



# ANNUAL STATEMENT

## For the Year Ended DECEMBER 31, 2019

### OF THE CONDITION AND AFFAIRS OF THE

# UNITED SURETY AND INDEMNITY COMPANY

NAIC Group Code 3593 , 3593 NAIC Company Code 44423 Employer's ID Number 66-0457223  
(Current Period) (Prior Period)

Organized under the Laws of Puerto Rico , State of Domicile or Port of Entry PR

Country of Domicile United States of America

Incorporated/Organized 01/29/1990 Commenced Business 08/31/1990

Statutory Home Office Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1200 , Guaynabo, PR, 00968-3003  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1200  
(Street and Number)

Guaynabo, PR, 00968-3003 (787)625-1105  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 2111 , San Juan, PR, 00922-2111  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1200  
(Street and Number)

Guaynabo, PR, 00968-3003 (787)625-1105  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.usicgroup.com

Statutory Statement Contact Jorge Junquera (787)625-1105  
(Name) (Area Code)(Telephone Number)(Extension)

jorge.junquera@usicgroup.com (787)625-0892  
(E-Mail Address) (Fax Number)

### OFFICERS

| Name              | Title                                |
|-------------------|--------------------------------------|
| Frederick Millán  | President                            |
| Rafael Blanes     | Vice- President / Chief Risk Officer |
| Jorge Junquera    | Chief Financial Officer              |
| Duhamel Iglesias  | Vice- President                      |
| Javier Santiago   | Assistant Vice-President             |
| Gretchen Manzanet | Controller                           |

### OTHERS

### DIRECTORS OR TRUSTEES

|  |  |
|--|--|
| Maria De Lourdes González Inclán<br>Maria De Lourdes Blanes González<br>Duhamel Iglesias<br>Jacobo Ortiz | Rafael Antonio Blanes González<br>Carlos González Inclán<br>Frederick Millán |
|--|--|

State of Puerto Rico  
 County of USA ss

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

\_\_\_\_\_  
(Signature)  
**Frederick Millán**  
(Printed Name)  
 1.  
**President**  
(Title)

\_\_\_\_\_  
(Signature)  
**Duhamel Iglesias**  
(Printed Name)  
 2.  
**Vice- President**  
(Title)

\_\_\_\_\_  
(Signature)  
**Jorge Junquera**  
(Printed Name)  
 3.  
**Chief Financial Officer**  
(Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2020

- a. Is this an original filing? \_\_\_\_\_  
 b. If no: 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

Yes[X] No [ ]

\_\_\_\_\_  
(Notary Public Signature)

## ASSETS

|  | Current Year |                            |  | Prior Year                  |
|--|--------------|----------------------------|--|-----------------------------|
|  | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1-2) | 4<br>Net Admitted<br>Assets |
| 1. Bonds (Schedule D) .....  | 76,926,382   |                            | 76,926,382                                 | 73,922,084                  |
| 2. Stocks (Schedule D):  |              |                            |  |                             |
| 2.1 Preferred stocks .....   | 1,504,999    |                            | 1,504,999                                  | 1,474,194                   |
| 2.2 Common Stocks .....  | 12,912,526   |                            | 12,912,526                                 | 9,096,510                   |
| 3. Mortgage loans on real estate (Schedule B):   |              |                            |  |                             |
| 3.1 First liens .....  |              |                            |  |                             |
| 3.2 Other than first liens .....   |              |                            |  |                             |
| 4. Real estate (Schedule A):   |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances) .....  |              |                            |  |                             |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances) .....  |              |                            |  |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances) .....  | 497,155      | 56,272                     | 440,883                                    | 610,883                     |
| 5. Cash (\$.....6,370,626, Schedule E Part 1), cash equivalents (\$.....3,227,979, Schedule E Part 2) and short-term investments (\$.....3,668,413, Schedule DA) ..... | 13,267,018   |                            | 13,267,018                                 | 24,840,260                  |
| 6. Contract loans (including \$.....0 premium notes) .....   |              |                            |  |                             |
| 7. Derivatives (Schedule DB) .....   |              |                            |  |                             |
| 8. Other invested assets (Schedule BA) .....   | 2,127,896    | 1,244,600                  | 883,296                                    | 1,762,500                   |
| 9. Receivables for securities .....  |              |                            |  |                             |
| 10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....  |              |                            |  |                             |
| 11. Aggregate write-ins for invested assets .....  |              |                            |  |                             |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....  | 107,235,976  | 1,300,872                  | 105,935,104                                | 111,706,431                 |
| 13. Title plants less \$.....0 charged off (for Title insurers only) .....   |              |                            |  |                             |
| 14. Investment income due and accrued .....  | 720,361      |                            | 720,361                                    | 669,759                     |
| 15. Premiums and considerations:   |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....   | 3,974,110    | 240,417                    | 3,733,693                                  | 2,268,061                   |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....                  |              |                            |  |                             |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....   |              |                            |  |                             |
| 16. Reinsurance:   |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers .....   | 2,455,904    |                            | 2,455,904                                  | 440,012                     |
| 16.2 Funds held by or deposited with reinsured companies .....   |              |                            |  |                             |
| 16.3 Other amounts receivable under reinsurance contracts .....  | 629,588      |                            | 629,588                                    |                             |
| 17. Amounts receivable relating to uninsured plans .....   |              |                            |  |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....   | 3,266,667    |                            | 3,266,667                                  |                             |
| 18.2 Net deferred tax asset .....  | 4,244,531    | 4,167,775                  | 76,756                                     | 37,593                      |
| 19. Guaranty funds receivable or on deposit .....  |              |                            |  |                             |
| 20. Electronic data processing equipment and software .....  | 761,827      | 512,510                    | 249,317                                    | 67,160                      |
| 21. Furniture and equipment, including health care delivery assets (\$.....0) .....  | 744,397      | 744,397                    |  |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....   |              |                            |  |                             |
| 23. Receivables from parent, subsidiaries and affiliates .....   | 94,936       |                            | 94,936                                     | 98,443                      |
| 24. Health care (\$.....0) and other amounts receivable .....  |              |                            |  |                             |
| 25. Aggregate write-ins for other than invested assets .....   | 204,066      | 110,375                    | 93,691                                     | 67,875                      |
| 26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....   | 124,332,363  | 7,076,346                  | 117,256,017                                | 115,355,334                 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....  |              |                            |  |                             |
| 28. TOTAL (Lines 26 and 27) .....  | 124,332,363  | 7,076,346                  | 117,256,017                                | 115,355,334                 |
| <b>DETAILS OF WRITE-INS</b>  |              |                            |  |                             |
| 1101. ....   |              |                            |  |                             |
| 1102. ....   |              |                            |  |                             |
| 1103. ....   |              |                            |  |                             |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....  |              |                            |  |                             |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....   |              |                            |  |                             |
| 2501. Other Account Receivable .....   | 188,429      | 110,375                    | 78,054                                     | 53,008                      |
| 2502. Other Account Receivable Suspense .....  | 15,637       |                            | 15,637                                     | 14,867                      |
| 2503. ....   |              |                            |  |                             |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  |              |                            |  |                             |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....   | 204,066      | 110,375                    | 93,691                                     | 67,875                      |

## LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) .....  | 2,606,459         | 2,364,603       |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....   |                   |                 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....  | 3,982,721         | 3,645,583       |
| 4. Commissions payable, contingent commissions and other similar charges .....  | 3,858,702         | 3,767,964       |
| 5. Other expenses (excluding taxes, licenses and fees) .....  | 1,202,195         | 1,145,540       |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....  | 601               | 5,974           |
| 7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....  | 547,447           | 425,892         |
| 7.2 Net deferred tax liability .....  |                   |                 |
| 8. Borrowed money \$.....0 and interest thereon \$.....0 .....  |                   |                 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....10,752,472 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act) ..... | 20,786,841        | 18,168,520      |
| 10. Advance premiums .....  | 240,228           | 398,636         |
| 11. Dividends declared and unpaid:  |                   |                 |
| 11.1 Stockholders .....   |                   |                 |
| 11.2 Policyholders .....  |                   |                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) .....  | 2,970,858         | 2,654,038       |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) .....  |                   | 289,955         |
| 14. Amounts withheld or retained by company for account of others .....   | 12,000,649        | 18,291,685      |
| 15. Remittances and items not allocated .....   |                   |                 |
| 16. Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 3 Column 78) .....   |                   |                 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates .....   |                   |                 |
| 18. Drafts outstanding .....  |                   |                 |
| 19. Payable to parent, subsidiaries and affiliates .....  |                   |                 |
| 20. Derivatives .....   |                   |                 |
| 21. Payable for securities .....  |                   |                 |
| 22. Payable for securities lending .....  |                   |                 |
| 23. Liability for amounts held under uninsured plans .....  |                   |                 |
| 24. Capital notes \$.....0 and interest thereon \$.....0 .....  |                   |                 |
| 25. Aggregate write-ins for liabilities .....   |                   |                 |
| 26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....   | 48,196,701        | 51,158,390      |
| 27. Protected cell liabilities .....  |                   |                 |
| 28. TOTAL Liabilities (Lines 26 and 27) .....   | 48,196,701        | 51,158,390      |
| 29. Aggregate write-ins for special surplus funds .....   | 6,570,371         | 6,385,926       |
| 30. Common capital stock .....  | 2,800,000         | 2,800,000       |
| 31. Preferred capital stock .....   |                   |                 |
| 32. Aggregate write-ins for other-than-special surplus funds .....  |                   |                 |
| 33. Surplus notes .....   |                   |                 |
| 34. Gross paid in and contributed surplus .....   | 500,000           | 500,000         |
| 35. Unassigned funds (surplus) .....  | 59,188,945        | 54,511,018      |
| 36. Less treasury stock, at cost:   |                   |                 |
| 36.1 .....0 shares common (value included in Line 30 \$.....0) .....  |                   |                 |
| 36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....   |                   |                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....   | 69,059,316        | 64,196,944      |
| 38. TOTALS (Page 2, Line 28, Column 3) .....  | 117,256,017       | 115,355,334     |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 2501. Other Amounts Due to Reinsurers on Losses Recoverable .....   |                   |                 |
| 2502. ....  |                   |                 |
| 2503. ....  |                   |                 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   |                   |                 |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....  |                   |                 |
| 2901. Puerto Rico Castastrophe Fund .....   | 6,570,371         | 6,385,926       |
| 2902. ....  |                   |                 |
| 2903. ....  |                   |                 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page .....   |                   |                 |
| 2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....  | 6,570,371         | 6,385,926       |
| 3201. ....  |                   |                 |
| 3202. ....  |                   |                 |
| 3203. ....  |                   |                 |
| 3298. Summary of remaining write-ins for Line 32 from overflow page .....   |                   |                 |
| 3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....  |                   |                 |

## STATEMENT OF INCOME

|   | 1<br>Current<br>Year | 2<br>Prior<br>Year |
|---|----------------------|--------------------|
| <b>UNDERWRITING INCOME</b>  |                      |                    |
| 1. Premiums earned (Part 1, Line 35, Column 4)  | 34,809,406           | 26,556,096         |
| <b>DEDUCTIONS</b>   |                      |                    |
| 2. Losses incurred (Part 2, Line 35, Column 7)  | 1,997,247            | (107,164)          |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)  | 1,171,647            | 396,836            |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)   | 19,743,182           | 19,017,855         |
| 5. Aggregate write-ins for underwriting deductions  |                      |                    |
| 6. TOTAL Underwriting Deductions (Lines 2 through 5)  | 22,912,076           | 19,307,527         |
| 7. Net income of protected cells  |                      |                    |
| 8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)  | 11,897,330           | 7,248,569          |
| <b>INVESTMENT INCOME</b>  |                      |                    |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17)   | 2,601,407            | 2,306,450          |
| 10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses))  | 1,232,148            | 956,733            |
| 11. Net investment gain or (loss) (Lines 9 + 10)  | 3,833,555            | 3,263,183          |
| <b>OTHER INCOME</b>   |                      |                    |
| 12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)                             |                      | (1,382)            |
| 13. Finance and service charges not included in premiums  |                      |                    |
| 14. Aggregate write-ins for miscellaneous income  | (20,704)             | 605,484            |
| 15. TOTAL Other Income (Lines 12 through 14)  | (20,704)             | 604,102            |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)     | 15,710,181           | 11,115,854         |
| 17. Dividends to policyholders  |                      |                    |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) | 15,710,181           | 11,115,854         |
| 19. Federal and foreign income taxes incurred   | 4,105,540            | 2,791,139          |
| 20. Net income (Line 18 minus Line 19) (to Line 22)   | 11,604,641           | 8,324,715          |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                      |                    |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)  | 64,196,944           | 64,250,724         |
| 22. Net income (from Line 20)   | 11,604,641           | 8,324,715          |
| 23. Net transfers (to) from Protected Cell accounts   |                      |                    |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....543,222   | 1,141,672            | (1,469,797)        |
| 25. Change in net unrealized foreign exchange capital gain (loss)   |                      |                    |
| 26. Change in net deferred income tax   | 998,413              | (7,719)            |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)  | (2,632,354)          | (250,979)          |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)  |                      |                    |
| 29. Change in surplus notes   |                      |                    |
| 30. Surplus (contributed to) withdrawn from protected cells   |                      |                    |
| 31. Cumulative effect of changes in accounting principles   |                      |                    |
| 32. Capital changes:  |                      |                    |
| 32.1 Paid in  |                      |                    |
| 32.2 Transferred from surplus (Stock Dividend)  |                      |                    |
| 32.3 Transferred to surplus   |                      |                    |
| 33. Surplus adjustments:  |                      |                    |
| 33.1 Paid in  |                      |                    |
| 33.2 Transferred to capital (Stock Dividend)  |                      |                    |
| 33.3 Transferred from capital   |                      |                    |
| 34. Net remittances from or (to) Home Office  |                      |                    |
| 35. Dividends to stockholders   | (6,250,000)          | (5,000,000)        |
| 36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)  |                      |                    |
| 37. Aggregate write-ins for gains and losses in surplus   |                      | (1,650,000)        |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37)   | 4,862,372            | (53,780)           |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)   | 69,059,316           | 64,196,944         |
| <b>DETAILS OF WRITE-INS</b>   |                      |                    |
| 0501.   |                      |                    |
| 0502.   |                      |                    |
| 0503.   |                      |                    |
| 0598. Summary of remaining write-ins for Line 5 from overflow page  |                      |                    |
| 0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)   |                      |                    |
| 1401. Loss on disposal of asset   | (20,704)             | (58,189)           |
| 1402. SIMED distribution dividend   |                      | 663,673            |
| 1403.   |                      |                    |
| 1498. Summary of remaining write-ins for Line 14 from overflow page   |                      |                    |
| 1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)  | (20,704)             | 605,484            |
| 3701. Tax Paid from release of excess in special surplus, Catastrophe Reserve   |                      | (1,650,000)        |
| 3702.   |                      |                    |
| 3703.   |                      |                    |
| 3798. Summary of remaining write-ins for Line 37 from overflow page   |                      |                    |
| 3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)   |                      | (1,650,000)        |

**CASH FLOW**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>Cash from Operations</b>   |                   |                 |
| 1. Premiums collected net of reinsurance .....  | 35,445,111        | 32,935,837      |
| 2. Net investment income .....  | 2,825,937         | 2,607,313       |
| 3. Miscellaneous income .....   | (20,704)          | 604,102         |
| 4. TOTAL (Lines 1 through 3) .....  | 38,250,344        | 36,147,252      |
| 5. Benefit and loss related payments .....  | 3,771,283         | 947,275         |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....                                      | 20,443,671        | 17,258,371      |
| 8. Dividends paid to policyholders .....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....        | 7,250,652         | 1,725,558       |
| 10. TOTAL (Lines 5 through 9) .....   | 31,465,606        | 19,931,204      |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | 6,784,738         | 16,216,048      |
| <b>Cash from Investments</b>  |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:  |                   |                 |
| 12.1 Bonds .....  | 28,644,597        | 23,965,682      |
| 12.2 Stocks .....   | 8,107,279         | 5,368,795       |
| 12.3 Mortgage loans .....   |                   |                 |
| 12.4 Real estate .....  | 149,296           |                 |
| 12.5 Other invested assets .....  | 17,900            |                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....                           | 12,952            | 5,826           |
| 12.7 Miscellaneous proceeds .....   | 20,700            |                 |
| 12.8 TOTAL Investment proceeds (Lines 12.1 to 12.7) .....   | 36,952,724        | 29,340,303      |
| 13. Cost of investments acquired (long-term only):  |                   |                 |
| 13.1 Bonds .....  | 31,178,122        | 25,774,457      |
| 13.2 Stocks .....   | 9,787,915         | 5,622,476       |
| 13.3 Mortgage loans .....   |                   |                 |
| 13.4 Real estate .....  |                   | 440,883         |
| 13.5 Other invested assets .....  | 383,296           |                 |
| 13.6 Miscellaneous applications .....   | 4                 | 2               |
| 13.7 TOTAL Investments acquired (Lines 13.1 to 13.6) .....  | 41,349,337        | 31,837,818      |
| 14. Net increase (decrease) in contract loans and premium notes .....   |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....                                   | (4,396,613)       | (2,497,515)     |
| <b>Cash from Financing and Miscellaneous Sources</b>  |                   |                 |
| 16. Cash provided (applied):  |                   |                 |
| 16.1 Surplus notes, capital notes .....   |                   |                 |
| 16.2 Capital and paid in surplus, less treasury stock .....   |                   |                 |
| 16.3 Borrowed funds .....   |                   |                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....                               |                   |                 |
| 16.5 Dividends to stockholders .....  | 6,250,000         | 5,000,000       |
| 16.6 Other cash provided (applied) .....  | (7,711,367)       | (2,513,552)     |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) ..... | (13,961,367)      | (7,513,552)     |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                      |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....       | (11,573,242)      | 6,204,981       |
| 19. Cash, cash equivalents and short-term investments:  |                   |                 |
| 19.1 Beginning of year .....  | 24,840,260        | 18,635,279      |
| 19.2 End of year (Line 18 plus Line 19.1) .....   | 13,267,018        | 24,840,260      |

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

|         |       |       |       |
|---------|-------|-------|-------|
| 20.0001 | ..... | ..... | ..... |
|---------|-------|-------|-------|

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

|   | 1<br>Net<br>Premiums<br>Written Per<br>Column 6,<br>Part 1B | 2<br>Unearned<br>Premiums<br>Dec. 31 Prior Year -<br>per Column 3,<br>Last Year's Part 1 | 3<br>Unearned<br>Premiums<br>Dec. 31<br>Current Year - per<br>Column 5, Part 1A | 4<br>Premiums<br>Earned<br>During Year<br>(Columns<br>1 + 2 - 3) |
|---|---|--|---|--|
| Line of Business  |   |  |   |  |
| 1. Fire .....   | 555,290   | 333,546  | 325,620   | 563,216  |
| 2. Allied lines .....   | 10,645,521  | 6,018,585  | 6,145,138   | 10,518,968   |
| 3. Farmowners multiple peril .....  |   |  |   |  |
| 4. Homeowners multiple peril .....  | 6,014,026   | 3,037,742  | 3,264,360   | 5,787,408  |
| 5. Commercial multiple peril .....  | 2,930,557   | 322,654  | 1,835,110   | 1,418,101  |
| 6. Mortgage guaranty .....  |   |  |   |  |
| 8. Ocean marine .....   |   |  |   |  |
| 9. Inland marine .....  | 421,346   | 199,609  | 172,823   | 448,132  |
| 10. Financial guaranty .....  |   |  |   |  |
| 11.1 Medical professional liability - occurrence .....                    |   |  |   |  |
| 11.2 Medical professional liability - claims-made .....                   |   |  |   |  |
| 12. Earthquake .....  | 6,133,696   | 3,683,627  | 3,596,780   | 6,220,543  |
| 13. Group accident and health .....                                       |   |  |   |  |
| 14. Credit accident and health (group and individual) .....               |   |  |   |  |
| 15. Other accident and health .....                                       |   |  |   |  |
| 16. Workers' compensation .....   |   |  |   |  |
| 17.1 Other liability - occurrence .....                                   |   |  |   |  |
| 17.2 Other liability - claims-made .....                                  |   |  |   |  |
| 17.3 Excess Workers' Compensation .....                                   |   |  |   |  |
| 18.1 Products liability - occurrence .....                                |   |  |   |  |
| 18.2 Products liability - claims-made .....                               |   |  |   |  |
| 19.1 19.2 Private passenger auto liability .....                          |   |  |   |  |
| 19.3 19.4 Commercial auto liability .....                                 |   |  |   |  |
| 21. Auto physical damage .....  |   |  |   |  |
| 22. Aircraft (all perils) .....   |   |  |   |  |
| 23. Fidelity .....  | 771,145   | 446,626  | 508,257   | 709,514  |
| 24. Surety .....  | 9,956,146   | 4,126,131  | 4,938,753   | 9,143,524  |
| 26. Burglary and theft .....  |   |  |   |  |
| 27. Boiler and machinery .....  |   |  |   |  |
| 28. Credit .....  |   |  |   |  |
| 29. International .....   |   |  |   |  |
| 30. Warranty .....  |   |  |   |  |
| 31. Reinsurance-Nonproportional Assumed Property .....                    |   |  |   |  |
| 32. Reinsurance-Nonproportional Assumed Liability .....                   |   |  |   |  |
| 33. Reinsurance-Nonproportional Assumed Financial Lines .....             |   |  |   |  |
| 34. Aggregate write-ins for other lines of business .....                 |   |  |   |  |
| 35. TOTALS .....  | 37,427,727  | 18,168,520   | 20,786,841  | 34,809,406   |
| <b>DETAILS OF WRITE-INS</b>   |   |  |   |  |
| 3401. ....  |   |  |   |  |
| 3402. ....  |   |  |   |  |
| 3403. ....  |   |  |   |  |
| 3498. Summary of remaining write-ins for Line 34 from overflow page ..... |   |  |   |  |
| 3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....    |   |  |   |  |

## UNDERWRITING AND INVESTMENT EXHIBIT PART 1A - RECAPITULATION OF ALL PREMIUMS

|  | 1<br>Amount Unearned<br>(Running One<br>Year or Less<br>From Date<br>of Policy)<br>(a) | 2<br>Amount Unearned<br>(Running More<br>Than One Year<br>From Date<br>of Policy)<br>(a) | 3<br><br>Earned<br>But<br>Unbilled<br>Premium | 4<br>Reserve for<br>Rate Credits<br>and Retrospective<br>Adjustments<br>Based on<br>Experience | 5<br>Total<br>Reserve<br>For Unearned<br>Premiums<br>Columns<br>1 + 2 + 3 + 4 |
|--|--|--|---|--|---|
| Line of Business   |  |  |   |  |   |
| 1. Fire .....  | 325,620  |  |   |  | 325,620   |
| 2. Allied lines .....  | 6,145,138  |  |   |  | 6,145,138   |
| 3. Farmowners multiple peril .....   |  |  |   |  |   |
| 4. Homeowners multiple peril .....   | 3,264,360  |  |   |  | 3,264,360   |
| 5. Commercial multiple peril .....   | 1,835,110  |  |   |  | 1,835,110   |
| 6. Mortgage guaranty .....   |  |  |   |  |   |
| 8. Ocean marine .....  |  |  |   |  |   |
| 9. Inland marine .....   | 172,823  |  |   |  | 172,823   |
| 10. Financial guaranty .....   |  |  |   |  |   |
| 11.1 Medical professional liability - occurrence .....                       |  |  |   |  |   |
| 11.2 Medical professional liability - claims-made .....                      |  |  |   |  |   |
| 12. Earthquake .....   | 3,596,780  |  |   |  | 3,596,780   |
| 13. Group accident and health .....  |  |  |   |  |   |
| 14. Credit accident and health (group and individual) .....                  |  |  |   |  |   |
| 15. Other accident and health .....  |  |  |   |  |   |
| 16. Workers' compensation .....  |  |  |   |  |   |
| 17.1 Other liability - occurrence .....                                      |  |  |   |  |   |
| 17.2 Other liability - claims-made .....                                     |  |  |   |  |   |
| 17.3 Excess Workers' Compensation .....                                      |  |  |   |  |   |
| 18.1 Products liability - occurrence .....                                   |  |  |   |  |   |
| 18.2 Products liability - claims-made .....                                  |  |  |   |  |   |
| 19.1 19.2 Private passenger auto liability .....                             |  |  |   |  |   |
| 19.3 19.4 Commercial auto liability .....                                    |  |  |   |  |   |
| 21. Auto physical damage .....   |  |  |   |  |   |
| 22. Aircraft (all perils) .....  |  |  |   |  |   |
| 23. Fidelity .....   | 508,257  |  |   |  | 508,257   |
| 24. Surety .....   | 4,938,753  |  |   |  | 4,938,753   |
| 26. Burglary and theft .....   |  |  |   |  |   |
| 27. Boiler and machinery .....   |  |  |   |  |   |
| 28. Credit .....   |  |  |   |  |   |
| 29. International .....  |  |  |   |  |   |
| 30. Warranty .....   |  |  |   |  |   |
| 31. Reinsurance-Nonproportional Assumed Property .....                       |  |  |   |  |   |
| 32. Reinsurance-Nonproportional Assumed Liability .....                      |  |  |   |  |   |
| 33. Reinsurance-Nonproportional Assumed Financial Lines .....                |  |  |   |  |   |
| 34. Aggregate write-ins for other lines of business .....                    |  |  |   |  |   |
| 35. TOTALS .....   | 20,786,841   |  |   |  | 20,786,841  |
| 36. Accrued retrospective premiums based on experience .....                 |  |  |   |  |   |
| 37. Earned but unbilled premiums .....                                       |  |  |   |  |   |
| 38. Balance (Sum of Lines 35 through 37) .....                               |  |  |   |  | 20,786,841  |
| <b>DETAILS OF WRITE-INS</b>  |  |  |   |  |   |
| 3401. ....   |  |  |   |  |   |
| 3402. ....   |  |  |   |  |   |
| 3403. ....   |  |  |   |  |   |
| 3498. Summary of remaining write-ins for Line 34 from<br>overflow page ..... |  |  |   |  |   |
| 3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line<br>34 above) .....    |  |  |   |  |   |

(a) State here basis of computation used in each case: Monthly pro - rata

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

| Line of Business   | 1<br>Direct Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written<br>Columns<br>1+2+3-4-5 |
|--|-----------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--|
|  |                             | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |  |
| 1. Fire .....  | 663,316                     |                         |                             |                       | 108,026                   | 555,290  |
| 2. Allied lines .....  | 13,526,485                  |                         |                             |                       | 2,880,964                 | 10,645,521   |
| 3. Farmowners multiple peril .....   |                             |                         |                             |                       |                           |  |
| 4. Homeowners multiple peril .....   | 7,163,955                   |                         |                             |                       | 1,149,929                 | 6,014,026  |
| 5. Commercial multiple peril .....   | 12,075,557                  |                         |                             |                       | 9,145,000                 | 2,930,557  |
| 6. Mortgage guaranty .....   |                             |                         |                             |                       |                           |  |
| 8. Ocean marine .....  |                             |                         |                             |                       |                           |  |
| 9. Inland marine .....   | 1,113,643                   |                         |                             |                       | 692,297                   | 421,346  |
| 10. Financial guaranty .....   |                             |                         |                             |                       |                           |  |
| 11.1 Medical professional liability -<br>occurrence .....                    |                             |                         |                             |                       |                           |  |
| 11.2 Medical professional liability -<br>claims-made .....                   |                             |                         |                             |                       |                           |  |
| 12. Earthquake .....   | 7,326,944                   |                         |                             |                       | 1,193,248                 | 6,133,696  |
| 13. Group accident and health .....  | 548,791                     |                         |                             | 548,791               |                           |  |
| 14. Credit accident and health (group<br>and individual) .....               |                             |                         |                             |                       |                           |  |
| 15. Other accident and health .....  |                             |                         |                             |                       |                           |  |
| 16. Workers' compensation .....  |                             |                         |                             |                       |                           |  |
| 17.1 Other liability - occurrence .....                                      |                             |                         |                             |                       |                           |  |
| 17.2 Other liability - claims-made .....                                     |                             |                         |                             |                       |                           |  |
| 17.3 Excess Workers' Compensation .....                                      |                             |                         |                             |                       |                           |  |
| 18.1 Products liability - occurrence .....                                   |                             |                         |                             |                       |                           |  |
| 18.2 Products liability - claims-made .....                                  |                             |                         |                             |                       |                           |  |
| 19.1 19.2 Private passenger auto<br>liability .....                          |                             |                         |                             |                       |                           |  |
| 19.3 19.4 Commercial auto liability .....                                    |                             |                         |                             |                       |                           |  |
| 21. Auto physical damage .....   |                             |                         |                             |                       |                           |  |
| 22. Aircraft (all perils) .....  |                             |                         |                             |                       |                           |  |
| 23. Fidelity .....   | 856,828                     |                         |                             |                       | 85,683                    | 771,145  |
| 24. Surety .....   | 20,238,450                  |                         |                             |                       | 10,282,304                | 9,956,146  |
| 26. Burglary and theft .....   |                             |                         |                             |                       |                           |  |
| 27. Boiler and machinery .....   |                             |                         |                             |                       |                           |  |
| 28. Credit .....   |                             |                         |                             |                       |                           |  |
| 29. International .....  |                             |                         |                             |                       |                           |  |
| 30. Warranty .....   |                             |                         |                             |                       |                           |  |
| 31. Reinsurance-Nonproportional<br>Assumed Property .....                    | X X X                       |                         |                             |                       |                           |  |
| 32. Reinsurance-Nonproportional<br>Assumed Liability .....                   | X X X                       |                         |                             |                       |                           |  |
| 33. Reinsurance-Nonproportional<br>Assumed Financial Lines .....             | X X X                       |                         |                             |                       |                           |  |
| 34. Aggregate write-ins for other lines<br>of business .....                 |                             |                         |                             |                       |                           |  |
| 35. TOTALS .....   | 63,513,969                  |                         |                             | 548,791               | 25,537,451                | 37,427,727   |
| <b>DETAILS OF WRITE-INS</b>  |                             |                         |                             |                       |                           |  |
| 3401. ....   |                             |                         |                             |                       |                           |  |
| 3402. ....   |                             |                         |                             |                       |                           |  |
| 3403. ....   |                             |                         |                             |                       |                           |  |
| 3498. Summary of remaining write-ins<br>for Line 34 from overflow page ..... |                             |                         |                             |                       |                           |  |
| 3499. TOTALS (Lines 3401 through<br>3403 plus 3498) (Line 34 above) .....    |                             |                         |                             |                       |                           |  |

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No[X]  
 If yes, (1) The amount of such installment premiums \$.....0.  
 (2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

| Line of Business  | Losses Paid Less Salvage |                             |                               |  | 5<br>Net Losses<br>Unpaid<br>Current Year<br>(Part 2A,<br>Column 8) | 6<br>Net<br>Losses<br>Unpaid<br>Prior Year | 7<br>Losses<br>Incurred<br>Current Year<br>(Columns<br>4 + 5 - 6) | 8<br>Percentage of<br>Losses Incurred<br>(Column 7, Part 2)<br>to Premiums Earned<br>(Column 4, Part 1) |
|---|--------------------------|-----------------------------|-------------------------------|--|---|--|---|---|
|   | 1<br>Direct<br>Business  | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Recovered | 4<br>Net<br>Payments<br>(Columns<br>1 + 2 - 3) |   |  |   |   |
| 1. Fire   | 184,226                  |                             |                               | 184,226  | 38,800  | 26,000                                     | 197,026   | 34.98   |
| 2. Allied lines   | 876,352                  |                             | 826,833                       | 49,519   | 318,700   | 191,513                                    | 176,706   | 1.68  |
| 3. Farmowners multiple peril  |                          |                             |                               |  |   |  |   |   |
| 4. Homeowners multiple peril  | 138,716                  |                             |                               | 138,716  | 41,000  | 18,500                                     | 161,216   | 2.79  |
| 5. Commercial multiple peril  | 28,309                   |                             | 19,816                        | 8,493  | 16,300  |  | 24,793  | 1.75  |
| 6. Mortgage guaranty  |                          |                             |                               |  |   |  |   |   |
| 8. Ocean marine   |                          |                             |                               |  |   |  |   |   |
| 9. Inland marine  | 179,200                  |                             | 173,590                       | 5,610  |   | 5,000                                      | 610   | 0.14  |
| 10. Financial guaranty  |                          |                             |                               |  |   |  |   |   |
| 11.1 Medical professional liability - occurrence                    |                          |                             |                               |  |   |  |   |   |
| 11.2 Medical professional liability - claims-made                   |                          |                             |                               |  |   |  |   |   |
| 12. Earthquake  | 14,299                   |                             |                               | 14,299   | 30,000  | 1,000                                      | 43,299  | 0.70  |
| 13. Group accident and health                                       | 277,099                  |                             | 277,099                       |  |   |  |   |   |
| 14. Credit accident and health (group and individual)               |                          |                             |                               |  |   |  |   |   |
| 15. Other accident and health                                       |                          |                             |                               |  |   |  |   |   |
| 16. Workers' compensation   |                          |                             |                               |  |   |  |   |   |
| 17.1 Other liability - occurrence                                   |                          |                             |                               |  |   |  |   |   |
| 17.2 Other liability - claims-made                                  |                          |                             |                               |  |   |  |   |   |
| 17.3 Excess Workers' Compensation                                   |                          |                             |                               |  |   |  |   |   |
| 18.1 Products liability - occurrence                                |                          |                             |                               |  |   |  |   |   |
| 18.2 Products liability - claims made                               |                          |                             |                               |  |   |  |   |   |
| 19.1 19.2 Private passenger auto liability                          |                          |                             |                               |  |   |  |   |   |
| 19.3 19.4 Commercial auto liability                                 |                          |                             |                               |  |   |  |   |   |
| 21. Auto physical damage  |                          |                             |                               |  |   |  |   |   |
| 22. Aircraft (all perils)   |                          |                             |                               |  |   |  |   |   |
| 23. Fidelity  |                          |                             |                               |  |   |  |   |   |
| 24. Surety  | 3,207,245                |                             | 1,852,717                     | 1,354,528                                      | 2,161,659   | 2,122,590                                  | 1,393,597   | 15.24   |
| 26. Burglary and theft  |                          |                             |                               |  |   |  |   |   |
| 27. Boiler and machinery  |                          |                             |                               |  |   |  |   |   |
| 28. Credit  |                          |                             |                               |  |   |  |   |   |
| 29. International   |                          |                             |                               |  |   |  |   |   |
| 30. Warranty  |                          |                             |                               |  |   |  |   |   |
| 31. Reinsurance-Nonproportional Assumed Property                    | X X X                    |                             |                               |  |   |  |   |   |
| 32. Reinsurance-Nonproportional Assumed Liability                   | X X X                    |                             |                               |  |   |  |   |   |
| 33. Reinsurance-Nonproportional Assumed Financial Lines             | X X X                    |                             |                               |  |   |  |   |   |
| 34. Aggregate write-ins for other lines of business                 |                          |                             |                               |  |   |  |   |   |
| 35. TOTALS  | 4,905,446                |                             | 3,150,055                     | 1,755,391                                      | 2,606,459   | 2,364,603                                  | 1,997,247   | 5.74  |
| <b>DETAILS OF WRITE-INS</b>   |                          |                             |                               |  |   |  |   |   |
| 3401.   |                          |                             |                               |  |   |  |   |   |
| 3402.   |                          |                             |                               |  |   |  |   |   |
| 3403.   |                          |                             |                               |  |   |  |   |   |
| 3498. Summary of remaining write-ins for Line 34 from overflow page |                          |                             |                               |  |   |  |   |   |
| 3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)    |                          |                             |                               |  |   |  |   |   |

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

| Line of Business  | Reported Losses |                             |   |   | Incurred But Not Reported |                             |                           | 8<br>Net<br>Losses Unpaid<br>(Columns<br>4 + 5 + 6 - 7) | 9<br>Net<br>Unpaid Loss<br>Adjustment<br>Expenses |
|---|-----------------|-----------------------------|---|---|---------------------------|-----------------------------|---------------------------|---|---|
|   | 1<br>Direct     | 2<br>Reinsurance<br>Assumed | 3<br>Deduct<br>Reinsurance<br>Recoverable | 4<br>Net Losses<br>Excluding<br>Incurred But Not<br>Reported<br>(Columns 1 + 2 - 3) | 5<br>Direct               | 6<br>Reinsurance<br>Assumed | 7<br>Reinsurance<br>Ceded |   |   |
| 1. Fire .....   | 18,000          |                             |   | 18,000  | 53,000                    |                             | 32,200                    | 38,800  | 2,700   |
| 2. Allied Lines .....   | 2,543,500       |                             | 2,361,400                                 | 182,100   | 1,366,000                 |                             | 1,229,400                 | 318,700   | 258,914   |
| 3. Farmowners multiple peril .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 4. Homeowners multiple peril .....  | 19,000          |                             |   | 19,000  | 22,000                    |                             | 41,000                    | 2,850   |   |
| 5. Commercial multiple peril .....  | 1,000           |                             | 700                                       | 300   | 54,000                    |                             | 38,000                    | 16,300  | 46  |
| 6. Mortgage guaranty .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 8. Ocean marine .....   |                 |                             |   |   |                           |                             |                           |   |   |
| 9. Inland marine .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 10. Financial guaranty .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 11.1 Medical professional liability - occurrence .....                    |                 |                             |   |   |                           |                             |                           |   |   |
| 11.2 Medical professional liability - claims-made .....                   |                 |                             |   |   |                           |                             |                           |   |   |
| 12. Earthquake .....  | 30,000          |                             |   | 30,000  |                           |                             |                           | 30,000  | 4,500   |
| 13. Group accident & health .....   | 29,908          |                             | 29,908                                    |   | 69,563                    |                             | 69,563                    | (a)   |   |
| 14. Credit accident & health (group & individual) .....                   |                 |                             |   |   |                           |                             |                           | (a)   |   |
| 15. Other accident & health .....   |                 |                             |   |   |                           |                             |                           |   |   |
| 16. Workers' compensation .....   |                 |                             |   |   |                           |                             |                           |   |   |
| 17.1 Other liability - occurrence .....                                   |                 |                             |   |   |                           |                             |                           |   |   |
| 17.2 Other liability - claims-made .....                                  |                 |                             |   |   |                           |                             |                           |   |   |
| 17.3 Excess Workers' Compensation .....                                   |                 |                             |   |   |                           |                             |                           |   |   |
| 18.1 Products liability - occurrence .....                                |                 |                             |   |   |                           |                             |                           |   |   |
| 18.2 Products liability - claims-made .....                               |                 |                             |   |   |                           |                             |                           |   |   |
| 19.1 19.2 Private passenger auto liability .....                          |                 |                             |   |   |                           |                             |                           |   |   |
| 19.3 19.4 Commercial auto liability .....                                 |                 |                             |   |   |                           |                             |                           |   |   |
| 21. Auto physical damage .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 22. Aircraft (all perils) .....   |                 |                             |   |   |                           |                             |                           |   |   |
| 23. Fidelity .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 24. Surety .....  | 1,871,407       |                             | 930,748                                   | 940,659   | 8,501,000                 |                             | 7,280,000                 | 2,161,659   | 3,713,711   |
| 26. Burglary and theft .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 27. Boiler and machinery .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 28. Credit .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 29. International .....   |                 |                             |   |   |                           |                             |                           |   |   |
| 30. Warranty .....  |                 |                             |   |   |                           |                             |                           |   |   |
| 31. Reinsurance-Nonproportional Assumed Property .....                    | X X X           |                             |   |   | X X X                     |                             |                           |   |   |
| 32. Reinsurance-Nonproportional Assumed Liability .....                   | X X X           |                             |   |   | X X X                     |                             |                           |   |   |
| 33. Reinsurance-Nonproportional Assumed Financial Lines .....             | X X X           |                             |   |   | X X X                     |                             |                           |   |   |
| 34. Aggregate write-ins for other lines of business .....                 |                 |                             |   |   |                           |                             |                           |   |   |
| 35. TOTALS .....  | 4,512,815       |                             | 3,322,756                                 | 1,190,059   | 10,065,563                |                             | 8,649,163                 | 2,606,459   | 3,982,721   |
| <b>DETAILS OF WRITE-INS</b>   |                 |                             |   |   |                           |                             |                           |   |   |
| 3401. ....  |                 |                             |   |   |                           |                             |                           |   |   |
| 3402. ....  |                 |                             |   |   |                           |                             |                           |   |   |
| 3403. ....  |                 |                             |   |   |                           |                             |                           |   |   |
| 3498. Summary of remaining write-ins for Line 34 from overflow page ..... |                 |                             |   |   |                           |                             |                           |   |   |
| 3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....    |                 |                             |   |   |                           |                             |                           |   |   |

(a) Including \$.....0 for present value of life indemnity claims.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

|  | 1<br>Loss<br>Adjustment<br>Expenses | 2<br>Other<br>Underwriting<br>Expenses | 3<br>Investment<br>Expenses | 4<br>Total     |
|--|-------------------------------------|--|-----------------------------|----------------|
| 1. Claim adjustment services:  |                                     |  |                             |                |
| 1.1 Direct .....   | 5,285,784                           |  |                             | 5,285,784      |
| 1.2 Reinsurance assumed .....  |                                     |  |                             |                |
| 1.3 Reinsurance ceded .....  | 4,114,137                           |  |                             | 4,114,137      |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....  | 1,171,647                           |  |                             | 1,171,647      |
| 2. Commission and brokerage:   |                                     |  |                             |                |
| 2.1 Direct, excluding contingent .....   |                                     | 15,314,315                             |                             | 15,314,315     |
| 2.2 Reinsurance assumed, excluding contingent .....  |                                     |  |                             |                |
| 2.3 Reinsurance ceded, excluding contingent .....  |                                     | 7,355,959                              |                             | 7,355,959      |
| 2.4 Contingent - direct .....  |                                     | 3,117,099                              |                             | 3,117,099      |
| 2.5 Contingent - reinsurance assumed .....   |                                     |  |                             |                |
| 2.6 Contingent - reinsurance ceded .....   |                                     | 1,675,844                              |                             | 1,675,844      |
| 2.7 Policy and membership fees .....   |                                     |  |                             |                |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....                 |                                     | 9,399,611                              |                             | 9,399,611      |
| 3. Allowances to manager and agents .....  |                                     |  |                             |                |
| 4. Advertising .....   |                                     | 261,220                                |                             | 261,220        |
| 5. Boards, bureaus and associations .....  |                                     | 149,610                                |                             | 149,610        |
| 6. Surveys and underwriting reports .....  |                                     | 222,540                                |                             | 222,540        |
| 7. Audit of assureds' records .....  |                                     |  |                             |                |
| 8. Salary and related items:   |                                     |  |                             |                |
| 8.1 Salaries .....   |                                     | 4,223,920                              |                             | 4,223,920      |
| 8.2 Payroll taxes .....  |                                     | 322,273                                |                             | 322,273        |
| 9. Employee relations and welfare .....  |                                     | 248,682                                |                             | 248,682        |
| 10. Insurance .....  |                                     | 232,331                                |                             | 232,331        |
| 11. Directors' fees .....  |                                     | 22,167                                 |                             | 22,167         |
| 12. Travel and travel items .....  |                                     | 846,367                                |                             | 846,367        |
| 13. Rent and rent items .....  |                                     | 776,189                                |                             | 776,189        |
| 14. Equipment .....  |                                     | 53,751                                 |                             | 53,751         |
| 15. Cost or depreciation of EDP equipment and software .....                                     |                                     | 980,050                                |                             | 980,050        |
| 16. Printing and stationery .....  |                                     | 130,944                                |                             | 130,944        |
| 17. Postage, telephone and telegraph, exchange and express .....                                 |                                     | 507,784                                | 101,201                     | 608,985        |
| 18. Legal and auditing .....   |                                     | 749,142                                | 225,480                     | 974,622        |
| 19. TOTALS (Lines 3 to 18) .....   |                                     | 9,726,970                              | 326,681                     | 10,053,651     |
| 20. Taxes, licenses and fees:  |                                     |  |                             |                |
| 20.1 State and local insurance taxes deducting guaranty association credits<br>of \$.....0 ..... |                                     | 348,094                                |                             | 348,094        |
| 20.2 Insurance department licenses and fees .....  |                                     | 45,187                                 |                             | 45,187         |
| 20.3 Gross guaranty association assessments .....  |                                     | 143,362                                |                             | 143,362        |
| 20.4 All other (excluding federal and foreign income and real estate) .....                      |                                     | 31,655                                 |                             | 31,655         |
| 20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....                            |                                     | 568,298                                |                             | 568,298        |
| 21. Real estate expenses .....   |                                     | 1,770                                  |                             | 1,770          |
| 22. Real estate taxes .....  |                                     | 26,311                                 |                             | 26,311         |
| 23. Reimbursements by uninsured plans .....  |                                     |  |                             |                |
| 24. Aggregate write-ins for miscellaneous expenses .....   |                                     | 20,222                                 |                             | 20,222         |
| 25. TOTAL expenses incurred .....  | 1,171,647                           | 19,743,182                             | 326,681                     | (a) 21,241,510 |
| 26. Less unpaid expenses - current year .....  | 3,982,721                           | 4,972,698                              | 88,800                      | 9,044,219      |
| 27. Add unpaid expenses - prior year .....   | 3,645,583                           | 4,866,426                              | 53,052                      | 8,565,061      |
| 28. Amounts receivable relating to uninsured plans, prior year .....                             |                                     |  |                             |                |
| 29. Amounts receivable relating to uninsured plans, current year .....                           |                                     |  |                             |                |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....                                     | 834,509                             | 19,636,910                             | 290,933                     | 20,762,352     |
| <b>DETAILS OF WRITE-INS</b>  |                                     |  |                             |                |
| 2401. Donations .....  |                                     | 24,623                                 |                             | 24,623         |
| 2402. Miscellaneous Expense .....  |                                     | (4,401)                                |                             | (4,401)        |
| 2403. ....   |                                     |  |                             |                |
| 2498. Summary of remaining write-ins for Line 24 from overflow page .....                        |                                     |  |                             |                |
| 2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....                           |                                     | 20,222                                 |                             | 20,222         |

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

|   | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds  | (a) 503,397                   | 534,194                    |
| 1.1 Bonds exempt from U.S. tax  | (a) 111,925                   | 106,377                    |
| 1.2 Other bonds (unaffiliated)  | (a) 1,521,940                 | 1,559,356                  |
| 1.3 Bonds of affiliates   | (a)                           |                            |
| 2.1 Preferred stocks (unaffiliated)                                     | (b) 135,500                   | 135,500                    |
| 2.11 Preferred stocks of affiliates                                     | (b)                           |                            |
| 2.2 Common stocks (unaffiliated)  | 256,090                       | 256,090                    |
| 2.21 Common stocks of affiliates  |                               |                            |
| 3. Mortgage loans   | (c)                           |                            |
| 4. Real estate  | (d)                           |                            |
| 5. Contract loans   |                               |                            |
| 6. Cash, cash equivalents and short-term investments                    | (e) 297,062                   | 284,999                    |
| 7. Derivative instruments   | (f)                           |                            |
| 8. Other invested assets  | 51,573                        | 51,572                     |
| 9. Aggregate write-ins for investment income                            |                               |                            |
| 10. TOTAL gross investment income                                       | 2,877,487                     | 2,928,088                  |
| 11. Investment expenses   |                               | (g) 326,681                |
| 12. Investment taxes, licenses and fees, excluding federal income taxes |                               | (g)                        |
| 13. Interest expense  |                               | (h)                        |
| 14. Depreciation on real estate and other invested assets               |                               | (i)                        |
| 15. Aggregate write-ins for deductions from investment income           |                               |                            |
| 16. TOTAL Deductions (Lines 11 through 15)                              |                               | 326,681                    |
| 17. Net Investment income (Line 10 minus Line 16)                       |                               | 2,601,407                  |

**DETAILS OF WRITE-INS**

|   |  |  |
|---|--|--|
| 0901.   |  |  |
| 0902.   |  |  |
| 0903.   |  |  |
| 0998. Summary of remaining write-ins for Line 9 from overflow page  |  |  |
| 0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)     |  |  |
| 1501.   |  |  |
| 1502.   |  |  |
| 1503.   |  |  |
| 1598. Summary of remaining write-ins for Line 15 from overflow page |  |  |
| 1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)    |  |  |

- (a) Includes \$ 102,372 accrual of discount less \$ (369,504) amortization of premium and less \$ 95,933 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 5,433 accrual of discount less \$ (1,894) amortization of premium and less \$ 10,951 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

|  | 1   | 2                             | 3   | 4  | 5  |
|--|---|-------------------------------|---|--|--|
|  | Realized Gain<br>(Loss) on Sales<br>or Maturity | Other Realized<br>Adjustments | Total Realized<br>Capital Gain<br>(Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized Capital<br>Gain (Loss) | Change in<br>Unrealized Foreign<br>Exchange Capital<br>Gain (Loss) |
| 1. U.S. Government bonds                             | 170,205   |                               | 170,205   |  |  |
| 1.1 Bonds exempt from U.S. tax                       | 51,074  |                               | 51,074  | 31,283   |  |
| 1.2 Other bonds (unaffiliated)                       | 476,342   |                               | 476,342   | 9,000  |  |
| 1.3 Bonds of affiliates                              |   |                               |   |  |  |
| 2.1 Preferred stocks (unaffiliated)                  |   |                               |   | 30,805   |  |
| 2.11 Preferred stocks of affiliates                  |   |                               |   |  |  |
| 2.2 Common stocks (unaffiliated)                     | 521,575   |                               | 521,575   | 1,613,806                                      |  |
| 2.21 Common stocks of affiliates                     |   |                               |   |  |  |
| 3. Mortgage loans                                    |   |                               |   |  |  |
| 4. Real estate                                       |   |                               |   |  |  |
| 5. Contract loans                                    |   |                               |   |  |  |
| 6. Cash, cash equivalents and short-term investments | 12,952  |                               | 12,952  |  |  |
| 7. Derivative instruments                            |   |                               |   |  |  |
| 8. Other invested assets                             |   |                               |   |  |  |
| 9. Aggregate write-ins for capital gains (losses)    |   |                               |   |  |  |
| 10. TOTAL Capital gains (losses)                     | 1,232,148                                       |                               | 1,232,148   | 1,684,894                                      |  |

**DETAILS OF WRITE-INS**

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| 0901.  |  |  |  |  |  |
| 0902.  |  |  |  |  |  |
| 0903.  |  |  |  |  |  |
| 0998. Summary of remaining write-ins for Line 9 from overflow page |  |  |  |  |  |
| 0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)    |  |  |  |  |  |

**EXHIBIT OF NONADMITTED ASSETS**

|  | 1  | 2                                      | 3  |
|--|--|--|--|
|  | Current Year Total<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) .....  |  |  |  |
| 2. Stocks (Schedule D):  |  |  |  |
| 2.1 Preferred stocks .....   |  |  |  |
| 2.2 Common stocks .....  |  |  |  |
| 3. Mortgage loans on real estate (Schedule B):   |  |  |  |
| 3.1 First liens .....  |  |  |  |
| 3.2 Other than first liens .....   |  |  |  |
| 4. Real estate (Schedule A):   |  |  |  |
| 4.1 Properties occupied by the company .....   |  |  |  |
| 4.2 Properties held for the production of income .....   |  |  |  |
| 4.3 Properties held for sale .....   | 56,272                                   | 56,272                                 |  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....     |  |  |  |
| 6. Contract loans .....  |  |  |  |
| 7. Derivatives (Schedule DB) .....   |  |  |  |
| 8. Other invested assets (Schedule BA) .....   | 1,244,600                                |  | (1,244,600)  |
| 9. Receivables for securities .....  |  |  |  |
| 10. Securities lending reinvested collateral assets (Schedule DL) .....  |  |  |  |
| 11. Aggregate write-ins for invested assets .....  |  |  |  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....  | 1,300,872                                | 56,272                                 | (1,244,600)  |
| 13. Title plants (for Title insurers only) .....   |  |  |  |
| 14. Investment income due and accrued .....  |  |  |  |
| 15. Premium and considerations:  |  |  |  |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....                                     | 240,417                                  | 194,609                                | (45,808)   |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....                  |  |  |  |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination .....                                   |  |  |  |
| 16. Reinsurance:   |  |  |  |
| 16.1 Amounts recoverable from reinsurers .....   |  |  |  |
| 16.2 Funds held by or deposited with reinsured companies .....   |  |  |  |
| 16.3 Other amounts receivable under reinsurance contracts .....  |  |  |  |
| 17. Amounts receivable relating to uninsured plans .....   |  |  |  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....                                   |  |  |  |
| 18.2 Net deferred tax asset .....  | 4,167,775                                | 3,751,747                              | (416,028)  |
| 19. Guaranty funds receivable or on deposit .....  |  |  |  |
| 20. Electronic data processing equipment and software .....  | 512,510                                  |  | (512,510)  |
| 21. Furniture and equipment, including health care delivery assets .....   | 744,397                                  | 316,948                                | (427,449)  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....                                     |  |  |  |
| 23. Receivables from parent, subsidiaries and affiliates .....   |  |  |  |
| 24. Health care and other amounts receivable .....   |  |  |  |
| 25. Aggregate write-ins for other than invested assets .....   | 110,375                                  | 124,416                                | 14,041   |
| 26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) ..... | 7,076,346                                | 4,443,992                              | (2,632,354)  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                                    |  |  |  |
| 28. TOTAL (Lines 26 and 27) .....  | 7,076,346                                | 4,443,992                              | (2,632,354)  |
| <b>DETAILS OF WRITE-INS</b>  |  |  |  |
| 1101. ....   |  |  |  |
| 1102. ....   |  |  |  |
| 1103. ....   |  |  |  |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....  |  |  |  |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....   |  |  |  |
| 2501. Other Account Receivable .....   | 110,375                                  | 124,416                                | 14,041   |
| 2502. ....   |  |  |  |
| 2503. ....   |  |  |  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  |  |  |  |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....   | 110,375                                  | 124,416                                | 14,041   |

# Notes to Financial Statements

## 1. Summary of Significant Accounting Policies

### A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of Puerto Rico (Commissioner), which vary in certain respects from generally accepted accounting principles in the United States of America (GAAP). Prescribed statutory accounting practices include National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP) that do not conflict with the Puerto Rico Insurance Code (Code) and administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

The Commissioner requires that insurance companies domiciled in Puerto Rico prepare their statutory-basis financial statements in accordance with the NAIC SAP subject to any deviations prescribed or permitted by the Commissioner.

A reconciliation of the Company's surplus as reported in the accompanying statutory-basis financial statements and NAIC SAP is shown below. There are no differences between the Company's net income as reported in the accompanying statutory-basis financial statements and NAIC SAP.

| Note 1  |   |          |            |            |            |  |
|---|---|----------|------------|------------|------------|--|
| (1)   | (2)   | (3)      | (4)        | (5)        | (6)        |  |
| Description   | SSAP #  | F/S Page | F/S Line # | 2019       | 2018       |  |
| 01A01   | Net Income - State Basis (Page 4, Line 20, Columns 1 & 2)                                 |          |            | 11,604,641 | 8,324,715  |  |
| <input type="checkbox"/> Net Income - State Prescribed Practices that increase/(decrease) from NAIC SAP |   |          |            |            |            |  |
| 01A0201   |   |          |            | 0          | 0          |  |
| 01A0299   | Subtotal - Net Income - State Prescribed Practices that increase/(decrease) from NAIC SAP |          |            | 0          | 0          |  |
| <input type="checkbox"/> Net Income - State Permitted Practices that increase/(decrease) from NAIC SAP  |   |          |            |            |            |  |
| 01A0301   |   |          |            | 0          | 0          |  |
| 01A0302   |   |          |            | 0          | 0          |  |
| 01A0303   |   |          |            | 0          | 0          |  |
| 01A0399   | Subtotal - Net Income - State Permitted Practices that increase/(decrease) from NAIC SAP  |          |            | 0          | 0          |  |
| 01A04   | Net Income - NAIC SAP (1 - 2 - 3 = 4)   |          |            | 11,604,641 | 8,324,715  |  |
| 01A05   | Surplus - State Basis (Page 3, Line 37, Columns 1 & 2)                                    |          |            | 69,059,316 | 64,196,944 |  |
| <input type="checkbox"/> Surplus - State Prescribed Practices that increase/(decrease) from NAIC SAP    |   |          |            |            |            |  |
| 01A0601   | Effect of PR prescribed practices of not recording deferred tax liability on cat          |          | 3 2901     | 985,556    | 957,889    |  |
| 01A0602   |   |          |            | 0          | 0          |  |
| 01A0603   |   |          |            | 0          | 0          |  |
| 01A0699   | Subtotal - Surplus - State Prescribed Practices that increase/(decrease) from NAIC SAP    |          |            | 985,556    | 957,889    |  |
| <input type="checkbox"/> Surplus - State Permitted Practices that increase/(decrease) from NAIC SAP     |   |          |            |            |            |  |
| 01A0701   |   |          |            | 0          | 0          |  |
| 01A0702   |   |          |            | 0          | 0          |  |
| 01A0703   |   |          |            | 0          | 0          |  |
| 01A0799   | Subtotal - Surplus - State Permitted Practices that increase/(decrease) from NAIC SAP     |          |            | 0          | 0          |  |
| 01A08   | Surplus - NAIC SAP (5 - 6 - 7 = 8)  |          |            | 68,073,760 | 63,239,055 |  |

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

The preparation of statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Commissioner requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### C. Accounting Policy

**a.) Investments** - Bonds not backed by other loans and designated as highest quality or high quality (NAIC designations 1 and 2) are generally stated at amortized cost and any premium or discount is amortized or accreted to income using the interest method. All other debt securities (NAIC designations 3 to 6) are reported at the lower of amortized cost or fair value.

Common stocks are carried at fair value under NAIC guidelines. The change in the fair value is recorded as a change in net unrealized capital gains (losses), a component of unassigned funds surplus. Preferred stocks are stated at cost, at the lower of cost or amortized cost, or at market values under NAIC guidelines, depending on the assigned credit rating and whether the preferred stock has mandatory sinking fund provisions. Short-term investments include all investments whose maturities, at the time of acquisition, are one year or less and are stated at amortized cost, which approximates fair value.

Investment income consists primarily of interest and dividends. Interest is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Accrual of income is suspended for bonds that are in default or when the receipt of interest payments is in doubt.

## Notes to Financial Statements

Realized capital gains and losses are determined under the specific identification basis and are recorded in earnings.

Declines in the fair value of invested assets below cost are evaluated for other-than-temporary impairment losses. Impairment losses for declines in fair value of debt and equity securities below cost attributable to issuer-specific events are based upon all relevant facts and circumstances for each investment and are recognized when appropriate in accordance with NAIC SAP and related guidance. For debt securities with unrealized losses due to market conditions or industry-related events where the Company has the positive intent and ability to hold the investment for a period sufficient to allow a market recovery or until its maturity, declines in fair value below cost are assumed to be temporary.

**b.) Premiums and Related Commissions** - Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance ceded. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

**c.) Unpaid Losses and Loss Adjustment Expenses** - Unpaid losses and loss adjustment expenses include an amount determined from loss reports, individual case estimates and an amount, based on experience and industry data, for losses incurred but not reported. Such liabilities are based on assumptions and estimates, and, while management believes that the amount is adequate, the ultimate liability may be more than or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the period determined.

**d.) Reinsurance** - The Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with reinsurers. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured policy. All reinsurance contracts in place transfer underwriting risks to the reinsurers.

**e.) Fair Values of Financial Instruments** - The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash, Cash Equivalents and Short-Term Investments - The carrying amounts of these instruments approximate their fair values due to their short-term nature.

Premiums and Agents' Balances Due - The carrying amounts of these instruments approximate their fair values due to their short-term nature.

Bonds, Unaffiliated Common Stock, and Preferred Stock - The fair value of investment securities available for sale is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as discounted cash flow methodologies, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions.

D. Going Concern

Not Applicable

### 2. Accounting Changes and Correction of Errors.

Not applicable.

### 3. Business Combinations and Goodwill.

Not applicable.

### 4. Discontinued Operations.

Not applicable.

### 5. Investments

The Company invests its funds in accordance with Chapter 6 of the Puerto Rico Insurance Code. For Other-Than- Temporary Impairment (OTTI), the Company has the followings:

## Notes to Financial Statements

**Debt Securities** - The Company recognizes OTTI on debt securities when it is either probable that the Company will not collect all amounts due according to the contractual terms of the debt security in effect at the date of acquisition, or when the Company has decided to sell the debt security prior to its maturity at an amount below its amortized cost. When an OTTI is recognized, the debt security is written down to fair value as the new cost basis, and the amount of the write-down is recorded as a realized loss. During the years ended December 31, 2019, the Company recognized OTTI losses on debt securities amounting to \$24,341. During the year ended December 31, 2018, the Company did not have any investments in debts securities to be other-than-temporarily impaired.

**Equity Securities** - The Company recognizes OTTI on equity securities when, in management's judgment, the decline in value is not temporary, or when the Company has decided to sell the stock at an amount below its carrying value. When an OTTI is recognized, the equity security is written down to fair value as the new cost basis, and the amount of the write-down is recorded as a realized loss. During the year ended December 31, 2019 and 2018, the Company did not have any investments in equities securities to be other-than-temporarily impaired.

- A. Mortgage Loan - Not applicable
- B. Troubled Debt Restructuring for Creditors - Not applicable
- C. Reverse Mortgage - Not Applicable
- D. Loan Backed Securities and Structured Securities - Refer to Note 1(C)(a)
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions- Not applicable
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowings- Not applicable
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing- Not applicable
- H. Repurchase Agreements - 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 - Not applicable
- L. Restricted Asset - Certain assets with total carrying values of \$1,051,967 and \$1,021,014 at the end of the Current and Prior Years, respectively, are pledged and were on deposit with Commissioner in accordance with the Code's statutory deposit requirements.

| Note 5L - Restricted Assets (Including Pledged) |   |  |  |   |                                       |                               |  |   |  |  |   |
|---|---|--|--|---|---------------------------------------|-------------------------------|--|---|--|--|---|
| Restricted Asset Category                       | Gross (Admitted & Nonadmitted) Restricted |  |  |   |                                       | 6<br>Total From<br>Prior Year | 7<br>Increase/<br>(Decrease)<br>(Col. 5 minus<br>Col. 6) | Current Year                            |  |  |   |
|   | Current Year                              |  |  |   |                                       |                               |  | 8<br>Total<br>Nonadmitted<br>Restricted | 9<br>Total<br>Admitted<br>Restricted<br>(\$ minus 8) | Percentage   |   |
|   | 1<br>Total General<br>Account (G/A)       | 2<br>G/A Supporting<br>Protected<br>Cell Account<br>Activity (b) | 3<br>Total Protected<br>Cell Account<br>Restricted<br>Assets | 4<br>Protected Cell<br>Account Assets<br>Supporting G/A<br>Activity (b) | 5<br>Total<br>(Col. 1 plus<br>Col. 3) |                               |  |   |  | 10<br>Gross (Admitted<br>& Nonadmitted)<br>Restricted to<br>Total Assets (c) | 11<br>Admitted<br>Restricted to<br>Total Admitted<br>Assets (d) |
| 5L. Restricted Assets:                          |   |  |  |   |                                       |                               |  |   |  |  |   |
| 1. Restricted Assets (Including Pledged)        |   |  |  |   |                                       |                               |  |   |  |  |   |
| A. Subject to contractual obligation for which  | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| B. Collateral held under security lending ag    | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| C. Subject to repurchase agreements             | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| D. Subject to reverse repurchase agreeme        | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| E. Subject to dollar repurchase agreements      | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| F. Subject to dollar reverse repurchase agr     | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| G. Placed under option contracts                | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| H. Letter stock or securities restricted as to  | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| I. FHLB capital stock                           | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| J. On deposit with states                       | 1,051,967                                 | 0  | 0  | 0   | 1,051,967                             | 1,021,014                     | 30,953   | 0                                       | 1,051,967  | 0.846  | 0.897   |
| K. On deposit with other regulatory bodies      | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| L. Pledged as collateral to FHLB (including     | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| M. Pledged as collateral not captured in oth    | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| N. Other restricted assets                      | 0   | 0  | 0  | 0   | 0                                     | 0                             | 0  | 0                                       | 0  | 0.000  | 0.000   |
| O. TOTAL Restricted Assets                      | 1,051,967                                 | 0  | 0  | 0   | 1,051,967                             | 1,021,014                     | 30,953   | 0                                       | 1,051,967  | 0.846  | 0.897   |

- M. Working Capital Finance- Not applicable
- N. Offsetting and Netting of Assets and Liabilities- Not applicable
- O. Structured Notes- Not applicable
- P. 5\* Securities - Not applicable
- Q. Short Sales - Not applicable
- R. Prepayment Penalty and Acceleration Fees – During the year ended December 31, 2019, the Company had prepayment penalty and acceleration fees on some bonds. Please see summary as follow:

| Note 5Q                                   |                      |                     |
|---|----------------------|---------------------|
| Description                               | 1<br>General Account | 2<br>Protected Cell |
| (1) Number of CUSIPs                      | 4                    | 0                   |
| (2) Aggregate Amount of Investment Income | 1,972                | 0                   |

### 6. Joint Ventures, Partnerships and Limited Liability Companies



## Notes to Financial Statements

Not applicable.

### 7. Investment Income

- A. The Company includes all its investment due and accrued on its financial statements.
- B. As of December 31, 2019, and 2018, the Company did not have non-admitted income on its investment due and accrued.

### 8. Derivative Instruments

Not applicable

### 9. Income Taxes

- A. Deferred Taxes Asset/(Liabilities)

| Note 9A1 - 2  |                 |                |                              |                 |                |                              |                                 |                                |                              |
|---|-----------------|----------------|------------------------------|-----------------|----------------|------------------------------|---------------------------------|--------------------------------|------------------------------|
| Description   | 12/31/2019      |                |                              | 12/31/2018      |                |                              | Change                          |                                |                              |
|   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col. 1 + 2)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>(Col. 4 + 5)<br>Total | (7)<br>(Col. 1 - 4)<br>Ordinary | (8)<br>(Col. 2 - 5)<br>Capital | (9)<br>(Col. 7 + 8)<br>Total |
| A. Disclose the components of the net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the reporting entity's financial statements as follows: |                 |                |                              |                 |                |                              |                                 |                                |                              |
| 1. Disclose for the current year, the prior year and the change between years by tax character (ordinary and capital) the following:  |                 |                |                              |                 |                |                              |                                 |                                |                              |
| A. Gross deferred tax assets  | 1,345,601       | 2,898,930      | 4,244,531                    | 347,188         | 3,442,152      | 3,789,340                    | 998,413                         | (543,222)                      | 455,191                      |
| B. Statutory valuation allowance adjustments  | 0               | 0              | 0                            | 0               | 0              | 0                            | 0                               | 0                              | 0                            |
| C. Adjusted gross deferred tax assets (1A-1B)   | 1,345,601       | 2,898,930      | 4,244,531                    | 347,188         | 3,442,152      | 3,789,340                    | 998,413                         | (543,222)                      | 455,191                      |
| D. Deferred tax assets nonadmitted  | 1,268,845       | 2,898,930      | 4,167,775                    | 309,595         | 3,442,152      | 3,751,747                    | 959,250                         | (543,222)                      | 416,028                      |
| E. Subtotal net admitted deferred tax asset (1C - 1D)   | 76,756          | 0              | 76,756                       | 37,593          | 0              | 37,593                       | 39,163                          | 0                              | 39,163                       |
| F. Deferred tax liabilities   | 0               | 0              | 0                            | 0               | 0              | 0                            | 0                               | 0                              | 0                            |
| G. Net admitted deferred tax asset/net deferred tax liability   | 76,756          | 0              | 76,756                       | 37,593          | 0              | 37,593                       | 39,163                          | 0                              | 39,163                       |
| 2. Admission calculation components SSAP No. 101  |                 |                |                              |                 |                |                              |                                 |                                |                              |
| A. Federal income taxes paid in prior years recoverable t   | 0               | 0              | 0                            | 0               | 0              | 0                            | 0                               | 0                              | 0                            |
| B. Adjusted gross deferred tax assets expected to be reali  | 76,756          | 0              | 76,756                       | 37,593          | 0              | 37,593                       | 39,163                          | 0                              | 39,163                       |
| 1. Adjusted gross deferred tax assets expected to b   | 0               | 0              | 0                            | 0               | 0              | 0                            | 0                               | 0                              | 0                            |
| 2. Adjusted gross deferred tax assets allowed per li  | XXX             | XXX            | 0                            | XXX             | XXX            | 0                            | XXX                             | XXX                            | 0                            |
| C. Adjusted gross deferred tax assets (excluding amount   | 0               | 0              | 0                            | 0               | 0              | 0                            | 0                               | 0                              | 0                            |
| D. Deferred tax assets admitted as the result of application  | 76,756          | 0              | 76,756                       | 37,593          | 0              | 37,593                       | 39,163                          | 0                              | 39,163                       |

- B. Deferred tax liabilities not recognized- Not applicable

## Notes to Financial Statements

C. Current income taxes and deferred taxes asset

| Description   | (1)<br>12/31/2019 | (2)<br>12/31/2018 | (3)<br>(Col. 1 - 2) Change |
|---|-------------------|-------------------|----------------------------|
| 50. Current income taxes incurred consists of the following major components: |                   |                   |                            |
| 1. Current Income Tax   |                   |                   |                            |
| A. Federal  | 4,105,540         | 2,791,139         | 1,314,401                  |
| B. Foreign  |                   |                   |                            |
| C. Subtotal   | 4,105,540         | 2,791,139         | 1,314,401                  |
| D. Federal income tax on net capital gains                                    |                   |                   |                            |
| E. Utilization of capital loss carry-forwards                                 |                   |                   |                            |
| F. Other  |                   |                   |                            |
| G. Federal and foreign income taxes incurred                                  | 4,105,540         | 2,791,139         | 1,314,401                  |
| 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 actual  |                   |                   |                            |
| 7. Fixed assets   | 497,487           | 139,958           | 357,529                    |
| 8. Compensation and benefits actual   |                   |                   |                            |
| 9. Pensions actual  | 254,887           | 134,282           | 120,605                    |
| 10. Receivables - nonadmitted   | 598,272           | 72,576            | 525,696                    |
| 11. Net operating loss carry-forward  |                   |                   |                            |
| 12. Tax credit carry-forward  |                   |                   |                            |
| 13. Other (including items < 5% of total ordinary tax assets)                 |                   |                   |                            |
| 99. Subtotal  | 1,349,601         | 347,186           | 1,002,415                  |
| B. Statutory valuation allowance adjustment                                   |                   |                   |                            |
| C. Nonadmitted  | 1,268,645         | 805,595           | 463,050                    |
| D. Admitted ordinary deferred tax assets (2A99 - 2B - 2C)                     | 76,756            | 37,592            | 39,164                     |
| E. Capital  |                   |                   |                            |
| 1. Investments  | (78,523)          | 257,457           | (335,980)                  |
| 2. Net capital loss carry-forward   | 2,970,452         | 3,184,896         | (214,444)                  |
| 3. Real estate  |                   |                   |                            |
| 4. Other (including items < 5% of total capital tax assets)                   |                   |                   |                            |
| 99. Subtotal  | 2,891,929         | 3,442,152         | (550,223)                  |
| F. Statutory valuation allowance adjustment                                   |                   |                   |                            |
| G. Nonadmitted  | 2,038,950         | 3,442,152         | (1,403,202)                |
| H. Admitted capital deferred tax assets (2E99 - 2F - 2G)                      |                   |                   |                            |
| I. Admitted deferred tax assets (2D + 2H)                                     | 76,756            | 37,592            | 39,164                     |
| 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 (2A99 + 2B99)                                     |                   |                   |                            |
| 4. Net deferred tax assets/liabilities (2I - 3C)                              | 76,756            | 37,592            | 39,164                     |

10. Information Concerning Parent, Subsidiaries and Affiliates.

The Company is a wholly owned subsidiary of MRM Group, Inc (the Parent), incorporated under the laws of the Commonwealth of Puerto Rico. During the year, USIC Life Insurance Company (Affiliate) reimbursed USIC for certain expenses totaling \$566,419.

11. Debt.

Not applicable.

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company sponsors a defined contribution plan covering all full-time employees who have attained six-months of service and are age twenty-one or older. The Company matches 100% of employee contributions up to 6% of basic salary. Participants may contribute up to \$15,000 on a pre-tax basis during years 2019 and 2018. Employees may also contribute after tax compensation up to 10%.

13. Capital and Surplus, Dividend Restrictions and Quasi Reorganizations

- A. The Company has 1,000,000 authorized shares of which 280,000 shares are issued and outstanding at a \$10 par value.
- B. The Company does not have preferred stock authorized, issued and outstanding.
- C. The Code limits the maximum dividends that can be paid to accumulated earnings. As of December 31, 2019 and 2018, there were accumulated earnings of \$59,188,945 and \$54,511,018. During 2019 and 2018, the Company declared and paid dividends in amount of \$6,250,000 and \$5,000,000, respectively.

## Notes to Financial Statements

- D. Not applicable
- E. Not applicable
- F. Mutual Surplus Advances - Not applicable
- G. Company Stock Held for Special Purposes - Not applicable.
- H. The Code places a restriction on the unassigned surplus of all domestic insurers that underwrite catastrophe insurance in Puerto Rico. On August 12, 1994, the Governor of Puerto Rico approved Act 73, requiring domestic insurers to contribute to a pooled trust to pay for future losses arising from local catastrophes. Contributions to this fund are deductible from taxable income for purposes of Puerto Rico income tax. As of the years ended December 31, 2019 and 2018, additional deposits were not required. The assets in the trust earned \$184,445 in 2019 and \$271,025 in 2018. Trust assets at December 31, 2019 and 2018, totaled \$6,570,371 and \$6,385,926, respectively. During 2018, the restricted surplus had a release of \$11,000,000; due to excess required by the Code.
- I. As of December 31, 2019, the portion of unassigned funds (surplus) represented by unrealized gains totaled \$1,141,672, net of deferred tax asset.
- J. Surplus Note - Not Applicable
- K. Quasi Reorganizations - Not Applicable
- L. Effective Date of Quasi Reorganizations - Not Applicable

### 14. Liabilities, Contingencies and Assessments

#### A. Contingents Commitments:

Pursuant to Chapter 41 of the Code and to Rule No. 56 of Puerto Rico insurance regulations, property and liability insurance companies are members of the Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria (SIMED) and of the Sindicato de Aseguradores de Responsabilidad Profesional para Médicos. Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations. There were no assessments during 2019 and 2018. During the year ended December 31, 2019, the Company did not receive any extraordinary dividend from SIMED. During 2018, the Company received from SIMED an extraordinary dividend of \$663,673.

Also, pursuant to Chapter 37 of the Code, property and liability insurance companies who underwrite premiums directly related to fire and allied lines for commercial or residential properties are members of the Joint Underwriting Association for Fire and Allied Lines. This association was created to underwrite fire and allied lines insurance. Members participate in this association's underwritings, expenses, profits, losses and liabilities on a pro rata basis based on their respective Previous Year net direct premiums written (excluding the portion of premiums that correspond to the operation of the association) over the cumulative net direct premiums for fire and allied lines written in Puerto Rico by members of the association. There were no assessments during 2019 and for 2018.

#### B. Guaranty Funds and Other Assessments

Property and liability insurance companies are also members of the Puerto Rico Property and Casualty Insurance Guaranty Association (PR Guaranty Association). Members are obligated to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies. For the year ended December 31, 2019, the PR Guaranty Association issued a first assessment to cover the insolvency of Real Legacy Assurance Company, Inc. The participation of the Company on this assessment is for \$134,000, that was paid by the Company on December 2019. For the year ended December 31, 2018, there is no assessments issued by the PR Guaranty Association.

#### C. Gain on Contingencies

Not applicable

#### D. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company. As of December 31, 2019, the Company does not have any accrual on the financial statements.

### 15. Lease.

## Notes to Financial Statements

The Company leases its facilities through an operating lease with continuous minimum annual lease payments of \$333,322. During August 2019, the lease agreement was renewed for a 5-year period on August 31, 2024.

Additionally, the Company leases a backup office site through a triple-net operating lease with minimum annual payments of approximately \$155,000 (based on 2020 expected payment of rent plus certain operating expenses). The lease agreement has an initial term of five (5) years ending on October 31, 2023.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments with Concentrations of Credit Risk.

Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable.

18. Gain or Loss to the Insurer from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

Not applicable.

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

Not applicable.

20. Fair Value Measurement

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

a. Fair Value Measurement by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy as reflected in the table below. The Company follows Topic 820 to establish a fair value hierarchy that prioritizes the inputs for valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

**Level 1** - Quoted Prices in Active Markets for Identical Assets and Liabilities: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

**Level 2** - Significant Other Observable Inputs: This category for items measured at fair value on a recurring basis includes bonds, preferred stocks and common stocks which are not exchange-traded. The estimated fair value of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

**Level 3** - Inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents for each of these hierarchy levels the Company assets that are measured at fair value on a recurring basis at December 31, 2019.

## Notes to Financial Statements

| Note 20A1  |  |           |           |           |                       |            |
|--|--|-----------|-----------|-----------|-----------------------|------------|
|  | 1  | 2         | 3         | 4         | 5                     | 6          |
|  | Description for each class of asset or liability | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Total      |
| <input type="checkbox"/> Assets at fair value      |  |           |           |           |                       |            |
| 20A1A01  | Common Stock                                     | 7,480,927 | 5,431,599 | 0         | 0                     | 12,912,526 |
| 20A1A02  |  | 0         | 0         | 0         | 0                     | 0          |
| 20A1A99  | Subtotal - Assets at fair value                  | 7,480,927 | 5,431,599 | 0         | 0                     | 12,912,526 |
| <input type="checkbox"/> Liabilities at fair value |  |           |           |           |                       |            |
| 20A1B01  |  | 0         | 0         | 0         | 0                     | 0          |
| 20A1B99  | Subtotal - Liabilities at fair value             | 0         | 0         | 0         | 0                     | 0          |

b. Roll forward of Level 3 Items - Not applicable

c. Policy on Transfers Into and Out of Level 3 -

At the end of each reporting period, the Company evaluates if any event has occurred, or if circumstances have changed that would cause an instrument to be transferred into or out of Level 3.

d. Inputs and Techniques used for Level 2 and Level 3 fair values:

The fair value of investment securities available for sale is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as discounted cash flow methodologies, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions.

e. Derivatives Fair Values - Not applicable

B. Other Fair Value Disclosures - Not applicable

C. Fair Value for all the Financial Instruments by Levels 1, 2 and 3

| Note 20C |                              |                      |                 |           |            |           |                       |                                  |
|----------|------------------------------|----------------------|-----------------|-----------|------------|-----------|-----------------------|----------------------------------|
|          | 1                            | 2                    | 3               | 4         | 5          | 6         | 7                     | 8                                |
|          | Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2)  | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying value) |
| 20C0001  | Bond                         | 78,473,753           | 76,591,851      | 0         | 78,473,753 | 0         | 0                     | 0                                |
| 20C0002  | CMO                          | 61,439               | 56,950          | 0         | 61,439     | 0         | 0                     | 0                                |
| 20C0003  | MBS                          | 299,565              | 277,581         | 0         | 299,565    | 0         | 0                     | 0                                |
| 20C0004  | Perpetual Preferred Stocks   | 2,144,200            | 1,504,939       | 527,800   | 1,616,400  | 0         | 0                     | 0                                |
| 20C0005  | Common Stocks                | 12,912,526           | 12,912,526      | 7,480,927 | 5,431,599  | 0         | 0                     | 0                                |
| 20C0006  | Other Investment Assets      | 883,296              | 883,296         | 0         | 0          | 883,296   | 0                     | 0                                |
| 20C0007  |                              | 0                    | 0               | 0         | 0          | 0         | 0                     | 0                                |

D. Financial Instruments for which Not Practicable to Estimate Fair Value - Not applicable

### 21. Other Items

- A. Unusual or Infrequent Items - Not applicable
- B. Troubled Debt Restructuring - Not applicable
- C. Other Disclosures - Not applicable
- D. Business Interruption Insurance Recoveries - Not applicable
- E. State Transferable and Non-transferable Tax Credits - Not applicable
- F. Subprime-Mortgage-Related Risk Exposure - Not applicable
- G. Insurance-Linked Securities (ILS) Contracts - Not applicable

### 22. Events Subsequent

There were no subsequent events occurring after the end of the current year through the date of this filing meriting disclosure.

### 23. Reinsurance

- A. Unsecured Reinsurance Recoverable - Not applicable
- B. Reinsurance Recoverable in Dispute - Not applicable
- C. Reinsurance Assumed and Ceded
  - a. The maximum commission that would have been due to the reinsurers if all the Company's reinsurance had been cancelled as of December 31, 2019 was \$3,655,841.
- D. Uncollectible Reinsurance - Not applicable
- E. Commutation of Ceded Reinsurance - Not applicable

## Notes to Financial Statements

- F. Retroactive Reinsurance - Not applicable
- G. Reinsurance Accounted for as 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

24. **Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not applicable.

25. **Change in Incurred Losses and Loss Adjustment Expenses**

Reserves for Loss and Loss Adjustment Expenses as of December 31, 2019 were \$6,589,180. As of December 31, 2019, \$2,590,000 has been paid for incurred claims and claim adjustment expenses attributable to insured events of which \$815,000 are from losses 2019. There have been favorable developments of \$35,000, approximately. Recorded changes are generally the result of ongoing analysis of recent loss development trends.

26. **Intercompany Pooling Arrangements**

Not applicable

27. **Structured Settlements**

Not applicable

28. **Health Care Receivables**

Not applicable.

29. **Participating Policies**

Not applicable.

30. **Premium Deficiency Reserves**

Not applicable.

31. **High Deductibles.**

Not applicable.

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

Not applicable.

33. **Asbestos/Environmental Reserves**

Not applicable.

34. **Subscriber Savings Accounts**

Not applicable.

35. **Multiple Peril Crop Insurance**

Not applicable.

36. **Financial Guaranty Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[ ] No[X] N/A[ ]
- 1.3 State Regulating? Puerto Rico
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes[ ] No[X]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/2012.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....12/31/1997.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .....05/30/2000.....
- 3.4 By what department or departments?  
Office of the Commissioner of Insurance of Puerto Rico
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?  
If yes, complete and file the merger history data file with the NAIC. Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
| .....               | .....                  | .....                  |

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, .....0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
| .....            | .....               |

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| .....               | .....                       | No       | No       | No        | No       |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
RSM Puerto Rico PO Box 10528 San Juan PR 00922-0528
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Charles C. Pearl Jr FCAS,MAAA, Milliman USA

## GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ ..... 0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ] N/A [X]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ] N/A [X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| 1<br>American Bankers Association (ABA) Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger the Letter of Credit | 4<br>Amount |
|--|--------------------------------------|--|-------------|
|  |                                      |  |             |

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ ..... 0
- 20.12 To stockholders not officers \$ ..... 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ ..... 0
- 20.22 To stockholders not officers \$ ..... 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ ..... 0
- 21.22 Borrowed from others \$ ..... 0
- 21.23 Leased from others \$ ..... 0
- 21.24 Other \$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ ..... 0
- 22.22 Amount paid as expenses \$ ..... 0
- 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 94,936

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No [ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:



## GENERAL INTERROGATORIES (Continued)

|   |            |
|---|------------|
| 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.                   | \$ ..... 0 |
| 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. | \$ ..... 0 |
| 24.103 Total payable for securities lending reported on the liability page.                                       | \$ ..... 0 |

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[X] No[ ]

25.2 If yes, state the amount thereof at December 31 of the current year:

|   |                    |
|---|--------------------|
| 25.21 Subject to repurchase agreements  | \$ ..... 0         |
| 25.22 Subject to reverse repurchase agreements  | \$ ..... 0         |
| 25.23 Subject to dollar repurchase agreements   | \$ ..... 0         |
| 25.24 Subject to reverse dollar repurchase agreements                                 | \$ ..... 0         |
| 25.25 Placed under option agreements  | \$ ..... 0         |
| 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock | \$ ..... 0         |
| 25.27 FHLB Capital Stock  | \$ ..... 0         |
| 25.28 On deposit with states  | \$ ..... 1,051,967 |
| 25.29 On deposit with other regulatory bodies   | \$ ..... 0         |
| 25.30 Pledged as collateral - excluding collateral pledged to an FHLB                 | \$ ..... 0         |
| 25.31 Pledged as collateral to FHLB - including assets backing funding agreements     | \$ ..... 0         |
| 25.32 Other   | \$ ..... 0         |

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
|                            |                  |             |

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]  
 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]  
 If no, attach a description with this statement.

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes[ ] No[X]

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

|  |              |
|--|--------------|
| 26.41 Special Accounting Provision of SSAP No. 108 | Yes[ ] No[X] |
| 26.42 Permitted Accounting Practice                | Yes[ ] No[X] |
| 26.43 Other Accounting Guidance                    | Yes[ ] No[X] |

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, does the reporting entity at tests to the following: Yes[ ] No[X]

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated with in the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]  
 27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[ ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address    |
|---------------------------|-----------------------------|
| UBS Financial .....       | San Juan, Puerto Rico ..... |
| Oriental Trust .....      | San Juan, Puerto Rico ..... |

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[ ] No[X]

28.04 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |

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

| 1<br>Name of Firm or Individual     | 2<br>Affiliation |
|-------------------------------------|------------------|
| UBS Financial .....                 | U .....          |
| Eagle Asset Management .....        | U .....          |
| Breckinridge Capital Advisors ..... | U .....          |

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes[ ] No[X]

## GENERAL INTERROGATORIES (Continued)

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?

Yes  No

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

| 1<br>Central<br>Registration<br>Depository<br>Number | 2<br>Name of Firm or Individual     | 3<br>Legal<br>Entity<br>Identifier<br>(LEI) | 4<br>Registered<br>With | 5<br>Investment<br>Management<br>Agreement<br>(IMA) Filed |
|--|-------------------------------------|---|-------------------------|---|
| 13042 .....  | UBS Financial .....                 | .....                                       | SEC, FINRA .....        | NO .....  |
| 110653 .....   | Eagle Asset Management .....        | .....                                       | SEC .....               | NO .....  |
| 107143 .....   | Breckinridge Capital Advisors ..... | .....                                       | SEC .....               | NO .....  |

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes  No

29.2 If yes, complete the following schedule:

| 1<br>CUSIP #        | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted<br>Carrying Value |
|---------------------|--------------------------|--------------------------------------|
| 29.2999 Total ..... | .....                    | .....                                |

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

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of<br>Mutual Fund's<br>Book/Adjusted<br>Carrying Value<br>Attributable to<br>the Holding | 4<br>Date of<br>Valuation |
|--|--|--|---------------------------|
| .....  | .....  | .....  | .....                     |

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

|                             | 1<br>Statement<br>(Admitted) Value | 2<br>Fair<br>Value | 3<br>Excess of<br>Statement over<br>Fair Value (-),<br>or Fair Value over<br>Statement (+) |
|-----------------------------|------------------------------------|--------------------|--|
| 30.1 Bonds .....            | 76,926,382                         | 78,834,757         | 1,908,375  |
| 30.2 Preferred stocks ..... | 1,504,999                          | 2,144,200          | 639,201  |
| 30.3 Totals .....           | 78,431,381                         | 80,978,957         | 2,547,576  |

30.4 Describe the sources or methods utilized in determining the fair values:  
Based on quoted market prices

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes  No

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes  No  N/A

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes  No

32.2 If no, list exceptions:

33. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting-entity self-designated 5GI securities?

Yes  No

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes  No

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes  No

## GENERAL INTERROGATORIES (Continued)

### OTHER

36.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 149,610

36.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

| 1<br>Name                            | 2<br>Amount Paid |
|--------------------------------------|------------------|
| Insurance Services Office, Inc ..... | 121,391          |

37.1 Amount of payments for legal expenses, if any? \$ ..... 258,544

37.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1<br>Name                           | 2<br>Amount Paid |
|-------------------------------------|------------------|
| Saldana, Saldana-Egozcue, CSP ..... | 128,233          |
| JAQB LAW OFFICES, LLC. ....         | 115,205          |

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 0

38.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     |                  |

# GENERAL INTERROGATORIES (Continued)

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No[X]
  - 1.2 If yes, indicate premium earned on U.S. business only. \$ ..... 0
  - 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
  - 1.31 Reason for excluding:
  - 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
  - 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
  - 1.6 Individual policies
  - Most current three years:
  - 1.61 Total premium earned \$ ..... 0
  - 1.62 Total incurred claims \$ ..... 0
  - 1.63 Number of covered lives ..... 0
  - All years prior to most current three years:
  - 1.64 Total premium earned \$ ..... 0
  - 1.65 Total incurred claims \$ ..... 0
  - 1.66 Number of covered lives ..... 0
  - 1.7 Group policies
  - Most current three years:
  - 1.71 Total premium earned \$ ..... 0
  - 1.72 Total incurred claims \$ ..... 0
  - 1.73 Number of covered lives ..... 0
  - All years prior to most current three years:
  - 1.74 Total premium earned \$ ..... 0
  - 1.75 Total incurred claims \$ ..... 0
  - 1.76 Number of covered lives ..... 0
2. Health Test

|                                     | 1<br>Current Year | 2<br>Prior Year |
|-------------------------------------|-------------------|-----------------|
| 2.1 Premium Numerator .....         | .....             | .....           |
| 2.2 Premium Denominator .....       | 34,809,406        | 26,556,096      |
| 2.3 Premium Ratio (2.1 / 2.2) ..... | .....             | .....           |
| 2.4 Reserve Numerator .....         | .....             | .....           |
| 2.5 Reserve Denominator .....       | 27,376,021        | 24,178,706      |
| 2.6 Reserve Ratio (2.4 / 2.5) ..... | .....             | .....           |

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No[X]
- 3.2 If yes, state the amount of calendar year premiums written on: \$ ..... 0
- 3.21 Participating policies \$ ..... 0
- 3.22 Non-participating policies
- 4. For Mutual reporting entities and Reciprocal Exchanges only:
- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ] N/A[X]
- 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ] N/A[X]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... 0.000%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ ..... 0
- 5. For Reciprocal Exchanges Only:
- 5.1 Does the exchange appoint local agents? Yes [ ] No [ ] N/A[X]
- 5.2 If yes, is the commission paid: Yes [ ] No [ ] N/A[X]
- 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A[X]
- 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A[X]
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes [ ] No [ ] N/A[X]
- 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  
The company does not write this line of business
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
We use Risk Management Solutions IRAS Computer Modeling
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss:  
Catastrophic reinsurance program is in place.
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes[X] No [ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No[X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ..... 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ] N/A[X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No[X]
- 8.2 If yes, give full information.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;

# GENERAL INTERROGATORIES (Continued)

- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [ ] No[X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No[X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No[X] N/A [ ]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ ..... 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A[X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... 0.000%
- 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ ..... 0
- 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 51,662,994
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No[X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 6
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ] N/A[X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes [ ] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

|                        | 1<br>Direct<br>Losses Incurred | 2<br>Direct<br>Losses Unpaid | 3<br>Direct<br>Written Premium | 4<br>Direct<br>Premium Unearned | 5<br>Direct<br>Premium Earned |
|------------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home .....       |                                |                              |                                |                                 |                               |
| 16.12 Products .....   |                                |                              |                                |                                 |                               |
| 16.13 Automobile ..... |                                |                              |                                |                                 |                               |
| 16.14 Other * .....    |                                |                              |                                |                                 |                               |

\* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [ ] No[X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption.
- 17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 exempt from the statutory provision for unauthorized reinsurance \$ ..... 0
- 17.12 Unfunded portion of Interrogatory 17.11 \$ ..... 0
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$ ..... 0
- 17.14 Case reserves portion of Interrogatory 17.11 \$ ..... 0
- 17.15 Incurred but not reported portion of Interrogatory 17.11 \$ ..... 0
- 17.16 Unearned premium portion of Interrogatory 17.11 \$ ..... 0
- 17.17 Contingent commission portion of Interrogatory 17.11 \$ ..... 0

## GENERAL INTERROGATORIES (Continued)

- |  |              |   |
|--|--------------|---|
| 18.1 Do you act as a custodian for health savings accounts?  | Yes[ ] No[X] |   |
| 18.2 If yes, please provide the amount of custodial funds held as of the reporting date:   | \$.....      | 0 |
| 18.3 Do you act as an administrator for health savings accounts?   | Yes[ ] No[X] |   |
| 18.4 If yes, please provide the balance of the funds administered as of the reporting date:  | \$.....      | 0 |
| 19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?   | Yes[ ] No[X] |   |
| 19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? | Yes[ ] No[X] |   |

## FIVE - YEAR HISTORICAL DATA

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

|   | 1<br>2019   | 2<br>2018   | 3<br>2017   | 4<br>2016  | 5<br>2015    |
|---|-------------|-------------|-------------|------------|--------------|
| <b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>   |             |             |             |            |              |
| 1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....  |             |             |             |            |              |
| 2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....   | 22,630,388  | 22,257,949  | 18,528,001  | 22,416,438 | 22,712,286   |
| 3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....  | 19,239,512  | 7,913,851   |             |            |              |
| 4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....   | 21,644,069  | 18,370,308  | 14,414,837  | 16,007,486 | 14,454,326   |
| 5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....   |             |             |             |            |              |
| 6. TOTAL (Line 35) .....  | 63,513,969  | 48,542,108  | 32,942,838  | 38,423,924 | 37,166,612   |
| <b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>   |             |             |             |            |              |
| 7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....  |             |             |             |            |              |
| 8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 17,755,853  | 16,973,310  | 14,257,906  | 18,500,650 | 18,707,241   |
| 9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....  | 8,944,583   | 5,892,438   |             |            |              |
| 10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....  | 10,727,291  | 9,015,282   | 7,025,145   | 7,822,854  | 7,146,803    |
| 11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....  |             |             |             |            |              |
| 12. TOTAL (Line 35) .....   | 37,427,727  | 31,881,030  | 21,283,051  | 26,323,504 | 25,854,044   |
| <b>Statement of Income (Page 4)</b>   |             |             |             |            |              |
| 13. Net underwriting gain or (loss) (Line 8) .....  | 11,897,330  | 7,248,569   | 10,222,983  | 11,680,751 | 12,087,360   |
| 14. Net investment gain or (loss) (Line 11) .....   | 3,833,555   | 3,263,183   | 1,515,930   | 2,767,040  | (12,102,841) |
| 15. TOTAL other income (Line 15) .....  | (20,704)    | 604,102     | (40,000)    |            | (21,113)     |
| 16. Dividends to policyholders (Line 17) .....  |             |             |             |            |              |
| 17. Federal and foreign income taxes incurred (Line 19) .....   | 4,105,540   | 2,791,139   | 3,667,314   | 3,629,928  | 4,085,318    |
| 18. Net income (Line 20) .....  | 11,604,641  | 8,324,715   | 8,031,599   | 10,817,863 | (4,121,912)  |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>  |             |             |             |            |              |
| 19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....   | 117,256,017 | 115,355,334 | 107,683,188 | 98,754,190 | 94,218,249   |
| 20. Premiums and considerations (Page 2, Column 3)  |             |             |             |            |              |
| 20.1 In course of collection (Line 15.1) .....  | 3,733,693   | 2,268,061   | 1,303,679   | 2,197,209  | 2,076,351    |
| 20.2 Deferred and not yet due (Line 15.2) .....   |             |             |             |            |              |
| 20.3 Accrued retrospective premiums (Line 15.3) .....   |             |             |             |            |              |
| 21. TOTAL liabilities excluding protected cell business (Page 3, Line 26) .....   | 48,196,701  | 51,158,390  | 43,432,464  | 38,969,739 | 40,140,405   |
| 22. Losses (Page 3, Line 1) .....   | 2,606,459   | 2,364,603   | 2,979,030   | 5,250,945  | 7,673,910    |
| 23. Loss adjustment expenses (Page 3, Line 3) .....   | 3,982,721   | 3,645,583   | 3,218,120   | 3,213,290  | 3,208,091    |
| 24. Unearned premiums (Page 3, Line 9) .....  | 20,786,841  | 18,168,520  | 12,843,586  | 15,141,320 | 15,242,724   |
| 25. Capital paid up (Page 3, Lines 30 & 31) .....   | 2,800,000   | 2,800,000   | 2,800,000   | 2,800,000  | 2,800,000    |
| 26. Surplus as regards policyholders (Page 3, Line 37) .....  | 69,059,316  | 64,196,944  | 64,250,724  | 59,784,451 | 54,077,844   |
| <b>Cash Flow (Page 5)</b>   |             |             |             |            |              |
| 27. Net cash from operations (Line 11) .....  | 6,784,738   | 16,216,048  | 6,576,072   | 3,694,014  | 8,618,666    |
| <b>Risk-Based Capital Analysis</b>  |             |             |             |            |              |
| 28. TOTAL adjusted capital .....  | 69,059,316  | 64,196,944  | 64,250,724  | 59,784,451 | 54,077,844   |
| 29. Authorized control level risk-based capital .....   | 3,875,696   | 3,439,945   | 2,849,008   | 2,781,038  | 3,700,013    |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>   |             |             |             |            |              |
| (Item divided by Page 2, Line 12, Column 3) x 100.0   |             |             |             |            |              |
| 30. Bonds (Line 1) .....  | 72.6        | 66.2        | 69.0        | 76.1       | 71.1         |
| 31. Stocks (Lines 2.1 & 2.2) .....  | 13.6        | 9.5         | 11.3        | 11.6       | 10.4         |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....   |             |             |             |            |              |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) .....  | 0.4         | 0.5         | 0.2         |            |              |
| 34. Cash, cash equivalents and short-term investments (Line 5) .....  | 12.5        | 22.2        | 17.9        | 10.6       | 17.0         |
| 35. Contract loans (Line 6) .....   |             |             |             |            |              |
| 36. Derivatives (Line 7) .....  |             |             |             |            |              |
| 37. Other invested assets (Line 8) .....  | 0.8         | 1.6         | 1.7         | 1.7        | 1.5          |
| 38. Receivables for securities (Line 9) .....   |             |             |             |            |              |
| 39. Securities lending reinvested collateral assets (Line 10) .....   |             |             |             |            |              |
| 40. Aggregate write-ins for invested assets (Line 11) .....   |             |             |             |            |              |
| 41. Cash, cash equivalents and invested assets (Line 12) .....  | 100.0       | 100.0       | 100.0       | 100.0      | 100.0        |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |             |             |             |            |              |
| 42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1) .....  |             |             |             |            |              |
| 43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....  |             |             |             |            |              |
| 44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....   |             |             |             |            |              |
| 45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10) .....   |             |             |             |            |              |
| 46. Affiliated mortgage loans on real estate .....  |             |             |             |            |              |
| 47. All other affiliated .....  |             |             |             |            |              |
| 48. TOTAL of above Lines 42 to 47 .....   |             |             |             |            |              |
| 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, Column 1, Line 37 x 100.0) ..... |             |             |             |            |              |

## FIVE - YEAR HISTORICAL DATA (Continued)

|  | 1<br>2019   | 2<br>2018   | 3<br>2017   | 4<br>2016   | 5<br>2015   |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Capital and Surplus Accounts (Page 4)</b>   |             |             |             |             |             |
| 51. Net unrealized capital gains or (Losses) (Line 24) .....   | 1,141,672   | (1,469,797) | 657,717     | 596,633     | 10,974,175  |
| 52. Dividends to stockholders (Line 35) .....  | (6,250,000) | (5,000,000) | (4,000,000) | (6,000,000) | (6,940,000) |
| 53. Change in surplus as regards policyholders for the year (Line 38) .....  | 4,862,372   | (53,780)    | 4,466,273   | 5,706,607   | (1,241,151) |
| <b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>   |             |             |             |             |             |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2<br>& 19.3, 19.4) .....   |             |             |             |             |             |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 1,254,077   | 24,582,350  | 13,966,823  | 377,806     | 268,646     |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....   | 167,025     | 8,102       |             |             |             |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....   | 3,484,344   | 451,661     | 248,248     | 519,264     | 2,877,816   |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  |             |             |             |             |             |
| 59. TOTAL (Line 35) .....  | 4,905,446   | 25,042,113  | 14,215,071  | 897,070     | 3,146,462   |
| <b>Net Losses Paid (Page 9, Part 2, Column 4)</b>  |             |             |             |             |             |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2<br>& 19.3, 19.4) .....   |             |             |             |             |             |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 253,654     | 401,278     | 2,322,408   | 326,918     | 230,602     |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....   | 147,209     | 8,102       |             |             |             |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....  | 1,354,528   | 97,883      | 543,129     | 315,067     | 1,231,188   |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  |             |             |             |             |             |
| 65. TOTAL (Line 35) .....  | 1,755,391   | 507,263     | 2,865,537   | 641,985     | 1,461,790   |
| <b>Operating Percentages (Page 4)</b>  |             |             |             |             |             |
| <b>(Item divided by Page 4, Line 1) x 100.0</b>  |             |             |             |             |             |
| 66. Premiums earned (Line 1) .....   | 100.0       | 100.0       | 100.0       | 100.0       | 100.0       |
| 67. Losses incurred (Line 2) .....   | 5.7         | (0.4)       | 2.5         | (6.7)       | (15.0)      |
| 68. Loss expenses incurred (Line 3) .....  | 3.4         | 1.5         | 1.4         | 4.0         | 4.9         |
| 69. Other underwriting expenses incurred (Line 4) .....  | 56.7        | 71.6        | 52.8        | 58.6        | 62.0        |
| 70. Net underwriting gain (loss) (Line 8) .....  | 34.2        | 27.3        | 43.4        | 44.2        | 48.2        |
| <b>Other Percentages</b>   |             |             |             |             |             |
| 71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5<br>- 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....  | 52.8        | 57.8        | 58.7        | 58.8        | 60.2        |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2<br>+ 3 divided by Page 4, Line 1 x 100.0) .....  | 9.1         | 1.1         | 3.9         | (2.8)       | (10.1)      |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column<br>6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....  | 54.2        | 49.7        | 33.1        | 44.0        | 47.8        |
| <b>One Year Loss Development (\$000 omitted)</b>   |             |             |             |             |             |
| 74. Development in estimated losses and loss expenses incurred prior to<br>current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....   | (683)       | (1,984)     | (1,666)     | (2,391)     | (4,362)     |
| 75. Percent of development of losses and loss expenses incurred to<br>policyholders' surplus of prior year end (Line 74 above divided by Page 4,<br>Line 21, Column 1 x 100.0) .....                 | (1.1)       | (3.1)       | (2.8)       | (4.4)       | (7.9)       |
| <b>Two Year Loss Development (\$000 omitted)</b>   |             |             |             |             |             |
| 76. Development in estimated losses and loss expenses incurred 2 years<br>before the current year and prior year (Schedule P, Part 2 - Summary,<br>Line 12, Column 12) .....                         | (2,016)     | (4,854)     | (3,628)     | (6,189)     | (4,917)     |
| 77. Percent of development of losses and loss expenses incurred to reported<br>policyholders' surplus of second prior year end (Line 76 above divided by<br>Page 4, Line 21, Column 2 x 100.0) ..... | (3.1)       | (8.1)       | (6.7)       | (11.2)      | (8.2)       |

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[ ] N/A[X]

If no, please explain:



# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned         |            |                          | Loss and Loss Expense Payments |            |                                       |            |                              |            | 10<br>Salvage and Subrogation Received | 11<br>Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9) | 12<br>Number of Claims Reported - Direct and Assumed |
|--|-------------------------|------------|--------------------------|--------------------------------|------------|---------------------------------------|------------|------------------------------|------------|--|--|--|
|  | 1<br>Direct and Assumed | 2<br>Ceded | 3<br>Net (Columns 1 - 2) | Loss Payments                  |            | Defense and Cost Containment Payments |            | Adjusting and Other Payments |            |  |  |  |
|  |                         |            |                          | 4<br>Direct and Assumed        | 5<br>Ceded | 6<br>Direct and Assumed               | 7<br>Ceded | 8<br>Direct and Assumed      | 9<br>Ceded |  |  |  |
| 1. Prior   | X X X                   | X X X      | X X X                    | 505                            | 391        | 175                                   | 90         |                              |            |  | 199  | X X X  |
| 2. 2010  | 38,121                  | 15,245     | 22,876                   | 9,108                          | 5,687      | 2,421                                 | 967        |                              |            | 2,053                                  | 4,875  | X X X  |
| 3. 2011  | 37,639                  | 14,836     | 22,803                   | 15,630                         | 10,835     | 4,882                                 | 2,372      |                              |            | 3,992                                  | 7,305  | X X X  |
| 4. 2012  | 36,867                  | 16,541     | 20,326                   | 4,005                          | 2,241      | 1,323                                 | 486        |                              |            | 1,952                                  | 2,601  | X X X  |
| 5. 2013  | 36,824                  | 13,811     | 23,013                   | 5,565                          | 3,594      | 1,202                                 | 547        |                              |            | 807                                    | 2,626  | X X X  |
| 6. 2014  | 35,595                  | 12,506     | 23,089                   | 3,082                          | 1,554      | 1,145                                 | 732        |                              |            | 439                                    | 1,941  | X X X  |
| 7. 2015  | 36,729                  | 11,639     | 25,090                   | 1,784                          | 881        | 813                                   | 406        |                              |            | 304                                    | 1,310  | X X X  |
| 8. 2016  | 37,901                  | 11,476     | 26,425                   | 1,784                          | 851        | 518                                   | 234        |                              |            | 69                                     | 1,217  | X X X  |
| 9. 2017  | 35,940                  | 12,349     | 23,591                   | 40,246                         | 37,338     | 8,279                                 | 8,432      |                              | 1,334      | 59                                     | 1,421  | X X X  |
| 10. 2018   | 40,505                  | 13,949     | 26,556                   | 1,732                          | 820        | 392                                   | 135        |                              |            | 3                                      | 1,169  | X X X  |
| 11. 2019   | 56,660                  | 21,851     | 34,809                   | 710                            | 275        | 414                                   | 34         |                              |            |  | 815  | X X X  |
| 12. Totals   | X X X                   | X X X      | X X X                    | 84,151                         | 64,467     | 21,564                                | 14,435     |                              | 1,334      | 9,678                                  | 25,479   | X X X  |

|            | Losses Unpaid            |             |                          |             | Defense and Cost Containment Unpaid |             |                          |             | Adjusting and Other Unpaid |             | 23<br>Salvage and Subrogation Anticipated | 24<br>Total Net Losses and Expenses Unpaid | 25<br>Number of Claims Outstanding Direct and Assumed |
|------------|--------------------------|-------------|--------------------------|-------------|-------------------------------------|-------------|--------------------------|-------------|----------------------------|-------------|---|--|---|
|            | Case Basis               |             | Bulk + IBNR              |             | Case Basis                          |             | Bulk + IBNR              |             | 21<br>Direct and Assumed   | 22<br>Ceded |   |  |   |
|            | 13<br>Direct and Assumed | 14<br>Ceded | 15<br>Direct and Assumed | 16<br>Ceded | 17<br>Direct and Assumed            | 18<br>Ceded | 19<br>Direct and Assumed | 20<br>Ceded |                            |             |   |  |   |
| 1. Prior   | 463                      | 299         | 15                       | 13          | 71                                  |             | 6                        |             |                            |             | 42  | 243  | X X X   |
| 2. 2010    | 41                       | 8           | 31                       | 27          | 6                                   |             | 13                       |             |                            |             | 56  | 56   | X X X   |
| 3. 2011    | 53                       | 43          | 175                      | 159         | 8                                   |             | 70                       |             |                            |             | 172                                       | 104  | X X X   |
| 4. 2012    | 9                        | 7           | 52                       | 45          | 1                                   |             | 21                       |             |                            |             | 138                                       | 31   | X X X   |
| 5. 2013    | 60                       | 16          | 21                       | 16          | 9                                   |             | 9                        |             |                            |             | 87  | 67   | X X X   |
| 6. 2014    | 25                       | 10          | 90                       | 79          | 4                                   |             | 36                       |             |                            |             | 98  | 66   | X X X   |
| 7. 2015    | 59                       | 24          | 47                       | 39          | 9                                   |             | 19                       |             |                            |             | 114                                       | 71   | X X X   |
| 8. 2016    | 230                      | 98          | 97                       | 78          | 35                                  |             | 39                       |             |                            |             | 56  | 225  | X X X   |
| 9. 2017    | 1,954                    | 1,678       | 2,359                    | 1,909       | 234                                 | 177         | 2,720                    | 2,088       |                            |             | 417                                       | 1,415                                      | X X X   |
| 10. 2018   | 369                      | 166         | 1,978                    | 1,757       | 56                                  |             | 797                      |             |                            |             | 826                                       | 1,277                                      | X X X   |
| 11. 2019   | 1,250                    | 973         | 5,201                    | 4,528       | 156                                 | 89          | 2,018                    |             |                            |             | 1,492                                     | 3,035                                      | X X X   |
| 12. Totals | 4,513                    | 3,322       | 10,066                   | 8,650       | 589                                 | 266         | 5,748                    | 2,088       |                            |             | 3,498                                     | 6,590                                      | X X X   |

|            | Total Losses and Loss Expenses Incurred |             |           | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |             |           | Nontabular Discount |                    | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount |                            |
|------------|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|
|            | 26<br>Direct and Assumed                | 27<br>Ceded | 28<br>Net | 29<br>Direct and Assumed                                    | 30<br>Ceded | 31<br>Net | 32<br>Loss          | 33<br>Loss Expense |  | 35<br>Losses Unpaid                       | 36<br>Loss Expenses Unpaid |
|            |   |             |           |   |             |           |                     |                    |  |   |                            |
| 1. Prior   | X X X                                   | X X X       | X X X     | X X X   | X X X       | X X X     |                     |                    | X X X  | 166                                       | 77                         |
| 2. 2010    | 11,620                                  | 6,689       | 4,931     | 30.5  | 43.9        | 21.6      |                     |                    |  | 37  | 19                         |
| 3. 2011    | 20,818                                  | 13,409      | 7,409     | 55.3  | 90.4        | 32.5      |                     |                    |  | 26  | 78                         |
| 4. 2012    | 5,411                                   | 2,779       | 2,632     | 14.7  | 16.8        | 12.9      |                     |                    |  | 9   | 22                         |
| 5. 2013    | 6,866                                   | 4,173       | 2,693     | 18.6  | 30.2        | 11.7      |                     |                    |  | 49  | 18                         |
| 6. 2014    | 4,382                                   | 2,375       | 2,007     | 12.3  | 19.0        | 8.7       |                     |                    |  | 26  | 40                         |
| 7. 2015    | 2,731                                   | 1,350       | 1,381     | 7.4   | 11.6        | 5.5       |                     |                    |  | 43  | 28                         |
| 8. 2016    | 2,703                                   | 1,261       | 1,442     | 7.1   | 11.0        | 5.5       |                     |                    |  | 151                                       | 74                         |
| 9. 2017    | 55,792                                  | 52,956      | 2,836     | 155.2   | 428.8       | 12.0      |                     |                    |  | 726                                       | 689                        |
| 10. 2018   | 5,324                                   | 2,878       | 2,446     | 13.1  | 20.6        | 9.2       |                     |                    |  | 424                                       | 853                        |
| 11. 2019   | 9,749                                   | 5,899       | 3,850     | 17.2  | 27.0        | 11.1      |                     |                    |  | 950                                       | 2,085                      |
| 12. Totals | X X X                                   | X X X       | X X X     | X X X   | X X X       | X X X     |                     |                    | X X X  | 2,607                                     | 3,983                      |

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |        |        |       |       |       |       |       |       |       | DEVELOPMENT |          |
|-------------------------------------|--|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------------|----------|
|                                     | 1  | 2      | 3      | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11          | 12       |
|                                     | 2010   | 2011   | 2012   | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | One Year    | Two Year |
| 1. Prior                            | 18,093   | 10,978 | 12,071 | 7,453 | 8,556 | 8,955 | 8,669 | 8,492 | 7,578 | 7,737 | 159         | (755)    |
| 2. 2010                             | 7,335  | 7,499  | 8,143  | 5,527 | 5,606 | 4,706 | 4,773 | 4,911 | 4,963 | 4,931 | (32)        | 20       |
| 3. 2011                             | XXX  | 7,616  | 8,273  | 7,970 | 9,302 | 8,064 | 7,483 | 7,323 | 7,401 | 7,409 | 8           | 86       |
| 4. 2012                             | XXX  | XXX    | 1,488  | 6,192 | 4,666 | 3,428 | 3,427 | 2,986 | 2,630 | 2,632 | 2           | (354)    |
| 5. 2013                             | XXX  | XXX    | XXX    | 7,161 | 5,430 | 4,233 | 3,393 | 3,669 | 2,684 | 2,693 | 9           | (976)    |
| 6. 2014                             | XXX  | XXX    | XXX    | XXX   | 4,708 | 4,520 | 4,334 | 2,454 | 2,107 | 2,007 | (100)       | (447)    |
| 7. 2015                             | XXX  | XXX    | XXX    | XXX   | XXX   | 1,820 | 1,256 | 2,263 | 1,415 | 1,381 | (34)        | (882)    |
| 8. 2016                             | XXX  | XXX    | XXX    | XXX   | XXX   | XXX   | 1,653 | 1,224 | 1,356 | 1,442 | 86          | 218      |
| 9. 2017                             | XXX  | XXX    | XXX    | XXX   | XXX   | XXX   | XXX   | 3,096 | 4,300 | 4,170 | (130)       | 1,074    |
| 10. 2018                            | XXX  | XXX    | XXX    | XXX   | XXX   | XXX   | XXX   | XXX   | 3,097 | 2,446 | (651)       | XXX      |
| 11. 2019                            | XXX  | XXX    | XXX    | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 3,850 | XXX         | XXX      |
| 12. TOTALS                          |  |        |        |       |       |       |       |       |       |       | (683)       | (2,016)  |

**SCHEDULE P - PART 3 - SUMMARY**

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |       |       |       |       |       |       |       |       |       | 11<br>Number of Claims Closed With Loss Payment | 12<br>Number of Claims Closed Without Loss Payment |
|-------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|---|--|
|                                     | 1   | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |   |  |
|                                     | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |   |  |
| 1. Prior                            | 000   | 2,787 | 4,509 | 3,964 | 6,497 | 6,546 | 6,697 | 7,164 | 7,295 | 7,494 | XXX   | XXX  |
| 2. 2010                             | 838   | 2,217 | 4,011 | 4,371 | 4,265 | 4,557 | 4,597 | 4,630 | 4,644 | 4,875 | XXX   | XXX  |
| 3. 2011                             | XXX   | 1,528 | 2,774 | 4,706 | 6,492 | 7,165 | 7,096 | 7,279 | 7,299 | 7,305 | XXX   | XXX  |
| 4. 2012                             | XXX   | XXX   | 594   | 2,253 | 2,308 | 2,453 | 2,594 | 2,600 | 2,595 | 2,601 | XXX   | XXX  |
| 5. 2013                             | XXX   | XXX   | XXX   | 1,345 | 1,988 | 2,467 | 2,492 | 2,486 | 2,614 | 2,626 | XXX   | XXX  |
| 6. 2014                             | XXX   | XXX   | XXX   | XXX   | 599   | 1,255 | 1,601 | 1,914 | 1,954 | 1,941 | XXX   | XXX  |
| 7. 2015                             | XXX   | XXX   | XXX   | XXX   | XXX   | 401   | 933   | 1,087 | 1,249 | 1,310 | XXX   | XXX  |
| 8. 2016                             | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 517   | 646   | 808   | 1,217 | XXX   | XXX  |
| 9. 2017                             | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 2,416 | 2,675 | 2,755 | XXX   | XXX  |
| 10. 2018                            | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 386   | 1,169 | XXX   | XXX  |
| 11. 2019                            | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 815   | XXX   | XXX  |

**SCHEDULE P - PART 4 - SUMMARY**

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |       |       |       |       |       |       |       |       |       |
|-------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                     | 1   | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|                                     | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
| 1. Prior                            | 11,712  | 2,919 | 3,788 | 763   | 1,102 | 1,404 | 1,309 | 1,138 | 7     | 8     |
| 2. 2010                             | 6,164   | 4,283 | 3,553 | 803   | 918   | 142   | 122   | 227   | 16    | 17    |
| 3. 2011                             | XXX   | 5,886 | 5,074 | 2,665 | 2,249 | 825   | 307   | 42    | 84    | 86    |
| 4. 2012                             | XXX   | XXX   | 853   | 3,541 | 2,336 | 796   | 772   | 335   | 32    | 28    |
| 5. 2013                             | XXX   | XXX   | XXX   | 5,671 | 3,097 | 1,637 | 792   | 1,080 | 20    | 14    |
| 6. 2014                             | XXX   | XXX   | XXX   | XXX   | 3,921 | 2,784 | 2,359 | 503   | 67    | 47    |
| 7. 2015                             | XXX   | XXX   | XXX   | XXX   | XXX   | 1,215 | 250   | 1,076 | 97    | 27    |
| 8. 2016                             | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 1,072 | 494   | 380   | 58    |
| 9. 2017                             | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 617   | 1,383 | 1,082 |
| 10. 2018                            | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 2,570 | 1,018 |
| 11. 2019                            | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 2,691 |

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

|  | 1<br>States, Etc. | Gross Premiums, Including<br>Policy and Membership Fees<br>Less Return Premiums and<br>Premiums on Policies Not Taken |                                   | 4<br>Dividends<br>Paid or<br>Credited to<br>Policyholders<br>on Direct<br>Business | 5<br>Direct<br>Losses<br>Paid<br>(Deducting<br>Salvage) | 6<br>Direct<br>Losses<br>Incurred | 7<br>Direct<br>Losses<br>Unpaid | 8<br>Finance<br>and Service<br>Charges Not<br>Included in<br>Premiums | 9<br>Direct<br>Premium<br>Written for<br>Federal<br>Purchasing<br>Groups<br>(Included in<br>Column 2) |
|--|-------------------|---|-----------------------------------|--|---|-----------------------------------|---------------------------------|---|---|
|  |                   | 2<br>Direct<br>Premiums<br>Written  | 3<br>Direct<br>Premiums<br>Earned |  |   |                                   |                                 |   |   |
| 1. Alabama (AL) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 2. Alaska (AK) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 3. Arizona (AZ) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 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) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 10. Florida (FL) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 11. Georgia (GA) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 12. Hawaii (HI) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 13. Idaho (ID) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 14. Illinois (IL) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 15. Indiana (IN) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 16. Iowa (IA) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 17. Kansas (KS) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 18. Kentucky (KY) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 19. Louisiana (LA) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 20. Maine (ME) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 21. Maryland (MD) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 22. Massachusetts (MA) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 23. Michigan (MI) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 24. Minnesota (MN) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 25. Mississippi (MS) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 26. Missouri (MO) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 27. Montana (MT) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 28. Nebraska (NE) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 29. Nevada (NV) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 30. New Hampshire (NH) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 31. New Jersey (NJ) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 32. New Mexico (NM) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 33. New York (NY) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 34. North Carolina (NC) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 35. North Dakota (ND) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 36. Ohio (OH) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 37. Oklahoma (OK) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 38. Oregon (OR) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 39. Pennsylvania (PA) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 40. Rhode Island (RI) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 41. South Carolina (SC) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 42. South Dakota (SD) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 43. Tennessee (TN) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 44. Texas (TX) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 45. Utah (UT) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 46. Vermont (VT) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 47. Virginia (VA) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 48. Washington (WA) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 49. West Virginia (WV) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 50. Wisconsin (WI) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 51. Wyoming (WY) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 52. American Samoa (AS) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 53. Guam (GU) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 54. Puerto Rico (PR) .....   | L                 | 63,513,969  | 56,661,130                        |  | 4,905,446   | 5,147,929                         | 14,578,378                      |   |   |
| 55. U.S. Virgin Islands (VI) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 56. Northern Mariana Islands (MP) .....  | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 57. Canada (CAN) .....   | N                 |   |                                   |  |   |                                   |                                 |   |   |
| 58. Aggregate other alien (OT) .....   | X X X             |   |                                   |  |   |                                   |                                 |   |   |
| 59. TOTALS .....   | X X X             | 63,513,969  | 56,661,130                        |  | 4,905,446   | 5,147,929                         | 14,578,378                      |   |   |
| <b>DETAILS OF WRITE-INS</b>  |                   |   |                                   |  |   |                                   |                                 |   |   |
| 58001. ....  | X X X             |   |                                   |  |   |                                   |                                 |   |   |
| 58002. ....  | X X X             |   |                                   |  |   |                                   |                                 |   |   |
| 58003. ....  | X X X             |   |                                   |  |   |                                   |                                 |   |   |
| 58998. Summary of remaining write-ins<br>for Line 58 from overflow page .....    | X X X             |   |                                   |  |   |                                   |                                 |   |   |
| 58999. TOTALS (Lines 58001 through<br>58003 plus 58998) (Line 58<br>above) ..... | X X X             |   |                                   |  |   |                                   |                                 |   |   |

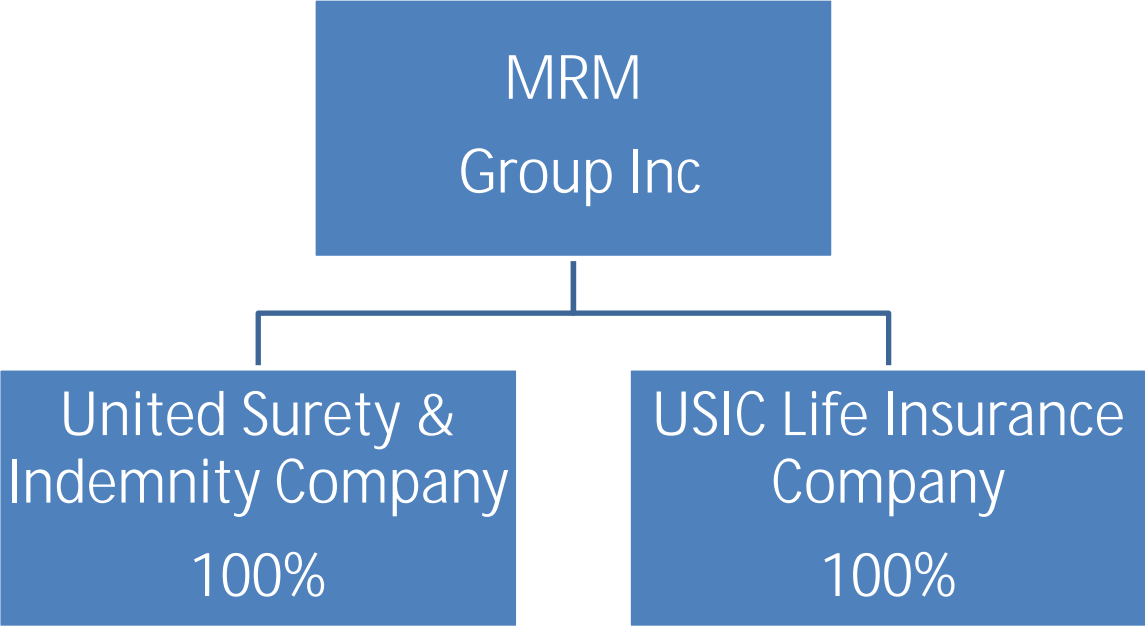
(a) Active Status Counts:

- 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 (DSLII) Reporting entities authorized to write surplus lines in the state of domicile.

- 1 Registered - Non-domiciled RRGs
- Q Qualified - Qualified or accredited reinsurer
- N None of the above Not allowed to write business in the state

(b) Explanation of basis of allocation of premiums by states, etc.: 100% Allocated to Puerto Rico

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



## INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

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