



# ANNUAL STATEMENT

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

## of the Condition and Affairs of the

# STATE AUTOMOBILE MUTUAL INSURANCE COMPANY

NAIC Group Code..... (Current Period)	0175, 0175 (Prior Period)	NAIC Company Code..... 25135	Employer's ID Number..... 31-4316080
Organized under the Laws of OH		State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized.....	August 15, 1921	Commenced Business..... September 1, 1921	
Statutory Home Office	518 East Broad Street .. Columbus .. OH .. US .. 43215 (Street and Number) (City or Town, State, Country and Zip Code)		
Main Administrative Office	518 East Broad Street .. Columbus .. OH .. US .. 43215 (Street and Number) (City or Town, State, Country and Zip Code)		614-464-5000 (Area Code) (Telephone Number)
Mail Address	518 East Broad Street .. Columbus .. OH .. US .. 43215 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	518 East Broad Street .. Columbus .. OH .. US .. 43215 (Street and Number) (City or Town, State, Country and Zip Code)		614-464-5000 (Area Code) (Telephone Number)
Internet Web Site Address	www.stateauto.com		
Statutory Statement Contact	Zachary James Skidmore (Name)		614-917-5995 (Area Code) (Telephone Number) (Extension)
	corporateaccounting@stateauto.com (E-Mail Address)		317-715-4519 (Fax Number)

## OFFICERS

Name	Title	Name	Title
1. Michael Edward LaRocco	President	2. Melissa Ann Centers	Secretary
3. Matthew Robert Pollak	Treasurer	4.	
<b>OTHER</b>			
Jason Earl Berkey	Senior Vice President	Steven Eugene English	Senior Vice President
Kim Burton Garland	Senior Vice President	John Michael Petrucci	Senior Vice President
Elise deLanglade Spriggs	Senior Vice President	Paul Martin Stachura	Senior Vice President
Gregory Allan Taccetti	Senior Vice President	Scott Alan Jones	Vice President
Matthew Stanley Mrozek	Vice President		

## **DIRECTORS OR TRUSTEES**

Robert Ellison Baker Michael Joseph Fiorile James Edward Kunk Michael Edward LaRocco  
Marsha Pasquinelly Ryan Edwin Jesse Simcox Dwight Eric Smith Roger Philip Sugarman

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

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

Michael Edward LaRocco  
President

Melissa Ann Centers  
Secretary

Matthew Robert Pollak  
Treasurer

Subscribed and sworn to before me

This 22nd day of February

2019

a. Is this an original filing?

Yes [ X ] No [ ]

Digitized by srujanika@gmail.com

2. Date filed
3. Number of pages attached

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Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	470,733,705	0	470,733,705	542,199,628
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	746,692,086	6,196,179	740,495,907	842,023,449
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).....	18,627,140	0	18,627,140	18,214,794
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	5,773,751
5. Cash (\$.....(8,487,231), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....36,264,020, Schedule DA).....	27,776,789	0	27,776,789	7,511,239
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).....	42,181,080	0	42,181,080	48,746,170
9. Receivables for securities.....	0	0	0	0
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).....	1,306,010,800	6,196,179	1,299,814,621	1,464,469,031
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	2,972,111	0	2,972,111	3,943,054
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	185,605,759	1,770,038	183,835,721	222,794,641
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....2,803,597 earned but unbilled premiums).....	486,894,435	280,359	486,614,076	444,052,126
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	218,699,264	0	218,699,264	212,942,851
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.....	0	0	0	1,395,029
18.2 Net deferred tax asset.....	0	0	0	0
19. Guaranty funds receivable or on deposit.....	128,462	0	128,462	122,634
20. Electronic data processing equipment and software.....	73,413,341	73,237,660	175,681	683,700
21. Furniture and equipment, including health care delivery assets (\$.....0).....	2,769,232	2,769,232	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.....	100,279,819	1,591	100,278,228	55,391,938
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	8,297,776	5,391,103	2,906,673	1,498,504
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,385,070,999	89,646,162	2,295,424,837	2,407,293,508
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTAL (Lines 26 and 27).....	2,385,070,999	89,646,162	2,295,424,837	2,407,293,508

**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. Accounts receivable.....	1,347,644	168,559	1,179,085	22,705
2502. Prepaid expenses.....	5,104,974	5,104,974	0	0
2503. Equities and deposits in pools and associations.....	436,785	0	436,785	509,610
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,408,373	117,570	1,290,803	966,189
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	8,297,776	5,391,103	2,906,673	1,498,504

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	481,033,444	540,634,903
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	278,396,028	252,591,617
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	131,605,107	131,065,721
4. Commissions payable, contingent commissions and other similar charges.....	21,549,256	10,562,001
5. Other expenses (excluding taxes, licenses and fees).....	23,009,089	13,900,145
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	8,402,489	6,971,084
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	3,117,516	0
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$....100,500,000 and interest thereon \$....868,882.....	101,368,882	101,368,882
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$....585,246,871 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).....	306,612,363	321,298,608
10. Advance premium.....	10,225,752	10,648,503
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	232,221	177,129
12. Ceded reinsurance premiums payable (net of ceding commissions).....	65,727,977	94,426,099
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	32,809	38,318
14. Amounts withheld or retained by company for account of others.....	8,350,561	8,889,947
15. Remittances and items not allocated.....	256,414	645,115
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....	82,000	181,413
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	8,550,126	44,938,163
19. Payable to parent, subsidiaries and affiliates.....	54,712,353	49,707,083
20. Derivatives.....	0	0
21. Payable for securities.....	0	5,163,017
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.....	26,230,081	35,139,575
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,529,494,468	1,628,347,323
27. Protected cell liabilities.....	0	0
28. Total liabilities (Lines 26 and 27).....	1,529,494,468	1,628,347,323
29. Aggregate write-ins for special surplus funds.....	0	483,311
30. Common capital stock.....	0	0
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.....	0	0
35. Unassigned funds (surplus).....	765,930,369	778,462,874
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).....	765,930,369	778,946,185
38. TOTAL (Page 2, Line 28, Col. 3).....	2,295,424,837	2,407,293,508

**DETAILS OF WRITE-INS**

2501. Escheated funds payable.....	3,616,479	4,996,348
2502. Equities and deposits in pools and associations.....	69,798	74,767
2503. Miscellaneous liabilities.....	449,748	2,197,176
2598. Summary of remaining write-ins for Line 25 from overflow page.....	22,094,056	27,871,284
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	26,230,081	35,139,575
2901. Retroactive reinsurance gain (loss).....	0	483,311
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).....	0	483,311
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

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**STATEMENT OF INCOME**

		1 Current Year	2 Prior Year
	<b>UNDERWRITING INCOME</b>		
1.	Premiums earned (Part 1, Line 35, Column 4).....	657,090,512	676,796,402
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7).....	342,891,811	402,699,968
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	80,709,446	85,616,747
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	236,884,125	239,920,712
5.	Aggregate write-ins for underwriting deductions.....	0	0
6.	Total underwriting deductions (Lines 2 through 5).....	660,485,382	728,237,427
7.	Net income of protected cells.....	0	0
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(3,394,870)	(51,441,025)
	<b>INVESTMENT INCOME</b>		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....	24,042,504	23,017,835
10.	Net realized capital gains (losses) less capital gains tax of \$....2,305,881 (Exhibit of Capital Gains (Losses)).....	(4,634,351)	1,142,650
11.	Net investment gain (loss) (Lines 9 + 10).....	19,408,153	24,160,485
	<b>OTHER INCOME</b>		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$....134,273 amount charged off \$....2,223,880).....	(2,089,607)	(981,601)
13.	Finance and service charges not included in premiums.....	1,859,757	2,119,759
14.	Aggregate write-ins for miscellaneous income.....	(2,161,884)	(694,151)
15.	Total other income (Lines 12 through 14).....	(2,391,734)	444,007
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	13,621,549	(26,836,533)
17.	Dividends to policyholders.....	182,423	270,379
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	13,439,126	(27,106,912)
19.	Federal and foreign income taxes incurred.....	1,151,512	(8,340,321)
20.	Net income (Line 18 minus Line 19) (to Line 22).....	12,287,614	(18,766,591)
	<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	778,946,185	822,552,242
22.	Net income (from Line 20).....	12,287,614	(18,766,591)
23.	Net transfers (to) from Protected Cell accounts.....	0	0
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$....(3,461,157).....	(14,966,909)	(3,723,633)
25.	Change in net unrealized foreign exchange capital gain (loss).....	0	0
26.	Change in net deferred income tax.....	(3,461,160)	(3,281,316)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(9,288,073)	(20,788,983)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	99,413	(90,090)
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.....	0	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.....	2,313,299	3,044,556
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(13,015,816)	(43,606,057)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	765,930,369	778,946,185

**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. Miscellaneous income (expense).....	.37,859	124,023
1402. Gain (loss) on sale of fixed assets.....	(2,142,981)	(798,354)
1403. Governmental fines and penalties.....	(56,762)	(31,177)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	11,357
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	(2,161,884)	(694,151)
3701. Unrecognized pension.....	.2,712,599	4,255,863
3702. Unrecognized retiree medical.....	(399,300)	(1,211,307)
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).....	.2,313,299	3,044,556

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	608,993,650	645,272,139
2. Net investment income.....	29,221,764	29,502,058
3. Miscellaneous income.....	(2,391,732)	432,650
4. Total (Lines 1 through 3).....	635,823,682	675,206,847
5. Benefit and loss related payments.....	382,445,272	354,334,362
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	296,761,872	318,004,926
8. Dividends paid to policyholders.....	127,331	225,696
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(1,055,152)	(4,986,992)
10. Total (Lines 5 through 9).....	678,279,323	667,577,992
11. Net cash from operations (Line 4 minus Line 10).....	(42,455,641)	7,628,855
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	116,186,526	100,375,846
12.2 Stocks.....	97,398,749	108,683,093
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	5,774,294	0
12.5 Other invested assets.....	2,257,787	2,259,091
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	0	20,455
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	221,617,356	211,338,485
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	46,483,571	77,314,622
13.2 Stocks.....	19,191,417	107,732,704
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	1,562,381	1,187,222
13.5 Other invested assets.....	960,154	4,257,637
13.6 Miscellaneous applications.....	5,163,017	836,983
13.7 Total investments acquired (Lines 13.1 to 13.6).....	73,360,540	191,329,168
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).....	148,256,816	20,009,317
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	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).....	(85,535,625)	(44,166,501)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(85,535,625)	(44,166,501)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	20,265,550	(16,528,329)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	7,511,239	24,039,568
19.2 End of year (Line 18 plus Line 19.1).....	27,776,789	7,511,239

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

20.0001 .....	0	0
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Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	20,574,329	10,108,302	10,596,575	20,086,057
2. Allied lines.....	26,028,350	17,512,234	14,830,111	28,710,474
3. Farmowners multiple peril.....	20,022,490	9,410,271	10,175,247	19,257,514
4. Homeowners multiple peril.....	140,848,823	64,019,255	76,698,883	128,169,196
5. Commercial multiple peril.....	60,090,309	30,684,044	29,817,005	60,957,348
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	5,922	5,226	3,350	7,798
9. Inland marine.....	6,867,573	4,031,684	3,340,258	7,558,999
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.....	1,057,138	2,914,155	1,371,420	2,599,874
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.....	786	441	637	590
16. Workers' compensation.....	47,244,555	20,848,333	19,965,495	48,127,393
17.1 Other liability - occurrence.....	45,317,664	38,737,052	18,890,952	65,163,763
17.2 Other liability - claims-made.....	596,859	2,120,280	230,229	2,486,909
17.3 Excess workers' compensation.....	0	0	0	0
18.1 Products liability - occurrence.....	5,217,663	2,138,450	2,208,202	5,147,911
18.2 Products liability - claims-made.....	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	126,347,066	45,108,726	52,679,243	118,776,550
19.3, 19.4 Commercial auto liability.....	28,957,754	25,086,653	15,712,353	38,332,054
21. Auto physical damage.....	112,401,010	46,227,500	47,751,888	110,876,622
22. Aircraft (all perils).....	0	0	0	0
23. Fidelity.....	553,890	278,583	291,413	541,059
24. Surety.....	23,863	35,554	20,542	38,874
26. Burglary and theft.....	61,074	41,482	33,244	69,312
27. Boiler and machinery.....	181,388	88,696	88,719	181,364
28. Credit.....	0	0	0	0
29. International.....	0	0	0	0
30. Warranty.....	.851	0	0	.851
31. Reinsurance - nonproportional assumed property.....	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	642,399,356	319,396,921	304,705,765	657,090,513

**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

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	10,595,562	1,013	0	0	10,596,575
2. Allied lines.....	14,808,219	21,892	0	0	14,830,111
3. Farmowners multiple peril.....	10,175,247	0	0	0	10,175,247
4. Homeowners multiple peril.....	76,698,883	0	0	0	76,698,883
5. Commercial multiple peril.....	30,096,804	0	(279,799)	0	29,817,005
6. Mortgage guaranty.....	0	0	0	0	0
8. Ocean marine.....	3,350	0	0	0	3,350
9. Inland marine.....	3,340,258	0	0	0	3,340,258
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.....	1,366,996	4,424	0	0	1,371,420
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.....	637	0	0	0	637
16. Workers' compensation.....	21,023,533	111,897	(1,169,935)	0	19,965,495
17.1 Other liability - occurrence.....	18,643,742	483,605	(236,395)	0	18,890,952
17.2 Other liability - claims-made.....	215,502	14,728	0	0	230,229
17.3 Excess workers' compensation.....	0	0	0	0	0
18.1 Products liability - occurrence.....	2,424,676	0	(216,474)	0	2,208,202
18.2 Products liability - claims-made.....	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	52,679,243	0	0	0	52,679,243
19.3, 19.4 Commercial auto liability.....	15,716,346	0	(3,993)	0	15,712,353
21. Auto physical damage.....	47,751,888	0	0	0	47,751,888
22. Aircraft (all perils).....	0	0	0	0	0
23. Fidelity.....	270,410	21,003	0	0	291,413
24. Surety.....	11,527	9,015	0	0	20,542
26. Burglary and theft.....	32,741	503	0	0	33,244
27. Boiler and machinery.....	88,719	0	0	0	88,719
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.....	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	305,944,283	668,079	(1,906,597)	0	304,705,765
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					1,906,597
38. Balance (sum of Lines 35 through 37).....					306,612,362

**DETAILS OF WRITE-INS**

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: Pro-rata methods

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	20,009,458	39,865,814	78,062	39,061,410	317,595	20,574,329
2. Allied lines.....	25,658,037	56,957,907	128,390	49,416,146	7,299,837	26,028,350
3. Farmowners multiple peril.....	55,784,407	2,759,627	0	38,013,713	507,831	20,022,490
4. Homeowners multiple peril.....	59,152,662	349,427,119	331,473	267,408,605	653,826	140,848,823
5. Commercial multiple peril.....	41,122,824	134,557,852	0	114,084,504	1,505,864	60,090,309
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	501	16,663	0	11,242	0	5,922
9. Inland marine.....	6,275,346	13,641,372	0	13,038,438	10,708	6,867,573
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	1	(1)	0
12. Earthquake.....	1,807,171	5,218,449	0	2,007,032	3,961,450	1,057,138
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.....	3,503	0	0	1,493	1,224	786
16. Workers' compensation.....	18,722,273	118,035,685	681,350	89,696,185	498,567	47,244,555
17.1 Other liability - occurrence.....	45,503,579	89,902,134	102	86,037,891	4,050,259	45,317,664
17.2 Other liability - claims-made.....	1,115,394	1,739,299	0	1,133,168	1,124,666	596,859
17.3 Excess workers' compensation.....	0	0	0	0	0	0
18.1 Products liability - occurrence.....	7,342,050	7,808,609	0	9,905,999	26,997	5,217,663
18.2 Products liability - claims-made.....	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	52,667,591	314,549,083	0	239,876,307	993,300	126,347,066
19.3, 19.4 Commercial auto liability.....	34,746,682	49,101,397	207,048	54,977,768	119,605	28,957,754
21. Auto physical damage.....	55,595,923	270,252,348	2,664	213,399,021	50,905	112,401,010
22. Aircraft (all perils).....	0	0	0	0	0	0
23. Fidelity.....	680,302	925,177	0	1,051,589	0	553,890
24. Surety.....	96,560	0	0	45,304	27,393	23,863
26. Burglary and theft.....	89,917	87,369	91	115,953	350	61,074
27. Boiler and machinery.....	2,289,881	12,064	0	344,376	1,776,181	181,388
28. Credit.....	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0
30. Warranty.....	0	0	.851	0	0	.851
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	428,664,061	1,454,857,967	1,430,031	1,219,626,147	22,926,556	642,399,356

**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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	15,541,914	20,709,781	25,450,148	10,801,547	4,295,276	4,068,272	11,028,551	54.9
2. Allied lines.....	14,196,676	58,828,552	47,874,805	25,150,423	14,510,263	26,923,692	12,736,995	44.4
3. Farmowners multiple peril.....	33,812,152	1,484,755	25,632,684	9,664,223	3,670,815	3,755,157	9,579,882	49.7
4. Homeowners multiple peril.....	21,824,878	183,152,437	135,230,310	69,747,005	23,998,857	22,847,005	70,898,857	55.3
5. Commercial multiple peril.....	20,380,693	99,847,065	78,969,818	41,257,940	56,140,325	73,905,760	23,492,505	38.5
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	(2,336)	0	(1,530)	(806)	(913)	1,262	(2,981)	(38.2)
9. Inland marine.....	2,486,738	4,848,358	4,810,540	2,524,556	653,912	1,059,645	2,118,823	28.0
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....	0	0	0	0	7,903	10,977	(3,074)	0.0
11.2 Medical professional liability - claims-made.....	0	8,405,186	5,505,397	2,899,789	4,975,587	6,210,591	1,664,785	346,830,158.5
12. Earthquake.....	0	88,232	57,792	30,440	0	31,307	(867)	(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.....	4,764	0	3,171	1,593	11,104	14,752	(2,055)	(348.3)
16. Workers' compensation.....	10,124,954	45,093,667	36,585,423	18,633,199	86,530,869	84,186,348	20,977,719	43.6
17.1 Other liability - occurrence.....	29,048,360	72,358,037	67,610,733	33,795,664	122,805,955	119,668,977	36,932,642	56.7
17.2 Other liability - claims-made.....	0	6,985,170	4,741,899	2,243,270	4,102,197	6,376,734	(31,267)	(1.3)
17.3 Excess workers' compensation.....	0	0	0	0	131,889	126,067	5,822	0.0
18.1 Products liability - occurrence.....	1,330,014	2,190,342	2,303,393	1,216,963	6,535,235	5,788,001	1,964,197	38.2
18.2 Products liability - claims-made.....	0	0	0	0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability.....	45,009,477	203,840,583	166,044,896	82,805,164	74,871,076	88,468,586	69,207,654	58.3
19.3, 19.4 Commercial auto liability.....	26,745,018	94,333,031	79,289,536	41,788,514	71,390,631	91,347,133	21,832,012	57.0
21. Auto physical damage.....	28,860,628	145,195,275	114,006,616	60,049,287	4,584,639	4,208,939	60,424,987	54.5
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0.0
23. Fidelity.....	56,447	109,011	108,375	57,083	209,703	127,646	139,140	25.7
24. Surety.....	(35,791)	0	(23,570)	(12,220)	548,780	262,907	273,653	703.9
26. Burglary and theft.....	0	8,353	5,472	2,882	10,735	43,889	(30,272)	(43.7)
27. Boiler and machinery.....	345,066	(659,369)	(85,165)	(229,138)	132,570	530,216	(626,784)	(345.6)
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.	32,705	0	32,705	204,436	204,438	32,703	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX.	96,196	63,009	33,188	711,597	466,603	278,182	0.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX.	0	0	0	0	0	0	0.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35. TOTALS.....	249,729,653	946,947,367	794,183,749	402,493,271	481,033,443	540,634,904	342,891,810	52.2
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	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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	4,299,435	5,077,687	6,404,197	2,972,924	1,737,785	2,095,116	2,510,549	4,295,276	879,438
2. Allied lines.....	5,159,764	27,975,407	21,789,162	11,346,009	1,812,430	7,359,324	6,007,500	14,510,263	1,215,506
3. Farmowners multiple peril.....	8,424,927	360,939	6,048,110	2,737,756	2,587,625	116,895	1,771,461	3,670,815	751,082
4. Homeowners multiple peril.....	5,738,494	42,832,536	31,814,024	16,757,006	2,582,875	18,408,005	13,749,028	23,998,857	3,710,199
5. Commercial multiple peril.....	15,118,600	73,229,832	58,251,934	30,096,498	13,345,566	62,144,955	49,446,694	56,140,325	21,265,160
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	(512)	(2,134)	(1,733)	(913)	86
9. Inland marine.....	501,946	462,713	639,219	325,440	271,319	680,780	623,628	653,912	81,998
10. Financial guaranty.....	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	0	0	0	0	22,909	15,005	7,903	4,706
11.2 Medical professional liability - claims-made.....	0	11,535,951	7,590,150	3,945,801	0	2,984,888	1,955,102	4,975,587	1,448,872
12. Earthquake.....	0	0	0	0	0	0	0	0	3,007
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.....	6,186	0	4,052	2,134	26,000	0	17,030	(a). 11,104	0
16. Workers' compensation.....	32,094,844	79,987,871	78,093,885	33,988,830	29,812,106	122,891,192	100,161,259	.86,530,869	18,210,034
17.1 Other liability - occurrence.....	32,864,855	91,403,305	82,106,383	42,161,778	54,465,642	187,005,583	160,827,047	122,805,955	48,868,073
17.2 Other liability - claims-made.....	0	2,625,705	1,839,586	.786,119	0	9,708,143	6,392,065	4,102,197	2,446,551
17.3 Excess workers' compensation.....	0	0	0	0	0	382,288	250,398	131,889	56,524
18.1 Products liability - occurrence.....	2,968,908	3,001,432	3,905,694	2,064,646	7,252,733	5,705,495	8,487,639	6,535,235	3,389,111
18.2 Products liability - claims-made.....	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	40,028,025	152,569,490	131,967,000	60,630,515	7,675,652	33,601,334	27,036,425	74,871,076	10,693,029
19.3, 19.4 Commercial auto liability.....	36,560,283	100,150,169	90,949,830	45,760,622	16,062,478	58,351,387	48,783,855	.71,390,631	15,241,845
21. Auto physical damage.....	2,795,652	13,569,049	10,718,880	5,645,822	(434,207)	(2,641,682)	(2,014,706)	4,584,639	3,007,679
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0	0
23. Fidelity.....	183,053	150,001	.218,150	.114,904	.170,007	104,777	.179,985	.209,703	.42,656
24. Surety.....	1,072,488	0	.709,076	.363,412	.537,300	0	.351,932	.548,780	239,523
26. Burglary and theft.....	0	.8,181	.5,336	.2,845	.13,613	.9,257	.14,980	.10,735	.2,175
27. Boiler and machinery.....	.145,500	33,850	.167,671	.11,678	.238,089	.112,325	.229,523	.132,570	.47,851
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	.204,436	0	.204,436	XXX	0	0	.204,436	0
32. Reinsurance - nonproportional assumed liability.....	XXX	.659,010	.431,651	.227,358	XXX	.1,403,592	.919,353	.711,597	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	187,962,961	605,837,563	533,653,991	260,146,533	138,156,499	510,444,428	427,714,018	.481,033,443	131,605,107

## 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.

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	27,708,326	0	0	27,708,326
1.2 Reinsurance assumed.....	95,683,793	0	0	95,683,793
1.3 Reinsurance ceded.....	81,681,569	0	0	81,681,569
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	41,710,550	0	0	41,710,550
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	65,498,057	0	65,498,057
2.2 Reinsurance assumed, excluding contingent.....	0	216,397,575	0	216,397,575
2.3 Reinsurance ceded, excluding contingent.....	0	185,778,118	0	185,778,118
2.4 Contingent - direct.....	0	7,054,694	0	7,054,694
2.5 Contingent - reinsurance assumed.....	0	21,679,259	0	21,679,259
2.6 Contingent - reinsurance ceded.....	0	18,776,347	0	18,776,347
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	106,075,120	0	106,075,120
3. Allowances to manager and agents.....	0	1,781,389	0	1,781,389
4. Advertising.....	7,832	260,439	0	268,271
5. Boards, bureaus and associations.....	375,284	3,139,563	0	3,514,847
6. Surveys and underwriting reports.....	0	8,670,126	0	8,670,126
7. Audit of assureds' records.....	0	368,646	0	368,646
8. Salary and related items:				
8.1 Salaries.....	21,888,272	44,714,429	104,248	66,706,949
8.2 Payroll taxes.....	1,585,768	3,092,014	4,170	4,681,952
9. Employee relations and welfare.....	4,341,461	8,097,950	21,965	12,461,376
10. Insurance.....	211,739	362,517	588	574,844
11. Directors' fees.....	0	1,081,161	0	1,081,161
12. Travel and travel items.....	658,576	1,469,552	677	2,128,805
13. Rent and rent items.....	1,435,050	2,874,326	7,330	4,316,706
14. Equipment.....	307,552	557,032	1,539	866,123
15. Cost or depreciation of EDP equipment and software.....	4,339,534	13,924,407	11,874	18,275,815
16. Printing and stationery.....	86,165	332,894	509	419,568
17. Postage, telephone and telegraph, exchange and express.....	804,585	3,478,217	12,370	4,295,172
18. Legal and auditing.....	74,978	501,052	1,899,240	2,475,270
19. Totals (Lines 3 to 18).....	36,116,796	94,705,714	2,064,510	132,887,020
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$....27,299.....	0	14,678,332	0	14,678,332
20.2 Insurance department licenses and fees.....	0	1,860,614	0	1,860,614
20.3 Gross guaranty association assessments.....	0	68,202	0	68,202
20.4 All other (excluding federal and foreign income and real estate).....	0	31,779	0	31,779
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	16,638,927	0	16,638,927
21. Real estate expenses.....	0	0	3,661,684	3,661,684
22. Real estate taxes.....	0	0	493,704	493,704
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	2,882,104	19,464,362	8,141	22,354,608
25. Total expenses incurred.....	80,709,450	236,884,123	6,228,039	(a) 323,821,612
26. Less unpaid expenses - current year.....	131,605,107	52,123,816	837,018	184,565,940
27. Add unpaid expenses - prior year.....	131,065,721	30,414,653	1,018,584	162,498,959
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).....	80,170,064	215,174,961	6,409,606	301,754,630

**DETAILS OF WRITE-INS**

2401. Professional consultants.....	2,795,383	20,083,986	8,144	22,887,513
2402. Miscellaneous.....	86,722	(619,624)	(3)	(532,906)
2403. ....	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	2,882,104	19,464,362	8,141	22,354,608

(a) Includes management fees of \$....1,711,487 to affiliates and \$....182,266 to non-affiliates.

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a) 2,906,812	2,882,392
1.1 Bonds exempt from U.S. tax.....	(a) 1,660,957	1,204,879
1.2 Other bonds (unaffiliated).....	(a) 10,551,832	10,049,537
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).....	5,234,837	5,246,686
2.21 Common stocks of affiliates.....	10,381,989	10,381,989
3. Mortgage loans.....	(c) 0	0
4. Real estate.....	(d) 5,042,588	5,042,588
5. Contract loans.....	0	0
6. Cash, cash equivalents and short-term investments.....	(e) 332,399	332,399
7. Derivative instruments.....	(f) 0	0
8. Other invested assets.....	1,179,330	1,179,330
9. Aggregate write-ins for investment income.....	572,835	572,835
10. Total gross investment income.....	37,863,579	36,892,635
11. Investment expenses.....	(g) 6,228,039	
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g) 0	
13. Interest expense.....	(h) 5,472,056	
14. Depreciation on real estate and other invested assets.....	(i) 1,150,035	
15. Aggregate write-ins for deductions from investment income.....	0	
16. Total deductions (Lines 11 through 15).....	12,850,130	
17. Net investment income (Line 10 minus Line 16).....	24,042,506	

**DETAILS OF WRITE-INS**

0901. Miscellaneous Investment Income.....	572,835	572,835
0902. ....0	0	0
0903. ....0	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).....	572,835	572,835
1501. ....0		0
1502. ....0		0
1503. ....0		0
1598. Summary of remaining write-ins for Line 15 from overflow page.....	0	0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	0	0

- (a) Includes \$....314,305 accrual of discount less \$....3,721,637 amortization of premium and less \$....92,865 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 \$....5,042,588 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$....164,271 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$....1,150,035 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	128,843	0	128,843	847,516	0
1.1 Bonds exempt from U.S. tax.....	730,002	0	730,002	0	0
1.2 Other bonds (unaffiliated).....	(61,998)	0	(61,998)	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).....	10,694,034	(14,073,855)	(3,379,821)	(11,862,522)	0
2.21 Common stocks of affiliates.....	54,729	0	54,729	(1,946,369)	0
3. Mortgage loans.....	0	0	0	0	0
4. Real estate.....	.542	0	.542	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.....	199,233	0	199,233	(5,466,690)	0
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	11,745,385	(14,073,855)	(2,328,470)	(18,428,065)	0

**DETAILS OF WRITE-INS**

0901. ....0	0	0	0	0	0
0902. ....0	0	0	0	0	0
0903. ....0	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

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	6,196,179	9,952	(6,186,227)
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).....	6,196,179	9,952	(6,186,227)
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.....	1,770,038	203,974	(1,566,064)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	280,359	1,159,709	879,350
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.....	73,237,660	62,117,013	(11,120,647)
21. Furniture and equipment, including health care delivery assets.....	2,769,232	3,915,793	1,146,561
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	1,591	5,376,372	5,374,781
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	5,391,102	7,575,275	2,184,173
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	89,646,161	80,358,088	(9,288,073)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	89,646,161	80,358,088	(9,288,073)

**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. Accounts receivable.....	168,558	1,322,092	1,153,534
2502. Prepaid expenses.....	5,104,974	5,977,445	872,471
2503. Advances.....	5,427	168,384	162,957
2598. Summary of remaining write-ins for Line 25 from overflow page.....	112,143	107,354	(4,789)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	5,391,102	7,575,275	2,184,173

## NOTES TO FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies:

#### A. Accounting Practices:

The accompanying financial statements of State Automobile Mutual Insurance Company (the "Company" or "State Auto Mutual") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance, which has adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP).

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

	SSAP #	F/S Page	F/S Line #	Amount (\$)	
				2018	2017
<b>NET INCOME</b>					
(1) State Auto Mutual state basis (Page 4, Line 20, Columns 1 & 2)				12,287,614	(18,766,591)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:				—	—
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:				—	—
(4) NAIC SAP (1 - 2 - 3 = 4)				12,287,614	(18,766,591)
<b>SURPLUS</b>					
(5) State Auto Mutual state basis (Page 3, Line 37, Columns 1 & 2)				765,930,369	778,946,185
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:				—	—
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:				—	—
(8) NAIC SAP (5 - 6 - 7 = 8)				765,930,369	778,946,185

The Company is a member of the State Auto Holding Company System ("State Auto Group") that is defined at Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group. See Schedule Y Part 1 - Organizational Chart. The following member companies of the State Auto Group referred to throughout these notes are defined as follows: State Automobile Mutual Insurance Company ("State Auto Mutual"), State Auto Insurance Company of Wisconsin ("SA Wisconsin"), State Auto Financial Corporation ("State Auto Financial"), State Auto Property & Casualty Insurance Company ("State Auto P&C"), Stateco Financial Services, Inc. ("Stateco"), Milbank Insurance Company ("Milbank"), State Auto Insurance Company of Ohio ("SA Ohio"), Risk Evaluation & Design, LLC ("RED"), Meridian Security Insurance Company ("Meridian Security"), Patrons Mutual Insurance Company of Connecticut ("Patrons Mutual"), Rockhill Holding Company ("RHC"), Rockhill Insurance Company ("Rockhill"), Plaza Insurance Company ("Plaza"), American Compensation Insurance Company ("American Compensation"), Bloomington Compensation Insurance Company ("Bloomington Compensation"), Rockhill Underwriting Management, LLC ("RUM"), Network E&S Insurance Brokers, LLC ("Network"), Facilitators, Inc. ("Facilitators"), and State Auto Labs Corp. ("SA Labs"). Partners General Insurance Agency, LLC ("Partners") was sold on March 1, 2018.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and of revenue and expense for the period then ended. It also requires estimates in the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these 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 assumed.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

Real estate investments are classified in the balance sheet as properties occupied by the company and carried at depreciated cost with the exception of one property which is classified as properties held for sale and carried at depreciated cost.

In addition, the Company uses the following accounting policies:

1. Short-term investments: Not applicable.
2. Bonds not backed by other loans are stated at amortized cost using the scientific interest method.
3. Common stocks, other than investments in stocks of subsidiaries and affiliates, are stated at fair value.
4. Preferred stocks: Not applicable.
5. Mortgage loans: Not applicable.
6. Loan-backed securities are valued at amortized cost using the scientific interest method. The retrospective adjustment method is used to determine the fair value of all loan-backed securities.
7. Investments in subsidiaries and affiliated companies: Insurance subsidiary SA Wisconsin is stated at statutory equity value. Holding company subsidiaries, State Auto Holdings, stated at unaudited GAAP equity value, and RHC, stated at audited U.S. GAAP equity value, are admitted to the extent allowed by SSAP No. 97 - *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88*. A 59.9% publicly owned holding company subsidiary, State Auto Financial, is stated at audited U.S. GAAP equity value. Noninsurance subsidiaries, Facilitators, RED, and Network, are stated at unaudited GAAP equity value and admitted to the extent allowed by SSAP No. 97. At December 31, 2018 and 2017, unamortized goodwill was \$584,261 and \$12,230,023, respectively, of which, \$0 was nonadmitted.
8. The Company has minor ownership interests in partnerships and a trust. The Company carries these interests at the underlying equity of the investee, and for affiliated interests, to the extent allowed by SSAP No. 97 - *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88*.
9. Derivatives: Not applicable.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, except accident and health business, in accordance with SSAP No. 53 - *Property-Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the period determined.
12. The Company has not materially modified its capitalization policy from the prior period.
13. Pharmaceutical rebate receivables: Not applicable.

#### D. Going Concern:

Management has evaluated the Company's viability and has no doubt as to the Company's ability to continue as a going concern.

#### 2. Accounting Changes and Corrections of Errors:

Not applicable.

**3. Business Combinations and Goodwill:****A. Statutory Purchase Method:**

1. On February 10, 2009, the Company purchased 100% interest in RHC, a Delaware corporation. RHC writes specialty property and casualty business through four insurance subsidiaries, Rockhill, Plaza, American Compensation and Bloomington Compensation and has a subsidiary that is a third party administrator providing workers compensation case and claim management services.
2. The RHC transaction described in Note 3A was accounted for as a statutory purchase.
3. The cost of the RHC purchase was \$248,627,800 resulting in goodwill of \$150,178,743, of which \$0 was nonadmitted at December 31, 2018.
4. Goodwill amortization for the period ended December 31, 2018 relating to the purchase of RHC was \$8,971,026.

**B. Statutory Merger: Not applicable.****C. Assumption Reinsurance: Not applicable.****D. Impairment Loss:**

1. During 2017, management determined a portion of the excess and surplus lines business was not core to the Company's strategy and has decided to begin exiting this business segment.
2. On December 31, 2017, the Company impaired goodwill associated with the RHC purchase. The impairment of \$15,330,145 was charged to realized capital gains and losses. The fair value was determined based on the GAAP value of the company and intangible assets associated with directly owned subsidiaries and market value of insurance business.

**4. Discontinued Operations: Not applicable.****5. Investments:****A. Mortgage Loans: Not applicable.****B. Debt Restructuring: Not applicable.****C. Reverse Mortgages: Not applicable.****D. Loan-Backed Securities:**

1. Prepayment assumptions for mortgage-backed securities, asset-backed securities and collateralized mortgage obligations were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).
2. The Company has not recognized any other than temporary impairments on its loan-backed securities.
3. The Company has not recognized any other than temporary impairments on its loan-backed securities.
4. The Company has loan-backed securities in which the fair value is less than cost or amortized cost for which an other than temporary impairment has not been recognized.

	Amount (\$)
a. The aggregate amount of unrealized losses	
1. Less than 12 Months	(523,401)
2. 12 Months or Longer	(6,468,818)
b. The aggregate related fair value of securities with unrealized losses	
1. Less than 12 Months	45,621,014
2. 12 Months or Longer	132,784,754

5. The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. The Company considers various factors, such as the duration and extent the security has been below cost, underlying credit rating of the issuer, receipt of scheduled principal and interest cash flows, and the Company's ability and intent to hold the security until recovery.

**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.**

## 5. Investments (continued):

## L. Restricted Assets:

## 1. Restricted assets (including pledged) summarized by restricted asset category:

	Amount (\$)									Percentage (%)			
	Gross (Admitted & Nonadmitted) Restricted												
	Current Year					6	7	8	9				
	1	2	3	4	5				10	11			
	Total General Account (G/A)	G/A Supporting S/A Restricted Assets (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)		
a. Subject to contractual obligation for which liability is not shown	—	—	—	—	—	—	—	—	—	—	—		
b. Collateral held under security lending arrangements	—	—	—	—	—	—	—	—	—	—	—		
c. Subject to repurchase agreements	—	—	—	—	—	—	—	—	—	—	—		
d. Subject to reverse repurchase agreements	—	—	—	—	—	—	—	—	—	—	—		
e. Subject to dollar repurchase agreements	—	—	—	—	—	—	—	—	—	—	—		
f. Subject to dollar reverse repurchase agreements	—	—	—	—	—	—	—	—	—	—	—		
g. Placed under option contracts	—	—	—	—	—	—	—	—	—	—	—		
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	—	—	—	—	—	—	—	—	—	—	—		
i. FHLB capital stock	4,143,200	—	—	—	4,143,200	4,143,200	—	—	4,143,200	0.17%	0.18%		
j. On deposit with state	6,467,387	—	—	—	6,467,387	6,578,429	(111,042)	—	6,467,387	0.27%	0.28%		
k. On deposit with other regulatory bodies	—	—	—	—	—	—	—	—	—	—	—		
l. Pledged as collateral to FHLB (including assets backing funding agreements)	33,718,649	—	—	—	33,718,649	35,119,190	(1,400,541)	—	33,718,649	1.41%	1.47%		
m. Pledged as collateral not captured in other categories	52,891,196	—	—	—	52,891,196	71,193,658	(18,302,462)	—	52,891,196	2.22%	2.30%		
n. Other restricted assets	—	—	—	—	—	—	—	—	—	—	—		
o. Total restricted assets	97,220,432	—	—	—	97,220,432	117,034,477	(19,814,045)	—	97,220,432	4.08%	4.24%		

## 2. Detail of assets pledged as collateral not captured in other categories (reported on line m above):

	Amount (\$)									Percentage (%)			
	Gross (Admitted & Nonadmitted) Restricted												
	Current Year					6	7	8	9				
	1	2	3	4	5				10				
	Total General Account (G/A)	G/A Supporting S/A Restricted Assets (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets			
Reinsurance	52,891,196	—	—	—	52,891,196	71,193,658	(18,302,462)	52,891,196	2.22%	2.30%			
Total (c)	52,891,196	—	—	—	52,891,196	71,193,658	(18,302,462)	52,891,196	2.22%	2.30%			

3. Detail of other restricted assets: Not applicable.

4. Collateral received and reflected as assets: Not applicable.

**5. Investments (continued):**

- 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:

	General Account	Protected Cell Account
1. Number of CUSIPs	2	—
2. Aggregate Amount of Insurance Income	\$ (19,031)	\$ —

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

- A. The Company has no investments in Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of its Admitted Assets.
- B. Impairments: Not applicable.

**7. Investment Income:**

- A. Accrued Investment Income:

The Company nonadmits investment income due and accrued if amounts are over 90 days past due.

- B. Amounts Nonadmitted: Not applicable.

**8. Derivative Instruments:** Not applicable.**9. Income Taxes:**

- A. The components of the net deferred tax asset/(liability) at December 31, 2018 and 2017 are as follows:

1.	Amount (\$)								
	2018			2017			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross deferred tax assets	82,781,704	6,151,808	88,933,512	82,211,081	3,688,677	85,899,758	570,623	2,463,131	3,033,754
b. Statutory valuation allowance adjustment	71,198,171	6,151,808	77,349,979	64,197,966	3,688,677	67,886,643	7,000,205	2,463,131	9,463,336
c. Adjusted gross deferred tax assets	11,583,533	—	11,583,533	18,013,115	—	18,013,115	(6,429,582)	—	(6,429,582)
d. Deferred tax assets nonadmitted	—	—	—	—	—	—	—	—	—
e. Subtotal net admitted deferred tax asset	11,583,533	—	11,583,533	18,013,115	—	18,013,115	(6,429,582)	—	(6,429,582)
f. Deferred tax liabilities	6,811,678	4,771,855	11,583,533	9,462,886	8,550,229	18,013,115	(2,651,208)	(3,778,374)	(6,429,582)
g. Net admitted deferred tax assets/(liability)	4,771,855	(4,771,855)	—	8,550,229	(8,550,229)	—	(3,778,374)	3,778,374	—

2.	Amount (\$)								
	2018			2017			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation components SSAP No. 101									
a. Recovered through loss carrybacks	—	—	—	—	—	—	—	—	—
b. The lesser of 2(b)1 and 2(b)2 below:	—	—	—	—	—	—	—	—	—
1. Adjusted gross DTA's expected to be realized within one or three years	—	—	—	—	—	—	—	—	—
2. Adjusted DTA's allowed per limitation threshold	NA	NA	118,383,311	NA	NA	114,519,756	NA	NA	3,863,555
c. Adjusted gross DTA's offset by gross DTLs	6,811,677	4,771,855	11,583,532	14,614,522	3,398,593	18,013,115	(7,802,845)	1,373,262	(6,429,583)
d. Total DTA's admitted	6,811,677	4,771,855	11,583,532	14,614,522	3,398,593	18,013,115	(7,802,845)	1,373,262	(6,429,583)

3.	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation	407%	389%
b. Amount of adjusted capital & surplus used to determine recovery period and threshold limitation in 2(b)2 above	789,222,071	763,465,038

## 9. Income Taxes (continued):

4.	2018		2017		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
a. Impact of tax planning strategies:						
1. Adjusted gross DTAs	11,583,533	—	18,013,115	—	(6,429,582)	—
2. Percentage of total adjusted gross DTAs by tax character attributable to planning	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
3. Net admitted adjusted gross DTAs	11,583,533	—	18,013,115	—	(6,429,582)	—
4. Percentage of net admitted gross DTAs attributable to planning	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%

b. Does the Company's tax-planning strategies include the use of reinsurance? Yes \_\_\_\_\_ No

B. Unrecognized Deferred Tax Liabilities: None.

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

	Amount (\$)		
	2018	2017	Change
1. Current income tax:			
a. Federal	1,151,513	(8,340,321)	9,491,834
b. Foreign	—	—	—
c. Subtotal	1,151,513	(8,340,321)	9,491,834
d. Federal Income tax on net capital gains	2,305,881	7,183,349	(4,877,468)
e. Utilization of capital loss carry-forwards	—	—	—
f. Other	—	—	—
g. Federal and foreign income taxes incurred	3,457,394	(1,156,972)	4,614,366

	Amount (\$)		
	2019	2018	Change
2. Deferred tax assets:			
a. Ordinary			
1. Discounting of unpaid losses	10,653,078	12,151,071	(1,497,993)
2. Unearned premium reserve	12,877,719	13,494,541	(616,822)
3. Policyholder reserves		—	—
4. Investments		—	—
5. Deferred acquisition costs		—	—
6. Policyholder dividends accrual		—	—
7. Fixed Assets		87,165	(87,165)
8. Compensation & benefits accrual	8,624,354	6,711,516	1,912,838
9. Pension accrual	11,557,269	12,160,904	(603,635)
10. Receivables - nonadmitted	489,531	522,713	(33,182)
11. Net operating loss carry-forward	33,510,749	30,046,550	3,464,199
12. Tax credit carry-forward	804,829	698,121	106,708
13. Other	4,264,175	6,338,500	(2,074,325)
Subtotal	82,781,704	82,211,081	570,623
b. Statutory valuation allowance adjustment	71,198,171	64,197,966	7,000,205
c. Nonadmitted		—	—
d. Admitted ordinary deferred tax assets	11,583,533	18,013,115	(6,429,582)
e. Capital:			
1. Investments	6,151,808	3,688,677	2,463,131
2. Net capital loss carry-forward		—	—
3. Real estate		—	—
4. Other		—	—
Subtotal	6,151,808	3,688,677	2,463,131
f. Statutory valuation allowance adjustment	6,151,808	3,688,677	2,463,131
g. Nonadmitted		—	—
h. Admitted capital deferred tax assets		—	—
i. Admitted deferred tax assets	11,583,533	18,013,115	(6,429,582)

9. **Income Taxes (continued):**

3. Deferred tax liabilities:			
a. Ordinary			
1. Investments	12,827	10,339	2,488
2. Fixed assets	50,451	—	50,451
3. Deferred and uncollected premium		—	—
4. Policyholder reserves	4,626,997	6,071,520	(1,444,523)
5. Other	2,121,403	3,381,027	(1,259,624)
Subtotal	6,811,678	9,462,886	(2,651,208)
b. Capital:			
1. Investments	4,771,855	8,550,229	(3,778,374)
2. Real estate		—	—
3. Other		—	—
Subtotal	4,771,855	8,550,229	(3,778,374)
c. Deferred tax liabilities	11,583,533	18,013,115	(6,429,582)
4. Net deferred tax asset/(liabilities):	—	—	—

## D. The significant book to tax adjustments were as follows:

	Amount (\$) Tax Effect @ 21%	Effective Tax Rate
<b>Tax Reconciliation by Effective Rate:</b>		
Income before tax	3,306,453	21.0 %
Tax exempt interest and dividends received income deduction	(1,383,208)	(8.8)%
Permanent difference on nonadmitted taxable assets	(2,012,871)	(12.8)%
STAT unrecognized pension liability	569,646	3.6 %
Unrecognized postretirement	(83,853)	(0.5)%
Change in valuation allowance	9,485,889	(32.1)%
Other	(5,059,048)	60.2 %
Rate change	2,095,545	13.3 %
<b>Total</b>	<b>6,918,553</b>	<b>43.9 %</b>
<b>Tax Reconciliation by Statement of Income:</b>		
Federal & foreign tax, excluding taxes on realized gains	1,151,512	7.3 %
Current taxes on realized gains	2,305,881	14.6 %
Change in net deferred income taxes	3,461,160	22.0 %
<b>Total</b>	<b>6,918,553</b>	<b>43.9 %</b>

## E. Operating Loss and Tax Credit Carry-forward:

- At December 31, 2018, the Company had \$159,574,995 of operating loss carry-forwards beginning in 2002 through 2017, which expire, if unused, beginning in 2022 through 2037. The Company has \$22,522 of alternative minimum tax credits that do not expire. The Company had foreign tax credits of \$782,277 originating in 2009 through 2017 which expire, if unused beginning in 2019 through 2027.
- For 2018 and 2017, there is no income tax expense that is available for recoupment in the event of future net losses.
- The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

## F. Consolidated Federal Income Tax Return:

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

State Auto Mutual  
SA Wisconsin  
Facilitators  
Meridian Security  
State Auto Holding  
Eagle Development Corporation  
Rockhill  
Plaza  
American Compensation  
Bloomington Compensation  
RHC  
RTW, Inc.  
SA Labs

- The method of allocation among the companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return.

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

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

## H. Repatriation Transition Tax (RTT):

No RTT is owed under the TCJA.

**9. Income Taxes (continued):****I. Alternative Minimum Tax (AMT) Credit:**

1. Gross AMT Credit Recognized as:	Amount (\$)
a. Current year recoverable	22,552
b. Deferred tax asset (DTA)	22,552
2. Beginning Balance of AMT Credit Carryforward	45,104
3. Amounts Recovered	22,552
4. Adjustments	—
5. Ending Balance of AMT Credit Carryforward (5=2-3-4)	22,552
6. Reduction for Sequestration	—
7. Nonadmitted by Reporting Entity prior to SSAP 101 limitations	22,552
8. Reporting Entity Ending Balance (8=5-6-7)	—

**10. Information Concerning Parent, Subsidiaries and Affiliates:****A. Nature of the Relationships:**

See Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group, Part 1 Organizational Chart.

**B. Details of Transactions Greater than 1/2% of Admitted Assets:**

On August 10, 2018, the Board of Directors of Rockhill Holding Company approved a \$43,000,000 return of capital to be paid to the Company. This was paid in cash on September 28, 2018.

**C. Change in Terms of Intercompany Agreements: Not applicable.****D. Amounts Due to or from Related Parties:**

The Company leases buildings from 518 Property & Management Leasing LLC, an affiliate. Rental payments in the amount of approximately \$631,239 will be paid in 2019.

The terms of settlement require that these amounts settle within 60 days after the end of each calendar quarter:

	Amount (\$)			
	December 31, 2018		December 31, 2017	
	Due To:	Due From:	Due To:	Due From:
State Auto P&C	3,300,660	—	6,032,736	—
Milbank	—	5,438,010	—	10,664,384
SA Wisconsin	748,569	—	1,513,835	—
SA Ohio	2,254,693	—	5,059,340	—
Meridian Security	35,553,029	—	23,227,352	—
Patrons Mutual	—	757,715	558,149	—
Plaza	—	46,303,081	—	16,944,071
Rockhill	—	45,777,218	—	23,221,681
American Compensation	11,588,470	—	12,284,937	—
Bloomington Compensation	87,904	—	543,238	—
RUM	559,112	—	—	5,474
RTW, Inc.	—	1,205,237	—	8,466,432
Partners	—	—	—	341,911
State Auto Financial	—	208,895	—	357,742
Stateco	409,132	—	30,818	—
Rockhill Insurance Services, LLC	—	—	—	266,461
Other Affiliates	—	378,880	—	43,476

**E. Guarantees or Contingencies for Related Parties:**

The Company has provided a standing commitment to maintain Bloomington Compensation's capital and surplus requirements as dictated by the State of New Jersey for a minimum of five years beginning May 11, 2012, as outlined in additional detail in Note 14. This requirement expired in 2017.

**F. Management, Service Contracts, Cost Sharing Agreements:**

Through contractual agreements with affiliated companies within the State Auto Group, State Auto P&C provides employees, while State Auto Mutual provides data processing and certain other data equipment and facilities as needed.

During 2018 and 2017, the following management and/or cost sharing agreements were effective:

1. the "2015 Management and Operations Agreement" to which State Auto Mutual, State Auto P&C, Milbank, SA Ohio, Meridian Security, Patrons Mutual, State Auto Financial, Stateco, 518 Property Management and Leasing LLC, State Auto Holdings, Facilitators, Network, and SA Labs are parties;
2. the "Midwest Management Agreement" to which State Auto Mutual, State Auto P&C, and SA Wisconsin are parties;
3. the "RTW Consulting Services Agreement" to which State Auto Mutual, State Auto P&C, Meridian Security, and Milbank entered into an agreement with RTW, Inc., an affiliate for overall claims case management for the workers' compensation program;
4. the "Rockhill Management & Operations Agreement" to which State Auto Mutual, State Auto P&C, Rockhill, Plaza, American Compensation, Bloomington Compensation, RHC, NECC, RTW, Inc., Rockhill Insurance Services, LLC., and RUM are parties;
5. the "Rockhill-RUM Administrative Services Agreement" to which Rockhill and RUM are parties;
6. the "Rockhill-RIS Surplus Lines Broker Agreement" to which Rockhill and Rockhill Insurance Services, LLC. are parties;
7. the "Rockhill Cost Sharing Agreement" to which Rockhill, RHC, and RUM are parties;
8. the "RTW-ACI Intercompany Management Agreement" to which American Compensation and RTW, Inc. are parties;
9. the "RTW-BCI Intercompany Management Agreement" to which Bloomington Compensation and RTW, Inc. are parties;
10. the "RUM Administrative Services Agreement" to which State Auto Mutual and RUM are parties;
11. the "Stateco Investment Management Agreement" to which Stateco, a wholly owned subsidiary of State Auto Financial, provides investment management services to the Company for a fee based on the average fair value of the investment portfolio of the Company;
12. the "RUM-ACI Administrative Services Agreement" to which RUM and American Compensation are parties;
13. the "RUM Underwriting Services Agreement" to which RUM and Plaza are parties; and
14. the "RTW Administrative Services Agreement" to which RTW, Inc. and Plaza are parties;

**10. Information Concerning Parent, Subsidiaries and Affiliates (continued):**

Each of the foregoing management and/or cost sharing agreements apportions or apportioned among the parties the actual costs of the services provided. With the exception of the "2015 Management & Operations Agreement", the "RTW Consulting Services Agreement", the "Rockhill Management & Operations Agreement", the "Rockhill Cost Sharing Agreement", the "RTW Administrative Services Agreement", the "RTW-ACI Intercompany Management Agreement", and the "RTW-BCI Intercompany Management Agreement", the above agreements provide for a management fee for services provided.

**G. Nature of Relationships that Could Affect Operations:**

The Company is a member of the State Auto Group that is defined in Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group. See Schedule Y Part 1 - Organizational Chart.

**H. Amount Deducted for Investment in Upstream Company:** Not applicable.**I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets:**

At December 31, 2018, the Company owned 59.9% of the common stock outstanding of State Auto Financial. The aggregate value of the Company's ownership in State Auto Financial, based on the quoted market price at December 31, 2018 of \$34.04 was \$883,475,469. The Company's investment in State Auto Financial has been reflected in the accompanying statutory financial statements at an audited U.S. GAAP equity value at December 31, 2018 of \$470,068,996. At December 31, 2018, based on publicly available financial information of State Auto Financial, the Company's share of the underlying equity in net assets of State Auto Financial was \$513,121,160.

At December 31, 2017, the Company owned 61.2% of the common stock outstanding of State Auto Financial. The aggregate value of the Company's ownership in State Auto Financial, based on the quoted market price at December 31, 2017 of \$29.12 was \$755,836,038. The Company's investment in State Auto Financial has been reflected in the accompanying statutory financial statements at an audited U.S. GAAP equity value at December 31, 2017 of \$470,146,447. At December 31, 2017, based on publicly available financial information of State Auto Financial, the Company's share of the underlying equity in net assets of State Auto Financial was \$539,117,640.

Based on publicly available financial information for State Auto Financial, the following provides summarized financial information for the twelve month period ending December 31, 2018 and 2017, respectively:

Description	Amount (\$)	
	December 31, 2018	December 31, 2017
Total assets	11,566,840,793	3,014,331,410
Total liabilities	10,710,210,944	2,133,420,240
Stockholders' equity	833,233,424	880,911,170
Net (loss) income	12,801,855	(10,661,717)

**J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies:** Not applicable.**K. Investments in Foreign Insurance Subsidiary:** Not applicable.**L. Investments in Downstream Noninsurance Holding Company:**

The Company utilizes the look-through approach for the valuation of its downstream holding company, State Auto Holdings, as provided under SSAP 97 - *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*. The Company's carrying value at December 31, 2018 and 2017 was \$74,601,662 and \$72,904,469, respectively. The Company has limited the value of its investment in State Auto Holdings to the value of entities having audited financial statements including adjustments required by SSAP 97. All liabilities, commitments, contingencies, guarantees or obligations of the downstream holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees, or obligation under applicable accounting guidance, are reflected in the Company's determination of the carrying value of State Auto Holdings, if not already recorded in the financial statements. At December 31, 2018 and 2017, the Company's investment in State Auto Holdings was held at an admitted value of \$74,578,000 and \$72,904,469, respectively, after nonadmitting \$23,662 and \$0, respectively.

**M. All SCA Investments:****1. Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities):**

SCA Entity	Percentage of SCA Ownership (%)	Gross Amount (\$)	Admitted Amount (\$)	Nonadmitted Amount (\$)
a. SSAP No. 97 8a Entities		—	—	—
b. SSAP No. 97 8b(ii) Entities		—	—	—
c. SSAP No. 97 8b(iii) Entities		—	—	—
State Auto Financial	59.9	470,068,996	470,068,996	—
State Auto Holdings	100	74,601,662	74,578,000	23,662
RHC	100	58,773,895	58,773,895	—
Facilitators	100	9,930	—	9,930
RED	100	—	—	—
Network	100	(1,654)	(1,654)	—
State Auto Labs	100	6,162,586	—	6,162,586
Total SSAP No. 97 8b(iii) Entities		609,615,415	603,419,237	6,196,178
d. SSAP No. 97 8b(iv) Entities		—	—	—
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)		609,615,415	603,419,237	6,196,178
f. Aggregate Total (a+e)		609,615,415	603,419,237	6,196,178

**10. Information Concerning Parent, Subsidiaries and Affiliates (continued):**

## 2. NAIC Filing Response Information:

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	NAIC Valuation Amount (\$)	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
a. SSAP No. 97 8a Entities			—			
b. SSAP No. 97 8b(ii) Entities			—			
c. SSAP No. 97 8b(iii) Entities			—			
State Auto Financial	S2	12/20/2018	470,146,447	Yes	No	N/A
State Auto Holdings	N/A	N/A	N/A	N/A	N/A	N/A
RHC	S2	12/20/2018	110,730,260	Yes	No	N/A
Facilitators	S2	12/05/2017	—	Yes	No	N/A
RED	N/A	N/A	N/A	N/A	N/A	N/A
Network	N/A	N/A	N/A	N/A	N/A	N/A
State Auto Labs	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iii) Entities			580,876,707			
d. SSAP No. 97 8b(iv) Entities			—			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)			580,876,707			
f. Aggregate Total (a+e)			580,876,707			

N. Investment in Insurance SCAs: Not applicable.

O. SCA Loss Tracking: Not applicable.

**11. Debt:**

A. On September 12, 2018, the Company entered into a Cash Management Advance Agreement (the "CMA") with the Federal Home Loan Bank of Cincinnati ("FHLB"). The CMA provides the Company with a \$50,000,000 one-year line of credit available for general corporate purposes. Draws under the CMA are to be funded at the Company's option of a daily variable rate advance for 90 days or a fixed rate for a term up to 30 days. All advances under the CMA are to be fully secured by a pledge of specific investment securities of the Company. As of December 31, 2018, no advances had been made under the CMA.

On September 12, 2018, the Company entered into a REPO Based Advance Agreement (the "REPO") with the FHLB. The REPO provides the Company with a \$50,000,000 one-year line of credit available for general corporate purposes. Draws under the REPO are to be funded at a fixed rate for a term from one day to one year. All advances under the REPO are to be fully secured by a pledge of specific investment securities of the Company. As of December 31, 2018, no advances had been made under the REPO.

In May 2009, the Company borrowed money in the amounts of \$50,000,000 and \$20,000,000 from State Auto P&C and Milbank, respectively. The principal amount is due in 2019. At the option of the Company, early repayment may be made. Interest is due semi-annually at a fixed annual interest rate of 7.0%. The total loan interest incurred through December 31, 2018 and 2017 was \$4,900,000 and \$4,900,000, respectively.

## B. FHLB (Federal Home Loan Bank) Agreements

1. On February 9, 2009, the Company borrowed \$19,000,000 from the FHLB for a period of ten years at a fixed rate of 4.89%. On February 7, 2014, the Company refinanced this loan with FHLB for a period of five years at a fixed rate of 2.05%. This is an interest-only loan with principal due at the maturity date of February 7, 2019. This loan is collateralized by treasury bonds and mortgage-backed securities on deposit with FHLB. The total loan interest incurred through December 31, 2018 and 2017 was \$389,500 and \$389,500, respectively.

On September 2, 2016, the Company borrowed \$11,500,000 from FHLB for a period of five years at a fixed rate of 1.73%. This loan provides for interest-only payments during its term, with principal due in full at maturity. The FHLB Loans may be prepaid in full after three years without penalty and are fully secured by a pledge of specific investment securities of SAM. The total loan interest incurred through December 31, 2018 and 2017 was \$198,950 and \$198,950, respectively.

The tables below indicates the amount of the FHLB capital stock purchased, collateral pledged and assets and liabilities related to the agreements with the FHLB.

## 2. FHLB Capital Stock

## a. Aggregate Totals

	Amount (\$)	
	December 31, 2018	December 31, 2017
Membership stock - Class A	—	—
Membership stock - Class B	2,888,752	2,953,271
Activity stock	1,254,448	1,189,929
Excess stock	—	—
Aggregate total	4,143,200	4,143,200
Actual or estimated borrowing capacity as determined by the Company	32,325,045	33,288,883

The borrowing capacity for each security pledged is provided by FHLB, which is based on a factor of the market value based on the type of investment. Available borrowing capacity is determined by taking the total borrowing capacity provided by FHLB and reducing it by the Company's current total borrowing.

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

	Amount (\$)	
	Class A Stock	Class B Stock
Current year total	—	2,888,752
Not eligible for redemption	—	2,888,752
Less than 6 months	—	—
6 months to less than 1 year	—	—
1 year to less than 3 years	—	—
3 to 5 years	—	—

**11. Debt (continued):**

## 3. Collateral Pledged to FHLB

## a. Amount Pledged

General account	Amount (\$)	
	December 31, 2018	December 31, 2017
Fair value	41,412,460	39,878,935
Carrying value	46,505,763	39,983,804
Aggregate total borrowing	30,500,000	30,500,000

## b. Maximum Amount Pledged

General account	Amount (\$)	
	December 31, 2018	December 31, 2017
Fair value	41,412,460	39,878,935
Carrying value	46,505,763	39,983,804
Aggregate total borrowing	30,500,000	30,500,000

## 4. Borrowing from FHLB

## a. Amount Borrowed

General account	Amount (\$)	
	December 31, 2018	December 31, 2017
Debt	30,500,000	30,500,000
Funding agreements	—	—
Other	—	—
Aggregate total	30,500,000	30,500,000

## b. Maximum Amount Borrowed

General account	Amount (\$)	
	December 31, 2018	
Debt	30,500,000	
Funding agreements	—	
Other	—	
Aggregate total	30,500,000	

## c. The Company has no prepayment obligations under its debt arrangement.

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

All employees of the State Auto Group are employees of State Auto P&C, which holds assets and liabilities related to the employee benefit plans of the State Auto Group, and is the plan sponsor of the employee benefit plans.

## A. Defined Benefit Plan:

State Auto P&C sponsors a defined benefit plan and a postretirement health care benefit plan. See Note 12G.

## B. Investment policies and strategies: Not applicable

## C. Fair Value Measurement: Not applicable.

## D. Basis Assumption: Not applicable.

## E. Defined Contribution Plan:

State Auto P&C sponsors a defined contribution plan. See Note 12G.

## F. Multiemployer Plans: Not applicable.

## G. Consolidated/Holding Company Plans:

The Company participates in a defined benefit pension plan sponsored by State Auto P&C, an affiliate. In addition, the Company provides certain other postretirement benefits to retired employees through a plan sponsored by State Auto P&C. The Company has no legal obligation for benefits under these plans. State Auto P&C allocates the defined benefit pension plan and postretirement plan's asset or liability amounts to the Company based on the Company's pooling percentage per the Pooling Arrangement. The Company's pooling percentage is 34.5%. The following table summarizes the Company's share of the obligation, fair value of plan assets, and funded status of the defined benefit pension plan and postretirement plan.

	Amount (\$)			
	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
Defined benefit obligation	(147,701,794)	(161,451,961)	(8,834,635)	(9,776,055)
Fair value of plan assets	131,626,409	140,639,859	—	—
Funded status (underfunded)/overfunded	(16,075,385)	(20,812,102)	(8,834,635)	(9,776,055)

The Company's share of net expense for the defined benefit pension plan was \$3,312,739 and \$4,334,055 in 2018 and 2017, respectively and for postretirement benefit plan was a negative expense of \$524,408 and \$495,224 in 2018 and 2017, respectively.

The Company's share of the supplemental executive retirement plan liability ("SERP") was \$3,730,957 and \$3,660,456 at December 31, 2018 and 2017, respectively. The Company's share of the SERP expense was \$160,132 and \$175,222 for 2018 and 2017, respectively.

State Auto P&C maintains a defined contribution plan that covers substantially all of the State Auto Group's employees. The Company has no legal obligation for benefits under this plan. The Company's share of the expense under this plan, allocated based on a percentage of salary, was \$2,995,784 and \$3,387,186 for 2018 and 2017, respectively.

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (continued):**

- H. Postemployment Benefits and Compensated Absences: Not applicable.
- I. Impact of Medicare Modernization Act on Postemployment Benefits (INT 04-17):
  - 1. If unable to determine whether benefits provided by the plan are actuarially equivalent, disclose existence of the Act and whether or not APBO or net periodic postretirement benefit cost reflect any amount associated with the subsidy: Not applicable.
  - 2. Include the effects of the subsidy in measuring the net postretirement benefit cost by disclosing the: reduction in the net postretirement cost for the subsidy related to benefits attributed to former employees, the effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period and any other disclosures required by paragraph 16(m) of SSAP No. 14: Not applicable.
  - 3. The Company's gross benefit payments for 2018 were \$816,316 including the prescription drug benefits. The Company's subsidy related to Medicare Prescription Drug, Improvement and Modernization Act of 2003 was \$21,823 for 2018 and estimates future annual subsidies to be approximately \$100,640.

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

- A. Capital Stock Authorized, Issued and Outstanding as of the Balance Sheet Date: Not applicable.
- B. Dividend Rate of Preferred Stock: Not applicable.
- C. Dividend Restrictions: Not applicable.
- D. Dates and Amounts of Dividends Paid: Not applicable.
- E. Portion of the Company's Profits that may be paid as Ordinary Dividends to Stockholders: Not applicable.
- F. Restrictions Placed on the Unassigned Funds, Including for Whom the Surplus is Being Held: Not applicable.
- G. Mutual Surplus Advances: Not applicable.
- H. Company Stock Held for Special Purposes: Not applicable.
- I. Changes in Special Surplus Funds:

The Company had special surplus funds of \$0 and \$483,311 at December 31, 2018 and 2017, respectively. The change in these funds is related to retroactive reinsurance agreements as net loss and LAE incurred were less than originally estimated under the contracts, and the difference was amortized to unassigned funds (surplus).

- J. Changes in Unassigned Funds:

The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is \$145,812,672. This excludes any applicable deferred taxes.

- K. Surplus Notes: Not applicable.
- L. Impact of Restatement Due to Quasi Reorganizations: Not applicable.
- M. Effective Date of Quasi Reorganizations: Not applicable.

**14. Liabilities, Contingencies and Assessments:**

- A. Contingent Commitments:

The Company has committed up to \$840,000 in additional capital contributions to Stonehenge Opportunity Fund III, LLC over the next one year, \$6,290,000 in additional capital contributions to Stonehenge Opportunity Fund IV, LLC over the next four years and \$312,500 in capital contributions to Rev1 Ventures for Columbus Fund 1, LLC over the next three years (see Schedule BA).

The Company has purchased annuities from life insurers under which various claimants are payees and for which the Company is contingently liable. See related Note 27.

In order to satisfy the requirements of the State of New Jersey, for Bloomington Compensation to receive a Certificate of Authority, the Company resolved to maintain for a minimum of five years, commencing on the May 11, 2012 date of Bloomington Compensation's admission in New Jersey, capital and surplus within Bloomington Compensation that meet or exceed the requirements of the State of New Jersey as amended at any time during the five year period. This requirement expired in May 2017.

- B. Guaranty Fund and Other Assessments:

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. On a direct basis, the Company has accrued a liability for guaranty fund assessments of \$669,312 and a related premium tax benefit asset of \$62,777. The liability is expected to be paid over the next five years. The asset is expected to be realized over the next ten years. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies.

Description	Amount (\$)
Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	86,366
Decreases current year:	
Policy surcharges collected	—
Policy surcharges charged off	—
Premium tax offset applied	23,589
Increases current year:	
Policy surcharges collected	—
Policy surcharges charged off	—
Premium tax offset applied	—
Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	62,777

The Company has no guaranty fund liabilities and assets related to assessments from insolvencies of entities that wrote long-term care contracts.

- C. Gain Contingencies: Not applicable.

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

The Company paid the following amounts to settle claims related extra contractual obligations and bad faith claims resulting from lawsuits during the reporting period.

Direct (\$)
Claims Related ECO and Bad Faith Losses paid during 2018

**14. Liabilities, Contingencies and Assessments (Continued):**

The 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				

Claim count information is disclosed: (f) Per claim [ X ] (g) Per claimant [ ]

E. Product Warranties: Not applicable.

F. Joint and Several Liabilities: Not applicable.

G. All Other Contingencies:

The Company is involved in litigation and may become involved in potential litigation arising in the ordinary course of business. Additionally, the Company may be impacted by adverse regulatory actions and adverse court decisions where insurance coverages are expanded beyond the scope originally contemplated in the policies. In the opinion of management, the effects, if any, of such litigation and published court decisions are not expected to be material to the financial statements.

The Company routinely assesses the collectability of premium receivables due from policyholders, agents, and reinsurers. Based upon Company experience of evaluating uncollectability, a provision for uncollectible premiums reserves was recorded totaling \$9,423,688 and \$2,799,494 as of December 31, 2018 and 2017, respectively. The potential for any additional loss is not believed to be material to the Company's financial condition.

**15. Leases:**

A. Lessee Operating Lease:

1. a. The Company leases office facilities, automobiles, and equipment under various operating leases that expire through 2023. Rental expense for 2018 and 2017 was \$4,555,558 and \$6,014,947, respectively.
1. b. Contingent rental payments: Not applicable.
1. c. Renewal or purchase options and escalation clauses: Certain leases contain a renewal option allowing the Company to renew the lease. Renewal terms are negotiated at such time as the Company notifies the lessor of its intent to renew the lease. Some of the Company's leases contain escalation clauses, which are scheduled rent increases over the lease term.
1. d. Restrictions: Not applicable.
1. e. Early termination: Not applicable.
2. a. At December 31, 2018 future minimum lease payments on noncancelable operating leases are as follows:

	Year Ending December 31	Operating Leases (\$)
1.	2019	4,487,661
2.	2020	3,705,654
3.	2021	2,631,215
4.	2022	2,147,382
5.	2023	977,702
6.	Total	13,949,614

2. b. Subleases: Not applicable.
3. The Company has not entered into any sales and leaseback arrangements.

B. Lessor Leases:

1. Operating leases: Not applicable.
2. Leveraged leases: Not applicable.

**16. Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk:** Not applicable.**17. Sale, Transfer and Servicing of Financial Instruments and Extinguishments of Liabilities:**

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

B. Transfers and Servicing of Financial Assets:

1. Loaned Securities: None.
2. Servicing Assets and Servicing Liabilities:
  - a. Risks: None.
  - b. Contractually Specified Servicing Fees: None.
  - c. Assumptions Used to Estimate: None.
3. Servicing Assets and Servicing Liabilities Measured at Fair Value: Not applicable
4. Securitizations, Asset-backed Financing Agreements and Similar Transfers with Continued Involvement:
  - a. Income Statements Presented: None.
  - b. Statement of Financial Position Presented: None.
5. Assets Accounted for as Secured Borrowing: See Note 11B.
6. Receivables with Recourse: None.
7. Securities Underlying Repurchase and Reverse Repurchase Agreements: None.

C. Wash Sales: None.

**18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans:** Not applicable.**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators:** Not applicable.**20. Fair Value Measurement:**

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

The Company has categorized its assets and liabilities that are reported on the balance sheet at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows.

**20. Fair Value Measurement (Continued):**

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks and other invested assets. The estimated fair value of the equity securities within this category are based on unadjusted market prices provided by the Securities Valuation Office ("SVO") and are thus classified as level 1. The Company's other invested assets include an investment that consists primarily of holdings in publicly-traded mutual funds. The Company believes that its prices for these publicly-traded mutual funds, which are based on an observable market price for an identical asset in an active market, reflect their fair values.

Level 2 - Significant Other Observable Inputs: The Company has no assets or liabilities measured and reported at fair value in this category.

Level 3 - Significant Unobservable Inputs: This category, for items measured at fair value on a recurring basis, includes common stocks that are not publicly traded. The estimated fair value of the equity securities within this category are based on per share cost and are thus classified as level 3. The Company holds equity securities as a member of Federal Home Loan Bank of Cincinnati (FHLB), which is not publicly traded. SVO does not provide a fair value for this security.

Net asset value (NAV): This category, for items measured at net asset value, includes other invested assets. The Company's other invested assets include one international private equity fund, Silchester International Partners Ltd. ("the fund") that invests in equity securities of foreign issuers and is managed by a third party investment manager. The estimated fair value of the fund within this category is based on net asset value obtained from a third party trustee statement.

1. The Company has categorized its assets that are measured at fair value or net asset value into the three-level fair value hierarchy as reflected in the following table. The Company has no liabilities that are measured and reported at fair value. See item 3 below for a discussion of the Company's transfer policy. See item 4 below for a discussion of Level 2 and Level 3 assets.

Fair Value Measurements at Reporting Date		Amount (\$)				
Description for each class of asset or liability		(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value						
Common stock						
Industrial and misc	120,520,517	—	4,143,200	—	124,663,717	
Total common stocks	120,520,517	—	4,143,200	—	124,663,717	
Other invested assets						
Any other class of asset	6,178,090				6,178,090	
Partnership interests	—	—	—	28,579,224	28,579,224	
Total other invested assets	6,178,090	—	—	28,579,224	34,757,314	
Total assets at fair value/(NAV)	126,698,607	—	4,143,200	28,579,224	159,421,031	

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

Description	Amount (\$)									
	Beginning Balance at 01/01/2018	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2018
Assets:										
Common stock										
Industrial and misc	4,143,200	—	—	—	—	—	—	—	—	4,143,200
Total assets	4,143,200	—	—	—	—	—	—	—	—	4,143,200

3. Transfers between level categorizations may occur due to changes in the availability of market observable inputs. Transfers in and out of level categorizations are reported as having occurred at the beginning of the quarter in which the transfer occurred. There were no transfers between level categorizations as of December 31, 2018.
4. As of December 31, 2018 and December 31, 2017, the reported fair value of the Company's investment in Level 3 equity securities of FHLB, was \$4,143,200, respectively. See item A above for a discussion of valuation techniques and inputs used in determining fair value. Since these equity securities are not publicly traded, they are classified as Level 3.
5. The Company has no derivative assets or liabilities.

B. Other Fair Value Disclosures: Not applicable.

C. Fair Values for All Financial Instruments by levels 1, 2, and 3:

See Item A for a discussion on valuation techniques for assets and liabilities that are measured and reported at fair value or net asset value.

The Company utilizes information provided by the SVO to estimate fair value measurements for the majority of its fixed maturities. If market data is not provided by the SVO, fair value is determined by using data provided by a nationally recognized pricing service.

The Company estimates the value of real estate held for sale using the most recent fair market value less estimated cost to sell.

The Company estimates the fair value of the notes payable to affiliates using market quotations for U.S. treasury securities with similar maturity dates and applies an appropriate credit spread.

December 31, 2018:

Type of Financial Instrument	Amount (\$)						
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	459,983,170	470,733,705	—	459,983,170	—	—	—
Common stocks	124,663,717	120,254,252	120,520,517	—	4,143,200	—	—
Other invested assets	42,181,080	42,181,080	6,178,090	—	—	28,579,224	7,423,766
Borrowed money	101,282,371	100,500,000	—	71,121,301	30,161,070	—	—

**20. Fair Value Measurement (continued):**

December 31, 2017:

Type of Financial Instrument	Amount (\$)						
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	541,993,551	542,199,628	—	541,993,551	—	—	—
Common stocks	176,053,269	176,053,269	171,910,069	—	4,143,200	—	—
Other invested assets	48,746,170	48,746,170	6,482,814	33,546,022	—	—	8,717,334
Real estate held for sale	9,500,000	5,773,751	—	—	9,500,000	—	—
Borrowed money	102,791,904	100,500,000	—	72,584,074	30,207,830	—	—

**D. Financial Instruments for which Not Practical to Estimate Fair Values:**

Type of Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Joint venture or partnership interests that have underlying characteristics of common stock - unaffiliated - Stonehenge Opportunity Fund III, LLC	2,432,177	—	N/A	Investment value is based on 9/30/2018 statement provided by Stonehenge III with adjustments for activity incurred since the date of statement.
Joint venture or partnership interests that have underlying characteristics of common stock - unaffiliated - Stonehenge Opportunity Fund IV, LLC	3,823,780	—	N/A	Investment value is based on 9/30/2018 statement provided by Stonehenge IV with adjustments for activity incurred since the date of statement.
Joint venture or partnership interests that have underlying characteristics of common stock - unaffiliated - Rev1 Ventures for Columbus Fund, LLC	138,029	—	N/A	Investment value is based on 9/30/2018 statement provided by Rev1 Ventures with adjustments for activity incurred since the date of statement.
Joint venture or partnership interests that have underlying characteristics of other - unaffiliated - NCT Ventures Fund I LP	1,029,780	—	N/A	Investment value is based on 9/30/2018 statement provided by NCT Ventures.

**E. Financial Instruments using the NAV practical expedient:**

This category, for items measured at net asset value, includes other invested assets. The Company's other invested assets include one international private equity fund, Silchester International Partners Ltd. ("the fund") that invests in equity securities of foreign issuers and is managed by a third party investment manager. The estimated fair value of the fund within this category is based on net asset value obtained from a third party trustee statement. As of December 31, 2018 and December 31, 2017, the reported net asset value of the Company's investment in the fund, was \$28,579,224 and \$33,546,022, respectively.

The Company employs procedures to assess the reasonableness of the fair value of the fund including obtaining and reviewing the fund's audited financial statements. There is no unfunded commitment related to the fund. The Company may not sell its investment in the fund; however, the Company may redeem all or a portion of its investment in the fund at net asset value per share with the appropriate prior written notice. In accordance with SSAP No. 110R - Fair Value, this investment is measured at fair value using the net asset value per share practical expedient and has not been classified in the fair value hierarchy.

**21. Other Items:**

- A. Unusual or Infrequent Items: Not applicable.
- B. Troubled Debt Restructuring: Not applicable.
- C. Other Disclosures:

The Company elected to use rounding in reporting amounts in this Annual Statement. The Company also set a tolerance for rounding errors at 10 for validation purposes.

Florida Statute 625.012(5) requires that the Company disclose the amount of Agents' balances or uncollected premiums and the premiums collected from "controlled" or "controlling" persons. The Company had \$183,835,721 and \$222,794,641 at December 31, 2018 and December 31, 2017, respectively, of uncollected premiums. No premiums were collected from "controlled" or "controlling persons" during the years ended 2018 and 2017.

Pursuant to Florida Statutes 624.424, the Company is required to disclose any credit in loss reserves taken for anticipated recoveries from the Special Disability Trust Fund. The Company took no credits in the determination of its loss reserves for the years ended 2018 and 2017. Additionally, the Company received no payments from the Special Disability Trust Fund. The Trust Fund made no assessments during the years ended 2018 and 2017.

- D. Business Interruption Insurance Recoveries: Not applicable.
- E. State Transferable and Non-transferable Tax Credits: Not applicable.
- F. Subprime Mortgage Related Risk Exposure:

1. The Company has reviewed and considered possible exposure to subprime mortgage related risk through (1) direct investments in subprime mortgage loans; (2) direct investments in securities with underlying subprime exposure, such as residential mortgage backed securities, commercial mortgage backed securities, collateralized debt obligations, structured securities, hedge funds, credit default swaps, and special investment vehicles; (3) equity investments in subsidiary, controlled or affiliated entities with significant subprime related risk exposure; or (4) underwriting risk on policies issued for Mortgage Guaranty or Financial Guaranty insurance coverage and determined that the Company does not have direct exposure to subprime mortgage related risk.
2. The Company does not have direct exposure through investments in subprime mortgage loans.
3. The Company does not have direct exposure through other investments.
4. The Company does not write Mortgage Guaranty or Financial Guaranty insurance coverage and, therefore, does not have underwriting exposure to subprime mortgage risk related to these types of coverages.

- G. Proceeds from Insurance-Linked Securities: Not applicable.

**22. Events Subsequent:**

Subsequent events have been considered through February 22, 2019 for the statutory statements issued on February 22, 2019.

**23. Reinsurance:****A. Unsecured Reinsurance Recoverable:**

The following table provides a listing of unsecured reinsurance recoverable that exceed 3% of the Company's policyholders' surplus:

NAIC Code	Federal ID#	Name of Reinsurer	Amount (\$)
25127	57-6010814	State Auto P&C	1,509,266,796
41653	46-0368854	Milbank	414,308,527
		Total	1,923,575,323

**B. Reinsurance Recoverable in Dispute: Not applicable.****C. Reinsurance Assumed and Ceded:**

1. The following table summarizes assumed and ceded unearned premiums and the related commission equity at December 31, 2018, stated in dollars:

	Amount (\$)					
	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Affiliates	690,101,197	—	582,119,126	—	107,982,072	—
All other	307,976	136,551	3,127,745	128,133	(2,819,769)	8,418
Totals	690,409,173	136,551	585,246,871	128,133	105,162,303	8,418
Direct Unearned Premium Reserve: 201,450,061						

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

	Amount (\$)			
	Direct	Assumed	Ceded	Net
a. Contingent Commission	—	(1,838,757)	(16,874,542)	15,035,785
b. Sliding Scale Adjustments	—	—	102,120	(102,120)
c. Other Profit Commission Arrangements	—	—	—	—
Total	—	(1,838,757)	(16,772,422)	14,933,665

3. Protected Cells: Not applicable.

D. Uncollectible Reinsurance: Not applicable.

E. Commutation of Ceded Reinsurance:

The Company has reported in its operations in the current year, as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

Statement of Income Account	Amount (\$)
1. Losses incurred	—
2. Loss adjustment expenses incurred	—
3. Premiums earned	—
4. Other	—
5. Company	Amount (\$)
Praetorian Insurance Company	—

F. Retroactive Reinsurance:

On December 31, 2010, concurrent with the sale of State Auto National Insurance Company ("SA National"), SA National's participation in the Pooling Arrangement was terminated, and State Auto P&C entered into a 100% quota share and loss portfolio transfer reinsurance agreement ("LPT") on December 31, 2010 to assume liability for the pre and post closing book of business of SA National until all policies were renewed by SA National on third party systems. This assumed business by State Auto P&C is subject to the Pooling Arrangement. The LPT agreement is a retroactive reinsurance transaction with SA National which transferred reserves totaling \$17,072,261 for consideration of \$17,072,261 resulting in no special surplus gain or loss. Retroactive reserves are included in other liabilities on the balance sheet.

On December 31, 2014 State Auto Mutual entered into an adverse development reinsurance contract ("ADC") to cede losses incurred on policies incepted between November 15, 2009 and January 13, 2013 written by Restaurant Coverage Association and classified as Liquor Liability business and Commercial General Liability. The ADC agreement is a retroactive reinsurance transaction subject to the Pooling Arrangement. Retroactive reserves are included in other liabilities on the balance sheet. Pre-pooled retroactive reserves ceded by the Company at December 31, 2018 are as follows:

Amount (\$)	
Loss and Expense Reserves	
Accident Year	Commercial Multiple Peril
2009	1,646
2010	1,066,913
2011	4,921,609
2012	6,144,045
2013	6,865,703
2014	84
Totals	19,000,000

**23. Reinsurance (continued):**

The retroactive reserves assumed and ceded below represent State Auto Mutual's pooling percentage December 31, 2018.

	Amount (\$)		
	Assumed (LPT)	Ceded (ADC)	
1.			
a. Reserves Transferred:			
1. Initial Reserves (Assumed)/Ceded	(5,889,930)	3,450,000	
2. Adjustments - Prior Years	483,311	3,105,000	
3. Adjustments - Current Year	(483,311)	—	
4. Current Total	(5,889,930)	6,555,000	
b. Consideration Received/(Paid)			
1. Initial Consideration	5,889,930	(6,555,000)	
2. Adjustments - Prior Years	—	—	
3. Adjustments - Current Year	—	—	
4. Current Total	5,889,930	(6,555,000)	
c. Paid Losses (Reimbursed)/Recovered			
1. Prior Years	(5,406,619)	—	
2. Current Year	—	—	
3. Current Total	(5,406,619)	—	
d. Special Surplus from Retroactive Reinsurance:			
1. Initial Surplus Gain/(Loss)	—	(3,105,000)	
2. Adjustments - Prior Years	—	3,105,000	
3. Adjustments - Current Year	—	—	
4. Current Year Restricted Surplus	—	—	
5. Cumulative Total Transferred to Unassigned Funds			
e. All Cedents and Reinsurers Involved in all Transactions Included in the Summary Totals Above:			
Entity			
10227 Munich Reins Amer Inc		6,555,000	
19530 Hallmark Natl Ins Co	(5,889,930)		
f. Total paid loss/LAE amounts recoverable (for authorized, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for authorized and certified reinsurers):			
Authorized Reinsurers:	Total Paid/Loss LAE Recoverable	Amounts Over 90 Days Overdue	
10227 Munich Reins Amer Inc	6,555,000	—	
Total	6,555,000	—	
Unauthorized Reinsurers:	Total Paid/Loss LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
None	—	—	—
Certified Reinsurers:	Total Paid/Loss LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
None	—	—	—

G. Reinsurance Accounted for as a Deposit: Not applicable.

H. Run-off Agreements: Not applicable.

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

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation: Not applicable.

**24. Retrospectively Rated Contracts and Contracts Subject to Redetermination:** Not applicable.**25. Changes in Incurred Losses and Loss Adjustment Expenses:**

A. Incurred losses and loss adjustment expenses attributable to prior accident years have decreased approximately \$42,738,465 during 2018 year-to-date. This decrease is primarily the result of subsequent reserve reviews using more mature claim data. Of this favorable development, Personal Auto business accounts for \$14,289,887, Workers' Compensation accounts for \$7,622,057, Middle Market Commercial accounts for \$7,624,051, Small Commercial Package accounts for \$5,444,177 and Commercial Auto accounts for \$4,888,654.

Per Schedule P Part 1 -Summary	Amount (\$)		
	All Accident Years	2018 Accident Year	Prior Accident Years
Loss and LAE reserves at 12/31/17	671,700,624		671,700,624
Loss and LAE incurred in 2018	423,601,257	440,419,899	(16,818,642)
Loss and LAE paid in 2018	482,663,335	223,868,775	258,794,560
Loss and LAE reserves at 12/31/18	612,638,546	216,551,124	396,087,422

B. The Company had no significant changes in methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses.

**26. Intercompany Pooling Arrangements:**

The Company participates in a quota share reinsurance pooling arrangement with the following affiliated companies (the "Pooling Arrangement"):

Pool Participant (the "State Auto Pool")	NAIC Co. Code	Pooling Participation Percentages	
		2017	2018
State Auto Mutual - lead reinsurer	25135	34.5%	34.5%
State Auto P&C	25127	51.0%	51.0%
Milbank	41653	14.0%	14.0%
SA Wisconsin	31755	0.0%	0.0%
SA Ohio	11017	0.0%	0.0%
Meridian Security	23353	0.0%	0.0%
Patrons Mutual	14923	0.5%	0.5%
Rockhill	28053	0.0%	0.0%
Plaza	30945	0.0%	0.0%
American Compensation	45934	0.0%	0.0%
Bloomington Compensation	12311	0.0%	0.0%

Under the terms of the arrangement, the participants cede to State Auto Mutual all of their insurance business, net of assumed and ceded reinsurance, and assume from State Auto Mutual an amount equal to their respective participation percentages outlined in the Pooling Arrangement. All business written by each pool participant, except for State Auto Mutual's unaffiliated voluntary assumed reinsurance program with policies effective prior to January 1, 2009, is subject to the Pooling Arrangement. All premiums, losses, loss adjustment expenses and underwriting expenses are allocated among the participants on the basis of each company's respective participation percentage outlined in the Pooling Arrangement. The Pooling Arrangement provides indemnification against loss or liability relating to insurance risk and has been accounted for as reinsurance.

Per SSAP No. 62R - *Property and Casualty Reinsurance*, ceded reinsurance written premiums payable may be deducted from amounts due from the reinsurer when a legal right of offset exists. As the Pooling Arrangement and affiliated reinsurance agreement provide for the right of offset, the Company has netted within the Statement of Assets and Liabilities the amount due to each State Auto Pool participant under ceded reinsurance written premiums payable with the amount due from the same participant on assumed reinsurance written premiums receivable for transactions under the agreements. The following tabular presentation reflects the ceded reinsurance written premiums payable and assumed reinsurance written premiums receivable at December 31, 2018, between each State Auto Pool participant and State Auto Mutual resulting in the net amount due to or due from State Auto Mutual:

	Amount (\$)		
	Assumed Reinsurance Written Premiums Receivable from State Auto Mutual	Ceded Reinsurance Written Premiums Payable to State Auto Mutual	Net Assumed Reinsurance Written Premiums Receivable/(Net Ceded Reinsurance Written Premiums Payable)
State Auto P&C	233,829,490	183,067,621	50,761,869
Milbank	64,188,488	47,035,387	17,153,101
SA Wisconsin	—	3,147,013	(3,147,013)
SA Ohio	—	9,496,043	(9,496,043)
Meridian Security	—	79,975,556	(79,975,556)
Patrons Mutual	2,292,446	11,328,190	(9,035,744)
Rockhill	—	704,479	(704,479)
Plaza	—	2,049,323	(2,049,323)
American Compensation	—	20,387,288	(20,387,288)
Bloomington Compensation	—	1,346,744	(1,346,744)

The following tabular presentation reflects the reinsurance receivable and payable on loss and loss adjustment expense paid at December 31, 2018, between each State Auto Pool participant and State Auto Mutual:

	Amount (\$)	
	Assumed Reinsurance Loss and Loss Adjustment Expense Paid from State Auto Mutual	Ceded Reinsurance Loss and Loss Adjustment Expense Paid to State Auto Mutual
State Auto P&C	164,019,435	112,505,412
Milbank	45,024,943	27,286,699
SA Wisconsin	—	2,115,315
SA Ohio	—	7,415,741
Meridian Security	—	43,601,931
Patrons Mutual	1,608,034	9,131,000
Rockhill	—	25,573,049
Plaza	—	40,739,345
American Compensation	—	8,330,738
Bloomington Compensation	—	1,057,386

The following tabular presentation reflects all other intercompany amounts due from and due to State Auto Mutual from entities participating in the Pooling Arrangement at December 31, 2018:

	Amount (\$)	
	Intercompany Amounts Due from State Auto Mutual	Intercompany Amounts Due to State Auto Mutual
State Auto P&C	3,300,660	—
Milbank	—	5,438,010
SA Wisconsin	748,569	—
SA Ohio	2,254,693	—
Meridian Security	35,553,029	—
Patrons Mutual	—	757,715
Rockhill	—	45,777,218
Plaza	—	46,303,081
American Compensation	11,588,470	—
Bloomington Compensation	87,904	—

**27. Structured Settlements:****A. Reserves Released due to Purchase of Annuities:**

The Company has purchased annuities from life insurers under which the claimants are payees.

Amount (\$)	
Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
8,029,200	8,029,200

**B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus: None.**

Life Insurance Company and Location	Licensed in Company's State of Domicile Yes / No	Statement Value (\$) (i.e., Present Value of Annuities)
None		

**28. Health Care Receivables:** Not applicable.**29. Participating Policies:** Not applicable.**30. Premium Deficiency Reserves:**

1.Liability carried for premium deficiency reserves	—
2.Date of the most recent evaluation of this liability	12/31/2018
3.Was anticipated investment income utilized in the calculation?	Yes

The premium deficiency reserve is recorded in the aggregate write-in for liabilities and the change in the reserve is reflected in aggregate write-in for underwriting deductions.

**31. High Deductibles:****A. Reserve Credit Recorded on Unpaid Claims and Amount Billed and Recoverable on Paid Claims for High Deductibles****1. Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims:**

Annual Statement Line of Business	Amount (\$)			
	Gross (of High Deductible Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables
16.0 Workers' compensation	24,918	—	9,174	34,092
17.1 Other liability - occurrence	137,420	—	117,669	255,089
19.4 Commercial auto liability	89,837	—	528,141	617,978
21.2 Commercial auto physical damage	1,000	—	—	1,000

**2. Unsecured Amounts of High Deductibles:**

	Amount (\$)
a. Total high deductibles and billed recoverables on paid claims	908,159
b. Collateral on balance sheet	246,398
c. Collateral off balance sheet	150,000
d. Total unsecured deductibles and billed recoverables on paid claims	511,761
e. Percentage unsecured	56.4%

**3. High Deductible Recoverables Amounts on Paid Claims:**

	Amount (\$)
a. Amount of overdue nonadmitted (due to aging or collateral)	112,143
b. Total over 90 days overdue admitted	404,795
c. Total overdue (a+b)	516,938

**4. The Deductible Amounts for the Highest Ten Unsecured High Deductible Policies:**

Counterparty Ranking	Amount (\$)
Counterparty 1	257,145
Counterparty 2	39,944
Counterparty 3	38,503
Counterparty 4	23,046
Counterparty 5	20,057
Counterparty 6	17,750
Counterparty 7	13,679
Counterparty 8	12,500
Counterparty 9	12,204
Counterparty 10	11,425

**B. The Company has no unsecured high deductible recoverables for individual obligors part of a group under the same management or control which are greater than 1% of capital and surplus.****32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses:** Not applicable.

**33. Asbestos/Environmental Reserves:**

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? Yes.

The Company's exposure to asbestos losses arises from the sale of general liability insurance. The Company tries to estimate the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and estimating incurred but not reported losses based on previous experience.

<b>Direct Basis:</b>	<b>Amount (\$)</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Beginning reserves	710,316	693,282	619,540	556,858	581,395
Incurred losses and loss adjustment expenses	76,206	(27,985)	(54,607)	56,970	107,560
Calendar year payments for losses and loss adjustment expenses	93,240	45,757	8,075	32,433	93,828
Ending reserves	693,282	619,540	556,858	581,395	595,127

<b>Assumed Reinsurance Basis:</b>	<b>Amount (\$)</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Beginning reserves	31,359	32,382	33,902	22,306	38,477
Incurred losses and loss adjustment expenses	3,113	2,404	(10,556)	17,521	(2,465)
Calendar year payments for losses and loss adjustment expenses	2,090	884	1,040	1,350	426
Ending reserves	32,382	33,902	22,306	38,477	35,586

<b>Net of Ceded Reinsurance Basis:</b>	<b>Amount (\$)</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Beginning reserves	739,950	723,938	651,717	577,439	619,872
Incurred losses and loss adjustment expenses	79,318	(25,580)	(65,163)	76,216	105,096
Calendar year payments for losses and loss adjustment expenses	95,330	46,641	9,115	33,783	94,255
Ending reserves	723,938	651,717	577,439	619,872	630,713

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

	<b>Amount (\$)</b>
Direct Basis	448,500
Assumed Reinsurance Basis	22,586
Net of Ceded Reinsurance Basis	471,086

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

	<b>Amount (\$)</b>
Direct Basis	297,564
Assumed Reinsurance Basis	17,793
Net of Ceded Reinsurance Basis	315,356

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? Yes.

<b>Direct Basis:</b>	<b>Amount (\$)</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Beginning reserves	5,267,263	5,750,006	6,173,851	8,298,468	9,401,854
Incurred losses and loss adjustment expenses	949,608	986,148	2,732,127	2,009,814	583,382
Calendar year payments for losses and loss adjustment expenses	466,865	562,303	607,510	9,906,428	675,163
Ending reserves	5,750,006	6,173,851	8,298,468	9,401,854	9,310,073

<b>Assumed Reinsurance Basis:</b>	<b>Amount (\$)</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Beginning reserves	—	—	—	—	—
Incurred losses and loss adjustment expenses	—	—	—	—	—
Calendar year payments for losses and loss adjustment expenses	—	—	—	—	—
Ending reserves	—	—	—	—	—

<b>Net of Ceded Reinsurance Basis:</b>	<b>Amount (\$)</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Beginning reserves	5,131,129	5,551,768	5,987,687	8,005,142	9,080,068
Incurred losses and loss adjustment expenses	887,504	998,222	2,624,965	1,981,354	485,218
Calendar year payments for losses and loss adjustment expenses	466,865	562,303	607,510	906,428	675,163
Ending reserves	5,551,768	5,987,687	8,005,142	9,080,068	8,890,123

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

	<b>Amount (\$)</b>
Direct Basis	7,072,500
Assumed Reinsurance Basis	—
Net of Ceded Reinsurance Basis	7,072,500

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

	<b>Amount (\$)</b>
Direct Basis	4,655,036
Assumed Reinsurance Basis	—
Net of Ceded Reinsurance Basis	4,445,061

34. **Subscriber Savings Accounts:** Not applicable.

35. **Multiple Peril Crop Insurance:** Not applicable.

36. **Financial Guaranty Insurance:** Not applicable.

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**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. 12/31/2018

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. 12/31/2013

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). 10/29/2014

3.4 By what department or departments? Ohio Department of Insurance

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

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

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]  
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	2 NAIC Company Code	3 State of Domicile
Name of Entity		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 Nationality	2 Type of Entity

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

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

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

8.4 If 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? Ernst & Young LLP, 800 Yard Street, Grandview Heights, Ohio 43212

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]

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 [ ]

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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?  
Matthew S. Mrozek, FCAS, 518 East Broad Street, Columbus, Ohio 43215, officer of reporting entity

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

12.11 Name of real estate holding company 518 Property Management and Leasing, LLC

12.12 Number of parcels involved 3

12.13 Total book/adjusted carrying value \$ 8,074,941

12.2 If yes, provide explanation  
The Company owns 59.9% of State Auto Financial which indirectly owns 100% of 518 Property Management and Leasing LLP.

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 [ ]

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).  
The Nominating and Governance Committee of the Company's Board of Directors annually reviews the Associate Code of Business Conduct, which is applicable to all senior managers. The year review resulted in a new section, Commitment to Diversity and Inclusion, being added. Also, there was a revision to the Outside Employment and Activities section to give clearer guidance to all employees. Other minor updates and revisions were made.

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 [X] No [ ]

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

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
072000096	Comerica Bank	if principal company does not fulfill requirements, the LOC can be used	\$ 70,000
031333353	PNC Bank N.A.	if principal company does not fulfill requirements, the LOC can be used	\$ 98,564
041200762	Huntington Bank	if principal company does not fulfill requirements, the LOC can be used	\$ 25,000
044002161	Fifth Third Bank	if principal company does not fulfill requirements, the LOC can be used	\$ 25,000
026009632	Bank of Tokyo-Mitsubishi UFJ	if principal company does not fulfill requirements, the LOC can be used	\$ 100,000
291973645	Share Advantage Credit Union	if principal company does not fulfill requirements, the LOC can be used	\$ 71,000

**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

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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 <i>Annual Statement Instructions</i> other than guaranty fund or guaranty association assessments?	Yes [ ]	No [ X ]						
22.2	If answer is yes:								
22.21	Amount paid as losses or risk adjustment	\$	0						
22.22	Amount paid as expenses	\$	0						
22.23	Other amounts paid	\$	0						
23.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?	Yes [ X ]	No [ ]						
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount:	\$	0						
<b>INVESTMENT</b>									
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 [ ]	No [ X ]						
24.02	If no, give full and complete information, relating thereto: <u>The loan from the Federal Home Loan Bank of Cincinnati is collateralized by treasury bonds and mortgage-backed securities on deposit with the Federal Home Loan Bank of Cincinnati. Additionally, a grantor trust has been established for a reinsurance agreement with State National at JP Morgan Chase.</u>								
24.03	For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).								
24.04	Does the company's security lending program meet the requirements for a conforming program as outlined in the <i>Risk-Based Capital Instructions</i> ?	Yes [ ]	No [ ]						
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 [ ]						
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes [ ]	No [ ]						
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 [ ]						
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	\$	4,143,200						
25.28	On deposit with states	\$	6,467,387						
25.29	On deposit with other regulatory bodies	\$	0						
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	\$	53,031,535						
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	\$	33,718,649						
25.32	Other	\$	0						
25.3	For category (25.26) provide the following:								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">1 Nature of Restriction</th> <th style="text-align: center; width: 33.33%;">2 Description</th> <th style="text-align: center; width: 33.33%;">3 Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td style="text-align: right;">\$ 0</td> </tr> </tbody> </table>	1 Nature of Restriction	2 Description	3 Amount			\$ 0		
1 Nature of Restriction	2 Description	3 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? If no, attach a description with this statement.	Yes [ ]	No [ ]						
26.2	N/A [ X ]								
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 <i>Financial Condition Examiners Handbook</i> ?	Yes [ ]	No [ X ]						
28.01	For agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , complete the following:								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 50%;">1 Name of Custodian(s)</th> <th style="text-align: center; width: 50%;">2 Custodian's Address</th> </tr> </thead> <tbody> <tr> <td>JP Morgan Chase Worldwide Securities</td> <td>4 Chase Metrotech Center, 16th Floor, Brooklyn, NY 11245</td> </tr> <tr> <td>The Northern Trust Company</td> <td>50 S. LaSalle Street, B-10, Chicago, Illinois 60675</td> </tr> </tbody> </table>	1 Name of Custodian(s)	2 Custodian's Address	JP Morgan Chase Worldwide Securities	4 Chase Metrotech Center, 16th Floor, Brooklyn, NY 11245	The Northern Trust Company	50 S. LaSalle Street, B-10, Chicago, Illinois 60675		
1 Name of Custodian(s)	2 Custodian's Address								
JP Morgan Chase Worldwide Securities	4 Chase Metrotech Center, 16th Floor, Brooklyn, NY 11245								
The Northern Trust Company	50 S. LaSalle Street, B-10, Chicago, Illinois 60675								
28.02	For all agreements that do not comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , provide the name, location and a complete explanation								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">1</th> <th style="text-align: center; width: 33.33%;">2</th> <th style="text-align: center; width: 33.33%;">3</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> </tr> </tbody> </table>	1	2	3	1	2	3		
1	2	3							
1	2	3							

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

Name(s)	Location(s)	Complete Explanation(s)
Federal Home Loan Bank	Cincinnati, OH	Investment required as a provision of obtaining loans
State Street Corporation	Boston, MA	Transamerica International Equity Fund - mutual fund (TSWIX)
JP Morgan Chase Bank	New York, NY	Vanguard Funds (VSCPX/ VFWSX)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]  
 28.04 If yes, give full and complete information relating thereto:

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

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

1 Name of Firm or Individual	2 Affiliation
Silchester International Investors, LLP	U
Stateco	A

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 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
131394	Silchester International Investors, LLP	NONE	SEC	NO
	Stateco			NO

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

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
893509 22 4	Transamerica International Equity Fund	\$ 6,899,077
922908 39 7	Vanguard Small-cap Index Fund	\$ 23,882,928
922042 78 3	Vanguard International Equity Fund	\$ 3,333,875
29.2999 TOTAL		\$ 34,115,880

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Transamerica International Equity Fund	Novartis AG	\$ 140,051	11/30/2018
Vanguard Small-Cap Index Fund	Burlington Stores, Inc.	\$ 85,979	12/31/2018
Vanguard International Equity Fund	Nestle SA	\$ 41,340	12/31/2018

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 506,997,725	\$ 496,247,192	\$ (10,750,533)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 506,997,725	\$ 496,247,192	\$ (10,750,533)

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

Pricing services and broker/dealers.

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:

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**PART 1 - COMMON INTERROGATORIES**

- 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? \$ 725,171

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 Name	2 Amount Paid
	\$ 0

36.1 Amount of payments for legal expenses, if any? \$ 197,492

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 Name	2 Amount Paid
	\$ 0

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 500

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 Name	2 Amount Paid
	\$ 0

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**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 Current Year	2 Prior Year
2.1	Premium Numerator	\$	0
2.2	Premium Denominator	\$	676,796,402
2.3	Premium Ratio (2.1/2.2)		0.0%
2.4	Reserve Numerator	\$	15,193
2.5	Reserve Denominator	\$	1,245,590,849
2.6	Reserve Ratio (2.4/2.5)		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	\$	26,895,421
3.22	Non-participating policies	\$	401,768,640
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:		
4.1	Does the reporting entity issue assessable policies?	Yes [ ]	No [X]
4.2	Does the reporting entity issue non-assessable policies?	Yes [X]	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 [ ]
5.22	As a direct expense of the exchange	Yes [ ]	N/A [ ]
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?	Yes [ ]	No [ ]
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?		
	All of the State Auto Group companies writing workers' compensation are included in the casualty excess of loss reinsurance agreement which provides a total of \$7 million coverage in excess of a \$3 million retention. In addition, all companies are covered for a catastrophe workers' compensation claim in the workers' compensation and casualty agreements which provide an additional \$40 million of coverage for events involving multiple workers.		
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:		
	Computer modeling is performed quarterly by the Companies' property reinsurance broker on a group basis using the combined property exposures of each State Auto Group company. Natural perils that could impact the Companies include a New Madrid earthquake, an Atlantic or Gulf Coast hurricane, and severe thunderstorm systems, including tornado/hail damage. Catastrophe models used are Applied Insurance Research (AIR) and Risk Management Solutions (RMS).		
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?		
	All of the State Auto Group companies are party to a traditional catastrophe reinsurance agreement providing \$175 million in coverage for covered losses above a \$75 million retention, with a 5% co-participation. Catastrophe limits are purchased based on a 1 in 100 return period on a hurricane basis.		

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**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

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 [ ]

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 uninsured catastrophic loss: Yes [ ] No [X]

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

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

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 Yes [ ] No [X]

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: Yes [ ] No [X]

- (a) A contract term longer than two years and the contract is noncancelable 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?

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: Yes [ ] No [X]

- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9: Yes [ ] No [X]

- (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: Yes [ ] No [X]

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

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP. Yes [ ] No [X]

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria: Yes [ ] No [X]

- (a) The entity does not utilize reinsurance; or,
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance 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 Yes [ ] No [X]

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: \$ \_\_\_\_\_ 0

- 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: 0.0%

- 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]

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**GENERAL INTERROGATORIES**

**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

12.6	If yes, state the amount thereof at December 31 of current year:				
12.61	Letters of Credit	\$	0		
12.62	Collateral and other funds	\$	0		
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$	2,415,000		
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 [ ]	No [ X ]		
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.	3			
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: <u>The Company's reinsurance treaties are written to include multiple members of the State Auto Group. The total ceded premiums for each treaty are calculated based on that contract's definition of subject premium. Each cedant company's portion of the total ceded premiums is based on its contribution to that subject premium base.</u>				
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 [ ]	No [ X ]		
14.5	If the answer to 14.4 is no, please explain: <u>As noted in #14.2 above, ceded premiums are allocated based on each cedant company's proportionate share of that contract's calculated subject premium base. Although not specified in each contract, Statutory Accounting Principles logically direct the Company to match each company's costs with that company's benefit under each contract.</u>				
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	2	3	4
		Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned
16.11	Home	\$ 0	\$ 0	\$ 0	\$ 0
16.12	Products	\$ 0	\$ 0	\$ 0	\$ 0
16.13	Automobile	\$ 0	\$ 0	\$ 0	\$ 0
16.14	Other*	\$ 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 [ ]		

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**FIVE-YEAR HISTORICAL DATA**

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

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	742,122,272	879,736,271	910,990,076	902,034,676	846,019,130
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	495,668,321	525,928,222	502,206,673	490,830,231	509,708,763
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	645,455,073	577,888,118	613,115,756	641,025,365	659,891,480
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,706,394	1,660,945	1,700,526	2,930,233	8,715,114
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	149	233	208	(13,355)
6. Total (Line 35).....	1,884,952,059	1,985,213,705	2,028,013,264	2,036,820,713	2,024,321,132
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	253,681,561	300,714,782	311,357,331	298,046,521	284,934,922
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	166,989,474	175,482,260	167,357,389	162,094,745	167,723,422
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	221,148,931	196,969,811	207,355,180	215,022,477	178,493,656
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	579,390	560,949	366,192	745,875	2,691,352
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	149	233	208	(13,355)
12. Total (Line 35).....	642,399,356	673,727,951	686,436,325	675,909,826	633,829,998
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	(3,394,870)	(51,441,025)	(47,739,368)	(19,352,698)	(57,082,813)
14. Net investment gain (loss) (Line 11).....	19,408,153	24,160,485	29,568,659	19,340,848	33,064,917
15. Total other income (Line 15).....	(2,391,734)	444,007	(2,082,431)	2,401,567	(543,405)
16. Dividends to policyholders (Line 17).....	182,423	270,379	164,566	141,567	128,633
17. Federal and foreign income taxes incurred (Line 19).....	1,151,512	(8,340,321)	(5,862,099)	(2,961,472)	(7,137,427)
18. Net income (Line 20).....	12,287,614	(18,766,591)	(14,555,607)	5,209,622	(17,552,507)
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	2,295,424,837	2,407,293,508	2,461,059,714	2,386,409,637	2,352,071,830
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	183,835,721	222,794,641	268,097,195	251,000,743	247,361,580
20.2 Deferred and not yet due (Line 15.2).....	486,614,076	444,052,126	418,805,659	392,405,148	395,041,118
20.3 Accrued retrospective premiums (Line 15.3).....	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	1,529,494,468	1,628,347,323	1,638,507,472	1,561,743,315	1,535,307,594
22. Losses (Page 3, Line 1).....	481,033,444	540,634,903	508,055,392	455,541,845	420,722,585
23. Loss adjustment expenses (Page 3, Line 3).....	131,605,107	131,065,721	124,056,885	107,159,175	99,808,578
24. Unearned premiums (Page 3, Line 9).....	306,612,363	321,298,608	324,653,171	323,522,427	321,809,230
25. Capital paid up (Page 3, Lines 30 & 31).....	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37).....	765,930,369	778,946,185	822,552,242	824,666,322	816,764,236
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	(42,455,641)	7,628,855	13,452,883	94,027,218	17,973,492
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	765,930,369	778,946,185	822,552,242	824,666,322	816,764,236
29. Authorized control level risk-based capital.....	193,782,107	196,201,984	184,509,741	176,608,106	164,371,701
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b>					
(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	36.2	37.0	37.7	38.5	33.6
31. Stocks (Lines 2.1 & 2.2).....	57.0	57.5	56.5	52.4	53.0
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).....	1.4	1.6	1.6	1.9	2.2
34. Cash, cash equivalents and short-term investments (Line 5).....	2.1	0.5	1.6	3.4	8.2
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).....	3.2	3.3	2.6	3.8	2.9
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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).....	622,028,372	665,980,135	694,794,576	699,567,488	684,777,465
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.....	622,028,372	665,980,135	694,794,576	699,567,488	684,777,465
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).....	81.2	85.5	84.5	84.8	83.8

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**FIVE-YEAR HISTORICAL DATA**  
(Continued)

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....	.....(14,966,909)	.....(3,723,633)	.....4,317,579	.....3,129,233	.....975,434
52. Dividends to stockholders (Line 35).....	.....0	.....0	.....0	.....0	.....0
53. Change in surplus as regards policyholders for the year (Line 38).....	.....(13,015,816)	.....(43,606,057)	.....(2,114,080)	.....7,902,086	.....(49,487,995)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....545,463,839	.....485,261,693	.....502,679,441	.....485,022,353	.....469,714,458
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....290,764,507	.....263,056,880	.....247,361,613	.....233,632,278	.....257,246,728
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....360,185,342	.....342,412,593	.....316,759,860	.....314,867,574	.....336,479,216
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....134,431	.....540,321	.....623,301	.....1,111,720	.....130,333
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....128,902	.....75,554	.....82,032	.....69,754	.....24,488
59. Total (Line 35).....	.....1,196,677,020	.....1,091,347,040	.....1,067,506,248	.....1,034,703,679	.....1,063,595,222
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....183,382,563	.....162,567,329	.....167,246,766	.....161,411,600	.....158,350,314
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....98,559,135	.....90,002,542	.....85,231,323	.....80,528,140	.....88,248,669
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....120,439,225	.....117,345,662	.....106,762,855	.....97,765,117	.....71,350,731
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....46,455	.....178,146	.....214,304	.....378,558	.....46,599
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....65,893	.....26,776	.....26,430	.....17,879	.....(20,649)
65. Total (Line 35).....	.....402,493,271	.....370,120,455	.....359,481,678	.....340,101,294	.....317,975,665
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	.....100.0	.....100.0	.....100.0	.....100.0	.....100.0
67. Losses incurred (Line 2).....	.....52.2	.....59.5	.....60.1	.....55.6	.....57.8
68. Loss expenses incurred (Line 3).....	.....12.3	.....12.7	.....13.0	.....12.9	.....13.7
69. Other underwriting expenses incurred (Line 4).....	.....36.1	.....35.4	.....33.9	.....34.4	.....38.5
70. Net underwriting gain (loss) (Line 8).....	.....(0.5)	.....(7.6)	.....(7.0)	.....(2.9)	.....(10.0)
<b>Other Percentages</b>					
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).....	.....37.2	.....35.5	.....34.2	.....33.9	.....34.7
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	.....64.5	.....72.2	.....73.1	.....68.5	.....71.5
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).....	.....83.9	.....86.5	.....83.5	.....82.0	.....77.6
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	.....(39,295)	.....(25,712)	.....9,024	.....7,910	.....23,442
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).....	.....(5.0)	.....(3.1)	.....1.1	.....1.0	.....2.7
<b>Two Year Loss Development (\$000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	.....(46,054)	.....(10,690)	.....7,426	.....29,022	.....15,045
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).....	.....(5.6)	.....(1.3)	.....0.9	.....3.4	.....2.0

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			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	.....5,661	.....2,628	.....1,078	.....49	.....395	.....3	.....105	.....4,454	....XXX.....	
2. 2009.....	....560,260	....37,890	....522,370	....317,259	....13,519	....22,712	....801	....34,953	....78	....8,391	....360,525	....XXX.....	
3. 2010.....	....612,152	....37,898	....574,255	....358,560	....10,256	....28,668	....2,651	....35,415	....265	....8,890	....409,471	....XXX.....	
4. 2011.....	....656,807	....40,651	....616,156	....453,356	....15,904	....36,003	....2,355	....49,124	....392	....17,096	....519,832	....XXX.....	
5. 2012.....	....684,328	....131,200	....553,128	....414,954	....70,922	....35,855	....2,078	....47,311	....4,717	....16,691	....420,404	....XXX.....	
6. 2013.....	....691,134	....131,151	....559,982	....355,866	....49,433	....29,288	....1,914	....41,835	....1,935	....15,565	....373,708	....XXX.....	
7. 2014.....	....699,699	....129,611	....570,087	....341,024	....52,055	....28,767	....2,094	....43,222	....1,751	....16,147	....357,114	....XXX.....	
8. 2015.....	....716,992	....42,662	....674,329	....331,178	....4,181	....28,935	....419	....48,509	....161	....16,446	....403,860	....XXX.....	
9. 2016.....	....716,544	....30,856	....685,688	....330,342	....5,873	....22,490	....308	....37,813	....31	....14,939	....384,433	....XXX.....	
10. 2017.....	....704,769	....27,973	....676,796	....307,829	....5,618	....13,973	....106	....36,282	....17	....15,201	....352,344	....XXX.....	
11. 2018.....	....691,560	....34,470	....657,091	....212,896	....5,628	....6,260	....149	....28,939	....37	....8,695	....242,282	....XXX.....	
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....3,428,925	....236,016	....254,030	....12,924	....403,798	....9,386	....138,166	....3,828,426	....XXX.....	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....31,626	....18,099	....15,786	....4,730	....839	....55	....4,135	....810	....1,491	....108	....126	....30,075	....XXX.....
2. 2009.....	....913	....139	....2,438	....454	....58	....6	....780	....16	....151	....1	....72	....3,725	....XXX.....
3. 2010.....	....1,552	....236	....2,656	....220	....289	....0	....1,127	....20	....448	....0	....102	....5,595	....XXX.....
4. 2011.....	....3,512	....406	....4,116	....412	....400	....7	....1,453	....74	....480	....23	....131	....9,039	....XXX.....
5. 2012.....	....5,114	....726	....6,174	....452	....506	....0	....2,351	....136	....792	....16	....165	....13,607	....XXX.....
6. 2013.....	....6,946	....562	....7,598	....259	....702	....2	....2,797	....111	....1,170	....109	....218	....18,172	....XXX.....
7. 2014.....	....10,763	....423	....10,931	....454	....997	....17	....3,983	....194	....1,392	....0	....280	....26,977	....XXX.....
8. 2015.....	....20,847	....531	....19,223	....741	....2,091	....67	....7,036	....317	....2,359	....16	....485	....49,883	....XXX.....
9. 2016.....	....38,748	....1,059	....33,856	....1,333	....3,686	....21	....12,803	....444	....4,193	....50	....1,124	....90,379	....XXX.....
10. 2017.....	....56,111	....1,680	....56,425	....690	....2,977	....23	....21,766	....294	....6,740	....14	....2,362	....141,317	....XXX.....
11. 2018.....	....111,705	....3,827	....76,115	....4,688	....1,861	....187	....29,042	....1,886	....15,761	....28	....8,684	....223,869	....XXX.....
12. Totals.....	....287,837	....27,690	....235,318	....14,431	....14,405	....385	....87,274	....4,302	....34,978	....365	....13,751	....612,639	....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior..	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....0	.....0	....XXX.....	....24,583	....5,492
2. 2009.....	....379,264	....15,014	....364,250	....67.7	....39.6	....69.7	....0	....0	....34.50	....2,757	....967
3. 2010.....	....428,715	....13,648	....415,066	....70.0	....36.0	....72.3	....0	....0	....34.50	....3,752	....1,844
4. 2011.....	....548,444	....19,573	....528,871	....83.5	....48.1	....85.8	....0	....0	....34.50	....6,809	....2,229
5. 2012.....	....513,057	....79,047	....434,010	....75.0	....60.2	....78.5	....0	....0	....34.50	....10,109	....3,497
6. 2013.....	....446,203	....54,324	....391,880	....64.6	....41.4	....70.0	....0	....0	....34.50	....13,724	....4,448
7. 2014.....	....441,079	....56,988	....384,091	....63.0	....44.0	....67.4	....0	....0	....34.50	....20,817	....6,160
8. 2015.....	....460,177	....6,434	....453,743	....64.2	....15.1	....67.3	....0	....0	....34.50	....38,798	....11,085
9. 2016.....	....483,931	....9,118	....474,812	....67.5	....29.6	....69.2	....0	....0	....34.50	....70,212	....20,167
10. 2017.....	....502,103	....8,442	....493,661	....71.2	....30.2	....72.9	....0	....0	....34.50	....110,167	....31,151
11. 2018.....	....482,581	....16,431	....466,150	....69.8	....47.7	....70.9	....0	....0	....34.50	....179,305	....44,564
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....481,033	....131,605

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)										DEVELOPMENT	
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 One Year	12 Two Year
1. Prior....	210,114	202,666	197,329	193,710	192,437	190,465	188,873	186,882	187,233	190,149	2,917	3,267
2. 2009....	354,875	341,476	337,445	335,404	332,709	330,846	329,758	330,496	330,359	329,225	(1,134)	(1,271)
3. 2010....	XXX....	389,963	388,293	384,889	381,140	383,406	381,812	381,521	380,683	379,468	(1,215)	(2,053)
4. 2011....	XXX....	XXX....	472,863	474,801	472,826	483,225	484,744	483,772	481,581	479,682	(1,899)	(4,090)
5. 2012....	XXX....	XXX....	XXX....	380,785	378,470	396,695	398,564	397,174	392,859	390,641	(2,218)	(6,533)
6. 2013....	XXX....	XXX....	XXX....	XXX....	352,031	348,420	354,885	355,346	354,285	350,918	(3,367)	(4,429)
7. 2014....	XXX....	XXX....	XXX....	XXX....	XXX....	342,971	345,300	348,261	344,105	341,227	(2,878)	(7,034)
8. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	405,128	414,636	407,270	403,053	(4,217)	(11,582)
9. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	445,217	439,220	432,888	(6,332)	(12,329)
10. 2017....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	469,623	450,670	(18,953)	XXX....
11. 2018....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	421,515	XXX....	XXX....
											12. Totals....	(39,295).....(46,054)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018		
1. Prior....	000....	61,326	98,616	121,469	135,540	143,291	150,576	154,499	157,395	161,457	XXX....	XXX....
2. 2009....	195,557	256,749	286,693	307,093	315,874	320,601	322,429	324,539	325,287	325,650	XXX....	XXX....
3. 2010....	XXX....	214,151	293,255	327,499	347,612	362,257	368,708	371,375	373,127	374,321	XXX....	XXX....
4. 2011....	XXX....	XXX....	275,777	363,992	407,552	437,693	457,566	465,318	468,918	471,101	XXX....	XXX....
5. 2012....	XXX....	XXX....	XXX....	182,959	266,049	311,445	344,422	364,033	372,095	377,810	XXX....	XXX....
6. 2013....	XXX....	XXX....	XXX....	XXX....	161,544	240,102	283,380	309,676	326,466	333,807	XXX....	XXX....
7. 2014....	XXX....	XXX....	XXX....	XXX....	XXX....	169,089	240,299	280,335	301,220	315,642	XXX....	XXX....
8. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	191,325	280,129	322,572	355,513	XXX....	XXX....
9. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	199,589	295,425	346,652	XXX....	XXX....
10. 2017....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	212,173	316,078	XXX....	XXX....
11. 2018....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	213,380	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....	103,801	72,182	51,311	39,692	32,376	27,401	22,418	17,373	15,417	14,382
2. 2009....	68,232	41,704	20,322	13,092	9,303	6,762	4,580	4,305	4,032	2,748
3. 2010....	XXX....	78,506	47,019	25,279	13,483	10,829	7,661	6,334	4,827	3,543
4. 2011....	XXX....	XXX....	91,340	52,662	22,221	19,053	12,639	10,736	7,754	5,084
5. 2012....	XXX....	XXX....	XXX....	98,565	53,537	39,397	23,239	17,644	12,243	7,938
6. 2013....	XXX....	XXX....	XXX....	XXX....	98,842	59,065	32,874	22,845	15,903	10,026
7. 2014....	XXX....	XXX....	XXX....	XXX....	XXX....	92,590	58,331	33,896	21,576	14,265
8. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	119,041	74,998	41,860	25,200
9. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	137,822	83,296	44,882
10. 2017....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	135,708	77,207
11. 2018....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	98,583

Annual Statement for the year 2018 of the **STATE AUTOMOBILE MUTUAL INSURANCE COMPANY**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama.....	AL.....	5,831,922	6,109,771	0	3,880,070	2,903,276	6,355,972	16,143	0	
2. Alaska.....	AK.....	0	0	0	0	0	0	0	0	
3. Arizona.....	AZ.....	2,020,964	1,646,204	0	658,576	(95,505)	3,011,492	920	0	
4. Arkansas.....	AR.....	16,018,041	16,989,223	0	8,172,596	6,758,028	7,674,018	54,548	0	
5. California.....	CA.....	Q.....	0	0	0	0	0	0	0	
6. Colorado.....	CO.....	L.....	3,620,969	3,804,739	0	5,005,531	3,241,906	3,578,246	7,430	0
7. Connecticut.....	CT.....	L.....	6,182,582	3,477,159	0	1,217,532	2,244,577	2,733,967	3,365	0
8. Delaware.....	DE.....	L.....	159,800	.215,036	0	.222,221	.22,048	.507,837	171	0
9. District of Columbia.....	DC.....	L.....	316,304	.249,666	0	.22,898	(95,783)	.198,692	129	0
10. Florida.....	FL.....	L.....	228,775	.210,702	0	8,445	(44,414)	1,003,007	.37	0
11. Georgia.....	GA.....	L.....	5,858,345	5,307,572	0	2,606,655	3,282,951	6,329,841	8,791	0
12. Hawaii.....	HI.....	L.....	0	0	0	0	0	0	0	
13. Idaho.....	ID.....	L.....	0	.21	0	0	(418)	.31	0	
14. Illinois.....	IL.....	L.....	5,384,147	4,766,806	0	2,856,404	1,420,719	13,023,539	5,425	0
15. Indiana.....	IN.....	L.....	17,323,900	17,431,764	31,392	8,255,331	3,708,418	17,276,475	.46,507	0
16. Iowa.....	IA.....	L.....	1,066,844	.991,553	0	.490,767	(2,191)	.2,157,297	1,428	0
17. Kansas.....	KS.....	L.....	17,852,915	17,188,729	0	15,562,098	13,847,547	3,712,012	.39,691	0
18. Kentucky.....	KY.....	L.....	14,551,198	14,243,409	.116,086	6,622,628	3,864,843	10,237,838	.30,485	0
19. Louisiana.....	LA.....	L.....	0	0	0	0	(83)	.251	0	
20. Maine.....	ME.....	L.....	0	0	0	0	0	0	0	
21. Maryland.....	MD.....	L.....	22,146,075	23,339,601	0	12,871,015	9,210,711	18,421,994	.69,177	0
22. Massachusetts.....	MA.....	L.....	3,354,896	3,036,016	0	1,319,706	1,268,185	3,000,498	8,565	0
23. Michigan.....	MI.....	L.....	21,181,433	21,641,275	0	18,330,411	10,679,811	35,985,675	.44,300	0
24. Minnesota.....	MN.....	L.....	8,644,007	8,332,140	0	4,210,603	4,361,138	8,402,401	12,908	0
25. Mississippi.....	MS.....	L.....	5,299,363	.5,068,198	0	2,087,543	1,930,481	4,375,320	.5,743	0
26. Missouri.....	MO.....	L.....	35,576,953	27,421,618	0	24,320,371	.29,625,638	8,311,297	.6,742	0
27. Montana.....	MT.....	L.....	0	0	0	0	0	0	0	
28. Nebraska.....	NE.....	L.....	0	0	0	0	(10)	(1)	0	
29. Nevada.....	NV.....	L.....	0	0	0	0	0	0	0	
30. New Hampshire.....	NH.....	L.....	0	0	0	0	0	0	0	
31. New Jersey.....	NJ.....	L.....	0	0	0	0	(.4)	.46	0	
32. New Mexico.....	NM.....	L.....	0	0	0	0	0	0	0	
33. New York.....	NY.....	L.....	0	0	0	0	(9,139)	0	0	
34. North Carolina.....	NC.....	L.....	13,283,460	12,555,649	0	7,149,111	8,339,215	8,517,903	.21,338	0
35. North Dakota.....	ND.....	L.....	8,907,306	7,853,402	0	3,907,443	4,086,706	1,670,888	.6,338	0
36. Ohio.....	OH.....	L.....	89,352,629	94,429,984	19,592	40,384,494	.27,170,909	.58,727,199	.220,081	0
37. Oklahoma.....	OK.....	L.....	907,409	.694,927	0	.290,398	(1,003,017)	.758,616	.713	0
38. Oregon.....	OR.....	L.....	0	0	0	0	0	0	0	
39. Pennsylvania.....	PA.....	L.....	12,345,397	11,595,181	0	5,753,779	3,100,600	17,676,256	.26,686	0
40. Rhode Island.....	RI.....	L.....	0	0	0	0	0	0	0	
41. South Carolina.....	SC.....	L.....	19,063,696	20,041,293	0	12,586,297	.10,173,269	.7,261,358	.60,058	0
42. South Dakota.....	SD.....	L.....	6,006,821	.5,924,843	0	3,011,727	2,762,552	.1,763,828	.4,997	0
43. Tennessee.....	TN.....	L.....	17,989,233	17,240,345	.9,350	.7,314,718	4,296,372	.18,902,311	.34,152	0
44. Texas.....	TX.....	L.....	58,631,147	57,082,941	0	47,310,463	.36,270,750	.43,913,284	.89,078	0
45. Utah.....	UT.....	L.....	308,037	.197,710	0	5,320	12,787	.270,221	.373	0
46. Vermont.....	VT.....	L.....	0	0	0	0	0	0	0	
47. Virginia.....	VA.....	L.....	3,347,148	3,236,096	0	1,385,283	1,062,813	.3,981,981	.4,668	0
48. Washington.....	WA.....	L.....	0	0	0	0	0	0	0	
49. West Virginia.....	WV.....	L.....	3,507,102	3,323,830	20,693	.752,251	(208,755)	.3,372,477	.5,841	0
50. Wisconsin.....	WI.....	L.....	2,395,246	2,255,770	132,685	1,156,969	.752,585	.3,005,395	.3,865	0
51. Wyoming.....	WY.....	L.....	0	0	0	0	0	0	0	
52. American Samoa.....	AS.....	N.....	0	0	0	0	0	0	0	
53. Guam.....	GU.....	N.....	0	0	0	0	0	0	0	
54. Puerto Rico.....	PR.....	N.....	0	0	0	0	0	0	0	
55. US Virgin Islands.....	VI.....	N.....	0	0	0	0	0	0	0	
56. Northern Mariana Islands.....	MP.....	N.....	0	0	0	0	0	0	0	
57. Canada.....	CAN.....	N.....	0	0	0	0	0	0	0	
58. Aggregate Other Alien.....	OT.....	XXX.....	0	0	0	0	0	0	0	
59. Totals.....		XXX.....	428,664,061	417,903,172	329,799	.249,729,653	.194,939,514	.326,119,461	.840,691	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.

All Lines: the location of the insured risk controls the state code which is used for all statistical records.

(a) Active Status Counts:

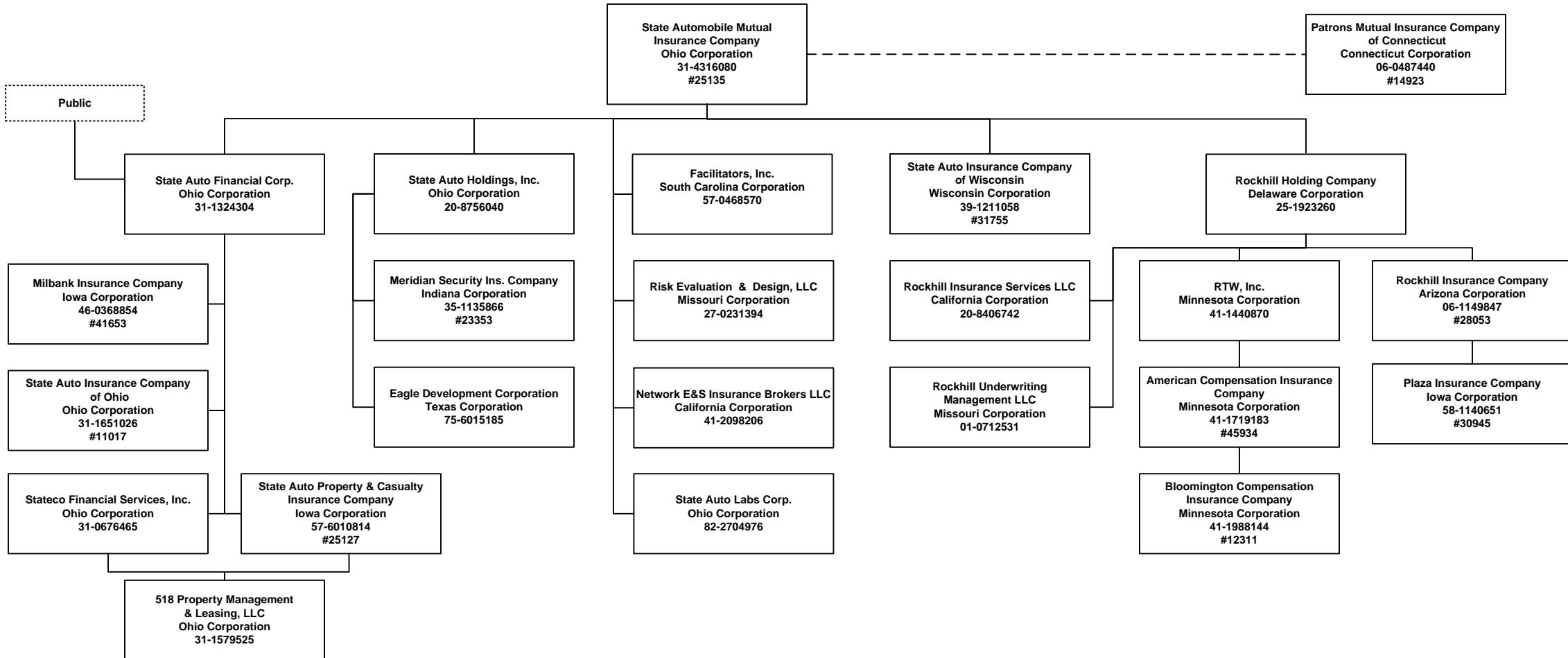
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG..... 50  
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state  
(other than their state of domicile - See DSLI)..... 0  
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write  
surplus lines in the state of domicile..... 0

R - Registered - Non-domiciled RRCs..... 0  
Q - Qualified - Qualified or accredited reinsurer..... 1  
N - None of the above - Not allowed to write business in the state..... 6

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

## PART 1 – ORGANIZATIONAL CHART

## ORGANIZATIONAL STRUCTURE OF STATE AUTO HOLDING COMPANY SYSTEM



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