

The amended pages reflect an adjustment to federal income tax expense, and the related tax asset/liability.



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021
OF THE CONDITION AND AFFAIRS OF THE

MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

NAIC Group Code 0291 NAIC Company Code 13331 Employer's ID Number 41-0299900
(Current) (Prior)

Organized under the Laws of Ohio, State of Domicile or Port of Entry United States of America
Country of Domicile United States of America

Incorporated/Organized 05/25/1899 Commenced Business 01/04/1900

Statutory Home Office 471 EAST BROAD STREET, COLUMBUS, OH, US 43215
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 471 EAST BROAD STREET, 614-225-8211
(Street and Number) (Area Code) (Telephone Number)
COLUMBUS, OH, US 43215, 614-225-8211
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 471 EAST BROAD STREET, COLUMBUS, OH, US 43215
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 471 EAST BROAD STREET, 614-225-8211
(Street and Number) (Area Code) (Telephone Number)
COLUMBUS, OH, US 43215, 614-225-8211
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address ENCOVA.COM

Statutory Statement Contact AMY E KUHLMAN, 614-225-8285
(Name) (Area Code) (Telephone Number)
ACCOUNTING@ENCOVA.COM, 614-225-8330
(E-mail Address) (FAX Number)

OFFICERS

PRESIDENT & CHIEF EXECUTIVE OFFICER THOMAS JOSEPH OBROKTA JR. TREASURER JAMES CHRISTOPHER HOWAT
SECRETARY MARCHELLE ELAINE MOORE

OTHER

GREGORY ARTHUR BURTON, EXECUTIVE CHAIR

DIRECTORS OR TRUSTEES

JEFFREY LEIGH BENINTENDI GRADY BRENDAN CAMPBELL JAMES CHRISTOPHER HOWAT
THOMAS JOSEPH OBROKTA JR. MATTHEW CARL WILCOX

State of OH SS
County of FRANKLIN

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

THOMAS JOSEPH OBROKTA JR.
PRESIDENT & CHIEF EXECUTIVE OFFICER

MARCHELLE ELAINE MOORE
SECRETARY

JAMES CHRISTOPHER HOWAT
TREASURER

Subscribed and sworn to before me this
10th day of February 2022

a. Is this an original filing? Yes [] No [X]
b. If no,
1. State the amendment number.....1
2. Date filed03/23/2022
3. Number of pages attached..... 5

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|-------------------------|---|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D) | 359,203,009 | | 359,203,009 | 265,131,604 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | | | 0 | 0 |
| 2.2 Common stocks | 131,407,885 | 377,615 | 131,030,270 | 90,062,463 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances) | 0 | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ 0 encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ 0 encumbrances) | 7,284,673 | 959,673 | 6,325,000 | 6,324,512 |
| 5. Cash (\$ 2,000,010 , Schedule E - Part 1), cash equivalents (\$ 29,517,504 , Schedule E - Part 2) and short-term investments (\$, Schedule DA) | 31,517,514 | | 31,517,514 | 22,689,481 |
| 6. Contract loans (including \$ premium notes) | | | 0 | 0 |
| 7. Derivatives (Schedule DB) | | | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 11,560,277 | | 11,560,277 | 27,540,629 |
| 9. Receivable for securities | 10,428 | | 10,428 | 5,000 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | 0 | | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 540,983,786 | 1,337,288 | 539,646,498 | 411,753,689 |
| 13. Title plants less \$ charged off (for Title insurers only) | | | 0 | 0 |
| 14. Investment income due and accrued | 2,155,378 | | 2,155,378 | 1,932,834 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 29,654,734 | 1,196,611 | 28,458,123 | 22,573,684 |
| 15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums) | 146,921,888 | | 146,921,888 | 139,404,179 |
| 15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$) | | | 0 | 0 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 21,930,081 | | 21,930,081 | 7,479,992 |
| 16.2 Funds held by or deposited with reinsured companies | 70,260,100 | | 70,260,100 | 44,599,185 |
| 16.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | | | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 1,706,525 |
| 18.2 Net deferred tax asset | | | 0 | 0 |
| 19. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 20. Electronic data processing equipment and software | | | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets (\$) | 17,467 | 17,467 | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 13,251,205 | | 13,251,205 | 227,304 |
| 24. Health care (\$) and other amounts receivable | | | 0 | 0 |
| 25. Aggregate write-ins for other than invested assets | 2,843,361 | 1,223,877 | 1,619,484 | 942,805 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 828,018,000 | 3,775,243 | 824,242,757 | 630,620,197 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 28. Total (Lines 26 and 27) | 828,018,000 | 3,775,243 | 824,242,757 | 630,620,197 |
| DETAILS OF WRITE-INS | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) | 0 | 0 | 0 | 0 |
| 2501. Surcharges Receivable | 1,138,350 | | 1,138,350 | 1,186,991 |
| 2502. Agency Loans | 1,223,877 | 1,223,877 | 0 | 0 |
| 2503. Misc Other Assets | 481,134 | | 481,134 | (244,186) |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 2,843,361 | 1,223,877 | 1,619,484 | 942,805 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) | .172,998,081 | 162,658,785 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) | .8,902,768 | 1,206,525 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) | .29,469,804 | 28,848,153 |
| 4. Commissions payable, contingent commissions and other similar charges | .4,261,252 | 4,397,480 |
| 5. Other expenses (excluding taxes, licenses and fees) | .11,287,999 | 10,675,114 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | .879,797 | 1,168,090 |
| 7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses)) | .2,321,139 | |
| 7.2 Net deferred tax liability | .65,485 | .728,381 |
| 8. Borrowed money \$ and interest thereon \$ | .0 | |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 200,407,284 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act) | .52,457,180 | 51,318,980 |
| 10. Advance premium | | 0 |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders | .0 | |
| 11.2 Policyholders | | (1,513) |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | .26,779,863 | 9,589,813 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) | .235,341,895 | 165,179,288 |
| 14. Amounts withheld or retained by company for account of others | .4,749 | .5,024 |
| 15. Remittances and items not allocated | .13,555,527 | 8,248,344 |
| 16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3, Column 78) | .1,050,063 | .812,497 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | | |
| 18. Drafts outstanding | | |
| 19. Payable to parent, subsidiaries and affiliates | .0 | 5,910,128 |
| 20. Derivatives | .0 | 0 |
| 21. Payable for securities | .220,644 | 0 |
| 22. Payable for securities lending | | |
| 23. Liability for amounts held under uninsured plans | | |
| 24. Capital notes \$ and interest thereon \$ | | |
| 25. Aggregate write-ins for liabilities | 1,373,641 | 413,650 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) | .560,969,888 | 451,158,739 |
| 27. Protected cell liabilities | | |
| 28. Total liabilities (Lines 26 and 27) | .560,969,888 | 451,158,739 |
| 29. Aggregate write-ins for special surplus funds | .0 | 0 |
| 30. Common capital stock | .5,000,000 | |
| 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 | .55,353,924 | |
| 35. Unassigned funds (surplus) | .202,918,946 | 179,309,374 |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 30 \$) | | |
| 36.2 shares preferred (value included in Line 31 \$) | | |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) | .263,272,870 | 179,309,374 |
| 38. TOTALS (Page 2, Line 28, Col. 3) | .824,242,758 | .630,468,113 |
| DETAILS OF WRITE-INS | | |
| 2501. State surcharges payable | .1,173,688 | 1,245,265 |
| 2502. Reinsurance assumed overhead payable | .160,393 | 48,853 |
| 2503. Miscellaneous liabilities | .39,560 | (880,468) |
| 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) | 1,373,641 | 413,650 |
| 2901. | | |
| 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 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
STATEMENT OF INCOME

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| UNDERWRITING INCOME | | |
| 1. Premiums earned (Part 1, Line 35, Column 4)..... | 111,717,679 | 110,555,238 |
| 2. Losses incurred (Part 2, Line 35, Column 7)..... | 56,177,114 | 58,127,681 |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)..... | 16,852,391 | 16,609,862 |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)..... | 35,061,174 | 35,377,448 |
| 5. Aggregate write-ins for underwriting deductions..... | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5)..... | 108,090,678 | 110,114,991 |
| 7. Net income of protected cells..... | | |
| 8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)..... | 3,627,000 | 440,247 |
| INVESTMENT INCOME | | |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17)..... | 12,849,527 | 9,798,806 |
| 10. Net realized capital gains or (losses) less capital gains tax of \$ 2,439,681 (Exhibit of Capital Gains (Losses))..... | 9,177,846 | (3,120,813) |
| 11. Net investment gain (loss) (Lines 9 + 10)..... | 22,027,373 | 6,677,993 |
| OTHER INCOME | | |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 398,784)..... | (398,784) | (385,629) |
| 13. Finance and service charges not included in premiums..... | 194,686 | 1,207,169 |
| 14. Aggregate write-ins for miscellaneous income..... | 3,961,727 | 62,181 |
| 15. Total other income (Lines 12 through 14)..... | 3,757,629 | 883,721 |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)..... | 29,412,002 | 8,001,961 |
| 17. Dividends to policyholders..... | 406,718 | 126,503 |
| 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)..... | 29,005,284 | 7,875,458 |
| 19. Federal and foreign income taxes incurred..... | 4,088,685 | 2,148,028 |
| 20. Net income (Line 18 minus Line 19)(to Line 22)..... | 24,916,599 | 5,727,430 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)..... | 179,309,374 | 168,788,448 |
| 22. Net income (from Line 20)..... | 24,916,599 | 5,727,430 |
| 23. Net transfers (to) from Protected Cell accounts..... | | |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 160,121..... | 3,758,870 | 13,446,261 |
| 25. Change in net unrealized foreign exchange capital gain (loss)..... | 5,898 | 10,130 |
| 26. Change in net deferred income tax..... | 823,017 | (3,085,323) |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)..... | (1,752,496) | 337,526 |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)..... | (237,566) | (409,651) |
| 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..... | 5,000,000 | |
| 33. Surplus adjustments: | | |
| 33.1 Paid in..... | 55,353,924 | 0 |
| 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)..... | 0 | 0 |
| 37. Aggregate write-ins for gains and losses in surplus..... | (3,904,750) | (5,505,447) |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37)..... | 83,963,496 | 10,520,926 |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)..... | 263,272,870 | 179,309,374 |
| 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 thru 0503 plus 0598)(Line 5 above)..... | 0 | 0 |
| 1401. Miscellaneous income or expense..... | 3,961,727 | 62,181 |
| 1402. Penalties and assessments..... | | |
| 1403..... | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page..... | 0 | 0 |
| 1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)..... | 3,961,727 | 62,181 |
| 3701. Miscellaneous gains / losses..... | 1,095,250 | (5,505,447) |
| 3702. Reclass for organizational restructure..... | (5,000,000) | |
| 3703..... | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page..... | 0 | 0 |
| 3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above)..... | (3,904,750) | (5,505,447) |

NOTES TO FINANCIAL STATEMENTS

NOTE 1 Summary of Significant Accounting Policies and Going Concern
A. Accounting Practices

This statement has been completed in accordance with the accounting practices and procedures prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Ohio. A reconciliation of the company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below.

| | F/S SSAP # | F/S Page | F/S Line # | 2021 | 2020 |
|---|---------------|-------------|---------------|----------------|----------------|
| NET INCOME | | | | | |
| (1) State basis (Page 4, Line 20, Columns 1 & 2) | XXX | XXX | XXX | \$ 24,916,599 | \$ 5,727,430 |
| (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 | \$ 24,916,599 | \$ 5,727,430 |
| SURPLUS | | | | | |
| (5) State basis (Page 3, Line 37, Columns 1 & 2) | XXX | XXX | XXX | \$ 263,272,870 | \$ 179,309,374 |
| (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 | \$ 263,272,870 | \$ 179,309,374 |

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

The preparation of financial statements in conformity with Statutory Accounting Principles as described in the NAIC Annual Statement Instructions and the Accounting Policies and Procedures Manual requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

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

- (1) Basis for Short-Term Investments
Short-term investments consist of class 1 money market mutual funds, agencies, and treasury bonds. Short term investments are stated at amortized cost.
- (2) Basis for Bonds and Amortization Schedule
Bonds not back by other loans are stated at amortized cost using the scientific amortization method.
- (3) Basis for Common Stocks
Common Stocks are valued at market. However, investments in stocks of uncombined subsidiaries and affiliates in which the company has an interest of 20% or more are valued using the equity basis.
- (4) Basis for Preferred Stocks
Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32: Investments in Preferred Stock.
- (5) Basis for Mortgage Loans
The Company did not have any mortgage loans.
- (6) Basis for Loan-Backed Securities and Adjustment Methodology
Loan-backed securities are stated in accordance with the guidance provided in SSAP No. 43R: Loan-backed and Structured Securities. The retrospective adjustment method is used to value these securities
- (7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities
The company owns 100% of the common stock of Motorists Life Insurance Company, a life insurer, and 100% of the common stock of MCM Agency, Inc., an insurance broker. Motorists Life Insurance Company is valued on an equity basis as described in Part 5, Section 2ciB1 of the Securities Valuation Handbook. MCM Agency, Inc. is valued on an equity basis as described in Part 5, Section 2ciB2 of the Securities Valuation Handbook.
- (8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities
MCM Agency, Inc. is valued on an equity basis as described in Part 5, Section 2ciB2 of the Securities Valuation Handbook.
- (9) Accounting Policies for Derivatives
The Company does not hold any derivative instruments.
- (10) Anticipated Investment Income Used in Premium Deficiency Calculation
The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53: Property/Casualty Contracts -Premiums
- (11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses
Unpaid loss and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based upon past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates. 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 is continually reviewed and any adjustments reflected in the period determined.
- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period
The Motorists Insurance Group standardized its thresholds for capitalization across all member companies. The Group also implemented updates for software licenses and maintenance agreements that allow amortization over service periods for material transactions.
- (13) Method Used to Estimate Pharmaceutical Rebate Receivables
The Company has no pharmaceutical rebate receivables to report.

D. Going Concern

Management has concluded that there is no substantial doubt about the Company's ability to continue as a going concern.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 Accounting Changes and Corrections of Errors

Not Applicable

NOTE 3 Business Combinations and Goodwill

Not Applicable

NOTE 4 Discontinued Operations

A. Discontinued Operation Disposed of or Classified as Held for Sale

Not Applicable

B. Change in Plan of Sale of Discontinued Operation

Not Applicable

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal

Not Applicable

D. Equity Interest Retained in the Discontinued Operation After Disposal

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

(1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from market data vendors or broker dealer values.

(2)-(3) Not Applicable

(4) At December 31, 2021, the estimated fair value and gross unrealized losses for loan-backed securities, aggregated by length of time the securities have been in a continuous loss position were as follows:

a) The aggregate amount of unrealized losses:

| | |
|------------------------|------------|
| 1. Less than 12 Months | \$ 799,434 |
| 2. 12 Months or Longer | \$ 32,734 |

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

| | |
|------------------------|---------------|
| 1. Less than 12 Months | \$ 60,913,842 |
| 2. 12 Months or Longer | \$ 864,850 |

(5) The company performed an analysis of loan-backed securities and determined that exposure to credit risk was not a factor and did not warrant any other-than-temporary impairments.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

J. Real Estate

(1) The Company did not recognize any impairment losses for investments in real estate during the periods reported.

(2) The Company did not sell or reclassify any real estate investments during the periods reported.

(3) The Company did not experience any changes to its plans of sale for its real estate investments during the periods reported.

(4) The Company did not engage in retail land sales operations during the periods reported.

(5) The Company did not hold any real estate investments with participating mortgage loan features during the periods reported.

K. Low Income Housing tax Credits (LIHTC)

(1) As of December 31, 2021, the company's LIHTC investments did not have any remaining unexpired tax credits. There is not a required holding period for the LIHTC investments.

(2) There was \$172,353 in recognized losses during the current year and \$122,318 in prior year.

(3) The remaining LIHTC investments total \$71,546 as of December 31, 2021

(4) As of the date of this publication, there were not any underlying properties in the LIHTC funds known to be under regulatory review.

(5) Not applicable

(6) Not applicable

(7) Not applicable

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

1. Restricted Assets (Including Pledged)

| Restricted Asset Category | Gross (Admitted & Nonadmitted) Restricted | | | | | | 6 | 7 | | |
|--|---|--|--|---|------------------|-----------------------|----------------------------------|------|--|--|
| | Current Year | | | | | Total (1 plus 3) | | | | |
| | 1 | 2 | 3 | 4 | 5 | | | | | |
| Restricted Asset Category | Total General Account (G/A) | G/A Supporting Protected Cell Account Activity (a) | Total Protected Cell Account Restricted Assets | Protected Cell Account Assets Supporting G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | | | |
| a. Subject to contractual obligation for which liability is not shown | | | | | \$ - | \$ - | \$ - | \$ - | | |
| b. Collateral held under security lending agreements | | | | | \$ - | \$ - | \$ - | \$ - | | |
| 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 | \$12,895,839 | | | | \$12,895,839 | \$12,696,753 | \$199,086 | | | |
| k. On deposit with other regulatory bodies | | | | | \$ - | \$ - | \$ - | \$ - | | |
| l. Pledged 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 | \$12,895,839 | \$ - | \$ - | \$ - | \$12,895,839 | \$12,696,753 | \$199,086 | | | |

(a) Subset of Column 1

(b) Subset of Column 3

| Restricted Asset Category | Current Year | | | | 11 | |
|--|-------------------------------|---------------------------------------|--|--|----|--|
| | 8 | 9 | Percentage | | | |
| | | | 10 | 11 | | |
| Restricted Asset Category | Total Non-admitted Restricted | Total Admitted Restricted (5 minus 8) | Gross (Admitted & Non-admitted) Restricted to Total Assets (c) | Admitted Restricted to Total Admitted Assets (d) | | |
| a. Subject to contractual obligation for which liability is not shown | | \$ - | 0.000% | 0.000% | | |
| b. Collateral held under security lending agreements | | \$ - | 0.000% | 0.000% | | |
| c. Subject to repurchase agreements | | \$ - | 0.000% | 0.000% | | |
| d. Subject to reverse repurchase agreements | | \$ - | 0.000% | 0.000% | | |
| e. Subject to dollar repurchase agreements | | \$ - | 0.000% | 0.000% | | |
| f. Subject to dollar reverse repurchase agreements | | \$ - | 0.000% | 0.000% | | |
| g. Placed under option contracts | | \$ - | 0.000% | 0.000% | | |
| h. Letter stock or securities restricted as to sale - excluding FHLB capital stock | | \$ - | 0.000% | 0.000% | | |
| i. FHLB capital stock | | \$ - | 0.000% | 0.000% | | |
| j. On deposit with states | \$12,895,839 | | 1.557% | 1.565% | | |
| k. On deposit with other regulatory bodies | | \$ - | 0.000% | 0.000% | | |
| l. Pledged collateral to FHLB (including assets backing funding agreements) | | \$ - | 0.000% | 0.000% | | |
| m. Pledged as collateral not captured in other categories | | \$ - | 0.000% | 0.000% | | |
| n. Other restricted assets | | \$ - | 0.000% | 0.000% | | |
| o. Total Restricted Assets | \$ - | \$12,895,839 | 1.557% | 1.565% | | |

(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

NOTES TO FINANCIAL STATEMENTS

P. Short Sales
Not Applicable

Q. Prepayment Penalty and Acceleration Fees

| | <u>General Account</u> | <u>Protected Cell</u> |
|--|------------------------|-----------------------|
| 1. Number of CUSIPs | | 1 |
| 2. Aggregate Amount of Investment Income | \$ 54,605 | |

R. Reporting Entity's Share of Cash Pool by Asset Type
Not Applicable

NOTE 6 Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

NOTE 7 Investment Income

Not Applicable

NOTE 8 Derivative Instruments

Not Applicable

NOTE 9 Income Taxes

A. Deferred Tax Assets/(Liabilities)

| | 2021 | | | 2020 | | | 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) Gross Deferred Tax Assets | \$ 9,059,325 | \$ 59,116 | \$ 9,118,441 | \$ 8,292,154 | \$ 96,542 | \$ 8,388,696 | \$ 767,171 | \$ (37,426) | \$ 729,745 |
| (b) Statutory Valuation Allowance Adjustment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (c) Adjusted Gross Deferred Tax Assets (1a - 1b) | \$ 9,059,325 | \$ 59,116 | \$ 9,118,441 | \$ 8,292,154 | \$ 96,542 | \$ 8,388,696 | \$ 767,171 | \$ (37,426) | \$ 729,745 |
| (d) Deferred Tax Assets Nonadmitted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d) | \$ 9,059,325 | \$ 59,116 | \$ 9,118,441 | \$ 8,292,154 | \$ 96,542 | \$ 8,388,696 | \$ 767,171 | \$ (37,426) | \$ 729,745 |
| (f) Deferred Tax Liabilities | \$ 282,863 | \$ 8,901,063 | \$ 9,183,926 | \$ 338,709 | \$ 8,778,368 | \$ 9,117,077 | \$ (55,846) | \$ 122,695 | \$ 66,849 |
| (g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f) | \$ 8,776,462 | \$ (8,841,947) | \$ (65,485) | \$ 7,953,445 | \$ (8,681,826) | \$ (728,381) | \$ 823,017 | \$ (160,121) | \$ 662,896 |

2. Admission Calculation Components SSAP No. 101

| | 2021 | | | 2020 | | | 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 | \$ 5,222,369 | \$ - | \$ 5,222,369 | \$ 1,858,974 | \$ 416,341 | \$ 2,275,315 | \$ 3,363,395 | \$ (416,341) | \$ 2,947,054 |
| (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) | \$ - | \$ - | \$ - | \$ 3,043,340 | \$ - | \$ 3,043,340 | \$ (3,043,340) | \$ - | \$ (3,043,340) |
| 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. | \$ - | \$ - | \$ - | \$ 3,043,340 | \$ - | \$ 3,043,340 | \$ (3,043,340) | \$ - | \$ (3,043,340) |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold. | XXX | XXX | \$38,631,816 | XXX | XXX | \$27,053,278 | XXX | XXX | \$11,578,538 |
| (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. | \$ 3,836,956 | \$ 59,116 | \$ 3,896,072 | \$ 2,973,500 | \$ 96,542 | \$ 3,070,042 | \$ 863,456 | \$ (37,426) | \$ 826,030 |
| (d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | \$ 9,059,325 | \$ 59,116 | \$ 9,118,441 | \$ 7,875,814 | \$ 512,883 | \$ 8,388,697 | \$ 1,183,511 | \$ (453,767) | \$ 729,744 |

3. Other Admissibility Criteria

| | 2021 | 2020 |
|--|----------------|----------------|
| a. Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount. | 1034.000% | 826.000% |
| b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above. | \$ 257,545,440 | \$ 180,355,186 |

NOTES TO FINANCIAL STATEMENTS

4. Impact of Tax Planning Strategies

| | 2021 | | 2020 | | Change | |
|---|-----------------|----------------|-----------------|----------------|---------------------------------|--------------------------------|
| | (1) Ordinary | (2) Capital | (3) Ordinary | (4) Capital | (5) (Col. 1 - 3) Ordinary | (6) (Col. 2 - 4) Capital |
| (a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage. | | | | | | |
| 1. Adjusted Gross DTAs amount from Note 9A1(c) | \$ 9,059,325 | \$ 59,116 | \$ 8,292,154 | \$ 96,542 | \$ 767,171 | \$ (37,426) |
| 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| 3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e) | \$ 9,059,325 | \$ 59,116 | \$ 8,292,154 | \$ 96,542 | \$ 767,171 | \$ (37,426) |
| 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |

b. Do the Company's tax-planning strategies include the use of reinsurance?

Yes [] No [X]

B. Deferred Tax Liabilities that are not recognized

Not Applicable

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

1. Current Income Tax
 - (a) Federal
 - (b) Foreign
 - (c) Subtotal
- (d) Federal income tax on net capital gains
- (e) Utilization of capital loss carry-forwards
- (f) Other
- (g) Federal and foreign income taxes incurred

| (1) 2021 | (2) 2020 | (3) (Col. 1 - 2) Change |
|--------------|--------------|-------------------------------|
| \$ 3,830,197 | \$ 2,268,321 | \$ 1,561,876 |
| \$ - | \$ - | \$ - |
| \$ 3,830,197 | \$ 2,268,321 | \$ 1,561,876 |
| \$ 2,439,681 | \$ (795,886) | \$ 3,235,567 |
| \$ 258,488 | \$ (120,293) | \$ 378,781 |
| \$ 6,528,366 | \$ 1,352,142 | \$ 5,176,224 |

2. Deferred Tax Assets:
 - (a) Ordinary:
 - (1) Discounting of unpaid losses
 - (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
 - (11) Net operating loss carry-forward
 - (12) Tax credit carry-forward
 - (13) Other (including items <5% of total ordinary tax assets)
 - (99) Subtotal
 - (b) Statutory valuation allowance adjustment
 - (c) Nonadmitted
 - (d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)
 - (e) Capital:
 - (1) Investments
 - (2) Net capital loss carry-forward
 - (3) Real estate
 - (4) Other (including items <5% of total ordinary 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)

| (1) 2021 | (2) 2020 | (3) (Col. 1 - 2) Change |
|--------------|--------------|-------------------------------|
| \$ 5,534,237 | \$ 5,199,615 | \$ 334,622 |
| \$ 2,203,202 | \$ 2,155,397 | \$ 47,805 |
| \$ 525,080 | \$ 587,585 | \$ (62,505) |
| \$ 4,005 | \$ 4,079 | \$ (74) |
| \$ 792,801 | \$ 345,478 | \$ 447,323 |
| \$ 9,059,325 | \$ 8,292,154 | \$ 767,171 |
| \$ 9,059,325 | \$ 8,292,154 | \$ 767,171 |
| \$ 59,116 | \$ 96,542 | \$ (37,426) |
| \$ 59,116 | \$ 96,542 | \$ (37,426) |
| \$ 59,116 | \$ 96,542 | \$ (37,426) |
| \$ 9,118,441 | \$ 8,388,696 | \$ 729,745 |

3. Deferred Tax Liabilities:
 - (a) Ordinary:
 - (1) Investments
 - (2) Fixed Assets
 - (3) Deferred and uncollected premium
 - (4) Policyholder reserves
 - (5) Other (including items <5% of total ordinary tax liabilities)
 - (99) Subtotal
 - (b) Capital:
 - (1) Investments
 - (2) Real estate
 - (3) Other (including items <5% of total capital tax liabilities)
 - (99) Subtotal
 - (c) Deferred tax liabilities (3a99 + 3b99)
 4. Net deferred tax assets/liabilities (2i - 3c)

| (1) 2021 | (2) 2020 | (3) (Col. 1 - 2) Change |
|--------------|--------------|-------------------------------|
| \$ 11,419 | \$ 14,579 | \$ (3,160) |
| \$ 16,990 | \$ 5,745 | \$ 11,245 |
| \$ 254,454 | \$ 318,385 | \$ (63,931) |
| \$ 282,863 | \$ 338,709 | \$ (55,846) |
| \$ 8,901,063 | \$ 8,778,368 | \$ 122,695 |
| \$ 8,901,063 | \$ 8,778,368 | \$ 122,695 |
| \$ 9,183,926 | \$ 9,117,077 | \$ 66,849 |
| \$ (65,485) | \$ (728,381) | \$ 662,896 |

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

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

| 2021 | | |
|---------------------|------------------------|--|
| Amount | Effective Tax Rate (%) | |
| \$ 6,603,442 | 21.0% | |
| \$ (447,323) | -1.4% | |
| \$ (171,923) | -0.6% | |
| \$ (31,953) | -0.1% | |
| \$ (209,468) | -0.7% | |
| \$ 5,742,775 | 18.3% | |
| | | |
| \$ 6,528,366 | 20.8% | |
| \$ - | % | |
| \$ (785,591) | -2.5% | |
| \$ 5,742,775 | 18.3% | |

E. Operating Loss and Tax Carry Forwards and Protective Tax Deposits

(1) At December 31, 2021, the Company did not have any operating loss or tax credit carry forwards.

(2) The following is income tax expense for current and preceding years that is available for recoupment in the event of future net losses:

| Year Generated | Ordinary | Capital |
|----------------|--------------|---------|
| 2021 | \$ - | \$ - |
| 2020 | \$ 1,756,406 | \$ - |
| Totals | \$ 1,756,406 | \$ - |

(3) 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:

AlleghenyPoint Insurance Company
 BrickStreet Mutual Insurance Company
 Consumers Insurance USA, Inc.
 Encova Insurance Agency, Inc
 Encova Service Corporation
 Iowa American Insurance Company
 Iowa Mutual Insurance Company
 MCM Insurance Agency Inc of MA
 MICO Insurance Company
 Motorists Mutual Insurance Company
 NorthStone Insurance Company
 Phenix Mutual Fire Insurance Company
 PinnaclePoint Insurance Company
 SummitPoint Insurance Company
 Wilson Mutual Insurance Company

(2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled annually when the federal income tax return is filed.

G. Federal or Foreign Federal Income Tax Loss Contingencies

As of December 31, 2021, the Company had no unrecognized tax benefits.

H. Repatriation Transition Tax (RTT)

The Company is not subject to the Repatriation Transition Tax.

I. Alternative Minimum Tax (AMT) Credit

Not Applicable

NOTE 10 Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of the Relationship Involved

Effective January 1, 2021, a mutual holding company structure went into effect. Through this conversion, the Company and its mutual affiliates became stock companies under Encova Holdings, Inc., which is 100% owned by Encova Mutual Insurance Group, Inc.

The Company is a member of an affiliated group of companies and is party to various transactions and agreements with other members of the group. Primarily those transactions are composed of:

- IT and Payroll processing services are provided by a non-insurance member of the group.
- The P&C Companies within the group participate in a pooling arrangement.
- The lead company to the pool provides management services to the other members of the Group. All Companies in the Group are parties to a cost sharing agreement.
- The Various companies have entered into a tax sharing agreement with each company that qualifies to be included in a consolidated return.
- Selected members of the group participated in intercompany loan agreements.

B. Transactions

On December 31, 2021, Encova Holdings, Inc. transferred ownership of the Company to Motorists Mutual Insurance Company through a dividend transaction. Also on December 31, 2021, Motorists Mutual Insurance Company transferred 70% ownership in Encova Life Insurance Company to the Company through a dividend transaction. No assets were transferred by the Company.

Effective January 1, 2021, \$5,000,000 was reclassified out of unassigned surplus into common stock with the issuance of 1,000 shares to Encova Holdings, Inc. at a par value of \$5,000.

C. Transactions with related party who are not reported on Schedule Y

Not Applicable

NOTES TO FINANCIAL STATEMENTS

D. Amounts Due From or To Related Parties

As of December 31, 2021 and 2020, the Company reported net amounts due from/(due to) affiliates of \$13,251,205 and \$(5,682,824) respectively. All amounts were settled within 60 days.

E. Material Management or Service Contracts and Cost-Sharing Arrangements

See Note A

F. Guarantees or Undertakings

The Company is a mutual property/casualty insurer that controls its operations. As the lead Company of The Encova Insurance Group, Motorists Mutual Insurance Company also controls its affiliated companies' operations through interlocking boards of directors.

G. Nature of the Control Relationship

As of December 31, 2021, all outstanding shares of the Company were owned by Motorists Mutual Insurance Company, an Ohio-based property/casualty insurer.

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

The Company did not own any shares, directly or indirectly, of an upstream intermediate entity or ultimate parent during the periods reported.

I. Investments in SCA that Exceed 10% of Admitted Assets

The Company did not have any investments in subsidiary, controlled, or affiliated entities that exceed 10% of admitted assets during the periods reported.

J. Investments in Impaired SCAs

The Company did not recognize any impairment write-downs for investments in subsidiary, controlled, or affiliated entities during the periods reported.

K. Investment in Foreign Insurance Subsidiary

The Company did not have any investments in foreign insurance subsidiaries during the periods reported.

L. Investment in Downstream Noninsurance Holding Company

The Company did not have any investments in downstream non-insurance holding companies.

M. All SCA Investments

The Company held SCA Investments during the periods reported.

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

| SCA Entity | Percentage of SCA Ownership | Gross Amount | Admitted Amount | Nonadmitted Amount |
|--|-----------------------------|--------------|-----------------|--------------------|
| a. SSAP No. 97 8a Entities | | \$ - \$ - | | |
| Total SSAP No. 97 8a Entities | | XXX | | |
| b. SSAP No. 97 8b(ii) Entities Encova Insurance Agency | | \$ - | \$ - | |
| Total SSAP No. 97 8b(ii) Entities | | XXX | | |
| c. SSAP No. 97 8b(iii) Entities | | \$ - \$ - | | |
| Total SSAP No. 97 8b(iii) Entities | | XXX | | |
| d. SSAP No. 97 8b(iv) Entities | | \$ - \$ - | | |
| Total SSAP No. 97 8b(iv) Entities | | XXX | | |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d) | | XXX | | |
| f. Aggregate Total (a+ e) | | XXX | | |

(2) NAIC Filing Response Information

| SCA Entity (Should be same entities as shown in M(1) above.) | Type of NAIC Filing * | Date of Filing to the NAIC | NAIC Valuation Amount | NAIC Response Received Yes/No | NAIC Disallowed Entities Valuation Method, Resubmission Required Yes/No | Code ** |
|---|-----------------------|----------------------------|-----------------------|-------------------------------|---|---------|
| a. SSAP No. 97 8a Entities | | | | | | |
| Total SSAP No. 97 8a Entities | XXX | XXX | | XXX | XXX | XXX |
| b. SSAP No. 97 8b(ii) Entities Encova Insurance Agency | | | | | | |
| Total SSAP No. 97 8b(ii) Entities | XXX | XXX | | XXX | XXX | XXX |
| c. SSAP No. 97 8b(iii) Entities | | | | | | |
| Total SSAP No. 97 8b(iii) Entities | XXX | XXX | | XXX | XXX | XXX |

NOTES TO FINANCIAL STATEMENTS

| | | | | | | |
|--|-----|-----|--|-----|-----|-----|
| d. SSAP No. 97 8b(iv) Entities | | | | | | |
| Total SSAP No. 97 8b(iv) Entities | XXX | XXX | | XXX | XXX | XXX |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d) | XXX | XXX | | XXX | XXX | XXX |
| f. Aggregate Total (a+e) | XXX | XXX | | XXX | XXX | XXX |

* S1 - Sub-1, S2 - Sub-2 or RDF - Resubmission of Disallowed Filing

** I - Immaterial or M - Material

N. Investment in Insurance SCAs

The Company did not hold any insurance SCA investments that departed from the NAIC statutory accounting practices and procedures.

O. SCA or SSAP 48 Entity 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. The fair value of each class of plan assets

Not Applicable

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

Not Applicable

E. Defined Contribution Plan

The Company participates in an Incentive Savings Plan under Section 401(k) of the Internal Revenue Code sponsored by Motorists Mutual Insurance Company covering substantially all of its employees. The Plan matches employee contributions of 5% and 7% of total eligible compensation for 2021 and 2020, respectively. Employer contributions are immediately vested. The Company's share of the contribution to the plan was \$1,852,965 and \$2,451,738, respectively. The Company participates in two Non-qualified supplemental retirement plans for selected employees. One plan provides for contributions at the Company's discretion on a yearly basis. The other is composed of a single contribution for selected employees. Employees vest at age 60 or when certain vesting events occur. The Company's share of the expenses is allocated through the cost allocation model.

F. Multiemployer Plans

Not Applicable

G. Consolidated/Holding Company Plans

The Company participated in a non-contributory defined pension plan sponsored by Motorists, until Motorists elected to freeze its benefit plans effective December 31, 2017. In addition, the Company shares in certain other post-retirement benefits provided through a plan sponsored by Motorists Mutual. The Company has no legal obligation for benefits under these plans. Motorists Mutual allocates amounts to the Company based on a cost sharing agreement. In 2021 and 2020, the Company was allocated (\$5,373,712) and \$1,990,567, respectively, as a portion of the periodic pension costs and post-retirement benefits.

H. Postemployment Benefits and Compensated Absences

The Company generally has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned paid time off. The liability for earned but unused paid time off has been accrued.

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

Not Applicable

NOTE 13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

A. Number of Share and Par or State Value of Each Class

As of December 31, 2021, the Company had 1,000 capital stock shares authorized, issued, and outstanding, with a par value of \$5,000.

B. Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

Not Applicable

C. Dividend Restrictions

Not Applicable

D. Dates and Amounts of Dividends Paid

Not Applicable

E. Profits that may be Paid as Ordinary Dividends to Stockholders

Not Applicable

F. Restrictions Places on Unassigned Funds (Surplus)

Not Applicable

G. Amount of Advances to Surplus not Repaid

Not Applicable

H. Amount of Stock Held for Special Purposes

Not Applicable

NOTES TO FINANCIAL STATEMENTS

- I. Reasons for Changes in Balance of Special Surplus Funds from Prior Period
Not Applicable
- J. The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is \$42,384,063.
- K. The Company Issued the Following Surplus Debentures or Similar Obligations
Not Applicable
- L. The Impact of Any Restatement Due to Prior Quasi-Reorganizations is as Follows
Not Applicable
- M. Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization
Not Applicable

NOTE 14 Liabilities, Contingencies and Assessments

A. Contingent Commitments

(1) Total contingent liabilities:

The Company makes commitments to fund partnership investments in the normal course of business. The amount of these unfunded commitments is \$1,345,790 as of December 31, 2021.

(2) Detail of other contingent commitments

| (1) | (2) | (3) | (4) Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted. | (5) Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted |
|--|--|---|---|--|
| Nature and circumstances of guarantee and key attributes, including date and duration of agreement | Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R.) | Ultimate financial statement impact if action under the guarantee is required | | |
| Adams Street 2012 Global Fund LP | | Joint Venture | \$ 544,400 | All current capital calls have been funded. |
| HarbourVest Partners, LLC | | Joint Venture | \$ 758,890 | All current capital calls have been funded. |
| Park Street Capital Private Equity Fund LP | | Joint Venture | \$ 42,500 | All current capital calls have been funded. |
| Total | \$ - | XXX | \$ 1,345,790 | XXX |

(3)

| | Amount |
|--|--------------|
| a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for (2) above.) | \$ 1,345,790 |
| b. Current Liability Recognized in F/S: | |
| 1. Noncontingent Liabilities | |
| 2. Contingent Liabilities | |
| c. Ultimate Financial Statement Impact if action under the guarantee is required: | |
| 1. Investments in SCA | |
| 2. Joint Venture | \$ 1,345,790 |
| 3. Dividends to Stockholders (capital contribution) | |
| 4. Expense | |
| 5. Other | |
| 6. Total (Should equal (3)a.) | \$ 1,345,790 |

B. Assessments

(1) Nature of Any Assets That Could Have a Material Financial Effect

The Company is subject to guaranty fund and other assessments by the states in which it conducts business. Guaranty fund assessments are accrued upon notification of the insolvency. Other assessments are recognized 1) when assessed by a state, 2) when premiums are written for premium-based assessments, or 3) when losses are incurred for loss based assessments. Incurred assessments are subject to the intercompany pooling arrangement described in Note 26. The company's net paid guaranty fund assessments totaled \$46,961.41 and \$19,350.09 for the years ended December 31, 2021 and 2020, respectively. The company's net accrued liabilities for guaranty funds were \$102,160.35 and \$95,416.43 as of December 31, 2021 and 2020, respectively. Per the accounting practices and procedures prescribed by the company's state of domicile, receivables for premium tax credits are not reflected in the accompanying financial statements.

(2) Assessments

Not Applicable

(3) Undiscounted and Discounted Guaranty Fund Assessments

Not Applicable

C. Gain Contingencies

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

- (1) The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits
- (2) Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period
- (3) Indicate whether claim count information is disclosed per claim or per claimant

E. Product Warranties

- (1)-(2) Not Applicable

F. Joint and Several Liabilities

Not Applicable

G. All Other Contingencies

Not Applicable

NOTE 15 Leases

A. Lessee Operating Lease:

- (1) The Company has allocated expenses related to leases of building space, vehicles, and various office equipment. The Company recognized expense for the years ending December 31, 2021 and 2020 of \$1,059,712 and \$570,591, respectively.
- (2) a. At December 31, 2021, the minimum aggregate rental commitments are as follows:
Not applicable
- (3) For Sale-Leaseback Transactions
Not applicable

B. Lessor Leases

Not applicable

NOTE 16 Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of

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**

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

- (1) Fair Value Measurements at Reporting Date

SSAP No. 100, Fair Value Measurements, clarifies the definition of estimated fair value and establishes a hierarchy for measuring estimated fair value. The hierarchy established by this standard consists of three levels to indicate the quality of the estimated fair value measurements as described below:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: Unadjusted quoted prices for identical assets or liabilities in active markets that are readily and regularly obtainable.

Level 2 - Significant Other Observable Inputs: Quoted prices in markets that are not active or inputs that are observable either directly or indirectly. These inputs can include quoted prices for similar but not identical assets or liabilities other than quoted prices in Level 1.

Level 3 - Significant Unobservable Inputs: Unobservable inputs that are supported by little or no market activity and are significant to the determination of estimated fair value of assets or liabilities. Unobservable inputs reflect the entity's assumptions about the assumptions that market participants would use in pricing the asset or liability.

| Description for each class of asset or liability | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Total |
|--|----------------------|-----------------|-------------|-----------------------|----------------------|
| a. Assets at fair value Common Stocks, unaffiliated | \$ 51,951,686 | \$ 1,549 | | | \$ 51,953,236 |
| Total assets at fair value/NAV | \$ 51,951,686 | \$ 1,549 | \$ - | \$ - | \$ 51,953,236 |

| Description for each class of asset or liability | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Total |
|--|-------------|-------------|-------------|-----------------------|-------------|
| b. Liabilities at fair value | | | | | |
| Total liabilities at fair value | \$ - | \$ - | \$ - | \$ - | \$ - |

- (2) Fair Value Measurements in (Level 3) of the Fair Value hierarchy

Not Applicable

- (3) Policies when Transfers Between Levels are Recognized

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1, 2 or 3. The Company had no transfers into or out of any of the levels during the years ended December 31, 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

Common Stocks, unaffiliated- According to statutory accounting rules, common stocks are reported at fair value.

(5) Fair Value Disclosures

Not Applicable

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not Applicable

C. Fair Value Level

The following tables reflect the estimated fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The estimated fair values are categorized into the three-level fair value hierarchy as described above.

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|------------------------------|----------------------|-----------------|---------------|----------------|-----------|-----------------------|----------------------------------|
| Bonds | \$ 370,609,941 | \$ 359,203,009 | | \$ 370,609,941 | | | |
| Common Stocks, unaffiliated | \$ 51,953,236 | \$ 51,953,236 | \$ 51,951,686 | \$ 1,549 | | | |

Bonds and Common Stocks

When available, the estimated fair values for bonds, including loan-backed and structured securities, and certain short-term investments are based on quoted prices in active markets that are readily and regularly obtainable. Generally, these investments are classified in Level 1. Generally, these are the most liquid of the Company's securities holdings and valuation of these securities does not involve management's judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The significant inputs to the market standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Generally, these investments are classified as Level 2.

When observable inputs are not available, the market standard valuation methodologies for determining the estimated fair value of certain types of securities that trade infrequently, and therefore have little or no price transparency, rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from or corroborated by observable market data. These unobservable inputs can be based in large part on management's judgement or estimation, and cannot be supported by reference or market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances. Generally, these investment are classified as Level 3.

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

(1) Description of the Subprime-Mortgage-Related Exposure and Related Risk Management Policies

The Company does not engage in subprime residential mortgage lending.

The Company's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio which contains securities collateralized by mortgages that might have characteristics of subprime lending such as adjustable rate mortgages and alternative documentation mortgages. Currently the Company has no exposure to subprime loans within the fixed maturity investment portfolio.

(2) Direct exposure through investments in subprime mortgage loans.

Not Applicable

(3) Direct exposure through other investments.

| | Actual Cost | Book/Adjusted Carrying Value (excluding interest) | Fair Value | Other-Than-Temporary Impairment Losses Recognized |
|---|-------------|---|------------|---|
| a. Residential mortgage backed securities | \$ 172,233 | \$ 171,522 | \$ 171,120 | |
| b. Commercial mortgage backed securities | | | | |
| c. Collateralized debt obligations | | | | |
| d. Structured securities | | | | |
| e. Equity investment in SCAs * | | | | |
| f. Other assets | | | | |
| g. Total | \$ 172,233 | \$ 171,522 | \$ 171,120 | \$ - |

* These investments comprise of the companies invested assets.

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

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

The Company did not have any recognized subsequent events for the periods reported.

Subsequent events have been considered through February 24, 2022 for these statutory financial statements which are to be issued on March 1, 2022.

A. Federal Affordable Care Act (YES/NO)? Yes [] No [X]

| | | 2021 | 2020 |
|----|--|----------------|----------------|
| B. | ACA Fee Assessment Payable for the Upcoming Year | \$ - | \$ - |
| C. | ACA Fee Assessment Paid | \$ - | \$ - |
| D. | Premium Written Subject to ACA 9010 Assessment | \$ - | \$ - |
| E. | Total Adjusted Capital Before Surplus Adjustment (Five-Year Historical Line 28) | \$ 263,272,870 | \$ 179,309,374 |
| F. | Total Adjusted Capital After Surplus Adjustment (Five-Year Historical Line 28 minus 22B above) | \$ 263,272,870 | \$ 179,309,374 |
| G. | Authorized Control Level (Five-Year Historical Line 29) | \$ 26,050,736 | \$ 21,780,588 |

H. Would reporting the ACA assessment as of December 31, 2021 have triggered an RBC action level (YES/NO)? Yes [] No [X]

NOTE 23 Reinsurance

A. Unsecured Reinsurance Recoverables
Individual Reinsurers with Unsecured Reinsurance Recoverables Exceeding 3% of Policyholder Surplus

Individual Reinsurers Who Are Members of a Group

| Group Code | FEIN | Reinsurer Name | Unsecured Amount |
|------------|------------|------------------------------------|------------------|
| 14621 | 31-4259550 | Motorists Mutual Insurance Company | \$ 324,407,555 |

B. Reinsurance Recoverable in Dispute
Not Applicable

C. Reinsurance Assumed and Ceded
(1)

| | Assumed Reinsurance | Ceded Reinsurance | | | | |
|---|---------------------|-------------------|-----------------|-------------------|------------------|-------------------|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| a. Affiliates | \$ 52,577,106 | \$ 6,698,526 | \$ 194,270,580 | \$ 31,759,902 | \$(141,693,474) | \$ (25,061,376) |
| b. All Other | \$ 492,811 | \$ 104,010 | \$ 6,136,705 | \$ 149,623 | \$ (5,643,894) | \$ (45,613) |
| c. Total | \$ 53,069,917 | \$ 6,802,536 | \$ 200,407,285 | \$ 31,909,525 | \$ (147,337,368) | \$ (25,106,989) |
| d. Direct Unearned Premium Reserve | | | | | | \$ 199,794,546 |
| (2) | | | Direct | Assumed | Ceded | Net |
| a. Contingent Commission | | | \$ 7,273,048 | | | \$ 7,273,048 |
| b. Sliding Scale Adjustments | | | | | | |
| c. Other Profit Commission Arrangements | | | | | | |
| d. TOTAL | | | \$ 7,273,048 | \$ - | \$ - | \$ 7,273,048 |
| (3) Not Applicable | | | | | | |

NOTES TO FINANCIAL STATEMENTS

NOTE 24 Retrospectively Rated Contracts & Contracts Subject to Redetermination

F. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)?

Yes [] No [X]

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year
Not applicable

(3) Roll forward of prior year ACA risk sharing provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance.

Not applicable

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year
Not applicable

(5) ACA Risk Corridors Receivable as of Reporting Date
Not applicable

NOTE 25 Change in Incurred Losses and Loss Adjustment Expenses

Reserves for the Company's incurred losses and loss adjustment expenses (after intercompany pooling) are attributable to insured events of prior years, which reflect favorable development totaling \$25,809,801. The development can be attributed primarily to the re-estimation of unpaid losses and loss adjustment expenses in the workers' compensation, commercial auto liability, private passenger auto liability, commercial multi perils, auto physical damage, products liability and other lines of business. The changes reflected in these lines were generally the result of recent development trends. There were not any premium adjustments made as a result of this loss and loss adjustment expense development.

NOTE 26 Intercompany Pooling Arrangements

A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

| | NAIC Company Code | Pooling Percentage |
|--|-------------------------|-----------------------|
| Lead Entity and all Affiliated Entities | | |
| Motorists Mutual Insurance Company (Lead Entity) | 14621 | 32.4% |
| BrickStreet Mutual Insurance Company | 12372 | 48.0% |
| Motorists Commercial Mutual Insurance Company | 13331 | 10.3% |
| Consumers Insurance USA, Inc. | 10204 | 2.1% |
| Iowa Mutual Insurance Company | 14338 | 1.7% |
| Wilson Mutual Insurance Company | 19950 | 1.7% |
| Phenix Mutual Fire Insurance Company | 23175 | 1.6% |
| PinnaclePoint Insurance Company | 15137 | 0.8% |
| SummitPoint Insurance Company | 15136 | 0.8% |
| Iowa American Insurance Company | 31577 | 0.6% |
| MICO Insurance Company | 40932 | % |
| NorthStone Insurance Company | 13045 | % |
| AlleghenyPoint Insurance Company | 13016 | % |

B. Description of Lines and Types of Business Subject to the Pooling Agreement

The pooling arrangement covered premiums, losses and underwriting expenses for all lines during the year. Related finance and service charge income, agent and premium balance charge-offs, deficiency reserves, and policyholder dividends were also subject to the pooling arrangement.

C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement

agreement.

D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers

participant its share of the pool.

E. Explanation of Discrepancies Between Entries of Pooled Business

There are no discrepancies between any entries regarding pooled business on the assumed and ceded reinsurance schedules of other pooled participants.

F. Description of Intercompany Sharing

ceded premium payables and loss receivables, general expense receivables and payables, funds held balances, advanced premiums, and outstanding drafts were also pooled.

G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

As of December 31, 2021, the lead company reported an aggregate pooling-related balance of \$23,714,417 payable to the other pool participants.

NOTE 27 Structured Settlements

| | Loss Reserves Eliminated by Annuities | Unrecorded Loss Conting- encies |
|---|--|--|
| A. Reserves No Longer Carried | \$ 6,221,666 | \$ 11,809,160 |
| B. Annuities Which Equal or Exceed 1% of Policyholders' Surplus | | |

| Life Insurance Company And Location | Licensed in Company's State of Domicile Yes/No | Statement Value (i.e., Present Value) of Annuities |
|---|--|--|
| Genworth Life and Annuity Ins Co; Lynchburg, VA | Yes | \$ 2,374,154 |
| American International Group; Houston, Texas | Yes | \$ 5,563,347 |

NOTE 28 Health Care Receivables

Not Applicable

NOTE 29 Participating Policies

Not Applicable

NOTES TO FINANCIAL STATEMENTS

NOTE 30 Premium Deficiency Reserves

As of December 31, 2021 the Company reported no premium deficiency reserves.

| | |
|--|------------------|
| (1) Liability carried for premium deficiency reserves | \$ - |
| (2) Date of the most recent evaluation of this liability | 01/21/2022 |
| (3) Was anticipated investment income utilized in the calculation? | Yes [X] No [] |

NOTE 31 High Deductibles

Not Applicable

NOTE 32 Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

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? Yes. The company had exposure to asbestos losses during the periods reported. Direct exposure arose from the sale of general liability business. The company also had exposure through its unaffiliated reinsurance assumed operations and an intercompany pooling arrangement (reference Note 26). The company estimates the impact of its direct exposure by establishing case reserves on all known losses and by computing IBNR losses based on previous experience. The company relies on case and IBNR reserves established by the Excess Casualty Reinsurance Association and the Mutual Reinsurance Bureau to measure its exposure from unaffiliated reinsurance assumed operations.

(1) Direct

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|--------------|--------------|--------------|--------------|--------------|
| a. Beginning reserves: | \$ 1,151,717 | \$ 1,088,933 | \$ 942,934 | \$ 1,227,571 | \$ 1,815,904 |
| b. Incurred losses and loss adjustment expense: | \$ 53,491 | \$ (72,479) | \$ 345,301 | \$ 797,588 | \$ (179,589) |
| c. Calendar year payments for losses and loss adjustment expenses: | \$ 116,275 | \$ 73,520 | \$ 60,664 | \$ 209,255 | \$ 722,570 |
| d. Ending reserves: | \$ 1,088,933 | \$ 942,934 | \$ 1,227,571 | \$ 1,815,904 | \$ 913,745 |

(2) Assumed Reinsurance

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------|------------|------------|-------------|------------|
| a. Beginning reserves: | \$ 226,498 | \$ 339,472 | \$ 328,791 | \$ 323,338 | \$ 263,070 |
| b. Incurred losses and loss adjustment expense: | \$ 140,167 | \$ (68) | \$ 6,199 | \$ (49,576) | \$ 352 |
| c. Calendar year payments for losses and loss adjustment expenses: | \$ 27,193 | \$ 10,613 | \$ 11,652 | \$ 10,692 | \$ 7,218 |
| d. Ending reserves: | \$ 339,472 | \$ 328,791 | \$ 323,338 | \$ 263,070 | \$ 256,204 |

(3) Net of Ceded Reinsurance

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|--------------|--------------|--------------|--------------|--------------|
| a. Beginning reserves: | \$ 1,376,846 | \$ 1,425,764 | \$ 1,268,648 | \$ 1,544,273 | \$ 1,692,736 |
| b. Incurred losses and loss adjustment expense: | \$ 192,244 | \$ (73,458) | \$ 348,224 | \$ 368,349 | \$ (179,289) |
| c. Calendar year payments for losses and loss adjustment expenses: | \$ 143,326 | \$ 83,658 | \$ 72,599 | \$ 219,886 | \$ 546,632 |
| d. Ending reserves: | \$ 1,425,764 | \$ 1,268,648 | \$ 1,544,273 | \$ 1,692,736 | \$ 966,815 |

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

| | |
|-------------------------------------|------------|
| (1) Direct Basis: | \$ 541,204 |
| (2) Assumed Reinsurance Basis: | \$ 185,639 |
| (3) Net of Ceded Reinsurance Basis: | \$ 725,784 |

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

| | |
|-------------------------------------|------------|
| (1) Direct Basis: | \$ 134,829 |
| (2) Assumed Reinsurance Basis: | \$ 9,904 |
| (3) Net of Ceded Reinsurance Basis: | \$ 144,203 |

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

Yes. The Company had exposure to environmental losses during the periods reported. Direct exposure arose from the sale of general liability, commercial autoliability, and homeowners business. The Company also had exposure through its unaffiliated reinsurance assumed operations and an intercompany pooling arrangement (reference Note 26). The Company estimates the impact of its direct exposure by establishing case reserves on all known losses and by computing IBNR losses based on previous experience. The Company relies on case and IBNR reserves established by the Excess Casualty Reinsurance Association and the Mutual Reinsurance Bureau to measure its exposure from unaffiliated reinsurance assumed operations.

(1) Direct

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------|-------------|-------------|-------------|--------------|
| a. Beginning reserves: | \$ 450,991 | \$ 518,266 | \$ 402,893 | \$ 360,968 | \$ 235,329 |
| b. Incurred losses and loss adjustment expense: | \$ 107,670 | \$ (68,227) | \$ (20,100) | \$ (72,854) | \$ (101,465) |
| c. Calendar year payments for losses and loss adjustment expenses: | \$ 40,395 | \$ 47,146 | \$ 21,825 | \$ 52,785 | \$ 4,019 |
| d. Ending reserves: | \$ 518,266 | \$ 402,893 | \$ 360,968 | \$ 235,329 | \$ 129,845 |

NOTES TO FINANCIAL STATEMENTS

(2) Assumed Reinsurance

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-----------|-----------|-----------|-----------|-------------|
| a. Beginning reserves: | \$ 30,315 | \$ 49,889 | \$ 72,588 | \$ 67,725 | \$ 93,578 |
| b. Incurred losses and loss adjustment expense: | \$ 25,818 | \$ 28,175 | \$ 128 | \$ 30,056 | \$ (18,030) |
| c. Calendar year payments for losses and loss adjustment expenses: | \$ 6,244 | \$ 5,476 | \$ 4,991 | \$ 4,203 | \$ 4,700 |
| d. Ending reserves: | \$ 49,889 | \$ 72,588 | \$ 67,725 | \$ 93,578 | \$ 70,848 |

(3) Net of Ceded Reinsurance

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------|-------------|-------------|-------------|--------------|
| a. Beginning reserves: | \$ 477,391 | \$ 551,126 | \$ 442,346 | \$ 398,230 | \$ 295,045 |
| b. Incurred losses and loss adjustment expense: | \$ 117,105 | \$ (56,955) | \$ (15,048) | \$ (47,752) | \$ (107,219) |
| c. Calendar year payments for losses and loss adjustment expenses: | \$ 43,370 | \$ 51,825 | \$ 29,068 | \$ 55,433 | \$ 8,373 |
| d. Ending reserves: | \$ 551,126 | \$ 442,346 | \$ 398,230 | \$ 295,045 | \$ 179,453 |

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

| | |
|-------------------------------------|------------|
| (1) Direct Basis: | \$ 111,679 |
| (2) Assumed Reinsurance Basis: | \$ 57,676 |
| (3) Net of Ceded Reinsurance Basis: | \$ 150,235 |

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

| | |
|-------------------------------------|-----------|
| (1) Direct Basis: | \$ 36,531 |
| (2) Assumed Reinsurance Basis: | \$ 15,740 |
| (3) Net of Ceded Reinsurance Basis: | \$ 42,711 |

NOTE 34 Subscriber Savings Accounts

Not Applicable

NOTE 35 Multiple Peril Crop Insurance

Not Applicable

NOTE 36 Financial Guaranty Insurance

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 2021 | 2 2020 | 3 2019 | 4 2018 | 5 2017 |
|---|-------------|-------------|-------------|-------------|--------------|
| 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) | 255,060,858 | 247,015,602 | 172,001,608 | 118,823,232 | 87,386,012 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 75,323,445 | 78,754,566 | 50,103,692 | 24,711,073 | 38,799,703 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 218,558,423 | 197,000,643 | 106,323,004 | 37,416,193 | 46,615,532 |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | (1) | (677) | 68,852 | 64,493 | 215,073 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 2,039,352 | 1,572,811 | 1,390,335 | 816,705 | 1,345,435 |
| 6. Total (Line 35) | 550,982,077 | 524,342,944 | 329,887,490 | 181,831,696 | 174,361,755 |
| 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) | 73,060,985 | 71,934,238 | 74,861,580 | 78,585,365 | 65,837,230 |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 11,678,249 | 12,236,404 | 14,454,433 | 10,349,154 | 29,669,573 |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 26,077,287 | 24,831,084 | 21,779,951 | 11,395,487 | 36,546,680 |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | (1) | (952) | 68,577 | 63,942 | 214,522 |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 2,039,352 | 1,572,811 | 1,390,335 | 816,705 | 1,345,435 |
| 12. Total (Line 35) | 112,855,872 | 110,573,584 | 112,554,876 | 101,210,654 | 133,613,440 |
| Statement of Income (Page 4) | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | 3,627,000 | 440,247 | (2,264,191) | 2,573,000 | (34,547,537) |
| 14. Net investment gain or (loss) (Line 11) | 22,027,373 | 6,677,994 | 11,884,802 | 14,720,658 | 9,032,761 |
| 15. Total other income (Line 15) | 3,757,629 | 883,721 | 187,211 | 241,852 | 570,290 |
| 16. Dividends to policyholders (Line 17) | 406,718 | 126,503 | 288,742 | 699,411 | 745,616 |
| 17. Federal and foreign income taxes incurred (Line 19) | 4,088,685 | 2,148,028 | 1,187,280 | (622,140) | (3,264,964) |
| 18. Net income (Line 20) | 24,916,599 | 5,727,430 | 8,331,801 | 17,458,239 | (22,425,138) |
| Balance Sheet Lines (Pages 2 and 3) | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 824,242,757 | 630,620,197 | 569,929,009 | 459,876,707 | 368,813,179 |
| 20. Premiums and considerations (Page 2, Col. 3) | | | | | |
| 20.1 In course of collection (Line 15.1) | 28,458,123 | 22,573,684 | 11,947,807 | 9,070,628 | 9,370,455 |
| 20.2 Deferred and not yet due (Line 15.2) | 146,921,888 | 139,404,179 | 99,693,358 | 37,829,161 | 19,336,010 |
| 20.3 Accrued retrospective premiums (Line 15.3) | 0 | 0 | 0 | 0 | 0 |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) | 560,969,888 | 451,310,824 | 401,140,570 | 309,261,523 | 221,338,947 |
| 22. Losses (Page 3, Line 1) | 172,998,081 | 162,658,785 | 162,501,651 | 159,198,738 | 91,369,559 |
| 23. Loss adjustment expenses (Page 3, Line 3) | 29,469,804 | 28,848,153 | 28,343,079 | 28,945,255 | 22,898,014 |
| 24. Unearned premiums (Page 3, Line 9) | 52,457,180 | 51,318,980 | 51,300,634 | 49,596,094 | 60,322,981 |
| 25. Capital paid up (Page 3, Lines 30 & 31) | 5,000,000 | 0 | 0 | 0 | 0 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 263,272,870 | 179,309,374 | 168,788,439 | 150,615,156 | 147,474,232 |
| Cash Flow (Page 5) | | | | | |
| 27. Net cash from operations (Line 11) | 24,339,167 | 3,123,150 | 13,457,349 | 86,811,401 | (11,004,195) |
| Risk-Based Capital Analysis | | | | | |
| 28. Total adjusted capital | 263,272,870 | 179,309,374 | 168,788,439 | 152,027,362 | 149,263,842 |
| 29. Authorized control level risk-based capital | 26,050,736 | 21,780,588 | 21,694,722 | 20,534,148 | 21,399,666 |
| Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0 | | | | | |
| 30. Bonds (Line 1) | 66.6 | 64.4 | 66.1 | 69.3 | 59.3 |
| 31. Stocks (Lines 2.1 & 2.2) | 24.3 | 21.9 | 22.1 | 20.1 | 28.0 |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) | 1.2 | 1.5 | 1.6 | 1.8 | 2.2 |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 5.8 | 5.5 | 3.4 | 1.6 | 1.3 |
| 35. Contract loans (Line 6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. Derivatives (Line 7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 37. Other invested assets (Line 8) | 2.1 | 6.7 | 6.9 | 7.1 | 9.2 |
| 38. Receivables for securities (Line 9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 39. Securities lending reinvested collateral assets (Line 10) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 40. Aggregate write-ins for invested assets (Line 11) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 41. Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1) | | 0 | 0 | 0 | 0 |
| 43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1) | 79,454,649 | 23,315,917 | 22,002,413 | 20,711,678 | 20,672,804 |
| 45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10) | | 0 | 0 | 0 | 0 |
| 46. Affiliated mortgage loans on real estate | | 0 | 0 | 0 | 0 |
| 47. All other affiliated | | 0 | 0 | 0 | 0 |
| 48. Total of above Lines 42 to 47 | 79,454,649 | 23,315,917 | 22,002,413 | 20,711,678 | 20,672,804 |
| 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) | 30.2 | 13.0 | 13.0 | 13.8 | 14.0 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1 2021 | 2 2020 | 3 2019 | 4 2018 | 5 2017 |
|--|-------------|-------------|-------------|--------------|-------------|
| Capital and Surplus Accounts (Page 4) | | | | | |
| 51. Net unrealized capital gains (losses) (Line 24) | 3,758,870 | 13,446,261 | 11,109,642 | (12,187,347) | 7,777,041 |
| 52. Dividends to stockholders (Line 35) | | 0 | 0 | 0 | 0 |
| 53. Change in surplus as regards policyholders for the year (Line 38) | 83,963,496 | 10,520,926 | 18,173,282 | 3,140,933 | (9,213,625) |
| 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) | 77,589,351 | 68,394,152 | 54,727,039 | (18,887,002) | 47,373,271 |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 42,829,833 | 35,482,876 | 29,830,575 | 15,064,309 | 20,232,647 |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 61,850,453 | 58,854,330 | 29,451,463 | 20,157,675 | 25,573,417 |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | (2,627) | 28,774 | 29,745 | 109,676 | 47,313 |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 930,283 | 975,442 | 853,707 | 2,819,051 | 1,070,055 |
| 59. Total (Line 35) | 183,197,293 | 163,735,574 | 114,892,529 | 19,263,709 | 94,296,703 |
| 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) | 34,571,483 | 38,647,406 | 35,598,722 | (33,066,861) | 34,408,474 |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 6,360,528 | 6,240,906 | 8,570,004 | 9,566,353 | 16,566,882 |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 9,549,918 | 12,087,102 | 11,528,587 | 13,829,697 | 23,309,510 |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | (1,004) | 30,531 | 31,106 | 111,280 | 48,773 |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 918,293 | 964,601 | 816,245 | 2,542,736 | 942,280 |
| 65. Total (Line 35) | 51,399,218 | 57,970,546 | 56,544,664 | (7,016,794) | 75,275,919 |
| Operating Percentages (Page 4) (Line 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) | 50.3 | 52.6 | 54.0 | 54.3 | 66.3 |
| 68. Loss expenses incurred (Line 3) | 15.1 | 15.0 | 15.1 | 13.9 | 17.2 |
| 69. Other underwriting expenses incurred (Line 4) | 31.4 | 32.0 | 33.0 | 29.5 | 42.4 |
| 70. Net underwriting gain (loss) (Line 8) | 3.2 | 0.4 | (2.0) | 2.3 | (25.9) |
| 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) | 27.7 | 31.2 | 32.3 | 32.3 | 42.0 |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | 65.4 | 67.6 | 69.0 | 68.2 | 83.5 |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) | 42.9 | 61.7 | 66.7 | 67.2 | 90.6 |
| One Year Loss Development (\$000 omitted) | | | | | |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11) | (21,948) | (11,072) | (7,333) | (14,178) | 7,564 |
| 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 100.0) | (12.2) | (6.6) | (4.9) | (9.6) | 4.8 |
| Two Year Loss Development (\$000 omitted) | | | | | |
| 76. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) | (31,409) | (18,180) | (24,336) | (15,978) | 3,019 |
| 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) | (18.6) | (12.1) | (16.5) | (10.2) | 2.0 |

NOTE: 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: _____