

# AMENDED FILING EXPLANATION

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To correct the Prior year columns from the Ohio mandated amendment to the 2019 Annual Statement.

Pages Being Amended:

Q3 - Liabilities

Q4 - Statement of Income

Q6 - Notes 1A & 2

Q16 - Overflow page



# QUARTERLY STATEMENT

As of June 30, 2020  
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	Two 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	Two 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	Two 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> Desiree.Mecca@rqih.com <i>(E-Mail Address)</i>	267-675-3348 <i>(Area Code) (Telephone Number) (Extension)</i> 267-675-3340 <i>(Fax Number)</i>

### OFFICERS

Name	Title	Name	Title
1. Mark Andrew Langridge #	President	2. Kenneth Michael Portner #	Secretary
3. Desiree Rose Mecca	Treasurer	4.	

### OTHER

### DIRECTORS OR TRUSTEES

John William Fischer	Gerald James Caldwell	Marney Nolan Emel #	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) Mark Andrew Langridge 1. (Printed Name) President _____ (Title)	_____ (Signature) Kenneth Michael Portner 2. (Printed Name) Secretary _____ (Title)	_____ (Signature) Desiree Rose Mecca 3. (Printed Name) Treasurer _____ (Title)
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Subscribed and sworn to before me  
This \_\_\_\_\_ day of May, 2021

a. Is this an original filing? Yes [ ] No [X]  
b. If no: 1. State the amendment number 2  
2. Date filed 05/17/2021  
3. Number of pages attached 4

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....0).....	19,921,235	22,549,927
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	5,655,770	6,804,675
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	192,038	139,088
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 (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)
13. Funds held by company under reinsurance treaties.....	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.....	497,590	66,610
16. Provision for reinsurance (including \$.....0 certified).....	921,983	921,983
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	66,471	68,603
20. Derivatives.....		
21. Payable for securities.....	204,120	75,000
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.....	(9,016,238)	(8,164,820)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	18,576,664	22,594,748
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	18,576,664	22,594,748
29. Aggregate write-ins for special surplus funds.....	0	0
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	159,132,264
35. Unassigned funds (surplus).....	(152,105,377)	(153,879,006)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36).....	10,551,887	8,778,258
38. Totals (Page 2, Line 28, Col. 3).....	29,128,551	31,373,005

## DETAILS OF WRITE-INS

2501. Retroactive reinsurance ceded.....	(13,932,475)	(15,554,073)
2502. Schedule F Impact to Retro Cover for Inuring Reinsurance.....	4,916,237	7,389,253
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	(9,016,238)	(8,164,820)
2901. Retroactive reinsurance.....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct..... (written \$.....0)			
1.2 Assumed..... (written \$.....0)			
1.3 Ceded..... (written \$.....0)			
1.4 Net..... (written \$.....0)	0	0	0
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0):			
2.1 Direct.....			715,200
2.2 Assumed.....			
2.3 Ceded.....			172,800
2.4 Net.....	0	0	542,400
3. Loss adjustment expenses incurred.....	249,473	269,295	989,157
4. Other underwriting expenses incurred.....	1,413,299	1,605,927	3,057,300
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	1,662,772	1,875,222	4,588,857
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(1,662,772)	(1,875,222)	(4,588,857)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	128,149	73,413	210,219
10. Net realized capital gains (losses) less capital gains tax of \$.....0.....	77,053	3,205	58,363
11. Net investment gain (loss) (Lines 9 + 10).....	205,202	76,618	268,582
<b>OTHER INCOME</b>			
12. Net gain or (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.....	3,281,200	1,085,520	(564,697)
15. Total other income (Lines 12 through 14).....	3,281,200	1,085,520	(564,697)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,823,630	(713,084)	(4,884,973)
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).....	1,823,630	(713,084)	(4,884,973)
19. Federal and foreign income taxes incurred.....			(329,944)
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,823,630	(713,084)	(4,555,029)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year.....	8,778,256	17,068,084	17,068,084
22. Net income (from Line 20).....	1,823,630	(713,084)	(4,555,029)
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....		9,214	9,211
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	147,481	160,839	(68,755)
27. Change in nonadmitted assets.....	(197,481)	(210,838)	68,755
28. Change in provision for reinsurance.....			2,231
29. Change in surplus notes.....			
30. Surplus (contributed to) withdrawn from protected cells.....			
31. Cumulative effect of changes in accounting principles.....			
32. Capital changes:			
32.1 Paid in.....			
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....		(10,554,155)	4,445,362
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.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	10,554,155	(8,191,603)
38. Change in surplus as regards policyholders (Lines 22 through 37).....	1,773,630	(753,870)	(8,289,828)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	10,551,887	16,314,214	8,778,256

**DETAILS OF WRITE-INS**

0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Retroactive reinsurance ceded.....	808,169	1,085,520	3,755,777
1402. Schedule F Impact to Retro Cover for Inuring Reinsurance.....	2,473,016		(3,643,013)
1403. Write off Suspense account-Credit Control.....	15		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	(677,462)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	3,281,200	1,085,520	(564,697)
3701. GoldStreet equity sale to Accredited Surety & Casualty Company.....			
3702. GoldStreet equity sale to Accredited Surety & Casualty Company- Surplus correction.....		10,554,155	(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	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	10,554,155	(8,191,603)

**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 #	Current Year to Date	2019
<b>NET INCOME</b>					
(1) TRANSPORT INSURANCE COMPANY Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,823,630	\$ (4,555,029)
(2) State Prescribed Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 1,823,630	\$ (4,555,029)
<b>SURPLUS</b>					
(5) TRANSPORT INSURANCE COMPANY Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 10,551,887	\$ 8,778,258
(6) State Prescribed Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 10,551,887	\$ 8,778,258

**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) Basis for Short-Term Investments**

Short term investments are stated at fair value, which approximates cost.

**(2) Basis for Bonds and Amortization Schedule**

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) Basis for Common Stocks**

Not Applicable

**(4) Basis for Preferred Stocks**

Not Applicable

**(5) Basis for Mortgage Loans**

Not Applicable

**(6) Basis for Loan-Backed Securities and Adjustment Methodology**

Loan backed securities are stated at amortized cost or the lower of amortized cost or fair market value, using the interest method. The retrospective adjustment method is used to value all securities except for interest only securities, which are valued using the prospective method.

**(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities**

Not Applicable

**(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities**

Not Applicable

**(9) Accounting Policies for Derivatives**

Not Applicable

**(10) Anticipated Investment Income Used in Premium Deficiency Calculation**

Not Applicable

**(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses**

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on

**NOTES TO FINANCIAL STATEMENTS**

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) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

Not Applicable

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

Not Applicable

D. Going Concern

Not Applicable

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

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. This amendment carries the 2019 amendment forward to the prior year columns in this quarterly statement.

**Note 3 – Business Combinations and Goodwill**

A. Statutory Purchase Method

Not Applicable

B. Statutory Merger

Not Applicable

C. Assumption Reinsurance

Not Applicable

**Note 4 – Discontinued Operations**

A.-D. Not Applicable

**Note 5 – Investments**

A. Mortgage Loans, including Mezzanine Real Estate 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 Transactions Accounted for as Secured Borrowing

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing  
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions

Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale  
Repurchase Transaction – Cash Taker – Overview of Sale Transactions

**NOTES TO FINANCIAL STATEMENTS**

Not Applicable

- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale  
Repurchase Transaction – Cash Provider – Overview of Sale Transactions

Not Applicable

- J. Real Estate

Not Applicable

- K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)
	Current Year						
	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	5,250,028				5,250,028	5,229,215	20,813
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	\$ 5,250,028	\$	\$	\$	\$ 5,250,028	\$ 5,229,215	\$ 20,813

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)
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		5,250,028	17.0%	18.0%
k. On deposit with other			%	%

**NOTES TO FINANCIAL STATEMENTS**

Restricted Asset Category	Current Year			
	8	9	Percentage	
	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
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			%	%
<b>o. Total Restricted Assets</b>	<b>\$</b>	<b>\$ 5,250,028</b>	<b>17.0%</b>	<b>18.0%</b>

(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. Investments in Joint Ventures, Partnerships and Limited Liability Companies that Exceed 10% of Ownership

Not Applicable

- B. Investments in Impaired Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

**Note 7 – Investment Income**

- A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

- B. The total amount excluded:

Not Applicable

**Note 8 – Derivative Instruments**

- A.-H. Purpose, Risk, Accounting

Not Applicable

**Note 9 – Income Taxes**

No significant changes since year-end 2019.

**NOTES TO FINANCIAL STATEMENTS****Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. Nature of the Relationship Involved  
The Company is a wholly-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  
No material changes since year-end 2019.
- C. Dollar Amounts of Transactions  
No material changes since year-end 2019.
- D. Amounts Due From or To Related Parties  
As of June 30, 2020, the Company has the following amounts due from (to) related parties:
- |                                       |                   |
|---------------------------------------|-------------------|
| R&Q Solutions LLC                     | (\$66,471)        |
| <u>Total Net Receivable/(Payable)</u> | <u>(\$66,471)</u> |
- E. Guarantees or Undertakings  
Not Applicable
- F. Material Management or Service Contracts and Cost-Sharing Arrangements  
No material changes since year-end 2019.
- G. Nature of the Control Relationship  
The Company is a wholly 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.
- H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned  
The company owns no shares, either directly or indirectly, of an upstream intermediate or ultimate parent.
- I. Investments in SCA that Exceed 10% of Admitted Assets  
The Company does not have any investments in affiliates greater than 10% of admitted assets.
- J. Investments in Impaired SCAs  
Not Applicable
- K. Investment in Foreign Insurance Subsidiary  
Not Applicable
- L. Investment in Downstream Noninsurance Holding Company  
Not Applicable
- M. All SCA Investments  
Not Applicable
- N. Investment in Insurance SCAs  
Not Applicable
- O. SCA or SSAP 48 Loss Tracking  
Not Applicable

**Note 11 – Debt**

- A. Debt, Including Capital Notes  
Not Applicable
- B. FHLB (Federal Home Loan Bank) Agreements  
Not Applicable

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

- A. Defined Benefit Plan  
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

**NOTES TO FINANCIAL STATEMENTS**

Not Applicable

## E. Defined Contribution Plans

Not Applicable

## 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, Dividend Restrictions and Quasi-Reorganizations**

## (1) Number of Share and Par or State Value of Each Class

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

## (2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

Not Applicable

## (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 paid in 2020 based on earned surplus as of the preceding December 31 is \$0.

## (4) Dates and Amounts of Dividends Paid

Not Applicable

## (5) Profits that may be Paid as Ordinary Dividends to Stockholders

Not Applicable

## (6) Restrictions Plans on Unassigned Funds (Surplus)

None

## (7) Amount of Advances to Surplus not Repaid

Not Applicable

## (8) Amount of Stock Held for Special Purposes

Not Applicable

## (9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period

Not Applicable

(10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$0.

## (11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

Not Applicable

## (12) The impact of any restatement due to prior quasi-reorganizations is as follows

Not Applicable

## (13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

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).

**NOTES TO FINANCIAL STATEMENTS**

- B. Assessments  
Not Applicable
- C. Gain Contingencies  
Not Applicable
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits  
Not Applicable
- 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

**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 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  
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)
Bond	\$ 12,708,632	\$ 12,466,944	\$ 12,708,632	\$	\$	\$	\$
MBS	\$ 5,340,586	\$ 5,212,175	\$	\$ 5,340,586	\$	\$	\$
Cash, cash equivalent & short term	\$ 1,788,924	\$ 1,788,780	\$ 1,788,924	\$	\$	\$	\$
Totals:	\$ 19,838,142	\$ 19,467,899	\$ 14,497,556	\$ 5,340,586	\$	\$	\$

- D. Not Practicable to Estimate Fair Value  
Not Applicable
- E. NAV Practical Expedient Investments  
Not Applicable

**Note 21 – Other Items**

**NOTES TO FINANCIAL STATEMENTS****A. Unusual or Infrequent Items**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is possible that the virus could have a negative effect on the Company's financial position, results of its operations, the specific impact is not readily determinable as of the date of these financial statements.

The Company is believed to have ample liquidity to fund claims payments for the near term. Additionally, the average duration of the portfolio is matched against portfolios with long tails, further enabling these entities to ride out the market volatility.

In assessing the overall impact of COVID-19 on earnings, profits, capital and liquidity, the global impact of COVID-19 is still developing. The Company believes it has sufficient liquidity to carry itself through the crisis and Initial analysis indicates that this will not have a material impact to the Company's financial statements. The Company has elaborated on its analysis and the assumptions used in assessing its impact from COVID-19, in its response to the NAIC COVID-19 survey and to the various regulators who have inquired. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**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**

Not Applicable

**G. Insurance-Linked Securities (ILS) Contracts**

Not Applicable

**H. The Amount that Could be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or has Otherwise Obtained Rights to Control the Policy**

Not Applicable

**Note 22 – Events Subsequent**

None

**Note 23 – Reinsurance**

- A. Unsecured Reinsurance Recoverables - No material changes since year-end 2019.
- B. Reinsurance Recoverable in Dispute - No material changes since year-end 2019.
- C. Reinsurance Assumed and Ceded and Protected Cells - Not Applicable
- D. Uncollectible Reinsurance - No material changes since year-end 2019.
- E. Commutation of Ceded Reinsurance - None
- F. Retroactive Reinsurance - No material changes since year-end 2019.
- 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 2020 & 2019 periods:

	June 30, 2020	2019
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**NOTES TO FINANCIAL STATEMENTS**

Balance at beginning of period	<u>\$ 29,354,602</u>	<u>\$ 31,891,126</u>
Loss and loss expense incurred:		
Current accident year	0	0
Prior accident years	<u>249,473</u>	<u>1,531,557</u>
	249,473	1,531,557
Loss and loss expense payments made for:		
Current accident year	0	0
Prior accident years	<u>(4,027,070)</u>	<u>(4,068,081)</u>
	<u>(4,027,070)</u>	<u>(4,068,081)</u>
Balance at end of period	<u>\$25,577,005</u>	<u>\$ 29,354,602</u>

Incurred losses and loss adjustment expenses are attributable to ULAE expenses.

**Note 26 – Intercompany Pooling Arrangements**

Not Applicable

**Note 27 – Structured Settlements**

A.-B. No material changes since year-end 2019.

**Note 28 – Health Care Receivables**

Not Applicable

**Note 29 – Participating Policies**

Not Applicable

**Note 30 – Premium Deficiency Reserves**

Not Applicable

**Note 31 – High Deductibles**

Not Applicable

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

Not Applicable

**Note 33 – Asbestos/Environmental Reserves**

No material changes since year-end 2019.

**Note 34 – Subscriber Savings Accounts**

Not Applicable

**Note 35 – Multiple Peril Crop Insurance**

Not Applicable

**Note 36 – Financial Guaranty Insurance**

Not Applicable

**Overflow Page for Write-Ins**

**Additional Write-ins for Statement of Income:**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1404. Miscellaneous Income.....			126,299
1405. Write-off of various reinsurer balances.....			(803,761)
1497. Summary of remaining write-ins for Line 14.....	0	0	(677,462)