |
| 18. Net income (Line 20) | 7,416,431 | 5,775,740 | 18,316,230 | 16,467,959 | 16,599,925 |
| **Balance Sheet Lines (Pages 2 and 3)** | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 683,559,379 | 696,553,146 | 659,496,994 | 613,374,975 | 598,653,135 |
| 20. Premiums and considerations (Page 2, Col. 3): | | | | | |
| 20.1 In course of collection (Line 15.1) | 11,894,879 | 12,246,422 | 11,560,238 | 11,207,331 | 11,510,680 |
| 20.2 Deferred and not yet due (Line 15.2) | 68,452,539 | 71,769,636 | 72,689,609 | 70,770,548 | 69,581,330 |
| 20.3 Accrued retrospective premiums (Line 15.3) | 0 | 0 | 0 | 0 | 0 |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) | 377,765,901 | 379,328,641 | 359,116,674 | 340,612,524 | 335,594,420 |
| 22. Losses (Page 3, Line 1) | 177,191,233 | 178,634,166 | 160,301,705 | 150,083,129 | 144,159,918 |
| 23. Loss adjustment expenses (Page 3, Line 3) | 52,425,470 | 50,113,106 | 51,005,157 | 50,875,680 | 48,942,591 |
| 24. Unearned premiums (Page 3, Line 9) | 117,536,895 | 118,219,159 | 115,330,034 | 112,355,275 | 109,451,688 |
| 25. Capital paid up (Page 3, Lines 30 & 31) | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 305,793,478 | 317,224,505 | 300,380,320 | 272,762,451 | 263,058,715 |
| **Cash Flow (Page 5)** | | | | | |
| 27. Net cash from operations (Line 11) | 11,945,779 | 21,477,008 | 32,831,502 | 30,825,044 | 22,829,603 |
| **Risk-Based Capital Analysis** | | | | | |
| 28. Total adjusted capital | 305,793,478 | 317,224,505 | 300,380,320 | 272,762,451 | 263,058,715 |
| 29. Authorized control level risk-based capital | 32,161,881 | 32,180,777 | 29,772,075 | 26,762,770 | 26,544,394 |
| **Percentage Distribution of Cash, Cash Equivalents and Invested Assets** (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0 | | | | | |
| 30. Bonds (Line 1) | 75.4 | 72.4 | 72.4 | 74.3 | 71.5 |
| 31. Stocks (Lines 2.1 & 2.2) | 22.7 | 25.8 | 26.2 | 24.2 | 26.9 |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 0.8 | 0.5 | 0.1 | 0.1 | 0.0 |
| 35. Contract loans (Line 6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. Derivatives (Line 7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 37. Other invested assets (Line 8) | 1.1 | 1.3 | 1.3 | 1.3 | 1.6 |
| 38 Receivables for securities (Line 9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 39. Securities lending reinvested collateral assets (Line 10) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 40. Aggregate write-ins for invested assets (Line 11) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 41. Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Investments in Parent, Subsidiaries and Affiliates** | | | | | |
| 42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10) | 0 | 0 | 0 | 0 | 0 |
| 46. Affiliated mortgage loans on real estate | 0 | 0 | 0 | 0 | 0 |
| 47. All other affiliated | 0 | 0 | 0 | 0 | 0 |
| 48. Total of above lines 42 to 47 | 0 | 0 | 0 | 0 | 0 |
| 49. Total investment in parent included in Lines 42 to 47 above | 0 | 0 | 0 | 0 | 0 |
| 50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

# FIVE-YEAR HISTORICAL DATA
(Continued)

| | 1<br>2018 | 2<br>2017 | 3<br>2016 | 4<br>2015 | 5<br>2014 |
|---|---|---|---|---|---|
| **Capital and Surplus Accounts (Page 4)** | | | | | |
| 51. Net unrealized capital gains (losses) (Line 24) | (18,023,465) | 17,367,017 | 9,357,122 | (6,840,677) | 2,512,397 |
| 52. Dividends to stockholders (Line 35) | 0 | 0 | 0 | 0 | 0 |
| 53. Change in surplus as regards policyholders for the year (Line 38) | (11,431,027) | 16,844,185 | 27,617,869 | 9,703,736 | 19,872,809 |
| **Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)** | | | | | |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 130,075,087 | 113,136,967 | 102,329,947 | 99,682,986 | 100,022,509 |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 60,439,623 | 58,682,204 | 57,049,079 | 57,324,913 | 60,278,748 |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 115,206,415 | 107,855,141 | 81,279,095 | 92,614,926 | 117,003,816 |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 1,054,456 | (79,341) | 498,505 | (279,659) | 877,615 |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 8,324,387 | 1,448,388 | 1,276,869 | 286,386 | 2,904,215 |
| 59. Total (Line 35) | 315,099,968 | 281,043,359 | 242,433,495 | 249,629,552 | 281,086,903 |
| **Net Losses Paid (Page 9, Part 2, Col. 4)** | | | | | |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 59,626,345 | 55,511,940 | 46,462,072 | 46,018,366 | 45,547,574 |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 25,745,121 | 23,518,576 | 22,842,748 | 22,507,494 | 23,350,025 |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 45,834,343 | 46,523,194 | 37,128,492 | 39,085,462 | 44,022,933 |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 946,449 | (87,953) | 498,505 | (279,659) | 877,615 |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 8,324,387 | 1,448,388 | 1,276,869 | 286,386 | 2,904,215 |
| 65. Total (Line 35) | 140,476,645 | 126,914,145 | 108,208,686 | 107,618,049 | 116,702,362 |
| **Operating Percentages (Page 4)**<br>(Item divided by Page 4, Line 1) x 100.0 | | | | | |
| 66. Premiums earned (Line 1) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 67. Losses incurred (Line 2) | 58.1 | 60.9 | 51.0 | 50.0 | 51.7 |
| 68. Loss expenses incurred (Line 3) | 13.0 | 12.6 | 11.3 | 12.7 | 11.8 |
| 69. Other underwriting expenses incurred (Line 4) | 36.6 | 35.8 | 36.2 | 34.3 | 34.4 |
| 70. Net underwriting gain (loss) (Line 8) | (7.8) | (9.2) | 1.5 | 3.0 | 2.1 |
| **Other Percentages** | | | | | |
| 71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) | 36.5 | 35.1 | 35.5 | 33.6 | 33.3 |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | 71.1 | 73.5 | 62.3 | 62.7 | 63.5 |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0) | 78.0 | 76.1 | 78.3 | 84.3 | 85.6 |
| **One Year Loss Development ($000 omitted)** | | | | | |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) | (5,644) | 735 | (7,981) | (7,316) | (11,278) |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100) | (1.8) | 0.2 | (2.9) | (2.8) | (4.6) |
| **Two Year Loss Development ($000 omitted)** | | | | | |
| 76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12) | (1,814) | (5,827) | (11,353) | (15,577) | (17,848) |
| 77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0) | (0.6) | (2.1) | (4.3) | (6.4) | (8.6) |

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

If no, please explain:

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned<br>1<br>Direct and Assumed | 2<br>Ceded | 3<br>Net (Cols. 1 - 2) | Loss and Loss Expense Payments<br>Loss Payments<br>4<br>Direct and Assumed | 5<br>Ceded | Defense and Cost Containment Payments<br>6<br>Direct and Assumed | 7<br>Ceded | Adjusting and Other Payments<br>8<br>Direct and Assumed | 9<br>Ceded | 10<br>Salvage and Subrogation Received | 11<br>Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | 12<br>Number of Claims Reported-Direct and Assumed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Prior | XXX | XXX | XXX | 1,061 | 236 | 312 | 2 | 200 | (0) | 48 | 1,334 | XXX |
| 2. 2009 | 196,869 | 9,169 | 187,701 | 96,689 | 2,550 | 8,047 | 258 | 10,954 | 5 | 4,103 | 112,878 | XXX |
| 3. 2010 | 200,675 | 8,940 | 191,735 | 108,153 | 1,551 | 8,172 | 102 | 11,700 | 3 | 4,695 | 126,368 | XXX |
| 4. 2011 | 206,547 | 10,577 | 195,970 | 147,411 | 14,723 | 9,191 | 553 | 13,361 | 5 | 5,903 | 154,683 | XXX |
| 5. 2012 | 217,238 | 11,404 | 205,833 | 118,069 | 6,637 | 7,720 | 376 | 13,636 | 6 | 4,617 | 132,406 | XXX |
| 6. 2013 | 224,943 | 12,038 | 212,906 | 110,358 | 5,597 | 8,004 | 640 | 14,250 | 7 | 4,471 | 126,368 | XXX |
| 7. 2014 | 232,787 | 12,698 | 220,089 | 121,357 | 5,931 | 7,617 | 308 | 16,085 | 5 | 5,207 | 138,815 | XXX |
| 8. 2015 | 240,087 | 13,002 | 227,084 | 108,876 | 4,293 | 6,468 | 201 | 18,015 | 14 | 4,350 | 128,850 | XXX |
| 9. 2016 | 245,299 | 13,035 | 232,265 | 105,802 | 4,668 | 4,081 | 139 | 17,081 | 5 | 4,622 | 122,153 | XXX |
| 10. 2017 | 252,041 | 13,489 | 238,552 | 102,873 | 1,219 | 2,221 | 40 | 18,965 | 1 | 4,718 | 122,800 | XXX |
| 11. 2018 | 253,018 | 13,922 | 239,096 | 69,022 | 1,299 | 664 | 43 | 14,201 | (0) | 3,451 | 82,545 | XXX |
| 12. Totals | XXX | XXX | XXX | 1,089,670 | 48,704 | 62,498 | 2,663 | 148,447 | 49 | 46,186 | 1,249,199 | XXX |

| | Losses Unpaid<br>Case Basis<br>13<br>Direct and Assumed | 14<br>Ceded | Bulk + IBNR<br>15<br>Direct and Assumed | 16<br>Ceded | Defense and Cost Containment Unpaid<br>Case Basis<br>17<br>Direct and Assumed | 18<br>Ceded | Bulk + IBNR<br>19<br>Direct and Assumed | 20<br>Ceded | Adjusting and Other Unpaid<br>21<br>Direct and Assumed | 22<br>Ceded | 23<br>Salvage and Subrogation Anticipated | 24<br>Total Net Losses and Expenses Unpaid | 25<br>Number of Claims Outstanding-Direct and Assumed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Prior | 7,859 | 3,423 | 5,014 | 82 | 0 | 0 | 2,203 | 7 | 817 | 0 | 0 | 12,380 | XXX |
| 2. 2009 | 1,444 | 509 | 640 | 55 | 0 | 0 | 473 | 13 | 234 | 0 | 0 | 2,213 | XXX |
| 3. 2010 | 1,008 | 29 | 874 | 80 | 0 | 0 | 520 | 13 | 188 | 0 | 0 | 2,468 | XXX |
| 4. 2011 | 2,294 | 974 | 1,132 | 121 | 0 | 0 | 719 | 13 | 310 | 0 | 0 | 3,346 | XXX |
| 5. 2012 | 1,331 | 150 | 1,636 | 130 | 0 | 0 | 958 | 13 | 205 | 0 | 0 | 3,838 | XXX |
| 6. 2013 | 2,781 | 776 | 2,231 | 156 | 0 | 0 | 1,378 | 20 | 404 | 0 | 0 | 5,842 | XXX |
| 7. 2014 | 4,131 | 647 | 3,377 | 164 | 0 | 0 | 2,562 | 26 | 561 | 0 | 0 | 9,794 | XXX |
| 8. 2015 | 8,714 | 802 | 4,851 | 357 | 0 | 0 | 3,876 | 65 | 1,201 | 0 | 0 | 17,419 | XXX |
| 9. 2016 | 14,437 | 898 | 9,980 | 880 | 0 | 0 | 6,456 | 85 | 1,898 | 0 | 0 | 30,909 | XXX |
| 10. 2017 | 21,182 | 1,118 | 20,967 | 1,409 | 2 | 0 | 9,130 | 117 | 2,544 | 0 | 0 | 51,181 | XXX |
| 11. 2018 | 33,595 | 1,800 | 44,249 | 1,975 | 10 | 0 | 11,912 | 189 | 4,424 | 0 | 0 | 90,227 | XXX |
| 12. Totals | 98,776 | 11,127 | 94,950 | 5,409 | 12 | 0 | 40,185 | 559 | 12,787 | 0 | 0 | 229,617 | XXX |

| | Total Losses and Loss Expenses Incurred<br>26<br>Direct and Assumed | 27<br>Ceded | 28<br>Net | Loss and Loss Expense Percentage (Incurred/Premiums Earned)<br>29<br>Direct and Assumed | 30<br>Ceded | 31<br>Net | Nontabular Discount<br>32<br>Loss | 33<br>Loss Expense | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves after Discount<br>35<br>Losses Unpaid | 36<br>Loss Expenses Unpaid |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Prior | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 9,367 | 3,013 |
| 2. 2009 | 118,481 | 3,390 | 115,091 | 60.2 | 37.0 | 61.3 | 0 | 0 | 13.00 | 1,520 | 694 |
| 3. 2010 | 130,615 | 1,779 | 128,836 | 65.1 | 19.9 | 67.2 | 0 | 0 | 13.00 | 1,772 | 695 |
| 4. 2011 | 174,418 | 16,389 | 158,029 | 84.4 | 154.9 | 80.6 | 0 | 0 | 13.00 | 2,331 | 1,015 |
| 5. 2012 | 143,555 | 7,311 | 136,243 | 66.1 | 64.1 | 66.2 | 0 | 0 | 13.00 | 2,688 | 1,150 |
| 6. 2013 | 139,405 | 7,195 | 132,210 | 62.0 | 59.8 | 62.1 | 0 | 0 | 13.00 | 4,080 | 1,762 |
| 7. 2014 | 155,689 | 7,080 | 148,609 | 66.9 | 55.8 | 67.5 | 0 | 0 | 13.00 | 6,697 | 3,097 |
| 8. 2015 | 152,001 | 5,732 | 146,269 | 63.3 | 44.1 | 64.4 | 0 | 0 | 13.00 | 12,406 | 5,012 |
| 9. 2016 | 159,735 | 6,674 | 153,061 | 65.1 | 51.2 | 65.9 | 0 | 0 | 13.00 | 22,639 | 8,269 |
| 10. 2017 | 177,885 | 3,903 | 173,981 | 70.6 | 28.9 | 72.9 | 0 | 0 | 13.00 | 39,622 | 11,559 |
| 11. 2018 | 178,077 | 5,306 | 172,771 | 70.4 | 38.1 | 72.3 | 0 | 0 | 13.00 | 74,069 | 16,158 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 177,191 | 52,425 |

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

# SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) 1 2009 | 2 2010 | 3 2011 | 4 2012 | 5 2013 | 6 2014 | 7 2015 | 8 2016 | 9 2017 | 10 2018 | DEVELOPMENT 11 One Year | 12 Two Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Prior | 95,945 | 87,938 | 83,905 | 81,680 | 79,731 | 80,229 | 79,350 | 78,468 | 78,471 | 77,952 | (518) | (515) |
| 2. 2009 | 116,163 | 111,784 | 108,067 | 105,609 | 104,353 | 103,525 | 103,656 | 103,686 | 103,897 | 103,908 | 11 | 222 |
| 3. 2010 | XXX | 129,187 | 122,995 | 119,769 | 119,083 | 118,182 | 117,391 | 117,225 | 117,243 | 116,951 | (292) | (273) |
| 4. 2011 | XXX | XXX | 156,282 | 152,100 | 148,798 | 146,602 | 145,187 | 144,635 | 144,709 | 144,363 | (346) | (272) |
| 5. 2012 | XXX | XXX | XXX | 132,268 | 126,874 | 125,041 | 123,704 | 122,834 | 122,813 | 122,408 | (406) | (427) |
| 6. 2013 | XXX | XXX | XXX | XXX | 125,299 | 119,282 | 119,274 | 118,259 | 118,515 | 117,563 | (952) | (696) |
| 7. 2014 | XXX | XXX | XXX | XXX | XXX | 134,945 | 131,929 | 131,347 | 132,572 | 131,968 | (604) | 621 |
| 8. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | 129,954 | 126,011 | 126,400 | 127,067 | 667 | 1,056 |
| 9. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 135,617 | 134,198 | 134,087 | (111) | (1,529) |
| 10. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 155,567 | 152,472 | (3,094) | XXX |
| 11. 2018 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 154,146 | XXX | XXX |
| | | | | | | | | | | 12. Totals | (5,644) | (1,814) |

# SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) 1 2009 | 2 2010 | 3 2011 | 4 2012 | 5 2013 | 6 2014 | 7 2015 | 8 2016 | 9 2017 | 10 2018 | 11 Number of Claims Closed With Loss Payment | 12 Number of Claims Closed Without Loss Payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Prior | 000 | 23,702 | 38,446 | 47,916 | 53,633 | 58,210 | 61,186 | 63,364 | 65,255 | 66,389 | XXX | XXX |
| 2. 2009 | 54,958 | 76,012 | 85,961 | 92,692 | 96,432 | 98,472 | 100,267 | 100,845 | 101,682 | 101,928 | XXX | XXX |
| 3. 2010 | XXX | 59,825 | 85,120 | 96,814 | 105,315 | 110,152 | 112,524 | 113,570 | 114,051 | 114,672 | XXX | XXX |
| 4. 2011 | XXX | XXX | 76,815 | 110,777 | 122,756 | 132,229 | 136,076 | 138,992 | 140,363 | 141,327 | XXX | XXX |
| 5. 2012 | XXX | XXX | XXX | 62,728 | 87,202 | 100,647 | 110,108 | 114,248 | 116,871 | 118,775 | XXX | XXX |
| 6. 2013 | XXX | XXX | XXX | XXX | 56,642 | 81,232 | 93,104 | 102,699 | 108,743 | 112,125 | XXX | XXX |
| 7. 2014 | XXX | XXX | XXX | XXX | XXX | 66,628 | 90,662 | 104,161 | 117,118 | 122,735 | XXX | XXX |
| 8. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | 59,264 | 83,763 | 98,895 | 110,849 | XXX | XXX |
| 9. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 58,607 | 87,342 | 105,077 | XXX | XXX |
| 10. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 66,285 | 103,836 | XXX | XXX |
| 11. 2018 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 68,344 | XXX | XXX |

# SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) 1 2009 | 2 2010 | 3 2011 | 4 2012 | 5 2013 | 6 2014 | 7 2015 | 8 2016 | 9 2017 | 10 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. Prior | 45,157 | 31,606 | 22,445 | 17,754 | 14,332 | 13,164 | 10,767 | 8,844 | 8,204 | 7,128 |
| 2. 2009 | 30,243 | 15,401 | 9,375 | 5,505 | 3,402 | 2,055 | 1,930 | 1,527 | 1,298 | 1,045 |
| 3. 2010 | XXX | 33,275 | 14,995 | 8,871 | 5,473 | 3,041 | 2,583 | 2,000 | 1,732 | 1,301 |
| 4. 2011 | XXX | XXX | 37,531 | 15,255 | 10,305 | 6,178 | 3,754 | 3,088 | 2,545 | 1,716 |
| 5. 2012 | XXX | XXX | XXX | 35,085 | 16,210 | 10,636 | 6,485 | 4,183 | 3,584 | 2,451 |
| 6. 2013 | XXX | XXX | XXX | XXX | 34,587 | 16,699 | 11,855 | 7,122 | 5,250 | 3,434 |
| 7. 2014 | XXX | XXX | XXX | XXX | XXX | 33,456 | 17,451 | 11,378 | 8,801 | 5,749 |
| 8. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | 36,381 | 20,133 | 14,558 | 8,305 |
| 9. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 41,125 | 23,511 | 15,472 |
| 10. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 55,814 | 28,571 |
| 11. 2018 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 53,997 |

# SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

| States, Etc. | 1<br>Active Status (a) | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken<br>2<br>Direct Premiums Written | <br>3<br>Direct Premiums Earned | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges not Included in Premiums | 9<br>Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|---|---|---|---|---|---|---|---|---|---|
| 1. Alabama AL | L | 148,789 | 123,713 | 0 | 16,959 | 30,595 | 51,323 | 0 | 0 |
| 2. Alaska AK | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Arizona AZ | L | 2,962,123 | 3,074,760 | 17,836 | 1,191,639 | 1,757,546 | 1,985,882 | 2,359 | 0 |
| 4. Arkansas AR | L | 28,711 | 19,264 | 0 | 0 | 4,578 | 4,877 | 0 | 0 |
| 5. California CA | L | 1,124,011 | 1,096,365 | 0 | 0 | 0 | 1 | 0 | 0 |
| 6. Colorado CO | L | 5,943,140 | 5,480,741 | 0 | 6,351,797 | 3,938,786 | 4,577,492 | 7,640 | 0 |
| 7. Connecticut CT | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Delaware DE | L | 1,362,779 | 1,371,360 | 0 | 401,160 | 245,108 | 1,170,773 | 2,352 | 0 |
| 9. District of Columbia DC | L | 38,773 | 28,922 | 0 | 0 | 5,670 | 9,707 | 1 | 0 |
| 10. Florida FL | L | 0 | 758 | 0 | 0 | (2,752) | 1,248 | 0 | 0 |
| 11. Georgia GA | L | 7,122,932 | 6,933,900 | 0 | 2,492,767 | 5,826,591 | 6,774,595 | 10,520 | 0 |
| 12. Hawaii HI | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Idaho ID | L | 62 | 40 | 0 | 0 | (212) | 414 | 0 | 0 |
| 14. Illinois IL | L | 22,564,494 | 23,066,676 | 48,212 | 8,814,538 | 12,733,837 | 14,496,280 | 37,304 | 0 |
| 15. Indiana IN | L | 25,685,108 | 26,491,306 | 0 | 21,088,904 | 16,775,762 | 9,308,322 | 81,366 | 0 |
| 16. Iowa IA | L | 10,767,089 | 11,176,994 | 45,931 | 5,444,502 | 5,832,053 | 4,990,821 | 19,247 | 0 |
| 17. Kansas KS | L | 7,052 | 6,572 | 0 | 2,803 | 3,587 | 2,121 | 0 | 0 |
| 18. Kentucky KY | L | 17,354,047 | 17,295,479 | 0 | 10,495,244 | 10,618,513 | 7,384,106 | 32,534 | 0 |
| 19. Louisiana LA | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20. Maine ME | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21. Maryland MD | L | 3,026,315 | 2,632,515 | 0 | 972,328 | 1,343,482 | 7,815,412 | 3,383 | 0 |
| 22. Massachusetts MA | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23. Michigan MI | L | 6,078,462 | 6,097,249 | 0 | 2,296,782 | 1,996,413 | 2,867,683 | 19,142 | 0 |
| 24. Minnesota MN | L | 14,883,916 | 15,742,553 | 9,192 | 8,127,537 | 7,802,048 | 5,446,506 | 19,748 | 0 |
| 25. Mississippi MS | L | 2,879 | 1,744 | 0 | 0 | 1 | 319 | 0 | 0 |
| 26. Missouri MO | L | 84,265 | 120,442 | 0 | 31,586 | (107,970) | 39,837 | 74 | 0 |
| 27. Montana MT | L | 106 | 110 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28. Nebraska NE | L | 41,644 | 48,855 | 0 | 0 | 7,037 | 12,038 | 3 | 0 |
| 29. Nevada NV | L | 29,314 | 23,101 | 0 | 0 | 3,476 | 5,670 | 7 | 0 |
| 30. New Hampshire NH | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31. New Jersey NJ | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32. New Mexico NM | L | 2,475,923 | 2,496,406 | 0 | 1,504,041 | 2,032,772 | 1,812,003 | 2,723 | 0 |
| 33. New York NY | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34. North Carolina NC | L | 3,070,440 | 2,912,804 | 0 | 1,497,829 | 2,191,496 | 3,226,242 | 15 | 0 |
| 35. North Dakota ND | L | 365 | 2,177 | 0 | 0 | (97) | 1,028 | 0 | 0 |
| 36. Ohio OH | L | 168,167,752 | 171,082,690 | 0 | 79,988,162 | 84,243,873 | 67,580,568 | 574,783 | 0 |
| 37. Oklahoma OK | L | 3,655 | 4,156 | 0 | 0 | 35 | 938 | 0 | 0 |
| 38. Oregon OR | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39. Pennsylvania PA | L | 13,486,130 | 13,011,551 | 29,273 | 4,955,365 | 4,793,619 | 12,481,900 | 43,338 | 0 |
| 40. Rhode Island RI | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41. South Carolina SC | L | 3,260,063 | 2,629,259 | 0 | 931,571 | 2,242,950 | 3,123,389 | 3,730 | 0 |
| 42. South Dakota SD | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 43. Tennessee TN | L | 19,686,924 | 19,034,715 | 0 | 10,976,890 | 12,839,098 | 8,491,248 | 45,117 | 0 |
| 44. Texas TX | L | 46,502 | 38,356 | 0 | 0 | 6,502 | 11,817 | 0 | 0 |
| 45. Utah UT | L | 28,444 | 37,973 | 0 | 19,381 | 59,354 | 45,000 | 0 | 0 |
| 46. Vermont VT | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 47. Virginia VA | L | 2,492,348 | 2,435,383 | 26,837 | 515,299 | 1,969,580 | 2,945,609 | 2,536 | 0 |
| 48. Washington WA | L | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 49. West Virginia WV | L | 8,514,191 | 8,695,128 | 0 | 2,318,515 | (3,756,231) | 4,600,340 | 23,085 | 0 |
| 50. Wisconsin WI | L | 1,900,608 | 2,221,002 | 453,562 | 3,907,911 | 4,979,463 | 2,162,748 | 1,696 | 0 |
| 51. Wyoming WY | L | 238 | 238 | 0 | 0 | (104) | 204 | 0 | 0 |
| 52. American Samoa AS | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 53. Guam GU | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 54. Puerto Rico PR | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 55. US Virgin Islands VI | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 56. Northern Mariana Islands MP | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 57. Canada CAN | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58. Aggregate Other Alien OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Totals | XXX | 342,389,591 | 345,435,258 | 630,843 | 174,343,509 | 180,416,458 | 173,428,464 | 932,701 | 0 |

**DETAILS OF WRITE-INS**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 58001. | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58002. | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58003. | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above) | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Explanation of Basis of Allocation of Premiums by States, etc.**
Inland Marine and Other Accident and Health - Residence of Insured
All Other Lines - Location of Risk

(a) Active Status Counts:

| | | | |
|---|---|---|---|
| L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG | 39 | 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 (DSLI) - 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 | 18 |

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

## PART 1 – ORGANIZATIONAL CHART

- **Ohio Farmers Insurance Company ***
  24104
  34-0438190
  OH
  - **Westfield Insurance Company ***
    24112
    34-6516838
    OH
  - **Westfield National Insurance Company ***
    24120
    34-1022544
    OH
  - **American Select Insurance Company ***
    19992
    31-6016426
    OH
  - **Old Guard Insurance Company ***
    17558
    23-0929640
    OH
  - **Westfield Champion Insurance Company ***
    16447
    32-0569613
    OH
  - **Westfield Premier Insurance Company ***
    16450
    83-0887963
    OH
  - **Westfield Superior Insurance Company ***
    16449
    83-0871392
    OH
  - **Westfield Touchstone Insurance Company ***
    16448
    36-4900986
    OH
  - **Westfield Marketing LLC**
    27-1229534
    - **Westfield Services, Inc.**
      34-1861077
  - **150 South Road, LLC**
    46-2569087
  - **1848 Ventures, LLC**
    35-2614052
  - **Westfield Management Company**
    34-1788314
    - **WMC Properties, LLC**
      22-3981501
  - **Westfield Securities, LLC**
    45-4485129
  - **Westfield Bancorp, Inc.**
    77-0633192
    - **Westfield Bank, FSB**
      34-1940362
      - **Westfield Mortgage Company, LLC**
        20-0361702
      - **COIN Financial, Inc.**
        27-2415287
    - **Westfield Asset Management, LLC**
      46-4010767
    - **Westfield Credit Corp.**
      34-1962005

*These companies are members of the following pooling arrangement beginning 12/25/2018:

| | |
|---|---|
| Ohio Farmers Insurance Company | 19.0% |
| Westfield Insurance Company | 54.0% |
| Westfield National Insurance Company | 13.0% |
| American Select Insurance Company | 5.0% |
| Old Guard Insurance Company | 9.0% |
| Westfield Champion Insurance Company | 0.0% |
| Westfield Premier Insurance Company | 0.0% |
| Westfield Superior Insurance Company | 0.0% |
| Westfield Touchstone Insurance Company | 0.0% |
| Total | 100% |

# 2018 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK