



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE
NEWPORT BONDING & SURETY CO

NAIC Group Code 0000, NAIC Company Code 15110, Employer's ID Number 660470407

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

Country of Domicile US

Incorporated/Organized November 15, 1990, Commenced Business July 16, 1991

Statutory Home Office N/A (Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 128 CALLE ISABEL ANDREU AGUILAR, SAN JUAN, Puerto Rico 00918 (787) 763-6738

Mail Address 128 CALLE ISABEL ANDREU AGUILAR, SAN JUAN, Puerto Rico 00918 (Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 128 CALLE ISABEL ANDREU AGUILAR, SAN JUAN, Puerto Rico 00918 (787) 763-6738

Internet Website Address N/A

Statutory Statement Contact JORGE LORA (Name) (787) 763-6738 (Area Code) (Telephone Number) (Extension) jloralaw@gmail.com (E-Mail Address) (787) 758-9576 (Fax Number)

OFFICERS

JORGE LORA (PRESIDENT)
JOSE VIZCARRONDO (SECRETARY)
RAFAEL VIZCARRONDO (TREASURER)

OTHER

DIRECTORS OR TRUSTEES

RAFAEL VIZCARRONDO
JORGE LORA
JOSE VIZCARRONDO
NIVIA VAZQUEZ
MERCIE SHORT

State of }
County of } SS

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

JORGE LORA
PRESIDENT
Subscribed and sworn to before me this
day of 2016

JOSE VIZCARRONDO
SECRETARY

RAFAEL VIZCARRONDO
TREASURER

- a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	4,161,564		4,161,564	5,432,219
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 (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 14,666, Schedule E-Part 1), cash equivalents (\$, Schedule E-Part 2) and short-term investments (\$, Schedule DA)	14,666		14,666	72,118
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
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)	4,176,230		4,176,230	5,504,337
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	37,836		37,836	31,205
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	43,655	10,702	32,953	68,118
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
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	31,198		31,198	31,198
19. Guaranty funds receivable or on deposit	190,000	190,000		
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$)				
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	5,425	5,425		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,484,344	206,127	4,278,217	5,634,858
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	4,484,344	206,127	4,278,217	5,634,858
DETAILS OF WRITE-INS				
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. A/R Officer	5,425	5,425		
2502. A/R Commission Insurance				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,425	5,425		

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE NEWPORT BONDING & SURETY CO
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	780,000	808,000
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)	109,775	109,775
4. Commissions payable, contingent commissions and other similar charges	11,777	30,021
5. Other expenses (excluding taxes, licenses and fees)	252,547	307,757
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$	27,499	52,353
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	41,819	56,501
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	350,000	
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	419,401	2,006,293
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25)	1,992,818	3,370,700
27. Protected cell liabilities		
28. Total liabilities (Line 26 and Line 27)	1,992,818	3,370,700
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	1,500,000	1,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	1,190,150	1,176,500
35. Unassigned funds (surplus)	(404,751)	(412,342)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39)	2,285,399	2,264,158
38. Totals (Page 2, Line 28, Column 3)	4,278,217	5,634,858
DETAILS OF WRITE-INS		
2501. UBS Short Term Note Payable-Brokerage House	419,401	2,006,293
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	419,401	2,006,293
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above)		

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4)	1,567,305	1,861,437
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	100,941	154,270
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	136,283	228,664
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,519,454	1,671,004
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	1,756,678	2,053,938
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(189,373)	(192,501)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	266,399	335,031
10. Net realized capital gains (losses) less capital gains tax of \$	(290,894)	(65,404)
11. Net investment gain (loss) (Line 9 plus Line 10)	(24,495)	269,627
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$, amount charged off \$)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	173,868	399
15. Total other income (Line 12 through Line 14)	173,868	399
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	(40,000)	77,525
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)	(40,000)	77,525
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(40,000)	77,525
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	2,264,158	2,114,488
22. Net income (from Line 20)	(40,000)	77,525
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$		65,230
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	47,591	(7,085)
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	13,650	14,000
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	21,241	149,670
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	2,285,399	2,264,158
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401. Other Income	173,868	399
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	173,868	399
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,635,379	1,899,937
2. Net investment income	257,538	331,026
3. Miscellaneous income	173,868	399
4. Total (Line 1 through Line 3)	2,066,785	2,231,362
5. Benefit and loss related payments	265,224	405,877
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,592,908	1,682,212
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	1,858,132	2,088,089
11. Net cash from operations (Line 4 minus Line 10)	208,653	143,273
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks	981,991	53,061
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	981,991	53,061
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)		
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)	981,991	53,061
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	13,650	14,000
16.3 Borrowed funds	(1,261,746)	(589,705)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)		
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(1,248,096)	(575,705)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(57,452)	(379,371)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	72,118	451,489
19.2 End of year (Line 18 plus Line 19.1)	14,666	72,118

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
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				
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				
24. Surety	1,552,623	56,501	41,819	1,567,305
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	1,552,623	56,501	41,819	1,567,305
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
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					
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					
24. Surety	41,819				41,819
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	41,819				41,819
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through Line 37)					41,819
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)					

(a) State here basis of computation used in each case.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
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						
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						
24. Surety	1,552,623					1,552,623
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	1,552,623					1,552,623
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Line 3401 through Line 3403 plus Line 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 \$
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE NEWPORT BONDING & SURETY CO

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
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								
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								
24. Surety	128,941			128,941	780,000	808,000	100,941	6.4
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - Nonproportional Assumed Property	XXX							
32. Reinsurance - Nonproportional Assumed Liability	XXX							
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	128,941			128,941	780,000	808,000	100,941	6.4
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE NEWPORT BONDING & SURETY CO

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
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									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
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	364,032			364,032	415,968			780,000	109,775
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance - Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance - Nonproportional Assumed Liability	XXX				XXX				
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	364,032			364,032	415,968			780,000	109,775
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)				
2. Commission and brokerage:				
2.1 Direct excluding contingent		431,980		431,980
2.2 Reinsurance assumed excluding contingent		171,146		171,146
2.3 Reinsurance ceded excluding contingent				
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		603,126		603,126
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		375,798		375,798
8.2 Payroll taxes		30,960		30,960
9. Employee relations and welfare				
10. Insurance		71,583		71,583
11. Directors' fees		1,000		1,000
12. Travel and travel items				
13. Rent and rent items		45,840		45,840
14. Equipment				
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery		63,899		63,899
17. Postage, telephone and telegraph, exchange and express		6,431		6,431
18. Legal and auditing	97,543	56,185		153,728
19. Totals (Line 3 through Line 18)	97,543	651,696		749,239
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$				
20.2 Insurance department licenses and fees		24,627		24,627
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)		24,627		24,627
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	38,740	240,005		278,745
25. Total expenses incurred	136,283	1,519,454		(a) 1,655,737
26. Less unpaid expenses - current year	109,775	264,324		374,099
27. Add unpaid expenses - prior year	109,775	337,778		447,553
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	136,283	1,592,908		1,729,191
DETAILS OF WRITE-INS				
2401. Professional Services	38,740	62,645		101,385
2402. Auto Expenses		10,820		10,820
2403. Representation & Misc.		166,540		166,540
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	38,740	240,005		278,745

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

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a) 266,399	266,399
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	(b)	
2.21 Common stocks of affiliates	(b)	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans	(d)	
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets	(f)	
9. Aggregate write-ins for investment income		
10. Total gross investment income	266,399	266,399
11. Investment expenses		(g)
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)		
17. Net investment income (Line 10 minus Line 16)		266,399
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 \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax	(290,894)		(290,894)		
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	(290,894)		(290,894)		
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 Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (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			
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)			
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 (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	10,702	38,293	27,591
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			
19. Guaranty funds receivable or on deposit	190,000	190,000	
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
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	5,425	25,425	20,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	206,127	253,718	47,591
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	206,127	253,718	47,591
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. A/R Officers	5,425	5,425	
2502. A/R Insurance Commissioner		20,000	20,000
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	5,425	25,425	20,000

NOTES TO FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying financial statements of **Newport Bonding & Surety Co., Inc.** (also referred to as Newport or The Company) were prepared in conformity with the accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC), except for treatment of recoverable income tax which according to the Insurance Code of the Commonwealth of Puerto Rico, should be recorded as a period expense.

Note 2 - Basis of Valuation of Invested Assets

A. Investment securities at December 31, 2015 consist of Obligations of the Commonwealth of Puerto Rico.

B. Equity securities are recorded at fair value. Debt securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts (if any). Realized gains and losses on securities are included in earnings. Unrealized holdings gains and losses, net of the related tax effect, on equity securities are excluded from earnings and are reported as a separate component of surplus until realized.

A decline below cost in the market value of any security deemed permanent is charged to earnings, resulting in a new cost basis for the security.

C. As of December 31, 2015, the company has a note payable with a brokerage house company for \$419,401 collateralized by certain investments. Unrealized losses on investments in equity securities were caused primarily by downturns in the above mentioned sectors. Newport has evaluated the near-term prospects of the issuers in relation to the severity and duration of the impairment. Based on the evaluation, and the Company's intent and ability to hold these investments for a reasonable period of time sufficient to forecast recovery of fair value, Newport does not consider these investments to be other than temporarily-impaired at December 31, 2015. During 2015 a significant portion of these investments were downgraded.

D. The Company has no subsidiaries.

E. The market values were obtained from brokerage house companies.

Note 3 - Federal Income Tax Allocation

A. Newport does not file a consolidated federal income tax return.

B. The Company is not subject to federal income taxes, and Puerto Rico tax law does not permit carryback. The company has an excess of income taxes paid of approximately \$19,300 plus an unused tax credit of approximately \$11,898 to be used to offset future tax liability.

Note 4 - Information Concerning Parent, Subsidiaries and Affiliates

A. Newport is not directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership or individual.

B. The Company has no transactions with any affiliate.

C. The Company has no investments on parent, subsidiaries or affiliates.

D. The Company does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

NOTES TO FINANCIAL STATEMENTS

E. The Company has no undisclosed guarantees or undertakings for the benefit of an affiliate.

F. The Company does not provide to a parent company actuarial or investment services.

Note 5 - Transactions with Related Parties

Newport is related to another company through common ownership and management. The related company is engaged in the management of construction projects that the Company assumed because these were in default.

The Company leases its office facilities from one of its officers on a month-to-month basis. Rent charged was \$36,000 in 2015 and 2014. In addition, one of the stockholders is a counselor in a law firm which provides legal services to the Company. Legal fees charged by this law firm were \$21,000 in 2015 and \$59,000 in 2014.

The Company made advances to officers which are non-interest bearing and have no definite due date.

Due from (to) officers at December 31, 2015 was (\$344,575) and \$5,425 at December 31, 2014.

Note 6 - Retirement Plans, Deferred Compensation, and Other Postretirement Benefit Plans

A. Newport does not sponsor an employee retirement plan.

B. The Company has no deferred compensation plan.

C. The Company has no deferred and other compensation or benefit plans.

Note 7 - Capital and Surplus and Shareholders' and Policyholders' Dividend Restrictions

A. Authorized dividends are limited by the unassigned surplus amount.

B. Newport has no preferred stocks issued and outstanding.

C. The unassigned surplus funds have no restrictions.

D. There is no debenture or similar obligations.

F. There is no dividend's restriction.

Note 8 - Contingent Liabilities

A. Newport has committed no reserves to cover any contingent liabilities.

B. The Company has no pending legal proceedings, except for normal cases or claims in this industry.

Note 9 - Contingencies | Legal Proceedings

Newport is subject to litigation and claims in the ordinary course of business. These lawsuits principally involve claims on policies and are typical for the Company and for the insurance industry in general. Such legal proceedings are considered in connection with the Company's loss expense reserve.

NOTES TO FINANCIAL STATEMENTS

Note 10 - Unsecured Reinsurance Recoverables

Effective on April 2005, Newport entered in an annual reinsurance agreement (hereinafter referred to as the agreement) through reinsurance company (hereinafter referred to as reinsurers). The agreement allows the Company to accept a maximum loss exposure risk limit per bond of \$2,000,000, subject to a maximum aggregate limit per contractor of \$4,000,000. Coverage is restricted to contractors, construction bonds and security guards businesses located in Puerto Rico, accepted and written by the Company.

Note 11 - Reinsurance Recoverable in Dispute

Newport has no reinsurance recoverable in dispute.

Note 12 - Reinsurance Assumed and Ceded

- A. Newport has not reinsured any risk to this date.
- B. The Company has no additional or return commission.

Note 13 - Structures Settlements

- A. Newport has no annuities under which the Company is owner and payee.
- B. The Company has no annuities under which the claimants are payees.

Note 14 - Reinsurance

Newport protects itself for excessive losses by reinsuring certain levels of risk in various areas of exposure with reinsurer. The amount recoverable from reinsurer will be estimated in manner consistent with the loss adjustment reserve associated with the reinsured policies.

Under the agreement, the Company has a limit of loss exposure risk of \$200,000 per bond.

The Company should pay a premium at various rates and has to pay the premiums (expense) to reinsurers even if no premiums revenues (subject to contract) are written. The agreement requires a premium payable quarterly in advance. The agreement requires a premium payable quarterly in advance. The Company paid premiums of \$171,146 for the year ended December 31, 2015 and \$97,588 in 2014 to reinsurers.

At the end of the agreement, the Company should report the total gross net applicable premium written to reinsurer. The reinsurer agrees to return to the Company (if no claims made under this agreement) a no claim bonus of 20% in 2014 and 2013 applied to the net accounted premiums (less applicable taxes, if any), paid to the reinsurer. The Company shall elect the time of the no claims bonus payment within twenty four (24) months after the anniversary of the contract by giving reinsurers, in writing within 30 days, notice of the elected date. This agreement is effective for one (1) year, and expired in April 2016, and is renewable annually. During 2015 and 2014 no claims occurred during the year to the Company that required the use of the reinsurance.

Note 15 - Commutation of Cede Reinsurance

Newport has not commuted any ceded reinsurance.

Note 16 - Retroactive Insurance

There is no retroactive insurance.

NOTES TO FINANCIAL STATEMENTS

Note 17 - Accrued Retrospective Premiums

Newport has no accrued retrospective premiums.

Note 18 - Discounting of Liabilities for Unpaid Losses Adjustment Expenses

Newport has not discounted liabilities for unpaid losses adjustment expenses.

Note 19 - Financial Guaranty Insurance Exposures

Newport has no contract which falls into the financial guaranty insurance exposures definition.

Note 20 - Information Concerning Asset Transfers with Put Options

No assets were sold with put options during the year.

Note 21 - Gain or Loss to the Insurer from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans

No such business was written during the year.

Note 22 - Asbestos | Environmental (Mass Tort) Reserves

Newport is not subject to asbestos and/or environmental claims (mass tort).

Note 23 - Direct Premiums Written by General Agents

Newport increased its efforts in construction and commercial sureties business. In connection with this efforts, the Company has an agreement with few general agents to underwrite commercial premiums mostly. Premiums earned from policies subscribed by general agencies amounted to \$852,415 for the year ended December 31, 2015 and \$1,092,094 in 2014. The remaining premiums earned come from criminal bail bonds.

Note 24 - Other Items

Newport elected to use rounding in reporting in the Annual Statement.

Note 25 - Commitments

Newport leases certain assets under capital lease agreements the latest of which expires in 2015 and were paid in full. Principal balance of capital lease agreements was \$2,295 at December 31, 2014.

Note 26 - Capital and Surplus

The Insurance Code of Puerto Rico required a minimum capital of \$750,000 for sureties companies. It also required at least \$375,000 as paid in surplus. In December 2003, law 303 amended some disposition of Chapter 3 of the Insurance Code increasing the capital (common stock) requirement to \$1,500,000.

Stockholders contributed as paid in surplus \$13,650 in 2015 and \$14,000 in 2014.

NOTES TO FINANCIAL STATEMENTS**Note 27 - Long-Term Debt**

During December 2013, Newport entered in a loan agreement with a financial institution for \$75,000. The loan shall be repaid in thirty six (36) consecutive monthly installments of \$2,394, including interest. The first of such installments was due and paid on January 5, 2014. The loan matures on December 5, 2016, bears a fixed interest rate of 9.25% and is collateralized by personal guarantees of a stockholder.

Note 28 - Subsequent Events

In March 30, 2014, the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico amends the Article 6.030 of the Insurance Code, who regulates investment eligibility. The new amendment permits that companies whose investments became after acquisition, an ineligible investment under the Code requirements, to dispose of them in a period of three years since the moment the investments become ineligible. A significant portion of Newport's investments were downgraded and then are subject to this law.

During 2015, the Company continued paying its note payable with a brokerage house. Balance at December 31, 2015 was approximately \$419,401.

Subsequent events were evaluated by management through December 31, 2015, which is the same date the statutory-basis financial statements were available to be issued.

Note 29 - Loss Reserve

The following is the activity in the loss reserve at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Balance at January 1,	\$808,000	\$825,000
Net incurred related to:		
Current year	<u>100,941</u>	<u>154,270</u>
Net incurred	100,941	154,270
Net paid related to:		
Current year	500	13,036
Prior years	<u>128,441</u>	<u>158,234</u>
Net paid	<u>128,941</u>	<u>171,270</u>
Balance at December 31,	<u>\$780,000</u>	<u>\$825,000</u>

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? Yes () No (X)
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 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 () N/A (X)
- 1.3 State Regulating?
- 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.
- 3.2 State the as of date of 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.
- 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).
- 3.4 By what department or departments?
- 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 (X) No () N/A ()
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No () N/A ()
- 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? Yes () No (X)
- 5.2 If yes, provide the name of entity, the 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 Name of Entity	2 NAIC Company Code	3 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,
- 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 Nationality	2 Type of Entity
------------------	---------------------

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No ()
- 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 ()
- 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
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9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
- 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 the 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 the 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 domiciliary state insurance laws? Yes (X) No () N/A ()
- 10.6 If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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?
.....
- 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
.....
12.13 Total book/adjusted carrying value \$
- 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 (X)
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes () No (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?
(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. Yes () No (X)
- 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 issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
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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 () No (X)

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes (X) No ()
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
20.11 To directors or other officers \$
20.12 To stockholders not officers \$
20.13 Trustees, supreme or grand (Fraternal only) \$
- 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 \$
20.22 To stockholders not officers \$
20.23 Trustees, supreme or grand (Fraternal only) \$
- 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 \$
21.22 Borrowed from others \$
21.23 Leased from others \$
21.24 Other \$
- 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 \$
22.22 Amount paid as expenses \$
22.23 Other amounts paid \$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes () No (X)
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 () No (X)
- 24.02 If no, give full and complete information relating thereto:

- 24.03 For the 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 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. \$
- 24.06 If answer to 24.04 is NO, report amount of collateral for other programs. \$
- 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:
- 24.101 Total fair value of reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 24.103 Total payable for securities lending reported on the liability page \$
- 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 () No (X)

- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|---|----------|
| | 25.21 Subject to repurchase agreements | \$ |
| | 25.22 Subject to reverse repurchase agreements | \$ |
| | 25.23 Subject to dollar repurchase agreements | \$ |
| | 25.24 Subject to reverse dollar repurchase agreements | \$ |
| | 25.25 Placed under option agreements | \$ |
| | 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock | \$ |
| | 25.27 FHLB Capital Stock | \$ |
| | 25.28 On deposit with states | \$ |
| | 25.29 On deposit with other regulatory bodies | \$ |
| | 25.30 Pledged as collateral - excluding collateral pledged to an FHLB | \$ |
| | 25.31 Pledged as collateral to FHLB - including assets backing funding agreements | \$ |
| | 25.32 Other | \$ |

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 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? If no, attach a description with this statement. Yes () No () N/A (X)
- 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. \$
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 1, 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 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

INSURANCE COMMISSIONER OF PR SAN PATRICIO, GUAYNABO, PR.....
 UBS FINANCIAL SERVICES 250 MUNOZ RIVERA AVE SAN JUAN PR 00918

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 Name(s)	2 Location(s)	3 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 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
--------------------	--------------------	---------------------	-------------

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity.

1 Central Registration Depository Number(s)	2 Name	3 Address
--	-----------	--------------

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 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

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

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of 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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	\$	\$	\$
30.2 Preferred stocks	\$	\$	\$
30.3 Totals	\$	\$	\$

30.4 Describe the sources or methods utilized in determining the fair values:

.....

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 (X) 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 (X) No ()

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 (X) No ()

32.2 If no, list exceptions:

.....

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$

33.2 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 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

34.1 Amount of payments for legal expenses, if any?

\$

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

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

35.2 List the name of the 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 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE NEWPORT BONDING & SURETY CO
GENERAL INTERROGATORIES
PART 2 - PROPERTY AND 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. \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding:
-
-

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$

- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$
- 1.62 Total incurred claims \$
- 1.63 Number of covered lives
- All years prior to most current three years:
- 1.64 Total premium earned \$
- 1.65 Total incurred claims \$
- 1.66 Number of covered lives

- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$
- 1.72 Total incurred claims \$
- 1.73 Number of covered lives
- All years prior to most current three years:
- 1.74 Total premium earned \$
- 1.75 Total incurred claims \$
- 1.76 Number of covered lives

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$	\$
2.2 Premium Denominator	\$	\$
2.3 Premium Ratio (Line 2.1/Line 2.2)		
2.4 Reserve Numerator	\$	\$
2.5 Reserve Denominator	\$	\$
2.6 Reserve Ratio (Line 2.4/Line 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:
- 3.21 Participating policies \$
- 3.22 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchange only:
- 4.1 Does the reporting entity issue assessable policies? Yes () No ()
- 4.2 Does the reporting entity issue non-assessable policies? Yes () No ()
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

5. For Reciprocal Exchanges only:
- 5.1 Does the exchange appoint local agents? Yes () No ()
- 5.2 If yes, is the commission paid:
- 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 ()

- 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?
-
-

- 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:
-
-

- 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?
-
-

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From %

12.42 To %

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 the 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 the current year:

12.61 Letters of credit \$

12.62 Collateral and other funds \$

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$

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.

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 (X)

14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes () No (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 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct 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 it excludes from Schedule F - Part 5? Yes () No (X)

Included but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$
17.12	Unfunded portion of Interrogatory 17.11	\$
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$
17.14	Case reserves portion of Interrogatory 17.11	\$
17.15	Incurred but not reported portion of Interrogatory 17.11	\$
17.16	Unearned premium portion of Interrogatory 17.11	\$
17.17	Contingent commission portion of Interrogatory 17.11	\$

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$
17.19	Unfunded portion of Interrogatory 17.18	\$
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$
17.21	Case reserves portion of Interrogatory 17.18	\$
17.22	Incurred but not reported portion of Interrogatory 17.18	\$
17.23	Unearned premium portion of Interrogatory 17.18	\$
17.24	Contingent commission portion of Interrogatory 17.18	\$

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. \$

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. \$

FIVE-YEAR HISTORICAL DATA

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

	1 2015	2 2014	3 2013	4 2012	5 2011
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	1,552,623	1,857,503	1,838,024	2,244,976	2,302,126
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	1,552,623	1,857,503	1,838,024	2,244,976	2,302,126
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	1,552,623	1,857,503	1,838,024	2,244,976	2,302,126
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	1,552,623	1,857,503	1,838,024	2,244,976	2,302,126
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(189,373)	(192,501)	(643,974)	(1,071,121)	(508,675)
14. Net investment gain (loss) (Line 11)	(24,495)	269,627	(493,167)	585,567	494,239
15. Total other income (Line 15)	173,868	399	529,211	43,695	119,400
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)			4,566		
18. Net income (Line 20)	(40,000)	77,525	(612,496)	(441,859)	104,964
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	4,278,217	5,634,858	6,112,978	7,220,472	5,127,644
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	32,953	68,118	117,637	161,175	109,275
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)	1,992,818	3,370,700	3,998,490	4,775,727	2,240,052
22. Losses (Page 3, Line 1)	780,000	808,000	825,000	1,173,282	1,920,000
23. Loss adjustment expenses (Page 3, Line 3)	109,775	109,775	115,718	140,718	24,900
24. Unearned premiums (Page 3, Line 9)	41,819	56,501	60,435	43,046	64,780
25. Capital paid up (Page 3, Line 30 and Line 31)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	2,285,399	2,264,158	2,114,488	2,444,745	2,887,592
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	208,653	143,273	(22,224)	(1,327,387)	(984,174)
Risk-Based Capital Analysis					
28. Total adjusted capital			2,114,488	2,444,745	2,887,592
29. Authorized control level risk-based capital			668,118	773,064	1,058,747
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	99.6	98.7	91.5	75.3	21.8
31. Stocks (Line 2.1 and Line 2.2)			0.9	19.6	75.4
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	0.4	1.3	7.6	5.0	2.7
35. Contact loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (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 (Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 through Line 47					
49. Total investment in parent included in Line 42 through Line 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 2015	2 2014	3 2013	4 2012	5 2011
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)		65,230	(66,030)	223,309	158,965
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	21,241	149,670	(330,257)	(442,847)	339,793
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
55. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	128,941	171,270	223,567	1,302,556	1,087,374
58. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
59. Total (Line 35)	128,941	171,270	223,567	1,302,556	1,087,374
Net Losses Paid (Page 9, Part 2, Column 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	128,941	171,270	223,567	1,302,556	1,087,374
64. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
65. Total (Line 35)	128,941	171,270	223,567	1,302,556	1,087,374
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	6.4	8.3	9.9	3.3	4.7
68. Loss expenses incurred (Line 3)	8.7	12.3	15.2	6.1	17.8
69. Other underwriting expenses incurred (Line 4)	96.9	89.8	110.3	99.8	99.6
70. Net underwriting gain (loss) (Line 8)	(12.1)	(10.3)	(35.4)	(2.1)	(22.0)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	86.7	89.9	80.4	99.0	94.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	15.1	20.6	25.1	47.1	22.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	67.9	82.0	86.9	91.8	79.7
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)	18,300	18,298	17,668	8,559	(1,427)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0)	808.2	865.4	722.7	296.4	(56.0)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)	36,598	35,966	30,856	7,488	(907)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0)	1,730.8	1,471.2	1,068.6	293.9	(84.4)

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? If no, please explain:

Yes () No ()

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						12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	14,285		4,015					18,300	XXX
2. 2006	2,977		2,977	303		156					459	XXX
3. 2007	3,585		3,585	1,794		873					2,667	XXX
4. 2008	3,701		3,701	382		213					595	XXX
5. 2009	2,753		2,753	460		216					676	XXX
6. 2010	2,598		2,598	391		127					518	XXX
7. 2011	2,308		2,308	177		162					339	XXX
8. 2012	2,267		2,267	17		23					40	XXX
9. 2013	1,821		1,821	1		1					2	XXX
10. 2014	1,861		1,861									XXX
11. 2015	1,567		1,567	129		136					265	XXX
12. Totals	XXX	XXX	XXX	17,939		5,922					23,861	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	43		69						14			126	XXX
2.	35		56						10			101	XXX
3.	5		8						20			33	XXX
4.	17		27						1			45	XXX
5.	52		89						3			144	XXX
6.	10		35						3			48	XXX
7.	45		105						55			205	XXX
8.	13		75						9			97	XXX
9.	22		119						1			142	XXX
10.		7		10						6		(23)	XXX
11.		28										(28)	XXX
12.	242	35	583	10					116	6		890	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	112	14
2.	560		560	18.8		18.8				91	10
3.	2,700		2,700	75.3		75.3				13	20
4.	640		640	17.3		17.3				44	1
5.	820		820	29.8		29.8				141	3
6.	566		566	21.8		21.8				45	3
7.	544		544	23.6		23.6				150	55
8.	137		137	6.0		6.0				88	9
9.	144		144	7.9		7.9				141	1
10.		23	(23)			(1.2)				(17)	(6)
11.	265	28	237	16.9		15.1				(28)	
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	780	110

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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	11 One Year	12 Two Year
1. Prior	8,438	6,395	6,169	6,321	6,437	1,080	13,111	30,890	49,188	67,488	18,300	36,598
2. 2006	792	675	492	455	439	390	533	550	550	550		
3. 2007	XXX	936	1,479	1,865	2,184	2,103	2,735	2,680	2,680	2,680		
4. 2008	XXX	XXX	569	834	830	503	993	639	639	639		
5. 2009	XXX	XXX	XXX	722	877	685	696	817	817	817		
6. 2010	XXX	XXX	XXX	XXX	299	349	595	563	563	563		
7. 2011	XXX	XXX	XXX	XXX	XXX	662	306	489	489	489		
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	119	128	128	128		
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	143	143	143		
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(17)	(17)		XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	237	XXX	XXX
										12. Totals	18,300	36,598

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	12
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0	1,272	645	1,813	1,224	1,740	12,640	30,778	49,076	67,376	XXX	XXX
2. 2006	105	226	267	267	333	350	412	459	459	459	XXX	XXX
3. 2007	XXX	462	936	1,399	1,823	1,873	275	2,667	2,667	2,667	XXX	XXX
4. 2008	XXX	XXX	37	126	424	456	590	595	595	595	XXX	XXX
5. 2009	XXX	XXX	XXX	9	596	625	662	676	676	676	XXX	XXX
6. 2010	XXX	XXX	XXX	XXX	56	66	504	518	518	518	XXX	XXX
7. 2011	XXX	XXX	XXX	XXX	XXX		91	339	339	339	XXX	XXX
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX		40	40	40	XXX	XXX
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	2	2	XXX	XXX
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	265	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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015
1. Prior	372	211	140	58		(47)	109	69	69	69
2. 2006	413	109	85	40	1		77	56	56	56
3. 2007	XXX	215	179	75	32		102	8	8	8
4. 2008	XXX	XXX	417	156	64		257	27	27	27
5. 2009	XXX	XXX	XXX	230	102	47	27	89	89	89
6. 2010	XXX	XXX	XXX	XXX	145	129	68	35	35	35
7. 2011	XXX	XXX	XXX	XXX	XXX	655	158	105	105	105
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	99	75	75	75
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	119	119	119
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(10)	(10)
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, Etc.	1		2	3	4	5	6	7	8	9
	Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken								
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. Dist. 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	N	1,552,623	1,567,305		128,941	100,941	780,000		
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	(a)		1,552,623	1,567,305		128,941	100,941	780,000		
DETAILS OF WRITE-INS										
58001.		X X X								
58002.		X X X								
58003.		X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X								
58999. Totals (Line 58001 through 58003+58998) (Line 58 above)		X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation of premiums by states, etc.

(a) Insert the number of "L" responses except for Canada and Other Alien.

NONE

Property and Casualty

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