
AMENDED FILING EXPLANATION

Per the request of the Insurance Department of Ohio we are amending the following pages :

- Page 3 - Aggregate write-ins for liabilities - Schedule F Impact to Retro Cover for Inuring Reinsurance - line 2502
- Page 4- Additional Write-ins for Statement of Income - Schedule F Impact to Retro Cover for Inuring Reinsurance - line 1402
- Page 4- Additional Write-ins for Statement of Income - Correction for Prior Year Schedule F Impact to Retro Cover for Inuring Reinsurance - line 3703
- Page 17 - Five Year Historical Data - Total Adjusted Capital - Line 28
- Page 17 - Five Year Historical Data - Authorized Control Level Risk-Based Capital - Line 29
- Financial Note 2- Accounting Corrections

As we stated in the second paragraph of Financial Note 2:

Historically, the Company has taken credit on Schedule F Part 3 for the impact of the protection from its retroactive reinsurance agreement with National Indemnity Company (NICO). This impact was reported in the form of other collateral on Schedule F Part 3 for the balances that inure to the NICO cover. During the course of the financial examination by the Ohio Department of Insurance, it was determined that the Company had continued to take credit on Schedule F Part 3 for the protection the retroactive reinsurance cover provided without recognizing that the penalty being absorbed by the cover started to exceed the remaining limit on the retroactive agreement. The 2019 Annual Statement has been amended to reflect the impact of the Schedule F penalty on the remaining ceded balance associated with the NICO cover. This balance is reported on the write-in line on the balance sheet as an offset to the retroactive reinsurance ceded balance with the current year change in that balance reflected in the write in line on the income statement. The impact for 2018 was reflected as a write in to the 2019 Surplus.



ANNUAL STATEMENT

For the Year Ended December 31, 2019
of the Condition and Affairs of the

TRANSPORT INSURANCE COMPANY

NAIC Group Code.....	4234, 4234 (Current Period) (Prior Period)	NAIC Company Code.....	33014	Employer's ID Number.....	75-0784127
Organized under the Laws of OH		State of Domicile or Port of Entry	OH	Country of Domicile	US
Incorporated/Organized.....	May 25, 1976	Commenced Business.....	June 2, 1976		
Statutory Home Office	Cogency Global (Registered Agent) 3958-D Brown Park Drive .. Hillard .. OH .. US .. 43026 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>				
Main Administrative Office	2 Logan Square, Suite 600 .. Philadelphia .. PA .. US .. 19103 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			267-675-3348 <i>(Area Code) (Telephone Number)</i>	
Mail Address	2 Logan Square, Suite 600 .. Philadelphia .. PA .. US .. 19103 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>				
Primary Location of Books and Records	2 Logan Square, Suite 600 .. Philadelphia .. PA .. US .. 19103 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			267-675-3348 <i>(Area Code) (Telephone Number)</i>	
Internet Web Site Address					
Statutory Statement Contact	Desiree Rose Mecca <i>(Name)</i>			267-675-3348 <i>(Area Code) (Telephone Number) (Extension)</i>	
	Desiree.Mecca@rqih.com <i>(E-Mail Address)</i>			267-675-3340 <i>(Fax Number)</i>	

OFFICERS

Name	Title	Name	Title
1. Pamela Susan Sellers-Hoelsken	President	2. Michael Logan Glover	Secretary
3. Desiree Rose Mecca #	Treasurer	4.	

OTHER

Mark Andrew Langridge	Vice President
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DIRECTORS OR TRUSTEES

John William Fischer	Gerald James Caldwell	Pamela Susan Sellers-Hoelsken	William Eugene Lape
Christopher William Reichow	Kenneth Edward Randall	Ian James RigaudBarrett	Mark Andrew Langridge

State of..... Pennsylvania
County of..... Philadelphia

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

(Signature) Pamela Susan Sellers-Hoelsken	(Signature) Michael Logan Glover	(Signature) Desiree Rose Mecca
1. (Printed Name) President	2. (Printed Name) Secretary	3. (Printed Name) Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of February 2020

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

b. If no

1. State the amendment number	2
2. Date filed	04/27/2020
3. Number of pages attached	19

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	22,549,927	23,604,408
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	6,804,675	8,286,720
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	139,088	152,346
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 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).....		
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	(14)	(14)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	117,969	117,969
14. Amounts withheld or retained by company for account of others.....	15,726	15,726
15. Remittances and items not allocated.....	66,610	(20,956)
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....	921,983	924,215
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	68,603	63,984
20. Derivatives.....		
21. Payable for securities.....	75,000	2,398,813
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	(8,164,820)	(19,318,060)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	22,594,748	16,225,151
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	22,594,748	16,225,151
29. Aggregate write-ins for special surplus funds.....	0	22,379,927
30. Common capital stock.....	3,525,000	3,525,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	159,132,264	154,686,902
35. Unassigned funds (surplus).....	(153,879,006)	(163,523,745)
36. Less treasury stock, at cost:		
36.10.000 shares common (value included in Line 30 \$.....0).....		
36.20.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	8,778,258	17,068,084
38. TOTAL (Page 2, Line 28, Col. 3).....	31,373,005	33,293,235

DETAILS OF WRITE-INS

2501. Retroactive reinsurance ceded.....	(15,554,073)	(19,318,060)
2502. Schedule F Impact to Retro Cover for Inuring Reinsurance.....	7,389,253	
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	(8,164,820)	(19,318,060)
2901. Retroactive reinsurance.....		22,379,927
2902.		
2903.		
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	22,379,927
3201.		
3202.		
3203.		
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

TRANSPORT INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	542,400	862,564
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	989,157	1,780,911
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	3,057,300	1,391,165
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,588,857	4,034,640
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(4,588,857)	(4,034,640)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	210,219	59,801
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	58,363	8,001
11. Net investment gain (loss) (Lines 9 + 10).....	268,582	67,802
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(564,697)	2,516,927
15. Total other income (Lines 12 through 14).....	(564,697)	2,516,927
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(4,884,973)	(1,449,911)
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(4,884,973)	(1,449,911)
19. Federal and foreign income taxes incurred.....	(329,944)	(2,038,983)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(4,555,029)	589,071
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	17,068,084	16,858,721
22. Net income (from Line 20).....	(4,555,029)	589,071
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	9,211	(384,517)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(68,755)	(949,446)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	68,755	949,446
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	2,231	4,809
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from Protected Cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		(1,000)
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....	4,445,362	(4,444,362)
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	(8,191,603)	4,445,362
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(8,289,828)	209,363
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	8,778,256	17,068,084
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
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. Retroactive reinsurance ceded.....	3,755,777	
1402. Schedule F Impact to Retro Cover for Inuring Reinsurance.....	(3,643,013)	2,516,282
1403. Write off Suspense account-Credit Control.....		645
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(677,462)	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	(564,697)	2,516,927
3701. GoldStreet equity sale to Accredited Surety & Casualty Company.....		4,445,362
3702. GoldStreet equity sale to Accredited Surety & Casualty Company- Surplus correction.....	(4,445,362)	
3703. Correction for Prior Year Sch F Impact to Retro Cover for Inuring Reinsurance.....	(3,746,241)	
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).....	(8,191,603)	4,445,362

NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

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

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

	SSAP #	F/S Page	F/S Line #	2019	2018
NET INCOME					
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ (4,555,029)	\$ 589,071
(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)	XXX	XXX	XXX	\$ (4,555,029)	\$ 589,071
SURPLUS					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 8,778,258	\$ 17,068,084
(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)	XXX	XXX	XXX	\$ 8,778,258	\$ 17,068,084

B. Use of Estimates in the Preparation of the Financial Statement

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. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short term investments are stated at fair value, which approximates cost.
- (2) Bonds (NAIC designations 1 & 2) are stated at amortized cost using the effective interest method. Bonds designated 3 to 6 are carried at the lower of amortized cost or fair value.
- (3) Common stocks are stated at market.
- (4) Preferred stocks - Not Applicable
- (5) Mortgage loans on real estate - Not Applicable
- (6) Loan backed securities are stated at amortized cost or the lower of amortized cost or fair market value, using the interest method. The retrospective method is used to value all securities except for interest only securities, which are valued using the prospective method.
- (7) Investments in Subsidiary, Controlled or Affiliated companies are valued based on the statutory equity of the related entity.
- (8) Investments in joint ventures and partnerships - Not Applicable
- (9) Derivatives - Not Applicable
- (10) Premium Deficiency Calculation - Not Applicable
- (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. There are various methods used to estimate reserves and due to the general volatility, judgement is applied within our methods and selections. 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) Capitalization Policy - Not Applicable
- (13) Pharmaceutical Rebate Receivables - Not Applicable

NOTES TO FINANCIAL STATEMENTS

D. Going Concern - Not Applicable

Note 2 – Accounting Changes and Correction of Errors

The Company was contributed stock of affiliated entities by its parent in 2012 and 2015. In 2018 and in 2019, the stock of those entities was sold to other affiliates in the Group for cash equal to the net book value of those entities. The Company erroneously closed the balance from the original capital contribution of the stock from Gross paid in and contributed surplus to Unassigned funds when these sales occurred. This amended statement fixes the error in the 2019 balances to properly reflect the transaction that occurred in 2019. The correction of the error that occurred in 2018 has been reflected in the Write-in Line in 2019. As a result of these corrections the 2019 restated balances in this amended statement properly reflect the result of the sales of the subsidiaries.

Historically, the Company has taken credit on Schedule F Part 3 for the impact of the protection from its retroactive reinsurance agreement with National Indemnity Company (NICO). This impact was reported in the form of other collateral on Schedule F Part 3 for the balances that inure to the NICO cover. During the course of the financial examination by the Ohio Department of Insurance, it was determined that the Company had continued to take credit on Schedule F Part 3 for the protection the retroactive reinsurance cover provided without recognizing that the penalty being absorbed by the cover started to exceed the remaining limit on the retroactive agreement. The 2019 Annual Statement has been amended to reflect the impact of the Schedule F penalty on the remaining ceded balance associated with the NICO cover. This balance is reported on the write-in line on the balance sheet as an offset to the retroactive reinsurance ceded balance with the current year change in that balance reflected in the write in line on the income statement. The impact for 2018 was reflected as a write in to the 2019 Surplus.

Note 3 – Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable

B. Statutory Merger

Not Applicable

C. Impairment Loss

Not Applicable

Note 4 – Discontinued Operations

A.-D. Not Applicable

Note 5 – Investments

A. Mortgage Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

Not Applicable

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Repurchase Agreements Accounted for as Secured Borrowing

Not Applicable

G. Reverse Repurchase Agreements Accounted for as Secured Borrowing

Not Applicable

H. Repurchase Agreements Accounted for as a Sale

NOTES TO FINANCIAL STATEMENTS

Not Applicable

I. Reverse Repurchase Agreements Accounted for as a Sale

Not Applicable

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross		(Admitted & Nonadmitted)		Restricted			
	Current Year						6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Call Account (S/A) Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)			
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	\$	\$	
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								
j. On deposit with states	5,229,215				5,229,215	5,517,336	(288,121)	
k. On deposit with other regulatory bodies								
l. Pledged as collateral to FHLB (including assets backing funding agreements)								
m. Pledged as collateral not captured in other categories								
n. Other restricted assets								
o. Total Restricted Assets	\$ 5,229,215	\$	\$	\$	\$ 5,229,215	\$ 5,517,336	\$ (288,121)	

Restricted Asset Category	Current Year			
	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)	Percentage	
			10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$	\$	%	%
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			%	%
j. On deposit with states		5,229,215	15.9%	16.7%
k. On deposit with other regulatory bodies			%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)			%	%
m. Pledged as collateral not captured in other categories			%	%

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	Current Year			
	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)	Percentage	
			10	11
			Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
n. Other restricted assets			%	%
o. Total Restricted Assets	\$	\$ 5,229,215	15.9%	16.7%

(a) Subset of column 1

(b) Subset of column 3

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

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

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

Not Applicable

- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Not Applicable

M. Working Capital Finance Investments

Not Applicable

N. Offsetting and Netting of Assets and Liabilities

Not Applicable

O. 5GI Securities

Not Applicable

P. Short Sales

Not Applicable

Q. Prepayment Penalty and Acceleration Fees

Not Applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

A. Details for Those Greater than 10% of Admitted Assets

Not Applicable

B. Writedowns for Impairment of Joint Ventures, Partnerships and LLCs

Not Applicable

Note 7 – Investment Income

A. Accrued Investment Income - The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Non-Admitted

Not Applicable

Note 8 – Derivative Instruments

A-B. Purpose, Risks, Accounting

Not Applicable

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

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

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total

NOTES TO FINANCIAL STATEMENTS

a. Gross deferred tax assets	\$ 1,481,123	\$	\$ 1,481,123	\$ 1,548,656	\$	\$ 1,548,656	\$ (67,533)	\$	\$ (67,533)
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$ 1,481,123	\$	\$ 1,481,123	\$ 1,548,656	\$	\$ 1,548,656	\$ (67,533)	\$	\$ (67,533)
d. Deferred tax assets nonadmitted	1,477,788		1,477,788	1,546,543		1,546,543	(68,755)		(68,755)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 3,335	\$	\$ 3,335	\$ 2,113	\$	\$ 2,113	\$ 1,222	\$	\$ 1,222
f. Deferred tax liabilities	3,335		3,335	2,113		2,113	1,222		1,222
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$	\$	\$	\$	\$	\$	\$	\$	\$

2. Admission Calculation Components SSAP No. 101

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$	\$	\$	\$	\$	\$	\$	\$	\$
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)									
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date									
2. Adjusted gross deferred tax assets allowed per limitation threshold									
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	3,335		3,335	2,113		2,113	1,222		1,222
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 3,335	\$	\$ 3,335	\$ 2,113	\$	\$ 2,113	\$ 1,222	\$	\$ 1,222

3. Other Admissibility Criteria

	2019	2018
a. Ratio percentage used to determine recovery period and threshold limitation amount	100.0%	100.0%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 16,167,511	\$ 17,068,084

4. Impact of Tax Planning Strategies

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

	2019		2018		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note	\$ 1,481,123	\$	\$ 1,548,656	\$	\$ (67,533)	\$

NOTES TO FINANCIAL STATEMENTS

	2019		2018		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
9A1(c)						
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 3,335	\$	\$ 2,113	\$	\$ 1,222	\$
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

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

B. Deferred Tax Liabilities Not Recognized- Not Applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2019	2 2018	3 (Col 1-2) Change
a. Federal	\$	\$	\$
b. Foreign	\$	\$	\$
c. Subtotal	\$	\$	\$
d. Federal income tax on net capital gains	\$	\$	\$
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$ (329,943)	\$ (2,038,982)	\$ 1,709,039
g. Federal and Foreign income taxes incurred	\$ (329,943)	\$ (2,038,982)	\$ 1,709,039

2. Deferred Tax Assets

	1 2019	2 2018	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 101,136	\$ 97,068	\$ 4,068
2. Unearned premium reserve			
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted	210	210	
11. Net operating loss carry-forward	1,264,268	1,322,494	(58,226)
12. Tax credit carry-forward			
13. Other (items <=5% and >5% of total ordinary tax assets)	115,509	128,884	(13,375)
Other (items listed individually >5% of total ordinary tax assets)			
99. Subtotal	\$ 1,481,123	\$ 1,548,656	\$ (67,533)
b. Statutory valuation allowance adjustment			
c. Nonadmitted	1,477,788	1,546,543	(68,755)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 3,335	\$ 2,113	\$ 1,222
e. Capital:			
1. Investments	\$	\$	\$
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$	\$	\$
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$ 3,335	\$ 2,113	\$ 1,222

3. Deferred Tax Liabilities

	1	2	3

NOTES TO FINANCIAL STATEMENTS

	2019	2018	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$	\$	\$
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	3,335	2,113	1,222
Other (items listed individually >5% of total ordinary tax liabilities)			
99. Subtotal	\$ 3,335	\$ 2,113	\$ 1,222
b. Capital:			
1. Investments	\$	\$	\$
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	\$	\$	\$
c. Deferred tax liabilities (3a99+3b99)	\$ 3,335	\$ 2,113	\$ 1,222
4. Net Deferred Tax Assets/Liabilities (2i – 3c)	\$	\$	\$

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

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	\$ (260,812)	21.0%
Change in nonadmitted assets		%
Proration of tax exempt investment income		%
Tax exempt income deduction	(682)	0.1%
Dividends received deduction		%
Disallowed travel and entertainment	282	%
Other permanent differences		%
Temporary Differences:		
Total ordinary DTAs		%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment		%
Accrual adjustment – prior year		%
Other	23	%
Totals	\$ (261,189)	21.0%
Federal and foreign income taxes incurred	(329,943)	26.6%
Realized capital gains (losses) tax		(5.5)%
Change in net deferred income taxes	68,755	%
Total statutory income taxes	\$ (261,188)	21.0%

E. Operating Loss Carry Forwards and Income Taxes Available for Recoupment

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

Description (Operating Loss or Tax Credit Carry Forward)	Amounts	Origination Dates	Expiration Dates
Operating Loss	\$3,030,275	December 31, 2017	December 31, 2037
Operating Loss	\$1,691,474	December 31, 2018	December 31, 2038
Operating Loss	\$1,298,578	December 31, 2019	December 31, 2039

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

Year	Amounts
2019	\$0
2018	\$0

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

F. Consolidated Federal Income Tax Return

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

Randall & Quilter America Holdings Inc.
R&Q Solutions LLC
R&Q Quest PCC, LCC
RSI Solutions International, Inc.
Excess and Treaty Management Corporation
Requiem America, Inc.
R&Q Services Holding Inc.
Accredited Holding Corporation

NOTES TO FINANCIAL STATEMENTS

Accredited Surety and Casualty Company, Inc.
 Accredited Bond Agencies, Inc.
 Accredited Group Agency, Inc.
 R&Q Healthcare Interest, LLC
 Randall & Quilter Healthcare Holdings, Inc.
 Transport Insurance Company
 R&Q Reinsurance Company
 Syndicated Services Company, Inc.
 R&Q RI Insurance Company
 ICDC, Ltd.
 Global Reinsurance Corporation of America
 Global US Holdings
 Grafton US Holdings
 LBL Acquisition
 Risk Transfer Underwriting, Inc.
 National Legacy Insurance Company

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax: Randall & Quilter America Holdings Inc. maintains a tax sharing agreement with its subsidiaries, approved by the Board of Directors, whereby allocation of the tax liability is made primarily on a separate return basis, with current credit given for net losses utilized in the consolidated return.

The method of allocation among 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:

In 2019, the amount is minimal.

- H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA - Not Applicable

- I. Alternative Minimum Tax (AMT Credit) - Not Applicable

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

- A. The Company is a direct 100% owned subsidiary of Randall & Quilter America Holdings Inc. which in turn is a wholly-owned subsidiary of Randall & Quilter Investment Holdings Ltd. See Schedule Y, Part 1, Organizational Chart.

- B. Transactions - The sale of Berda Developments Limited to R&Q Re (Bermuda) Limited was approved by the Ohio Insurance Department on June 21, 2019 using the 2018 statutory value of \$10,554,155 for the sale price. The proceeds settled in the month of July 2019. A realized loss of \$9,211 was booked for the 2019 YTD activity.

- C. Change in terms of Intercompany Arrangements -No material changes since year-end 2019.

- D. Amounts Due to or from Related Parties - As of December 31, 2019, the Company has the following amounts due from (to) related parties:

Receivable/(Payable) to R&Q Solutions LLC	(\$68,603)
---	------------

Total:	(\$68,603)
--------	------------

- E. Guarantees or Contingencies for Related Parties - Not Applicable

- F. Management or service contracts and all cost sharing arrangements involving the Company or any affiliated insurer.

No material changes.

- G. The Company is a direct 100% owned subsidiary of Randall & Quilter America Holdings Inc. 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 - Not Applicable

- J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

- K. Foreign Insurance Subsidiary

Not Applicable

- L. Downstream Non-Insurance Holding Company

Not Applicable

- M. All SCA Investments

NOTES TO FINANCIAL STATEMENTS

The sale of Berda Developments Limited to R&Q Re (Bermuda) Limited was approved by the Ohio Insurance Department on June 21, 2019 using the 2018 statutory value of \$10,554,155 for the sale price. The proceeds settled in the month of July 2019. A realized loss of \$9,211 was booked for the 2019 YTD activity.

N. Investment in SCA Insurance

Not Applicable

O. SCA Loss Tracking

Not Applicable

Note 11 – Debt

A. Debt and Holding Company Obligations

Not Applicable

B. FHLB (Federal Home Loan Bank) Agreements

Not Applicable

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

A. Defined Benefit Plan

Not Applicable

B. Investment Policies and Strategies

Not Applicable

C. Fair Value of Plan Assets

Not Applicable

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

Not Applicable

E. Defined Contribution Plans

The Company has no obligations to current or former employees for benefits after their employment.

F. Multiemployer Plans

Not Applicable

G. Consolidated/Holding Company Plans

Not Applicable

H. Postemployment Benefits and Compensated Absences

Not Applicable

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

Not Applicable

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

(1) Outstanding Shares

The Company has 2,350,000 shares of common stock authorized, issued and outstanding with a par value of \$1.50.

(2) Preferred Stock Outstanding

The Company has no preferred stock outstanding.

(3) Dividend Restrictions

The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the State of Ohio without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Insurance Commissioner is the greater of net income or 10% of policyholders' surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of ordinary dividends or distributions which were be paid in 2018 based on earned surplus as of the preceding December 31 is \$0.

NOTES TO FINANCIAL STATEMENTS

(4) Amount and Date of Dividend Paid.

Not Applicable

(5) Amount of Profit Paid to Stockholder as Dividend

Not Applicable

(6) Restrictions Placed on Unassigned Funds (Surplus)

None

(7) Mutual Surplus Advances

Not Applicable

(8) Company Stock Held for Special Purposes

Not Applicable

(9) Changes in Special Surplus Funds -The aggregate Special Surplus was classified as unassigned surplus during 2019. The actual retroactive reinsurance recovered exceeds the consideration paid.

(10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$363,398.

(11) Surplus Notes

Not Applicable

(12) Impact of Quasi Reorganizations

Not Applicable

(13) Date of Quasi Reorganizations

Not Applicable

Note 14 – Liabilities, Contingencies and Assessments

A. Contingent Commitments

The Company has no commitments or contingent commitments to an SCA entity, joint venture, partnership or limited liability company (e.g. guarantees or commitments to provide additional capital contributions).

B. Assessments

The Company receives notifications of insolvency of a number of insurance companies. It is expected that these insolvencies may result in guaranty fund assessments against the Company at some future date. The Company's management believes that future guaranty assessments will not have a material effect on the financial position or results of operations of the Company.

C. Gain Contingencies

Not Applicable

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

None

E. Product Warranties

Not Applicable

F. Joint and Several Liabilities

Not Applicable

G. All Other Contingencies

Not Applicable

Note 15 – Leases

A - B. Not Applicable

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

1.-4. Not Applicable

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

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

Not Applicable

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

A - C. Not Applicable

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

Not Applicable

Note 20 – Fair Value Measurements

A. Fair Value Measurements at Reporting Date

Not Applicable

B. Other Fair Value Disclosures

Not Applicable

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$ 16,023,965	\$ 15,985,387	\$ 13,471,970	\$ 2,551,995	\$	\$	\$
MBS	\$ 693,857	\$ 694,917	\$	\$ 693,857	\$	\$	\$
Cash, cash equivalents and short term	\$ 4,087,272	\$ 4,087,272	\$ 4,087,272	\$	\$	\$	\$
Total:	\$ 20,805,094	\$ 20,767,576	\$ 17,559,242	\$ 3,245,852	\$	\$	\$

D. Not Practicable to Estimate Fair Value

Not Applicable

E. NAV Practical Expedient Investments

Not Applicable

Note 21 – Other Items

A. Unusual or Infrequent Items

Not Applicable

B. Troubled Debt Restructuring Debtors

Not Applicable

C. Other Disclosures

Not Applicable

D. Business Interruption Insurance Recoveries

Not Applicable

E. State Transferable and Non-Transferable Tax Credits

Not Applicable

F. Subprime Mortgage Related Risk Exposure

NOTES TO FINANCIAL STATEMENTS

Not Applicable

G. Proceeds from Insurance-Linked Securities

Not Applicable

H. Life Insurance - Rights to Control the Policy

Not Applicable

Note 22 – Events Subsequent

None

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

	NAIC Group Code	FEIN	Unsecured Recoverables
ALLSTATE INSURANCE COMPANY	19232	36-0719665	\$ 602
ARGONAUT INSURANCE CO	19801	94-1390273	\$ 1,567
ASSOCIATED INTERNATIONAL (AIIC)	27189	95-2769926	\$ 6,556
DORINCO REINSURANCE CO	33499	38-2145898	\$ 684
EXCESS AND CASUALTY REINSURANCE ASSOCIAT		AA-9995022	\$ 1,187
FAIRMONT SPECIALTY INSURANCE CO	24384	74-1280541	\$ 932
FREMONT INDEMNITY COMPANY	21040	94-1032958	\$ 3,336
HARPER VERSICHERUNGS AG		AA-1460150	\$ 796
HOME INS CO	22527	02-0308052	\$ 880
INFINITY AUTO INSURANCE COMPANY	11738	34-0927698	\$ 12,002
LLOYDS OF LONDON / EQUITAS		AA-1122000	\$ 4,494
MUNICH REINSURANCE AMERICA INC	10227	13-4924125	\$ 2,121
NATIONAL CASUALTY COMPANY	11991	38-0865250	\$ 642
NEW ENGLAND REINSURANCE CORPORATION	41629	06-1053492	\$ 1,619
PROVIDENCE WASHINGTON INS CO	24295	05-0204450	\$ 925
SWISS REINSURANCE AMERICA CORP	25364	13-1675535	\$ 2,796
TIG INSURANCE CO	25534	94-1517098	\$ 500
UNIONAMERICA INSURANCE COMPANY LTD		AA-1121480	\$ 743
TOTAL			\$ 42,382

B. Reinsurance Recoverable in Dispute

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Notification	Arbitration	Litigation
ACE PROPERTY & CASUALTY	\$ (107)	\$ (107)	\$	\$
AIOI NISSAY DOWA INS CO	\$ 3	\$ 3	\$	\$
AL AHLEAI INS SO SAK	\$ 18	\$ 18	\$	\$
AMERICAN ALTERNATIVE	\$ 167	\$ 167	\$	\$
AMERICAN STATES INS CO	\$ 39	\$ 39	\$	\$
ARGONAUT INSURANCE CO	\$ 608	\$ 608	\$	\$
ARROWOOD INDEMNITY COMPANY	\$ 9	\$ 9	\$	\$
ASSICURAZIONI GENERALI S.P.A	\$ 1	\$ 1	\$	\$
ASSOCIATED INTERNATIONAL (AIIC)	\$ 2,427	\$ 2,427	\$	\$
AVIVA ASSURANCES	\$ 37	\$ 37	\$	\$
AXA VERSICHERUNGEN AG	\$ 222	\$ 222	\$	\$
CHAPARRAL INT INC /WOREXCO	\$ 87	\$ 87	\$	\$
COPENHAGEN REINS CO LTD	\$ 110	\$ 110	\$	\$
CX RE / CNA REINS OF LONDON LTD	\$ 59	\$	\$ 59	\$
DOMINION INS CO LTD	\$ 79	\$ 79	\$	\$
DORINCO REINS CO	\$ 146	\$ 146	\$	\$
ERGO VERSICHERUNG AG	\$ 113	\$ 113	\$	\$
EXCESS & CASUALTY REINSURANCE ASSOCIATION	\$ 232	\$ 232	\$	\$
EXCESS INS CO LTD	\$ 54	\$ 54	\$	\$
FACTORY MUTUAL INSURANCE CO	\$ 18	\$ 18	\$	\$
FAIRMONT SPECIALTY INSURANCE CO	\$ 157	\$ 157	\$	\$
FEDERAL INSURANCE CO	\$ 12	\$ 12	\$	\$
GEICO GENERAL INS CO	\$ (106)	\$ (106)	\$	\$
GENERAL SECURITY NATIONAL INS CO	\$ 33	\$ 33	\$	\$
GENERAL STAR NATIONAL INS CO (ROM RE)	\$ 17	\$ 17	\$	\$
GENERALI US BRANCH	\$ 183	\$ 183	\$	\$
GREAT AMERICAN / CONSTELLATION REINS CO	\$ 110	\$ 110	\$	\$
GUARANTEE INSURANCE CO	\$ 196	\$ 196	\$	\$
HARPER VERSICHERUNGS AG	\$ 487	\$ 487	\$	\$
INSURANCE CO LTD / INSCO LTD	\$ 19	\$ 19	\$	\$

NOTES TO FINANCIAL STATEMENTS

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Notification	Arbitration	Litigation
LANDSCHAFTICHE BRANDKASSE HANNOVER	\$ 44	\$ 44	\$	\$
LIBERTY MUTUAL INSURANCE EUROPE	\$ 6	\$ 6	\$	\$
LLOYD'S OF LONDON / EQUITAS	\$ 1,975	\$ 1,125	\$ 850	\$
LONDON & EDINBURGH INS CO LTD	\$ 6	\$ 6	\$	\$
METROPOLITAN GROUP PROPERTY & CASUALTY	\$ 11	\$ 11	\$	\$
mitsui sumitomo	\$ 6	\$ 6	\$	\$
NATIONAL CASUALTY COMPANY	\$ 85	\$ 85	\$	\$
NATIONAL INDEMNITY CO	\$ 9	\$ 9	\$	\$
NEW ENGLAND REINSURANCE CORPORATION	\$ 31	\$ 31	\$	\$
NISSHIN FIRE & MARINE INS CO LTD	\$ 2	\$ 2	\$	\$
OAKWOOD INSURANCE COMPANY	\$ 44	\$ 44	\$	\$
ONEBEACON INSURANCE CO	\$ 18	\$ 18	\$	\$
OVERSEAS UNION INS LTD	\$ 11	\$ 11	\$	\$
PACIFIC RE	\$ 28	\$ 28	\$	\$
PEERLESS INDEMNITY ASSURANCE COMPANY	\$ 44	\$ 44	\$	\$
PHILADELPHIA REINS CORP	\$ 58	\$ 58	\$	\$
POHJOLA GROUP PLC	\$ 7	\$ 7	\$	\$
POTOMAC INSURANCE	\$ 11	\$ 11	\$	\$
PROVIDENCE WASHINGTON INS CO	\$ 590	\$ 590	\$	\$
SECURITAS BREMER ALLEGEMEINE	\$ 9	\$ 9	\$	\$
SENTRY INS A MUTUAL CO	\$ 2	\$ 2	\$	\$
SPARKASSEN VERSICHERUNG ALLGEMEINE	\$ 39	\$ 39	\$	\$
SPRE LIMITED	\$ 94	\$ 94	\$	\$
STARR INDEMNITY & LIABILITY COMPANY	\$ 14	\$ 14	\$	\$
SWISS REINSURANCE AMERICA CORP	\$ 235	\$ 235	\$	\$
TENECOM LIMITED	\$ 19	\$ 19	\$	\$
TIG INSURANCE CO	\$ 5	\$ 5	\$	\$
TOKIO MARINE & NICHIDO FIRE INS	\$ 65	\$ 65	\$	\$
TORONTO GENERAL	\$ 58	\$ 58	\$	\$
UNIONAMERICA INSURANCE COMPANY LTD	\$ 354	\$ 354	\$	\$
UNITRIN PREFERRED INSURANCE COMPANY	\$ 33	\$ 33	\$	\$
WESTPORT INSURANCE CORPORATION	\$ 43	\$ 43	\$	\$
XL REINSURANCE AMERICA INC	\$ 113	\$ 113	\$	\$
Total	\$ 9,501	\$ 8,591	\$ 909	\$

The disputed balances include all disputes even if covered under the Retroactive Reinsurance.

C. Reinsurance Assumed and Ceded - Not Applicable

D. Uncollectible Reinsurance

(1) The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of \$803,761 which is reflected as:

a. Losses incurred	\$
b. Loss adjustment expenses incurred	\$
c. Premiums earned	\$
d. Other	\$ 803,761
e. Company	Amount
AXA VERSICHERUNGEN AG	\$ 111,519
CX REINSURANCE COMPANY LTD	\$ 65,000
HARPER VERSICHERUNGS AG	\$ 361,670
NEW ENGLAND REINSURANCE CORPORATION	\$ 9,700
STARR INDEMNITY & LIABILITY COMPANY	\$ 56,131
TENECOM LIMITED	\$ 21,603
UNIONAMERICA INSURANCE COMPANY LTD	\$ 178,139

E. Commutation of Ceded Reinsurance - Not Applicable

F. Retroactive Reinsurance

(1) Retroactive Reinsurance Agreements

	Reported Company	
	Assumed	Ceded
a. Reserves Transferred		
1. Initial Reserves	\$	\$ 94,236,970
2. Adjustments – Prior Year(s)		21,142,956
3. Adjustments – Current Year		3,755,777
4. Current Total	\$	\$ 119,135,703
b. Consideration Paid or Received:		
1. Initial Consideration	\$	\$ (93,000,000)
2. Adjustments – Prior Year(s)		
3. Adjustments – Current Year		
4. Current Total	\$	\$ (93,000,000)
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year(s)	\$	\$ 96,061,867

NOTES TO FINANCIAL STATEMENTS

	Reported Company	
	Assumed	Ceded
2. Current Year		7,519,763
3. Current Total	\$	\$ 103,581,630
d. Special Surplus from Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	\$	\$ 1,236,970
2. Adjustments – Prior Year(s)		21,142,956
3. Adjustments – Current Year		3,755,777
4. Current Year Restricted Surplus		
5. Cumulative Total Transferred to Unassigned Funds	\$	\$ (26,135,703)

e. All Cedents and Reinsurers Involved in all Transactions Included in Summary Total Above		
Company	Assumed Amount	Ceded Amount
National Indemnity Company NAIC #20087	\$	\$ 119,135,703
Total	\$	\$ 119,135,703

f. Total Paid Loss/LAE Amounts Recoverable

1. Authorized Reinsurers		
Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
	\$	\$
Total	\$	\$

2. Unauthorized Reinsurers			
Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
	\$	\$	\$
Total	\$	\$	\$

3. Certified Reinsurers			
Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
	\$	\$	\$
Total	\$	\$	\$

G. Reinsurance Accounted for as a Deposit

Not Applicable

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not Applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

A.-F. Not Applicable

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

The following provides an analysis of the change in loss and loss adjustment expense reserves net of reinsurance for the 2019 & 2018 periods:

	2019	2018
Balance at beginning of period	\$ 31,891,126	\$ 33,616,781
Loss and loss expense incurred:		
Current accident year	0	0
Prior accident years	1,531,557	2,643,475
	<u>1,531,557</u>	<u>2,643,475</u>
Loss and loss expense payments made for:		
Current accident year	0	0
Prior accident years	(4,068,081)	(4,369,130)
	<u>(4,068,081)</u>	<u>(4,369,130)</u>
Balance at end of period	<u>\$29,354,602</u>	<u>\$ 31,891,126</u>

Incurred losses and loss adjustment expenses are attributable to ULAE expenses and reserve strengthening during the 4th quarter 2019. The strengthening is offset in the write in line for retroactive reinsurance.

Note 26 – Intercompany Pooling Arrangements

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 27 – Structured Settlements**

A & B The Company has a contingent liability, associated with the purchase of annuities under which the claimant is payee and the Company is owner, of \$50,367,020.

Life Insurance Company and Location	Licensed in Company's State of Domicile YES/NO	Statement Value (i.e. Present Value) of Annuities
Aegon Insurance Group	YES	\$ 383,016
AIG Annuity	YES	\$ 256,970
American General Life	YES	\$ 7,776,073
Aurora National Life	YES	\$ 603,221
Cigna	YES	\$ 3,909,929
Employers Modern Life Co.	YES	\$ 474,182
Genworth (Formerly GE Financial Assurance)	YES	\$ 6,790,068
Great American Life Insurance	YES	\$ 4,997,885
Integrity Life Insurance Co.	YES	\$ 5,076,287
Manulife Financial (formerly John Hancock)	YES	\$ 1,114,072
Metropolitan Life Insurance	YES	\$ 7,573,564
Midland National Life Insurance Co.	YES	\$ 5,934,989
Monarch Life Insurance Company	YES	\$ 502,898
Prudential Life Insurance Company	YES	\$ 107,606
Symetra Financial/SAFECO Life Insurance Co.	YES	\$ 556,276
Executive Life (as of 12-31-12)	NO	\$ 4,309,983
Total:		\$ 50,367,020

Note 28 – Health Care Receivables

A.-B. Not Applicable

Note 29 – Participating Policies

Not Applicable

Note 30 – Premium Deficiency Reserves

Not Applicable

Note 31 – High Deductibles

A.-B. Not Applicable

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

A.-C. Not Applicable

Note 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?

For claims arising on direct and assumed written business, case reserves are established by claim using estimated settlement values and the relative merits of each case. For claims arising from direct written business and reinsurance assumed, IBNR reserves are established to supplement case reserves and to establish allocated loss adjustment expense reserves.

(1) Direct

	2015	2016	2017	2018	2019
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 152,893	\$ 108,381	\$ 1,870,102	\$ 2,004,225	\$ 1,945,500
b. Incurred losses and loss adjustment expense	(3,428)	2,000,000	219,107	306,000	(10,000)
c. Calendar year payments for losses and loss adjustment expenses	41,084	238,279	84,984	364,725	3,427
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 108,381	\$ 1,870,102	\$ 2,004,225	\$ 1,945,500	\$ 1,932,073

(2) Assumed Reinsurance

	2015	2016	2017	2018	2019
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 48,006,596	\$ 47,039,977	\$ 42,878,517	\$ 43,929,885	\$ 41,367,514
b. Incurred losses and loss adjustment expense	(32,840)	(781,001)	1,684,359	(535,000)	\$ 0
c. Calendar year payments for losses and loss adjustment expenses	933,779	3,380,459	632,991	2,027,371	3,036,002
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 47,039,977	\$ 42,878,517	\$ 43,929,885	\$ 41,367,514	\$ 38,331,512

(3) Net of Ceded Reinsurance

NOTES TO FINANCIAL STATEMENTS

	2015	2016	2017	2018	2019
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 12,765,348	\$ 12,640,761	\$ 14,020,071	\$ 17,104,525	\$ 15,682,874
b. Incurred losses and loss adjustment expense	17,158	2,024,324	3,689,669	409,040	(130,000)
c. Calendar year payments for losses and loss adjustment expenses	141,745	645,014	605,215	1,830,691	957,569
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 12,640,761	\$ 14,020,071	\$ 17,104,525	\$ 15,682,874	\$ 14,595,305

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

(1) Direct basis	\$ 1,930,622
(2) Assumed reinsurance basis	35,468,144
(3) Net of ceded reinsurance basis	\$ 13,351,377

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

(1) Direct basis	\$ 764,210
(2) Assumed reinsurance basis	7,139,364
(3) Net of ceded reinsurance basis	\$ 2,278,419

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?

For claims arising on direct and assumed written business, case reserves are established by claim using estimated settlement values and the relative merits of each case. For claims arising from direct written business and reinsurance assumed, IBNR reserves are established to supplement case reserves and to establish allocated loss adjustment expense reserves.

(1) Direct

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ 3,468,876	\$ 2,831,616	\$ 4,222,025	\$ 3,507,322	\$ 3,910,030
b. Incurred losses and loss adjustment expense	47,184	4,449,999	8,424,023	782,000	1,192,000
c. Calendar year payments for losses and loss adjustment expenses	684,444	3,059,590	9,138,726	379,292	208,988
d. Ending reserves	\$ 2,831,616	\$ 4,222,025	\$ 3,507,322	\$ 3,910,030	\$ 4,893,042

(2) Assumed Reinsurance

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ 8,531,123	\$ 7,380,387	\$ 6,448,295	\$ 4,896,000	\$ 5,226,410
b. Incurred losses and loss adjustment expense	(110,000)	140,000	(942,103)	1,043,000	\$ 0
c. Calendar year payments for losses and loss adjustment expenses	1,040,736	1,072,092	610,192	712,590	2,505,555
d. Ending reserves	\$ 7,380,387	\$ 6,448,295	\$ 4,896,000	\$ 5,226,410	\$ 2,720,855

(3) Net of Ceded Reinsurance

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ 8,515,848	\$ 6,076,554	\$ 6,652,054	\$ 6,668,655	\$ 7,040,573
b. Incurred losses and loss adjustment expense	(162,815)	4,589,999	6,370,907	1,463,693	825,000
d. Calendar year payments for losses and loss adjustment expenses	2,276,479	4,014,499	6,354,306	1,091,775	1,688,412
d. Ending reserves	\$ 6,076,554	\$ 6,652,054	\$ 6,668,655	\$ 7,040,573	\$ 6,177,161

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

(1) Direct basis	\$ 4,892,217
(2) Assumed reinsurance basis	1,267,976
(3) Net of ceded reinsurance basis	\$ 4,962,842

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

(1) Direct basis	\$ 2,168,060
(2) Assumed reinsurance basis	498,155
(3) Net of ceded reinsurance basis	\$ 1,674,399

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 36 – Financial Guaranty Insurance

A.-B. Not Applicable

FIVE-YEAR HISTORICAL DATA

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

	1 2019	2 2018	3 2017	4 2016	5 2015
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	0	0	0	0	0
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	0	0	0	0	0
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(4,588,857)	(4,034,640)	(11,518,055)	(6,613,882)	(1,916,318)
14. Net investment gain (loss) (Line 11).....	268,582	67,802	23,709	17,962	144,738
15. Total other income (Line 15).....	(564,697)	2,516,927	7,361,514	5,305,761	403,465
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	(329,944)	(2,038,983)			
18. Net income (Line 20).....	(4,555,029)	589,071	(4,132,832)	(1,290,159)	(1,368,115)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	31,373,005	33,293,235	37,723,788	36,702,269	36,811,591
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....					
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	22,594,748	16,225,151	20,865,067	19,461,293	18,084,428
22. Losses (Page 3, Line 1).....	22,549,927	23,604,408	25,164,317	24,172,057	31,201,246
23. Loss adjustment expenses (Page 3, Line 3).....	6,804,675	8,286,720	8,452,463	7,700,506	1,809,338
24. Unearned premiums (Page 3, Line 9).....					
25. Capital paid up (Page 3, Lines 30 & 31).....	3,525,000	3,525,000	3,526,000	3,526,000	3,526,000
26. Surplus as regards policyholders (Page 3, Line 37).....	8,778,258	17,068,084	16,858,721	17,240,976	18,727,162
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	(6,589,732)	(4,898,232)	(9,887,983)	(9,043,553)	(447,193)
Risk-Based Capital Analysis					
28. Total adjusted capital.....	8,778,258	17,068,084	16,858,721	17,240,976	18,727,162
29. Authorized control level risk-based capital.....	5,210,918	8,818,647	9,667,852	8,975,814	9,195,234
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	80.3	28.0	31.1	35.3	32.6
31. Stocks (Lines 2.1 & 2.2).....		46.6	62.2	60.0	57.4
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	19.7	25.5	6.7	4.7	10.1
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....		10,554,155	15,364,309	14,300,940	14,494,821
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	10,554,155	15,364,309	14,300,940	14,494,821
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0	61.8	91.1	82.9	77.4

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2019	2018	2017	2016	2015
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	9,211	(384,517)	1,063,369	(193,886)	(156,820)
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	(8,289,828)	209,363	(382,255)	(1,486,185)	8,542,256
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	2,596,224	1,922,751	1,177,309	4,170,594	1,971,963
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	2,592,337	1,688,486	553,851	966,970	104,773
59. Total (Line 35).....	5,188,561	3,611,237	1,731,160	5,137,564	2,076,736
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,103,284	1,305,132	1,441,907	1,403,419	1,907,884
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	493,600	1,117,342	184,274	128,096	(674,428)
65. Total (Line 35).....	1,596,884	2,422,474	1,626,181	1,531,515	1,233,456
Operating Percentages (Page 4) (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).....					
68. Loss expenses incurred (Line 3).....					
69. Other underwriting expenses incurred (Line 4).....					
70. Net underwriting gain (loss) (Line 8).....					
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....					
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....					
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).....					
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	1,000	2,103	9,810	4,938	0
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).....	5.9	12.5	56.9	26.4	
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	3,103	11,913	14,749	4,938	22
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).....	18.4	69.1	78.8	48.5	0.2

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:
