



## ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Branch Insurance Exchange



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

**ANNUAL STATEMENT**FOR THE YEAR ENDED DECEMBER 31, 2021  
OF THE CONDITION AND AFFAIRS OF THE**Branch Insurance Exchange**NAIC Group Code 0000 NAC Company Code 16825 Employer's ID Number 84-4471638  
(Current) (Prior)Organized under the Laws of Ohio, State of Domicile or Port of Entry OH  
Country of Domicile United States of AmericaIncorporated/Organized 07/23/2020 Commenced Business 07/23/2020Statutory Home Office 875 N High Street, Suite 300, Columbus, OH, US 43215  
(Street and Number) (City or Town, State, Country and Zip Code)Main Administrative Office 875 N High Street, Suite 300, Columbus, OH, US 43215  
(Street and Number) (City or Town, State, Country and Zip Code) 833-427-2624  
(Area Code) (Telephone Number)Mail Address P.O. Box 340380 #42184, Columbus, OH, US 43234-0380  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)Primary Location of Books and Records 875 N High Street, Suite 300, Columbus, OH, US 43215  
(Street and Number) (City or Town, State, Country and Zip Code) 833-427-2624  
(Area Code) (Telephone Number)Internet Website Address https://ourbranch.comStatutory Statement Contact Brady Ellis, 614-245-5099  
(Name) (Area Code) (Telephone Number)  
brady@ourbranch.com, (E-mail Address) (FAX Number)**OFFICERS**President Joseph Emison Treasurer Stephen Lekas  
Secretary Joseph Emison**OTHER****DIRECTORS OR TRUSTEES**

<u>Ian Sigalow</u>	<u>Vikas Singhal</u>	<u>John Peppard</u>
<u>Joseph Emison</u>	<u>Stephen Lekas</u>	<u>Ruth Foxe Blader #</u>
<u>Joseph Ancerson Jr. #</u>		

State of Ohio 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

# NOTES TO FINANCIAL STATEMENTS

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

### A. Accounting Practices

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

The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) subject to any deviations prescribed or permitted by the Ohio Insurance Department.

A reconciliation of the company's net income and capital surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio are as follows below:

	F/S	F/S	Line # 2021 2020
	<u>SSAP #</u>	<u>Page</u>	
<b>NET INCOME</b>			
(1) State basis (Page 4, Line 20, Columns 1 & 2) .....	XXX XXX XXX .....	(8,903,409) .....	(1,059,148)
(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 .....	(8,903,409) .....	(1,059,148)
<b>SURPLUS</b>			
(5) State basis (Page 3, Line 37, Columns 1 & 2) .....	XXX XXX XXX .....	15,536,701 .....	9,849,530
(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 .....	15,536,701 .....	9,849,530

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. 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

Direct and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods.

Commissions and other expenses incurred in connection with acquiring new insurance business are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists of interest less investment related expenses. Interest is recognized on an accrual basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed, or otherwise disposed. Realized capital losses include write downs for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Investment grade bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds with NAIC designation of 3 through 6 would be stated at lower of amortized cost or fair value. The company does not currently have any of these non-investment grade bonds. The Company's bond portfolio is reviewed quarterly and as a result the carrying value of a bond may be reduced to reflect changes in valuation resulting from asset impairment. The Company does not hold any mandatory convertible securities or SVO-identified investments identified in SSAP No. 26R.
- (3) Common stocks – Not applicable.
- (4) Preferred Stocks – Not applicable.
- (5) Mortgage Loans – Not applicable.
- (6) Investment grade loan-backed securities are stated at amortized cost. The retrospective adjustment method is used to determine amortized value for all

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fair value. The Company does not currently have any non-investment grade loan-backed securities.

The carrying value and final NAIC designation for non-agency residential mortgage-backed securities are determined using a special two-step NAIC process. Those assigned a NAIC designation in the first step of 1 or 2 are stated at amortized cost and those assigned a 3 through 6 are stated at the lower of amortized cost or fair value. The NAIC designation assigned under the second step of the process is reported for these securities in Schedule D and is used in the risk-based capital calculation. The Company does not currently have any non-agency residential mortgage-backed securities.

- (7) Subsidiaries, Controlled and Affiliated Entities – Not applicable.
- (8) Joint Ventures, Partnerships, and Limited Liability Companies – Not applicable.
- (9) Derivatives – Not applicable.
- (10) Anticipated Investment Income – Not applicable.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) Capitalization Policy Change – Not applicable.
- (13) Pharmaceutical Rebate Receivables – Not applicable.

## D. Going Concern

Management is confident of the Company's ability to continue as a going concern.

## Note 2 – Accounting Changes and Correction of Errors

There were no corrections required for errors in prior reporting periods.

## Note 3 – Business Combinations and Goodwill

Not applicable.

## Note 4 – Discontinued Operations

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/asset-backed securities were obtained from broker dealer survey values and are based on the current interest rate and economic environment

(2) (3) Securities with recognized other-than-temporary impairment – Not applicable.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a) The aggregate amount of unrealized losses:	
1. Less than 12 Months	\$ 26,621
2. 12 Months or Longer	\$ 33,463
b) The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	\$ 2,407,709
2. 12 Months or Longer	\$ 2,137,391

(5) The Company determines a decline to be other than temporary by reviewing and evaluating relevant objective and subjective factors for each security, including the extent of the depressed value, the length of time the value has been depressed, the Company's intent and ability to hold the security, a security's current performance, the financial condition of the issuer, the industry in which the issuer operates, and the status of the market as a whole. Assessments include judgments about an obligor's or guarantor's current and projected financial position, projected ability to service and repay its debt obligations, the existence of, and realizable value for, any collateral backing the obligations, and the macro-economic and micro-economic outlooks for specific industries and issuers. Estimating the future cash flows of loan-backed securities also involves assumptions regarding the underlying collateral such as prepayment rates, default and recovery rates, existence of subordinated classes capable of absorbing losses, and third-party servicing abilities. There have been no security declines determined to be other than temporary in the current or prior year.

### 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

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Not applicable.

## I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

## J. Real Estate

Not applicable.

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

Not applicable.

## L. Restricted Assets

### (1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Total Admitted Restricted (5 minus 8)	Gross (Admitted & Non-admitted) Restricted to Total Assets (c)	Admi Restr d to Total Admi Asset (d)
	Current Year					6	7	8	9	Percentage
	1	2	3	4	5	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Non-admitted Restricted	10	11
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Non-admitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Non-admitted) Restricted to Total Assets (c)	Admi Restr d to Total Admi Asset (d)
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	4,211,368				4,211,368	1,631,225	2,580,143	0	4,211,368	14.06%
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	4,211,368	0	0	0	4,211,368	1,631,225	2,580,143	0	4,211,368	14.06%
	(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 FinanceInvestments

Not applicable.

## N. Offsetting and Netting of Assets and Liabilities

Not applicable.

## O. 5GI Securities

Not applicable.

## P. Short Sales

Not applicable.

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1. Number of CUSPs	General Account	Protected Cell	3
2. Aggregate Amount of Investment Income	4	4,176	4,176

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

Not applicable.

## Note 7 – Investment Income

All investment income due and accrued was less than 90 days past due. Accordingly, no such due and accrued investment income has been non-admitted. **Note 8 – Derivative Instruments**

Not applicable.

## Note 9 – Income Taxes

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

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

	2021			2020			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross deferred tax assets	2,156,720	41,191	2,197,911	243,562	-	243,562	1,913,158	41,191	1,954,3
b. Statutory valuation allowance adjustment	2,156,337	41,191	2,197,528	243,421	-	243,421	1,912,916	41,191	1,954,1
c. Adjusted gross deferred tax assets (1a-1b)	383	(0)	383	141	-	141	242	(0)	2
d. Deferred tax assets nonadmitted	0	-	0	-	-	-	0	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	383	(0)	383	141	-	141	242	(0)	2
f. Deferred tax liabilities	383	-	383	-	-	-	383	-	3
g. Net admitted deferred tax assets/(net deferred tax liability)(1e-1f)	0	(0)	0	141	-	141	(141)	(0)	(141)

(2) Admission Calculation Components SSAP No. 101

	2021			2020			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-	-	-	-	-	-	-
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	4,155,768	-	-	-	-	-	-
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	383	-	383	-	-	-	383	-	3
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	383	-	383	-	-	-	383	-	3

(3) Other Admissibility Criteria

				2021	2020
Ratio percentage used to determine recovery period and threshold limitation					
a. amount				17092%	-
Amount of adjusted capital and surplus used to determine recovery period					
b. and					
threshold limitation in 2(b)2 above				27,705,119	-

(4) Impact of Tax Planning Strategies

	2021		2020		Change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	Ordinary	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)	383	(0)	141	-	242	(0)
2 Percentage of Adjusted Gross DTAs by tax character attributable to the impact of tax planning strategies	-	-	-	-	-	-
3 Net admitted adjusted gross DTAs amount from note 9A1(c)	383	-	-	-	383	-
4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	-	-	-	-	-	-

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

B. Deferred Tax Liabilities Not Recognized

Not applicable.

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

1. Current Income Tax

		1	2	3
		2021	2020	(Col. 1-2)
				Change
a. Federal		499	(40)	539
b. Foreign		-	-	-
c. Subtotal		499	(40)	539
d. Federal income tax on net capital gains		(499)	40	(539)
e. Utilization of capital loss carryforwards		-	-	-
f. Other		-	-	-
g. Federal and foreign income taxes incurred		(0)	-	(0)

2. Deferred Tax Assets:

		1	2	3
		2021	2020	(Col. 1-2)
				Change
a. Ordinary				

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2. Unearned premium reserve	61,092	2,715	58,377
3. Advance premiums	-	-	-
4. Nonadmitted assets	21,000	21,000	-
5. Net operating loss carryforward	2,066,919	219,844	1,847,075
6. Other (including items < 5% of total ordinary tax assets)	3,801	-	3,801
99. Subtotal	2,156,720	243,562	1,913,158
b. Statutory valuation allowance adjustment	2,156,337	243,421	1,912,916
c. Nonadmitted	0	-	0
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	383	141	242
e. Capital			
1. Investments	40,692	-	40,692
2. Net capital loss carryforward	499	-	499
3. Other (including items < 5% of total capital tax assets)	-	-	-
99. Subtotal	41,191	-	41,191
f. Statutory valuation allowance adjustment	41,191	-	41,191
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets (2e99-2f-2g)	(0)	-	(0)
i. Admitted deferred tax assets (2d+2h)	383	141	242

3. Deferred Tax Liabilities:

	1 2021	2 2020	3
			(Col. 1-2) Change
a. Ordinary			
1. Investments	383	141	242
2. Fixed assets	-	-	-
3. Deferred and uncollected premium	-	-	-
4. Policyholder reserves	-	-	-
5. Other (including items < 5% of total ordinary tax assets)	-	-	-
99. Subtotal	383	141	242
b. Capital			
1. Investments	-	-	-
2. Real estate	-	-	-
3. Other (including items < 5% of total capital tax assets)	-	-	-
99. Subtotal	-	-	-
c. Deferred tax liabilities (3a99+3b99)	383	141	242

4. Net deferred tax assets/liabilities (2i - 3c).

0	(0)	0
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D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	%	2021
			ETR
Provision computed at statutory rate	(9,308,780)	(1,954,844)	21.00%
Change in nonadmitted assets		-	0.00%
Tax exempt income deduction		-	0.00%
Dividends received deduction		-	0.00%
Disallowable meals and entertainment		737	-0.01%
Disallowable fines and penalties		-	0.00%
	14.5		

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Deferred corrections		-	0.00%
Change in statutory valuation allowance		1,954,107	-20.99%
Other current year items		-	0.00%
Totals		(0)	0.00%
Federal and foreign income taxes incurred		499	-0.01%
Realized capital gains (losses) tax		(499)	0.01%
Change in net deferred income taxes		(0)	0.00%
Total statutory income taxes		(0)	0.00%

#### E. Operating Loss and Tax Carryforwards and Protective Tax Deposits

(1) At December 31, 2021, and December 31, 2020 the company has net operating loss carryforwards of 9,842,472 and 1,046,878 respectively, which originated in tax year 2020 and expire in tax years 2040.

(2) The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses: none. (3) The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

#### F. Consolidated Federal Income Tax Return

Not applicable.

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

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

#### H. Repatriation Transition Tax (RTT)

Not applicable.

#### I. Alternative Minimum Tax (AMT) Credit

Not applicable.

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

#### A. Nature of Relationships

Branch Financial, Inc. (BFI) is a Delaware-based corporation that acts as the attorney-in-fact for the Company. All of the Company's cash receipts and disbursements are administered by BFI, and BFI allocates certain shared expenses to the Company.

#### B. Detail of Transactions Greater than 1/2% of 1% of Admitted Assets

On 06/24/2021, the Company issued a surplus note for \$10,000,000 at an interest rate of 6% to BFI in exchange for cash. The maturity date of the surplus note is 05/01/2031. On 09/30/2021 the Company issued a second surplus note for \$5,000,000 at an interest rate of 4% in exchange for cash. The maturity date of the surplus note is 11/01/2030.

All transactions with regard to the surplus notes, both principal and any interest, are subject to regulatory approval.

#### C. Amounts of Transactions

Not applicable.

#### D. Amounts Due to or from Related Parties

At December 31, 2021, the Company reported \$1,512,734 receivable from BFI consisting of cash receipts of the Attorney-in-Fact for BIX customers less the AIF fee owed to the Attorney-in-Fact.

#### E. Guarantees or Contingencies for Related Parties

Not applicable.

#### F. Management, Service Contracts, Cost Sharing Arrangements

All Company policy subscribers designate BFI as the Attorney-in-Fact for the Company through an executed subscriber agreement. Each subscriber agreement requires the Company to reimburse BFI for all expenses incurred at BFI during the course of business that are attributed to operating the Company. The Company is also required to pay a commission to BFI in exchange for the services performed by BFI in their attorney-in-fact relationship with the Company at 5% of written premium. All payments of premium, fees, and surplus contributions are collected by BFI and remitted to the Company in a timely fashion. All payables and receivables between the Company and BFI are also settled in a timely fashion.

#### G. Nature of Relationships that Could Affect Operations

Not applicable.

#### H. Amount Deducted for Investment in Upstream Company

Not applicable.

#### I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

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Not applicable.

### J. Write-downs for Impairments

Not applicable.

### K. Detail of the Investment in a Foreign Subsidiary

Not applicable.

### L. Detail of the Investment in a Downstream Noninsurance Holding Company

Not applicable.

### M. All SCA investments

Not applicable.

### N. Investments in Insurance SCAs

Not applicable.

### O. SCA and SSAP No. 48 Loss Tracking

Not applicable.

### Note 11 – Debt

Not applicable.

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

**Plans** Not applicable

### Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

Along with their policy premium, subscribers agree to make a surplus contribution to the Company equal to 2% of all premiums. The surplus contribution is payable to the Company on or prior to the initial effective date of coverage and on or prior to the effective date of all endorsements generating additional premium. The amounts paid as surplus contributions are credited to policyholder surplus for the benefit and protection of subscribers. Upon the issuance of a policy, or any other confirmation of coverage by the Company, the return of surplus contributions can occur only after withdrawal of the subscriber from the Company, and only with the approval of BFI and regulating authorities, where so required. The Company will return any surplus contributions (without interest) made during the policy term on a pro-rata basis to those subscribers who terminate coverage for any reason proportional to their unearned premiums returned. All other surplus contributions, including those made on previous policy terms, are retained by the Company for the benefit of all remaining subscribers unless otherwise distributed into subscriber savings accounts.

### A. Number of Shares Issued

Not applicable.

### B. Dividend Rate of Preferred Stock

Not applicable.

### C. D. E. Dividends

Not applicable.

### F. Restrictions on Unassigned Funds

Not applicable.

### G. Mutual Surplus Advances

Not applicable.

### H. Company Stock Held for Special Purposes

Not applicable.

### I. Changes in Special Surplus Funds

Not applicable.

J. The portion of unassigned funds (surplus) represented by cumulative net unrealized gain is \$0 at December 31, 2021.

Not applicable.

### K. Surplus Notes

The Company issued the following surplus debentures or similar obligations:

1 Item Number	2 Date Issued	3 Interest Rate	4 Original Issue Amount of Note	5 Is Surpl us Note Holde r a Relat ed Partv	6 Carrying Value of Note Prior Year	7 Carrying Value of Note Current Year*	8 Unapproved Interest And/Or Principal
					14.7		

		ANNUAL STATEMENT FOR THE YEAR (Y/N)		2021 OF THE		Branch Insurance Exchange
0001	07/10/2020	0 .....	8,000,000 ..	Y	.....	..... 8,000,000
0002	11/12/2020	0 .....	3,000,000 ..	Y	.....	..... 3,000,000
0003	06/24/2021	0 .....	10,000,000 ..	Y	.....	..... 202,500
0004	09/30/2021	0 .....	5,000,000 ..	Y	.....	..... 311,667
.....	.....	.....	.....	.....	.....	..... 75,833
Total	XXX	XXX	26,000,000	XXX	11,000,000	26,000,000
						1,294,000

\* Total should agree with Page 3, Line 33.

1 Item Number	9 Current Year Interest Expense Recognize d	10 Life-To-Date Interest Expense Recognized	11 Current Year Interest Offset Percentage (not including amounts paid to a 3rd party liquidity provider)	12 Current Year Principal Paid	13 Life-To-Date Principal Paid	14 Date of Maturity
0001	..	..	.....	.....	.....	05/01/2030
0002	..	..	.....	.....	.....	..... 11/01/2030
0003	..	..	.....	.....	.....	..... 05/01/2031
0004	..	..	.....	.....	.....	..... 11/01/2030
.....	..	..	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
Total			XXX			XXX

14.6  
Annual Statement for the Year 2021 of Branch Insurance Exchange  
**NOTES TO FINANCIAL STATEMENTS**

1 Item Number	15 Are Surplus Note Payments Contractu ally Linked? (Y/N)	16 Surplus Note Payments Subject to Admini strative Offsetting Provisio ns? (Y/N)	17 Were Surplus Note Proceeds Used to Purchase an Asset Directly From the Holder of the Surplus Note? (Y/N)	18 Is Asset Issuer a Related Party (Y/N)	19 Type of Assets Received Upon Issuance
0001	.....N..	.....N	..... N.....	Y	.....
.....	.....	.....	.....	.....	.....
0002	.....N..	.....N	..... N.....	Y	.....
.....	.....	.....	.....	.....	.....
0003	.....N..	.....N	..... N.....	Y	.....
.....	.....	.....	.....	.....	.....
0004	.....N..	.....N	..... N.....	Y	.....
.....	.....	.....	.....	.....	.....
Total	XXX	XXX	XXX	XXX	XXX

1 Item Number	20 Principal Amount of Assets Received Upon Issuance	21 Book/Adjusted Carry Value of Assets	22 Is Liquidity Source a Related Party to the Surplus Note Issuer? (Y/N)
0001	..	.....	.....
.....	.....	.....	.....
0002	..	.....	.....
.....	.....	.....	.....
0003	..	.....	.....
.....	.....	.....	.....

.....	ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Branch Insurance Exchange		
Total			XXX

#### L. M. Quasi-Reorganizations

Not applicable.

#### Note 14 – Liabilities, Contingencies and

##### Assessments A. Contingent Commitments

Not applicable.

##### 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

Various lawsuits against the Company may arise in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

#### Note 15 – Leases

Not applicable.

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

Risk Not applicable.

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

Not applicable.

#### Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the 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

SSAP 100, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

##### A. Inputs used for Assets Measured at Fair Value

###### (1) Fair Value Measurements at Reporting Date

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Branch Insurance Exchange	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value Money Market Mutual Fund ..... ..... .....			..... ..... .....		
Total assets at fair value/NAV	.....	4,414,401 ..	..	..... ....	..... 4,414,401

(2) Fair Value Measurements in Level 3 of the Fair Value Hierarchy – Not Applicable

(3) Reasons for any transfers between levels – N/A

(4) Valuation Techniques for Fair Value Measurement Categorized Within Level 2 and Level 3 – N/A

(5) Derivative assets and liabilities – N/A

#### B. Other Fair Value Disclosures

Not Applicable

#### C. Fair Value for All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds			7,015,827 .....	1		.....	.....
Money Market			4,414,401 .....			....	..... ..... .....

#### D. Reasons Not Practical to Estimate Fair Value

Not Applicable

#### E. Investments measured using Net Asset Value (NAV) practical expedient

Not Applicable

#### Note 21 – Other Items

##### A. Unusual or Infrequent Items

Not applicable.

##### B. Troubled Debt Restructuring Debtors

Not applicable.

##### C. Other Disclosures

The Company elected to use rounding in reporting amounts in the statement.

##### 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

Subsequent events have been considered through March 01, 2022, for the statutory statement issued on March 01, 2022. There were no events occurring subsequent to the of the period that merited recognition or disclosure in these statements.

#### Note 23 – Reinsurance

## ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Branch Insurance Exchange

The Company does not have any unsecured aggregate recoverable for losses and LAE that exceeds 3% of the Company's policyholder surplus as of December 31, 2021.

### B. Reinsurance Recoverable in Dispute

None.

### C. Reinsurance Assumed and Ceded

(1) Return Commissions	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates						
b. All Other			12,936,594	3,169,466	(12,936,594)	(3,169,466)
c. Total	\$0	\$0	\$12,936,594	\$3,169,466	-\$12,936,594	-\$3,169,466
d. Direct Unearned Premium Reserve	\$14,391,174					

(2) Contingent commissions and other arrangements	Direct	Assumed	Ceded	Net
a. Contingent Commission				
b. Sliding Scale Adjustments				
c. Other Profit Commission Arrangements				
d. TOTAL	\$0	\$0	\$0	\$0

### (3) Risk associated with protected cells

Not applicable.

### D. Uncollectable Reinsurance

Not applicable.

### E. Commutation of Ceded Reinsurance

Not applicable.

### F. Retroactive Reinsurance

#### (1) Return Commissions

#### (2) Contingent commissions and other arrangements; none.

#### (3) Risk associated with protected cells; not applicable

### G. Reinsurance Accounted for as a Deposit

Not applicable.

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

Not applicable.

### I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not applicable.

### J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable.

### K. Reinsurance Credit

Not applicable.

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

#### A. through E. not applicable

#### F. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions? Yes ( ) No (X)

(2) Impact of Risk-Sharing provisions of the ACA – Not applicable.

(3) Roll-forward of Prior Year ACA Risk-Sharing Provisions – 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**

Balance, beginning of year .....	<b>ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Branch Insurance Exchange</b>	
.....	.....	\$43
Net Balance at January 1 .....	.....	0
Incurred related to:		
Current Year .....	.....	912
Prior Year .....	.....	51
Total Incurred .....	.....	916
Paid related to:		
Current Year .....	.....	406
.....	.....	Prior Year
.....	.....	42
Total Paid .....	.....	409
Net Balance at December 31 .....	.....	516
recoverables.....	.....	9
Balance, end of year .....	.....	2,952
		43 14.9

#### **Note 26 – Intercompany Pooling Arrangements**

Not applicable.

#### **Note 27 – Structured Settlements**

Not applicable.

#### **Note 28 – Health Care Receivables**

Not applicable.

#### **Note 29 – Participating Policies**

Not applicable.

#### **Note 30 – Premium Deficiency Reserves**

- (1) Liability carried for premium deficiency reserves  
\$118,523
- (2) Date of the most recent evaluation of this liability  
12/31/2021
- (3) Was anticipated investment income utilized in this calculation?  
Yes ( ) No(X)

#### **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 existence of, a liability due to asbestos losses? Yes ( ) No(X)

B. C. Ending Reserves for Asbestos Claims

Not applicable.

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 ( ) No(X)

E. F. Ending Reserves for Environmental Claims

Not applicable.

#### **Note 34 – Subscriber Savings Accounts**

The Company will maintain a separate individual Subscriber Savings Account ("SSA") for each subscriber, and may, in its discretion, set aside a credit for each subscriber. Subscribers may become vested in a certain percentage of SSA funds according to a schedule that rewards Company loyalty as a form of vested cash distribution.

#### **Note 35 – Multiple Peril Crop Insurance**

Not applicable.

#### **Note 36 – Financial Guaranty Insurance**

Not applicable.

## ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Branch Insurance Exchange

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama .....	AL	N							
2. Alaska .....	AK	L							
3. Arizona .....	AZ	L	1,899,676	.937,924					
4. Arkansas .....	AR	N							
5. California .....	CA	N							
6. Colorado .....	CO	N							
7. Connecticut .....	CT	N							
8. Delaware .....	DE	N							
9. District of Columbia .....	DC	L							
10. Florida .....	FL	L							
11. Georgia .....	GA	L							
12. Hawaii .....	HI	N							
13. Idaho .....	ID	N							
14. Illinois .....	IL	N							
15. Indiana .....	IN	L	782,884	.376,516					
16. Iowa .....	IA	L							
17. Kansas .....	KS	N							
18. Kentucky .....	KY	L	.2,021	.16					
19. Louisiana .....	LA	L							
20. Maine .....	ME	N							
21. Maryland .....	MD	L	719,559	.261,788					
22. Massachusetts .....	MA	N							
23. Michigan .....	MI	L	159,793	.40,686					
24. Minnesota .....	MN	N							
25. Mississippi .....	MS	N							
26. Missouri .....	MO	L	45,570	1,555					
27. Montana .....	MT	L							
28. Nebraska .....	NE	L	37,873	7,141					
29. Nevada .....	NV	N							
30. New Hampshire .....	NH	N							
31. New Jersey .....	NJ	N							
32. New Mexico .....	NM	L	604	.7					
33. New York .....	NY	N							
34. North Carolina .....	NC	L							
35. North Dakota .....	ND	L							
36. Ohio .....	OH	L	2,831,149	1,849,045					
37. Oklahoma .....	OK	L	465,658	174,552					
38. Oregon .....	OR	L							
39. Pennsylvania .....	PA	L	246,692	.47,148					
40. Rhode Island .....	RI	N							
41. South Carolina .....	SC	N							
42. South Dakota .....	SD	N							
43. Tennessee .....	TN	N							
44. Texas .....	TX	L	12,635,199	2,280,593					
45. Utah .....	UT	L	72,627	8,446					
46. Vermont .....	VT	N							
47. Virginia .....	VA	L							
48. Washington .....	WA	N							
49. West Virginia .....	WV	L	.2,154	.83					
50. Wisconsin .....	WI	L	218,853	67,982					
51. Wyoming .....	WY	N							
52. American Samoa .....	AS	N							
53. Guam .....	GU	N							
54. Puerto Rico .....	PR	N							
55. U.S. Virgin Islands .....	VI	N							
56. Northern Mariana Islands .....	MP	N							
57. Canada .....	CAN	N							
58. Aggregate other alien ..	OT	XXX							
59. Totals .....		XXX	20,120,312	6,053,482					
DETAILS OF WRITE-INS									
58001. ....		XXX							
58002. ....		XXX							
58003. ....		XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page .....		XXX							
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above) .....		XXX							

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....

E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - see DSLI).....

D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....

(b) Explanation of basis of allocation of premiums by states, etc.

R - Registered - Non-domiciled RRGs.....

Q - Qualified - Qualified or accredited reinsurer.....

N - None of the above - Not allowed to write business in the state.....

Location of property/auto